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Brand positioning strategies and their effectiveness: A case of high street fashion retail brands in Pakistan

Saad Shahid
Faculty of Business Administration, Lahore School of Economics, Lahore, Pakistan.

Keywords
Brand Positioning; Brand Positioning Strategy, Brand Positioning Effectiveness

Abstract
Brand positioning has been acknowledged by practitioners and academics to be an important element of brand management. Firstly, this study aims to investigate the relationship between three brand positioning strategies (benefit brand positioning strategy, feature brand positioning strategy and surrogate brand positioning strategy) and joint effect of the five dimensions of brand positioning effectiveness, namely, favourability, dissimilarity, uniqueness, credibility, and sustainability. Secondly, this study investigates the separate relationship between the three brand positioning strategies and the five dimensions of brand positioning effectiveness in the case of high street fashion apparel retail brands. To empirically test the proposed framework adapted measurement scales were used. Data from 607 young consumers in Pakistan were collected. Empirical findings confirm that benefit brand positioning strategy and surrogate brand positioning strategy have a greater effect on brand positioning effectiveness. However, a significant positive relationship was found between all three brand positioning strategies and brand positioning effectiveness. These findings also indicate varied yet insightful relationships between brand positioning strategies and five dimensions of brand positioning effectiveness. Marketers can benefit from these findings as a means to understand brand positioning strategies from a consumers’ perspective thereby making use of these results in articulating branding strategies as a way to generate and communicate a distinctive competitive perception for their brands.

Introduction
The Fashion industry is saturated with brands and even the best among these brands lacks a point of differentiation (Clancy & Trout, 2002). The foundation of branding revolves around the concept of brand positioning (Anderson & Carpenter, 2005). In this sense, all marketing initiatives are based upon the positioning strategy of a brand (Aaker & Shansby, 1982; Myers, 1996; Keller & Lehmann, 2006). Brand positioning is described as “the act of designing the company’s offering and image to occupy a distinctive place in the mind of the target market. The result of brand positioning is the successful creation of a customer-focused value proposition, a cogent reason why the target market should buy the product” (Kotler, 2003). The core aim of brand positioning is to create strong brand associations for your brand in the consumers’ minds which include physical attributes, benefits, or life-style image of the consumer of the brand as distinct from the competition (Aaker, Batra, & Myers, 1992).

Pakistan’s fashion apparel retail brand industry is expected to experience a decline from 9.1% to 7.5% compound annual growth rate from 2015 to 2019 (Apparel Retail in Pakistan, 2015). Brand positioning can make two similar products look different; and two dissimilar products look like substitutes (Evans, Moutinho, & van Raaij, 1996). Brand positioning is a central component in branding (Anderson & Carpenter, 2005) as most of the marketing initiatives are based on the positioning strategy of the brand (Aaker & Shansby, 1982; Myers, 1996; Keller & Lehmann, 2006).

Globalization has changed the way consumers think, fierce competition and ever-increasing needs of marketers to make their brand outsmart all others has highlighted the need to create a holistic marketing strategy that is targeted towards strengthening the position of a brand. One important problem in brand positioning research is related to the question of which brand positioning strategy is most effective for a certain product category. Do brands positioned on features perform relatively better when compared with...
the brands which are positioned on intangible attributes, for example, an image of the user? Noticeably, prior literature has not addressed these questions (Pham & Muthukrishnan, 2002; Keller & Lehmann, 2006). The purpose of this study is to compare the effectiveness of three different brand positioning strategies from a consumers’ perspective and find for the benefit of brand managers which brand positioning strategy is more suitable for fashion retail brands. This study aims to empirically explore two major research questions; (a) What is the relationship between each of the three brand positioning strategies with brand positioning effectiveness? (See Figure 1.1); (b) What is the relationship of each of the three brand positioning strategies with each of the five dimensions of brand positioning effectiveness? (See Figures 1.2-1.4); (c) Are the three brand positioning strategies distinctly different from each other in terms of their effectiveness?

**Literature Review**

**Brand Positioning Strategies**

The importance of brand positioning has long been agreed upon by both practitioners and academicians (Aaker & Shansby, 1982; Kalafatis, Tsogas, & Blankson, 2000; Kotler, 2003; Hooley, Piercy, & Nicoulaud, 2012; Trout & Revkin, 2010). Brand positioning has become increasingly important in today’s competitive fashion markets (Clancy & Krieg, 2007; Fuchs & Diamantopoulos, 2010; Pike, 2012) as this market is characterized by homogeneous and me-too products offered by competing brands in the marketplace (Hatch & Schultz, 2001). Furthermore, Fuchs and Diamantopoulos (2012) emphasize that even the strongest fashion brands such as Gucci and Apple are confronted with the challenge of competing within an over-communicated and complex consumer market. Having selected a brand positioning strategy for the brand, the firm attempts to translate the brand’s intended brand positioning into tangible and/or intangible attributes by tailoring different elements of the marketing mix (Kaul & Rao, 1995). Brand positioning strategy can be defined as “an attempt to move brands to a particular location within a perceptual product space” (Dillon, Domzal, & Madden, 1986). Sair and Shoaib (2014) are the latest to empirically measure brand positioning effectiveness from consumers’ perspective using an instrument developed by Fuchs (2008). Table 1 shows different brand positioning strategies.

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<th>Brand Positioning Strategies</th>
<th>Literature</th>
<th>Description</th>
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<tr>
<td>Benefit Positioning</td>
<td>Aaker and Shansby (1982); Tybout and Sternthal (2005); Vriens and Hofstede (2000)</td>
<td>“Communicate advantages of a brand; the personal value consumers assign to good or service features, psycho-social consequences; not directly observable; functional nature; reflect whether a brand works as intended; mostly attribute-based benefits, refer also to problem solutions”</td>
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<td>Surrogate Positioning</td>
<td>Aaker (1991); Bridges, Keller, and Sood (2000);</td>
<td>“Designed to create consumer associations about external aspects of a brand; says something about the brand that allows the consumer to come to individual conclusions; not attributes and benefits; refers to intangible aspects of the brand”</td>
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<td>Features Positioning</td>
<td>Aaker and Shansby (1982); Crawford (1985); Vriens and Hofstede (2000)</td>
<td>“Company highlights the concrete attributes of the brand to create a differential advantage; concrete attributes are characteristics of the brand; they are objectively measurable, mostly tangible”</td>
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The aim of the implementation of brand positioning strategies is to create a brand image and communicate competitive advantage (Park, Jaworski, & McInnis, 1986). Brand positioning strategies are targeted towards either creating close associations (moving the brand closer to the competition in the perceptual map) or disassociation (moving the brand further away from the competition) (Keller, 2003). Specifically, this study hypothesizes that:

H1 - H3: There is a relationship between benefit brand positioning strategy, surrogate brand positioning strategy, feature brand positioning strategy, and brand positioning effectiveness.
Sengupta (2005) said: “consumers buy benefits and not features”. Fashion retail brands are saturated with products that have closely similar features (Ries & Trout, 1986). Thompson et al., (2005) suggest that “consumers experience feature fatigue”. Benefits created by feature positioning might only last for a short period of time (Moe & Fader, 2001). Previous research says, “benefits are felt to be more effective than features as positioning approaches” (Crawford, 1985). Benefit and surrogate positioning strategies are aimed at producing relatively more self-relevant meanings with consumers (MacInnis & Jaworski, 1989). Indeed, “consumers should be more persuaded by thoughts about what products can do for them and a product’s relevance to personal goals or objectives than my thoughts about physical product characteristics” (Graeff, 1997).

There are weaknesses associated with benefits as well as surrogate positioning strategies. One potential drawback of benefit positioning is that it is, along with feature positioning, the most frequently used positioning strategy among fashion brands (Crawford, 1985). Consequently, consumers may become bored with hearing the same feature versus benefit debate drawing to the superiority of these fashion retail brands. On the contrary, surrogate positioning strategies are considered to be riskier than benefit positioning strategies (Aaker & Shansby, 1982) as they likely lead to a confused brand image (Bridges, Keller, & Sood, 2000). The main justification for this argument is that surrogate positioning information may be interpreted completely differently by consumers (Crawford, 1985).

Marketers have always faced a dilemma concerning which brand positioning strategy is the best (Keller & Lehmann, 2006). Past literature, surprisingly, has not paid much attention to this thorny issue in brand positioning (Keller & Lehmann, 2006). There is a dearth of research about the nature of surrogate positioning strategy and hence demands clarification (Fuchs, 2008). After considering the aforementioned discussion, this research proposes to answer the following research question (RQ):

RQ: Does benefit brand positioning strategy, surrogate brand positioning strategy, and feature brand positioning strategy differ in terms of their effectiveness?

### Brand Positioning Effectiveness

It is expected that a well-positioned brand will make a brand profitable (Blankson, Kalafatis, Cheng, & Hadjicharalambous, 2008; Blankson & Crawford, 2012). Brand positioning effectiveness is based on the very “essence of brand positioning as emphasizing the distinctive characteristics that make a brand different from its competitors and appealing to the public” (Kapferer, 2004). Table 2 shows the dimensions of brand positioning effectiveness.

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<th>Brand Positioning Effectiveness Dimensions</th>
<th>Definition</th>
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<td>Mahajan and Wind</td>
<td>2002</td>
<td>Favourability</td>
<td>“Brand must be accompanied with positive associations; the brand needs to appeal to the head and/or heart of consumers”.</td>
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<td>Sujan and Bettman</td>
<td>1989</td>
<td>Dissimilarity</td>
<td>“How similar or distinct the brand is perceived to be in comparison with other brands in the product category”.</td>
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<td>Chaturvedi and Caroll</td>
<td>1998</td>
<td>Uniqueness</td>
<td>“The differentiation that a brand enjoys in the marketplace vis-à-vis its competitors by virtue of perceptions unique to that brand, or other perceptual brand-specific effects”.</td>
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<tr>
<td>Erdem, Swait, and Valenzuela</td>
<td>2006</td>
<td>Credibility</td>
<td>“The believability of the product position information contained in a brand, which depends on the willingness and ability of the firms to deliver what they promise”.</td>
</tr>
<tr>
<td>Keller</td>
<td>2003</td>
<td>Sustainability</td>
<td>“Brand position, which is hard to attack from competitors, defensible, and pre-emptive”.</td>
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</table>

Favourability is considered to be the most basic of all the other dimensions of brand positioning effectiveness dimensions (Dacin & Smith, 1994). Favourability also determines whether consumers have developed favourable associations with the brand or not (Dillon, Thomas, Kirmani, & Mukherjee, 2001; Keller, 2003). It is important for marketing managers that consumers acknowledge the brand to be favourable (Keller, 2003). Favourability encompasses both brand-specific associations (Dillon, Thomas,
Kirmani, & Mukherjee, 2001). Favourability assures that value is created for consumers and that brand association that is important for consumers are communicated with the help of marketing communications (Brooksbank, 1994). Marketers’ prime concern should be the selection of that particular brand positioning strategy which will lead to greater brand favourability. Therefore, the hypotheses that:

H4(a) (b) (c): Benefit brand positioning strategy, feature brand positioning strategy and surrogate brand positioning strategy have a relationship with favourability dimension of brand positioning effectiveness.

Consumers have a set of expectations towards a brand (Keller, 2003) hence dissimilarity is driven by whether the brand under consideration meets those expectations or not. Attributes of a fashion brand that have importance and are considered comparable with competitors will create perceived similarity amongst fashion brands, whereas attributes that are different will cause the brand to be perceived as dissimilar (Bijmolt et al., 1998). Therefore, the hypotheses that:

H5(a) (b) (c): Benefit brand positioning strategy, feature brand positioning strategy and surrogate brand positioning strategy are likely to have a positive relationship with the dissimilarity dimension of brand positioning effectiveness.

Uniqueness as a dimension of brand positioning effectiveness is the trickiest of all the dimensions because it is industry-specific, for example, feature brand positioning strategy is more suitable for the mobile phone industry (Fuchs, 2008). This study intended to find the relationship of uniqueness dimension of brand positioning effectiveness in the fashion retail industry with the selected three brand positioning strategies. Prior studies show support that uniqueness can be a consequence that can be achieved by any of the three brand positioning strategies (Fuchs, 2008). Therefore, the hypotheses that:

H6(a) (b) (c): Benefit brand positioning strategy, feature brand positioning strategy and surrogate brand positioning strategy are likely to have a positive relationship with uniqueness dimension of brand positioning effectiveness.

Products and their uses that are considered outside of the norm can serve as recognizable ques of uniqueness (Tepper-Tian, Bearden, & Hunter, 2001). Trustworthiness and credibility allow the consumer to have reduced feelings of skepticism for a brand as it makes strong and convincing claims which have more meaning (Yoo & MacInnis, 2001) and thence the hypotheses that:

H7(a) (b) (c): Benefit brand positioning strategy, feature brand positioning strategy and surrogate brand positioning strategy are likely to have a positive relationship with credibility dimension of brand positioning effectiveness.

Sustainability highlights that the brand positioning strategy should be difficult to replicate by the competing brands (Cravens, 2000) and must create a long-term competitive advantage (Czepiel, 1992; De Chernatony, 2006). Therefore, the hypotheses that:

H8(a) (b) (c): Benefit positioning, feature positioning, and surrogate positioning have a relationship with the sustainability dimension of brand positioning effectiveness.

Fuchs (2008) conceptually defines brand positioning effectiveness as “the extent to which a brand is perceived to occupy a favourable, dissimilar, unique, and credible position in the minds of (target) consumers”. This study, however, adds sustainability as the fifth crucial dimension to its measurement model and hence measures brand positioning effectiveness as a multidimensional construct (Edward, 2001; Pham & Muthukrishnan, 2002). Brand positioning effectiveness has been the researchers’ favourite area of interest in recent times especially in the fashion retail industry where new communication challenges will keep fashion brands in a constant struggle to outshine competitors (Camiciotti & Ranfagni, 2015). Instrument was re-worded and adapted from previously published literature (Fuchs, 2008). Data were collected via URL embedded, online questionnaires (Wiedmann, Walsh, & Mitchell, 2001). To assess whether the measures reflected the respective constructs, content validity of the adapted instrument was measured (Hardesty and Bearden, 2004). Content validity for individual items was established by calculating content validity index (CVI) developed by Martuza (1977). Items with individual CVI of 0.80 or higher are acceptable (Grant & Davis, 1997; Polit & Beck, 2004). In this instance, CVI came out to be 0.871. Common method bias can affect research analysis. Common latent factor test was used as a statistical remedy for common method bias (Aulakh & Genterturk, 2000). A single factor explains 37.5% of the variance in the model. The goodness-of-fit statistics indicators suggested a bad
model fit since they fall outside the commonly accepted cut-off points; CMIN/ DF = 7.01 (cut-off point, 2 and 5), normed fit index (NFI) = 0.510, adjusted Methodology

The target population for this study was graduate and undergraduate university students residing in Pakistan. The sample was however restricted to students of randomly selected eight private universities in Pakistan. The decision of choosing a pool of private university students was based on three factors; firstly, they have a greater familiarity of the product category (high street fashion); secondly, private university students are regular shoppers of fashion retail brands (Anderson & Gregory, 2005); and thirdly, they have access to internet since the mode of survey data collection was online (Boatswain, 2015). This research differentiates from the past research where brand positioning strategy and brand positioning effectiveness were measured from the company’s perspective which measured brand positioning intended by the marketing executives rather than the perceived brand positioning as reported by consumers (Fuchs, 2008; 2010). Out of all the surveys emailed to students by the program offices of the respective universities, 607 were received back.

For this study, the data collection goodness of fit index (AGFI) = 0.389, comparative fit index (CFI) = 0.517, Tucker Lewis Index (TLI) = 0.383, root mean square error of approximation (RMSEA) = 0.181. All the indicators other than CMIN/ DF have a cut-off point of 0.7 and RMSEA should be less than 0.10 (Yang & Green, 2010).

Another concern regarding bias in results is non-response bias in questionnaire research resulting as a consequence of missing data which can lead to incorrect results about the sample representing a population (Lineback & Thompson, 2010). Early respondents were compared with late respondents on key demographic indicators (gender, income, marital status, city of residence and education). Linear extrapolation method is based on the assumption that early respondents of the survey (W1) are different from late respondents of the survey (W2) and that the late respondents are non-respondents (Armstrong & Overton, 1977). Statistical significance was estimated by Chi-square test in SPSS 22.0 (Atif & Richards, 2012). Statistically significant differences were not seen in all four demographic indicators indicating no systematic bias exists between W1 and W2. No association was found between W1 and W2 based on gender, marital status, city of residence and education ($x^2_{\text{gender}} = 3.17, p = 0.20; x^2_{\text{marital status}} = 5.61, p = 0.18; x^2_{\text{city}} = 3.11, p = 0.35$ and $x^2_{\text{education}} = 4.76, p = 0.25$) respectively. These analyses indicate that the non-response bias problem was not present.

The purpose of the study was empirically tested in two parts: Model 1 (M1) and Model 2 (M2). Model 1 was aimed at analyzing the relationship between benefit brand positioning strategy, surrogate brand positioning strategy, feature brand positioning strategy and brand positioning effectiveness as a second-order construct. Model 2, on the contrary, tests the relationships between benefit brand positioning strategy, surrogate brand positioning strategy, feature brand positioning strategy and brand positioning effectiveness as a first-order construct having five dimensions (namely, favourability, dissimilarity, uniqueness, credibility, and sustainability).

With the help of confirmatory factor analysis, measures were purified (Anderson & Gerbing, 1988). All items were reliable because their factor loadings were greater than the cut-off point of 0.71 (Comrey and Lee, 1992) (see table 2.8). The sources of scale items used in this study are summarized in table 2.5. Confirmatory factor analysis (CFA) helped in examining the unidimensionality of items (Anderson & Gerbing, 1988). CFA was used to determine the fit of the proposed measurement model along with an estimation of the validity and reliability of the latent constructs (Shah & Goldstein, 2006)
<table>
<thead>
<tr>
<th>Item</th>
<th>M2: When BPE is a first-order construct</th>
<th>M1: When BPE is a second-order construct</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F.L.</td>
<td>C.R.</td>
</tr>
<tr>
<td>Dissimilarity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DSS1</td>
<td>.812</td>
<td>.742</td>
</tr>
<tr>
<td>DSS2</td>
<td>.772</td>
<td></td>
</tr>
<tr>
<td>DSS3</td>
<td>.802</td>
<td></td>
</tr>
<tr>
<td>DSS4</td>
<td>.811</td>
<td></td>
</tr>
<tr>
<td>Favourability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAV1</td>
<td>.787</td>
<td>.771</td>
</tr>
<tr>
<td>FAV2</td>
<td>.801</td>
<td></td>
</tr>
<tr>
<td>FAV3</td>
<td>.949</td>
<td></td>
</tr>
<tr>
<td>FAV4</td>
<td>.817</td>
<td></td>
</tr>
<tr>
<td>Uniqueness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNQ1</td>
<td>.787</td>
<td>.717</td>
</tr>
<tr>
<td>UNQ2</td>
<td>.818</td>
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</tr>
<tr>
<td>UNQ3</td>
<td>.790</td>
<td></td>
</tr>
<tr>
<td>UNQ4</td>
<td>.823</td>
<td></td>
</tr>
<tr>
<td>Credibility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CRE1</td>
<td>.871</td>
<td>.673</td>
</tr>
<tr>
<td>CRE2</td>
<td>.781</td>
<td></td>
</tr>
<tr>
<td>CRE3</td>
<td>.793</td>
<td></td>
</tr>
<tr>
<td>CRE4</td>
<td>.693</td>
<td></td>
</tr>
<tr>
<td>CRE5</td>
<td>.820</td>
<td></td>
</tr>
<tr>
<td>Sustainability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SST1</td>
<td>.800</td>
<td>.736</td>
</tr>
<tr>
<td>SST2</td>
<td>.924</td>
<td></td>
</tr>
<tr>
<td>SST3</td>
<td>.911</td>
<td></td>
</tr>
<tr>
<td>SST4</td>
<td>.813</td>
<td></td>
</tr>
<tr>
<td>Feature Positioning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FP1</td>
<td>.783</td>
<td>.699</td>
</tr>
<tr>
<td>FP2</td>
<td>.821</td>
<td>.743</td>
</tr>
<tr>
<td>FP3</td>
<td>.922</td>
<td>.719</td>
</tr>
<tr>
<td>FP4</td>
<td>.862</td>
<td>.716</td>
</tr>
<tr>
<td>Benefit Positioning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BP1</td>
<td>.771</td>
<td>.913</td>
</tr>
<tr>
<td>BP2</td>
<td>.815</td>
<td>.764</td>
</tr>
<tr>
<td>BP3</td>
<td>.788</td>
<td>.812</td>
</tr>
<tr>
<td>BP4</td>
<td>.881</td>
<td>.765</td>
</tr>
<tr>
<td>BP5</td>
<td>.911</td>
<td>.835</td>
</tr>
<tr>
<td>BP6</td>
<td>.788</td>
<td></td>
</tr>
<tr>
<td>Surrogate Positioning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SP1</td>
<td>.855</td>
<td>.764</td>
</tr>
<tr>
<td>SP2</td>
<td>.911</td>
<td>.744</td>
</tr>
<tr>
<td>SP3</td>
<td>.852</td>
<td>.891</td>
</tr>
<tr>
<td>SP4</td>
<td>.814</td>
<td>.780</td>
</tr>
<tr>
<td>SP5</td>
<td>.880</td>
<td>.701</td>
</tr>
</tbody>
</table>

M1: Goodness-of-fit statistics; $x^2/df = 1.67$, NFI = .91, GFI = .88, CFI = .96, TLI = .96, RMSEA = .04

M2: Goodness-of-fit statistics; $x^2/df = 2.05$, NFI = .91, GFI = .88, CFI = .96, TLI = .95, RMSEA = .05
Note: All are statistically significant, p< 0.05; n = 607. a Standardized factor loading. b Composite Reliability. c Average Variance Extracted. Labels: M1, Model 1; M2, Model 2; BPE, Brand positioning effectiveness; CFI, Comparative fit index; TLI, Tucker lewis index; GFI, Goodness of fit indices; NFI, normed fit index; RMSEA, root mean square error of approximation.

Model Estimation

Confirmatory factor analysis (CFA) (Knott & Bartholomew, 1999) was followed by path analysis (O’Rourke & Hatcher, 2013). Structural Equation Modelling was performed in Amos 22.0 with maximum likelihood estimation. Composite reliability is a superior internal consistency measure having a recommended cut-off level of 0.70 (Hair, Hult, Ringle, & Sarstedt, 2017). The average variance extracted (AVE) has been used to assess the convergent validity of the latent constructs (John & Reve, 1982). AVE for all the constructs should be greater than 0.5 (Fornell & Larcker, 1981) confirming that the constructs have items that reflect the latent constructs (Segars, 1997; Anderson & Gerbing, 1988; Hair, Black, Babin, & Anderson, 2010). To analyze discriminant validity for M1 (see table 4), correlations between constructs helped to confirm for each construct whether they were smaller than the square root of the AVE (Chin, 1998). Numbers in parenthesis on the diagonal show the square root of AVE. For discriminant validity to hold, numbers in each row and column should be smaller than the numbers in the parenthesis in that row and column (Fornell & Larcker, 1981). To analyze discriminant validity for M2 (see table 5), correlations between constructs were estimated separately to confirm for each of the five dimensions of brand positioning effectiveness whether they were smaller than the square root of the AVE (Chin, 1998).

Table 4 Correlations Matrix

<table>
<thead>
<tr>
<th>Construct</th>
<th>BP</th>
<th>SP</th>
<th>FP</th>
<th>BPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>BP</td>
<td>(.955)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SP</td>
<td>.509**</td>
<td>(.874)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FP</td>
<td>.344**</td>
<td>.654**</td>
<td>(.836)</td>
<td></td>
</tr>
<tr>
<td>BPE</td>
<td>.590**</td>
<td>.418**</td>
<td>.257**</td>
<td>(.806)</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.05 level (2-tailed). Labels: BF, Benefit positioning; SP, Surrogate positioning; FP, Feature positioning; BPE, Brand positioning effectiveness; DSS, Dissimilarity; FAV, Favourability; UNQ, Uniqueness; CRE, Credibility; SST, Sustainability.

Table 5 Correlations Matrix

<table>
<thead>
<tr>
<th>Construct</th>
<th>BP</th>
<th>SP</th>
<th>FP</th>
<th>DSS</th>
<th>FAV</th>
<th>UNQ</th>
<th>CRE</th>
<th>SST</th>
</tr>
</thead>
<tbody>
<tr>
<td>BP</td>
<td>(.955)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SP</td>
<td>.509**</td>
<td>.874</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FP</td>
<td>.344**</td>
<td>.654**</td>
<td>(.836)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DSS</td>
<td>.285**</td>
<td>.222**</td>
<td>.170**</td>
<td>(.861)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAV</td>
<td>.396**</td>
<td>.514**</td>
<td>.450**</td>
<td>.330**</td>
<td>(.878)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNQ</td>
<td>.261**</td>
<td>.639**</td>
<td>.311**</td>
<td>.433**</td>
<td>.404**</td>
<td>(.846)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CRE</td>
<td>.455**</td>
<td>.592**</td>
<td>.632**</td>
<td>.333**</td>
<td>.598**</td>
<td>.443**</td>
<td>(.820)</td>
<td></td>
</tr>
<tr>
<td>SST</td>
<td>.244**</td>
<td>.544**</td>
<td>.379**</td>
<td>.512**</td>
<td>.361**</td>
<td>.334**</td>
<td>.282**</td>
<td>(.857)</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.05 level (2-tailed). Labels: BF, Benefit positioning; SP, Surrogate positioning; FP, Feature positioning; BPE, Brand positioning effectiveness; DSS, Dissimilarity; FAV, Favourability; UNQ, Uniqueness; CRE, Credibility; SST, Sustainability.

Given the known sensitivity of the x² statistics test to sample size, other than x²/df ratio several widely used goodness-of-fit statistics showed that for M1, the confirmatory factor model fit the data well; x² = 1019.63; df = 611; p = .00; x²/df = 1.67; CFI = .96; TLI = .96; GFI = .88; NFI = .91; RMSEA = .04 (Hu & Bentler, 1998). Likewise, for M2, goodness-of-fit indicators suggested a good model fit since they fall within the commonly accepted cut-off range; x² = 1257.81; df = 611; p = .00; x²/df = 2.05; CFI = .96; TLI = .95; GFI = .88; NFI = .91; RMSEA = .056.
Results

The hypotheses have been tested in two models; M1 and M2 (see figure 1.1 – 1.4). The estimated path coefficients, p-value and decision rule are summarized in table 6. These results indicated statistical support for most of the hypotheses. Path analysis for M1 (H1 – H5) produced the following model fit statistics: $x^2 = 1934.42; df = 598; p = .00; x^2/df = 3.23; CFI = .86; TLI = .87; GFI = .77; NFI = .81; RMSEA = .05$. The results fully supported the hypotheses about the effect of benefit brand positioning strategy, surrogate brand positioning strategy and feature brand positioning strategy on overall brand positioning effectiveness ($H_1, \beta = .211, p < .001; H_2, \beta = .442, p < .000; H_3, \beta = .201, p < .001$ respectively). However, the effect of each brand positioning strategy on brand positioning effectiveness varies in strength.

Path analysis for M2 (H5 – H8) produced the following model fit statistics: $x^2 = 1897.15; df = 667; p = .00; x^2/df = 2.84; CFI = .931; TLI = .844; GFI = .817; NFI = .736; RMSEA = .071$. M2 estimated the relationships of three brand positioning strategies with five individual dimensions of brand positioning effectiveness. Significant relationships were found between benefit brand positioning strategy and favourability, uniqueness, credibility and sustainability dimensions ($H_{5b}, \beta = .300, p < .011; H_{6a}, \beta = .411, p < .002; H_{7a}, \beta = .166, p < .000; H_{6b}, \beta = .200, p < .000$). However, relationship of benefit brand positioning strategy with dissimilarity dimension of brand positioning effectiveness was not significant ($H_{5a}, \beta = -.081, p < .235$) thus implying that brand managers while marketing their brand should communicate benefit brand positioning strategy by focusing more on favourability, uniqueness, credibility and sustainability attributes of the high street fashion apparel brand.

The relationship of feature brand positioning strategy with favourability, dissimilarity, uniqueness and credibility dimensions has shown empirical support ($H_{6b}, \beta = .155, p < .000; H_{5a}, \beta = .241, p < .005; H_{6b}, \beta = .141, p < .000; H_{7b}, \beta = .201, p < .000$), however, feature brand positioning strategy was not found to have a relationship with sustainability ($H_{6b}, \beta = .340, p < .068$). Therefore, brand managers focusing on product features must take into account that attribute. Feature based brand positioning is not considered novel by consumers and that it can be easily copied by competitors in the marketplace.

The relationship of surrogate brand positioning strategy with favourability, dissimilarity, uniqueness and sustainability has shown empirical support ($H_{4a}, \beta = .241, p < .000; H_{5a}, \beta = .251, p < .013; H_{6a}, \beta = .107, p < .000; H_{6c}, \beta = .461, p < .000$), however, relationship of surrogate brand positioning strategy with credibility dimension was not found significant ($H_{5a}, \beta = -.041, p < .007$). This implies that marketers who choose to base their marketing communications on surrogate brand positioning strategy need not emphasize on the trustworthiness of the brand. Brand positioning based on surrogacy will have a negative impact on the credibility of the fashion retail brand.

Table 6 Structural Parameter Estimates

<table>
<thead>
<tr>
<th>Hypothesized Path</th>
<th>$\beta$</th>
<th>$p$</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>M1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H$_1$: BP→BPE</td>
<td>.211</td>
<td>&lt;.001</td>
<td>Supported</td>
</tr>
<tr>
<td>H$_2$: SP→BPE</td>
<td>.442</td>
<td>&lt;.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H$_3$: FP→BPE</td>
<td>.201</td>
<td>&lt;.001</td>
<td>Supported</td>
</tr>
<tr>
<td><strong>M2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H$_4$: BP→FAV</td>
<td>.300</td>
<td>&lt;.011</td>
<td>Supported</td>
</tr>
<tr>
<td>H$_5$: FP→FAV</td>
<td>.155</td>
<td>&lt;.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H$_6$: SP→FAV</td>
<td>.241</td>
<td>&lt;.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H$_7$: BP→DSS</td>
<td>-.08</td>
<td>&lt;.235</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H$_8$: SP→DSS</td>
<td>.241</td>
<td>&lt;.005</td>
<td>Supported</td>
</tr>
<tr>
<td>H$_9$: BP→UNQ</td>
<td>.411</td>
<td>&lt;.002</td>
<td>Supported</td>
</tr>
<tr>
<td>H$_{10}$: FP→UNQ</td>
<td>.141</td>
<td>&lt;.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H$_{11}$: SP→UNQ</td>
<td>.107</td>
<td>&lt;.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H$_{12}$: BP→CRE</td>
<td>.166</td>
<td>&lt;.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H$_{13}$: FP→CRE</td>
<td>.201</td>
<td>&lt;.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H$_{14}$: SP→CRE</td>
<td>-.04</td>
<td>&lt;.079</td>
<td>Not Supported</td>
</tr>
</tbody>
</table>
To address the research question; does benefit brand positioning strategy, surrogate brand positioning strategy and feature brand positioning strategy differ in terms of their effectiveness? This study tests the difference between beta co-efficients by demonstrating that the point estimates are likely to be statistically different from each other when the corresponding 95% confidence intervals (via bootstrap with 3000 re-samples) overlap by not more than 50% (Cumming, 2009). If the confidence intervals (lower and upper) overlap by less than 50%, the standardized beta co-efficients would be considered significantly different from each other (Cumming, 2009). Table 7 summarizes the results of the test to estimate the difference between beta co-efficients. As seen in figure 1.5, there appears to be no overlap in the confidence intervals implying that benefit brand positioning strategy, surrogate brand positioning strategy and feature brand positioning strategy differ statistically significantly from each other in terms of their effectiveness.

Table 7 Bootstrap for Co-efficients

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Bootstrap*</th>
<th>95% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit positioning</td>
<td>.211</td>
<td>.001</td>
</tr>
<tr>
<td>Surrogate positioning</td>
<td>.442</td>
<td>.000</td>
</tr>
<tr>
<td>Feature positioning</td>
<td>.201</td>
<td>.001</td>
</tr>
</tbody>
</table>

*Standardized regression co-efficients

Discussion

The position of a brand is important for the success of marketing initiatives (Keller & Aaker, 1992; Blankson & Kalafatis, 2004; Singh, Kalafatis, & Ledden, 2014), the results of this study offer important insights into how a fashion brand can proactively enhance its position relative to competitors’ brands. Data analysis provides support for the presence of a significant positive relationship between benefit brand positioning strategy and overall brand positioning effectiveness. Marketers focusing on marketing communications strategy explaining the benefits of the consumption of a brand such as benefits related to social-image and benefits are more likely to build an effective brand positioning in consumers’ minds (Wind, 1982; Crawford, 1985). The relationship of surrogate brand positioning strategy with overall brand positioning effectiveness was found to be positive. This can be attributed to consumers’ association with a fashion brand based on image and personality as opposed to the actual product offering. Feature brand positioning strategy was also found to have a positive relationship with overall brand positioning effectiveness. This finding implies that consumers do take an interest in the tangible features of a brand.

Out of the three brand positioning strategies, surrogate brand positioning strategy and benefit brand positioning strategy were found to have a relatively stronger relationship with brand positioning effectiveness, thereby lending support for marketing communications portraying the symbolic meaning of brand use. Sengupta (2005) also provides support for the result by stating that consumers are more interested in the benefits provided as a result of product use rather and features. Benefits that are realized from the use of a brand have a greater relevance in the consumers’ evaluation of the brand than the tangible attributes of the brand (Bagozzi, 1986) because benefits of product consumption are intended to solve a problem. Especially in case of fashion brands it is more relevant on a conceptual plan because it becomes increasingly difficult to offer new products, with added features to consumers, which can add value to their product consumption behaviour. Fashion retail industry is saturated with brands which
provide identical features of the product (Ries & Trout, 1986), therefore, standing out among the competitors in the marketplace with marketing geared towards feature brand positioning strategy may be difficult (Aaker, 2003), with special reference to product categories where the performance of products is perceived to be similar (Vriens & Hofstede, 2000; Majahan & Wind, 2002).

Findings indicate that the relationship of feature brand positioning strategy with all five dimensions of brand positioning effectiveness was not significant; the relationship with favourability, dissimilarity, uniqueness and credibility dimensions of brand positioning effectiveness were significant but not with the sustainability dimension. This can be attributed to the fact that features in the fashion retail industry can easily be replicated by competitors in the marketplace (Moe & Fader, 2001), therefore, sustainability as a dimension of brand positioning effectiveness does not seem to have a relationship with feature brand positioning strategy. This may also mean that consumers are smart decision-makers when they choose a fashion brand. Feature brand positioning strategy does not seem to have a relationship with sustainability dimension of brand positioning effectiveness; it may imply that feature brand positioning strategy may not be suitable to sustain a strong brand image in consumers’ perception about a fashion brand.

Benefit brand positioning strategy was found to have a positive relationship with favourability, uniqueness, credibility and sustainability dimensions of brand positioning effectiveness. Advertisements that help a brand build consumer-brand associations portraying uniqueness of the brand and communicate favourability benefits about the brand are likely to be more effective. Benefit brand positioning strategy also shows support for a brand in maintaining effective brand positioning which is difficult to copy by competitors because it is sustainable. Brand positioning based on highlighting the benefits of the brand seems highly unlikely to create a perception of dissimilarity of a particular brand as compared to other brands.

The findings of the study lend support to the relationship between surrogate brand positioning strategy and favourability, dissimilarity, uniqueness, sustainability dimensions of brand positioning effectiveness. Surrogate brand positioning strategy tends to produce more self-relevant meanings for consumers (Fuchs, 2008). Marketing communication initiatives showing the intangible attributes of a brand are more likely to create favourable image in the in the minds of the consumers. Surrogate brand positioning strategy was also found to be likely to help a fashion brand create a strong sustainable perception in the minds of the consumers. Fashion brands must aim to market their brands with the help of surrogate brand positioning strategy because the perception developed as a consequence of surrogate positioning is difficult to replicate. Surrogate brand positioning strategy of a brand was not found likely to be viewed as credible by the consumers as the relationship was insignificant but negative.

Statistical estimates for RQ (see table 7) show that benefit brand positioning strategy is less likely to be effective than surrogate brand positioning strategy. This result is in contradiction to what Fuchs (2008) proposed i.e., benefit brand positioning strategy is more effective than surrogate brand positioning strategy. These opposing results were likely to be present because of the type of industry under consideration. This study tested whether the difference in beta co-efficients was statistically significantly different and estimates show that benefit brand positioning strategy, surrogate brand positioning strategy and feature brand positioning strategy are statistically different in terms of their effectiveness. There seems to be no overlap in their respective perception in the minds of the consumers. Consumers were found able to identify different fashion brands whose marketing initiatives were based on benefit brand positioning strategy versus those whose marketing communication was based on surrogate brand positioning strategy.

In conclusion, for fashion brands, marketing efforts must be focused on generating content targeted less towards highlighting the benefits of the products and more so on expressing how product consumption will lead to surrogacy (Dhar & Wertensbroch, 2000). Moreover, benefit brand positioning strategy is more effective than feature brand positioning strategy (Azmat & Lakhani, 2015). This study lends support to the proposition that fashion brands can better create consumer-brand associations if their brand positioning is based on surrogacy and not on tangible attributes of the product. Schiffman and Kanuk (2007) have reported opposing results, as they found that benefit brand positioning strategy was more effective than surrogate brand positioning strategy.
Managerial Implications

This study proposes that marketing managers should know which of the three brand positioning strategies is likely to result in better brand positioning effectiveness in the case of fashion apparel retail brands in Pakistan. In high street fashion industry, brand positioning strategy based on the associations created by intangible external aspects of the brand and by intangible aspects of the brand (i.e., surrogate brand positioning strategy) is likely to be more effective in creating a positive perception in consumers’ minds than brand positioning strategy based on tangible attributes of the brand i.e. feature brand positioning strategy (Keller, 1993; Bridges, Keller, & Sood, 2000). This study makes suggestions to brand managers that if they are to survive the anticipated decline in the fashion industry growth, they may prioritize by basing brand positioning on either surrogate brand positioning strategy or benefit brand positioning strategy. Marketing campaigns communicating surrogate brand positioning strategy are likely to develop brand associations if the emphasis is placed on communicating that the brand is favourable, dissimilar and sustainable but brand does not necessarily have to be credible. Marketers must make their brands into personalities. Their image must be based on intangible benefits of product consumption. The role of a fashion brand should go beyond selling clothes, it should have a larger purpose with an emphasis on creating consumer-brand associations based on heroism and symbolism.

Benefit brand positioning strategy might be opted as a second-best option for brands to build an effective perception in the minds of the consumers. Marketing campaigns focused towards visually communicating social benefits of the product offering are likely to perform better among the consumers. This study looks further into the individual effects of Benefit brand positioning strategy on the five dimensions of brand positioning effectiveness. Results indicate that if a fashion brand’s marketing goal is to create a unique perception, then managers must highlight the intangible benefits of product consumption. While communicating benefits of the brand, it is highly likely that brand managers can develop a relative perception which will be difficult to copy, thus preventing a fashion brand from becoming a ‘me too’ brand.

The acknowledgement of the significance of five dimensions of brand positioning effectiveness may facilitate brand managers to; 1) get informed insights into the soundness of the position of the brand relative to competition in the marketplace, and 2) support marketing managers in creating relevant brand positioning strategies and hence marketing communications. More specifically, the brand positioning effectiveness measure enables brand managers to detect the relative strength of the five dimensions of brand positioning effectiveness. In conclusion, this study consolidates means by which marketing managers can take proactive strategic decisions to strengthen the relative position of the firm’s offering amidst the fierce competition present in the fashion industry.

Limitations and Directions for Future Research

This research is not free of limitations which restrict the generalizations of its findings. Future research may consider fashion retail brands which include other product categories, for example, kids wear brands, ready-to-wear brands, made to measure brands, wholesale brands and others (maternity wear and clothes for working women). The scope of this study was restricted to three brand positioning strategies (benefit brand positioning strategy, feature brand positioning strategy and surrogate brand positioning strategy), however, researchers might consider the possibility of employing a hybrid brand positioning strategy in which “elements from more than one positioning strategy are used“ (Wind, 1982; Chernev, 2007; Ozcan & Sheinin, 2008).

The main purpose of the brand positioning effectiveness measurement scale is to estimate how effectively a brand has been positioned in the consumers’ mind based on the choice of brand positioning strategy, however, it does not analyse whether a brand manager has identified and targeted the right audience of consumers based on the classical STP theory of brand positioning (Crawford, Urbán, & Buzas, 1983). Perhaps a combination of segmentation tools and brand positioning analysis would be a better approach towards understanding the effectiveness of brand positioning strategies (DeSarbo, Grewal, & Scott, 2008, Natter, Andreas, Udo, & Alfred, 2008). Such integrated models can help give in depth insight by simultaneously studying positioning and segmentation issues.
In this study, three brand positioning strategies that are commonly used in high street fashion retail industry were analysed. No attempt was made to study brands which are positioned on radically unique features or benefits (Carpenter, Glazer, & Nakamoto, 1994; Aaker, 2003; Broniarczyk & Gershoff, 2003; Desai & Rathneshwar, 2003). Further areas of investigation about the success of brand positioning strategies would involve collection of data from brand managers as well and making inference about the efficacy of a brand positioning strategy by using such data.

Figure 1. 1 Brand Positioning Strategies and Brand Positioning Effectiveness

Figure 1. 2 Benefit Brand Positioning Strategy and Dimensions of Brand Positioning Effectiveness

Figure 1. 3 Feature Brand Positioning Strategy and Dimensions of Brand Positioning Effectiveness

Figure 1. 4 Surrogate Brand Positioning Strategy and Dimensions of Brand Positioning Effectiveness
Key: BP, Benefit brand positioning strategy; SP, Surrogate brand positioning strategy; FP, Feature brand positioning strategy. FAV, Favourability; DSS, Dissimilarity; UNQ, Uniqueness; CRE, Credibility; SST, Sustainability

Figure 1. 5 Standardized Beta Co-efficients: Showing no Overlap in the Confidence Intervals

References


When fear is a factor: consumer behavior changes during the pandemic

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Keywords
Consumer behavior; COVID-19; Fear; Pandemic; and Risk

Abstract:
This paper focuses on the current topic of consumer behavior changes influenced by the COVID-19 pandemic. The purpose of the research was to explore how the factor of fear affected consumers and analyze their response to shopping habits. Design/methodology of the research was based on a survey conducted on a sample of 252 consumers in Slovak republic. Findings in the study map the individual changes in consumer behavior that occurred during the pandemic with special focus on changes related to panic buying. Up to 82% of consumers reported an increase in amount of goods they bought in 2020, however, this form of panic buying significantly decreased in later years of the pandemic. Results show that male consumers were less likely to experience panic buying, however, they men expressed concerns about the negative impacts of the pandemic on the state’s economy to a greater extent than women. The majority of consumers were concerned by health threats and related risks, but it was discovered that they feared more for others than themselves which resulted in an increased tendency to prefer unaccompanied shopping. The practical implications of this research provide guidelines for businesses that need to adjust their strategies according to the new reality in the post-pandemic era. Findings can also provide a foundation for further risk management measures that companies need to consider should a similar situation arise again in the future to be better prepared and to design a flexible response.

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Introduction
Nowadays the world is gradually returning to its normal operations after several years of living in societies marked by the pandemic of COVID-19 virus. Since the outbreak of the pandemic many changes were introduced to everyday lives of all people that had the potential to significantly alter their habits and even to remain active after the pandemic have passed. One of the main issues that the pandemic impacted was shopping habits. Therefore, consumer behavior experienced many significant changes. Many studies have already been published on how the consumers reacted to having their shopping patterns altered (Li et al., 2020; Veselovská, 2021; Yang and Chen, 2022). However, very few researchers focused on exploring what aspects of the pandemic were the factors that influenced the consumers and the exact nature of such influence.

Therefore, this research paper aims to fill this research gap. Since the topic of pandemic and consumer behavior changes is quite vast, a partial issue was selected as the main focus of this paper. Dammeyer (2020) reported the panic buying during the early stages of the outbreak stating the fear as the main reason behind this phenomenon. However, there are very few research studies that focused on fear as a cause of other consumer behavior changes and moreover, no studies analyzed its influence during the following years of the pandemic. Therefore, the main aim of this paper was to explore the influence of fear on consumer behavior during the duration of the COVID-19 pandemic.

Literature review
Nowadays the world is coming to terms with the consequences of the COVID-19 pandemic. Even though the restrictions related to pandemic have mostly been removed in majority of countries
worldwide, the lessons of the pandemic continue to affect entrepreneurs and regular people alike. Since the global outbreak of COVID-19 virus in 2020, the world has changed significantly. One of the most significant changes that was observed almost immediately after the outbreak were the consumer behavior changes in terms of frequency of shop visits and changes in goods amount bought. The sudden outbreak of COVID-19 virus also caused frequent incidents of large-scale material panic buying, resulting in imbalance in supply and demand of goods and threatening social stability (Chen et al., 2022). The effect of fear accompanied with the outbreak of COVID-19 resulted in the emerging panic buying behavior (Alfoqahaa, 2023). Behavior related to shopping that occurs as a reaction to unprecedented events is referred to as “panic buying”. This term includes irrationality and lack of control. However, panic buying is not always attributed to people who are psychologically weak (Ntontis et al., 2022). It can be experienced by people who are under extreme duress at the time or are facing unprecedented threats to their very existence. The COVID-19 pandemic falls to both of those categories. Any unpredicted alternations in shopping behavior patterns can negatively affect the supply and consequently entrepreneurs’ ability to provide products to all consumers with sufficient demand. Therefore, panic buying should be avoided to not cause supply chain disruptions and consequent shortages and can result in even more intensive fear in consumers. Fear is assumed to be the main reason for the emergence of panic buying behavior and it can be broken down to its individual dimensions such as fear of infection, fear of food scarcity, fear of job loss, and fear of crime (Alfoqahaa, 2023; Beitselpacher et al., 2012; Aydin et al., 2019).

Ali et al. (2022) discovered that internal and external factors such as rumors, government strategies, fear and anxiety and health security significantly affect consumers’ panic buying behaviors. These findings also related panic buying with internal and external consequences that affected all consumers such as price hike, shortage of supply of products, dissatisfaction of consumers and increase in utility (benefit) of the products but not on consumer’s budget. Rahman et al. (2022) also examined supply chains that suffered from panic buying-related instabilities and multiple disruptions of supply, demand, and capacity during the pandemic. Any major alterations in demand can cause a chain reaction on the supply side which can result in shortages. When consumers take notice of lack of some products’ stocks, they immediately react by buying more when available, even hording, thus deepening the supply problems. Under normal conditions suppliers need time to react and adjust. However, in extreme situations such as COVID-19 pandemic, even the best prepared suppliers are unable to react flexibly, therefore the crisis prolongs. This vicious circle prolongs the problem and even influences the fear of consumers.

Many authors contribute fear as a major factor to media coverage of pandemic related stories and risk examinations (Rajkumar, 2022; Chen et al., 2022; He and Hu, 2022). Therefore, mitigating the negative influence of media can contribute to decrease of fear, however it cannot completely eliminate it. Other than panic buying the fear that consumers experienced resulted in alternations of other habits such as frequency of visiting shops or preference to visit them unaccompanied (Haroon and Rizvi, 2020). The COVID-19 pandemic created unprecedented circumstances and the response of both sellers and consumers was extreme. Since many scientists believe that such extreme situations can be repeated in the future, it is necessary to analyze the changes that occurred during the pandemic to be better prepared to respond flexibly.

Research methodology

The COVID-19 pandemic introduces various changes in consumer behavior as early as the beginning of year 2020 and continued to do so significantly during the following 2 years. In order to analyze in detail its influences a survey was conducted during the period of October 2022 and January 2023 on a sample of consumers. In total 252 consumers from Slovak republic participated on the survey. The structure of the sample file is provided in Figure 1. Over one quarter of consumers (26.98%) who participated in the survey were 29 years old or younger. Consumers between 30 and 41 years old contributed 25.79% of the sample file. Up to 20.63% of consumers were between 42 and 54 years old. Similar contribution to sample file (19.84%) had the consumers who were between 55 and 66 years old. Older consumers represented 6.74% of the sample file. The representativeness of sample file was verified according to criterion of age of consumers using the Pearson Chi-squared test.
Sample file consisted of 33.3% male consumers who are the person who did most of the shopping for their household or they lived alone. However, the majority of consumers who participated on the survey were female (66.7%) since they were in charge of doing the main shopping for their families. Furthermore, the consumers were asked to provide other characteristics such as their household income, employment status and level of education. Table 1 shows the structure of sample file based on education and gender of consumers. The majority of consumers in sample file were women who completed higher education (41.27%). More than half of the men in sample file completed secondary education (55.96%).

<table>
<thead>
<tr>
<th>Consumers</th>
<th>elementary</th>
<th>high school</th>
<th>university</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>female</td>
<td>1.19%</td>
<td>24.21%</td>
<td>41.27%</td>
<td>66.67%</td>
</tr>
<tr>
<td>male</td>
<td>2.78%</td>
<td>18.65%</td>
<td>11.90%</td>
<td>33.33%</td>
</tr>
<tr>
<td>Total</td>
<td>3.97%</td>
<td>42.86%</td>
<td>53.17%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

This sample file was used to examine the opinions of consumers on pandemic and to describe the changes in their shopping habits due to the pandemic of COVID-19. The collected data created a complex image of how the pandemic altered the business environment through the lens of consumers.

Results

The results of the survey clearly show changes in consumers' opinions and habits during the years of COVID-19 pandemic. The initial change that was observed during the first days of the outbreak was an increase in the amount of bought products of everyday consumption. Up to 82% of consumers reported such an increase in 2020. However, this form of panic-buying significantly decreased soon. The majority of consumers even decreased the amount of goods they bought in 2021 and 2022. Figure 2 shows the corresponding data structured by gender. The results clearly prove that no massive panic-buying occurred during the later stages of the COVID-19 pandemic. Furthermore, male consumers were less
likely to change the amount of goods the bought for themselves and/or their families. These findings indicate the influence of fear as a factor of consumer behavior.

Figure 2 The changes in amount of goods bought by consumers in 2021

![Chart showing changes in amount of goods bought by consumers in 2021.](source)

Source: Own elaboration.

These findings indicate the influence of fear as a factor of consumer behavior. However, there was one other major factor that needs to be considered that can put these findings in context. During the response of government to the COVID-19 outbreak in Slovak republic was considered quite severe. It included several major lockdowns and other restrictions such as the ban of travelling out of local region. All of these actions influenced consumers' possibilities to visit shops as they had been used to. Table 2 contains data that correlates the frequency of visiting shops and changes in amount of goods bought during the pandemic.

Table 2 Changes in frequency of visiting shops and changes in in amount of goods bought by consumers

<table>
<thead>
<tr>
<th>Proportion of consumers</th>
<th>more frequent visits to shops</th>
<th>less frequent visits to shops</th>
<th>no change in frequency of visits</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>increase in the amount</td>
<td>3.97%</td>
<td>9.92%</td>
<td>1.98%</td>
<td>15.87%</td>
</tr>
<tr>
<td>decrease in the amount</td>
<td>1.59%</td>
<td>40.48%</td>
<td>4.37%</td>
<td>46.43%</td>
</tr>
<tr>
<td>no change in the amount</td>
<td>0.79%</td>
<td>30.16%</td>
<td>6.75%</td>
<td>37.70%</td>
</tr>
<tr>
<td>Total</td>
<td>6.35%</td>
<td>80.56%</td>
<td>13.10%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Source: Own elaboration.

Since we had already established that consumers significantly changed their habits tendencies during the pandemic, it would be valuable to explore how much of a factor was fear. Consumers were asked to provide data specifically designed for this purpose in the form of their agreement or disagreement with several statements (Table 3). According to the data nearly half of consumers increased the importance of stockpiling. Only 34.12% of consumers believed that they made their purchase decisions independently of...
information about the pandemic situation. Up to a quarter of consumers were not aware that they took this information into account in their decisions. Fear can also affect our interest in socializing. It was discovered that nearly a third of consumers preferred to a greater extent unaccompanied shopping during the pandemic. Furthermore, this research explored to what extent consumers perceived their fear of possible negative phenomena caused by the pandemic. First, the level of consumers’ fear of harming their own health was examined. Nearly 40% of them expressed a strong response to this statement, with an additional 16.67% also expressed an agreement. Interestingly, we found that consumers were more concerned about the health of other people, as 67.06% of them agreed and only 14.29% disagreed with the related statement. Another important fact that caused concern among consumers was the risk of job loss. This fear turned out to be less significant than it was for health, as only 21.43% of consumers stated that they were worried about being fired from their jobs during the time of COVID-19. The pandemic and the restrictions associated with it also had economic consequences, which had a significant negative impact on the state's economy. Almost half of consumers (46.82%) expressed concerns about the economy and its future development. It is also interesting to observe that approximately 20% of consumers could not express their opinion on the selected statements. In the future, it would be worthwhile to investigate why this was the case, whether these were subconscious changes or whether consumers have not yet considered the fundamental changes in their lives caused by the COVID-19 pandemic.

Table 3 Influence of fear

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Undecided</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>During the pandemic, I bought goods for stock.</td>
<td>18.65%</td>
<td>12.70%</td>
<td>22.22%</td>
<td>21.43%</td>
<td>25.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>Information about the pandemic situation influenced me when making shopping decisions (when choosing the type of product, quantity, store, time of purchase etc.).</td>
<td>18.25%</td>
<td>15.87%</td>
<td>24.60%</td>
<td>19.05%</td>
<td>22.22%</td>
<td>100.00%</td>
</tr>
<tr>
<td>To a greater extent, I prefer unaccompanied shopping.</td>
<td>19.05%</td>
<td>15.08%</td>
<td>19.84%</td>
<td>14.68%</td>
<td>31.35%</td>
<td>100.00%</td>
</tr>
<tr>
<td>During the pandemic, I felt worried about my health during the pandemic.</td>
<td>10.71%</td>
<td>13.10%</td>
<td>20.24%</td>
<td>16.67%</td>
<td>39.29%</td>
<td>100.00%</td>
</tr>
<tr>
<td>During the pandemic, I felt concerned about the health of others.</td>
<td>8.73%</td>
<td>5.56%</td>
<td>18.65%</td>
<td>22.62%</td>
<td>44.44%</td>
<td>100.00%</td>
</tr>
<tr>
<td>During the pandemic, I felt worried about losing my job.</td>
<td>40.08%</td>
<td>17.46%</td>
<td>21.03%</td>
<td>9.13%</td>
<td>12.30%</td>
<td>100.00%</td>
</tr>
<tr>
<td>During the pandemic, I felt worried about our country’s economy.</td>
<td>18.65%</td>
<td>10.71%</td>
<td>23.81%</td>
<td>19.44%</td>
<td>27.38%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Source: Own elaboration.

Provided data on consumers’ fears were further explored by correlating them with socio-economic characteristics of consumers. It was discovered that men expressed concerns about the negative impact of the pandemic on the state's economy to a greater extent than women. Moreover, this fear was felt to a greater extent by consumers with higher education. This consumer segment was also more interested in the information about the pandemic situation. In particular, older people disagreed with the statement that explored a lower interest in socializing. It can be concluded that older consumers had a greater need for contact with other people during the pandemic. This is an extremely dangerous finding, as this consumer segment is most exposed to negative health risks during a pandemic. An interesting finding is also that it was rather young consumers who stockpiled goods to a greater extent.
Discussions and conclusions

The findings of this research prove that fear was a major factor influencing consumer behavior during the pandemic. Consumers were aware of risks related to the virus outbreak and consequently altered their behavior. Li et al. (2022) also reached the same conclusions when conducting similar research in China. Examples from other countries also support this finding (Nontitis et al., 2022; Alfoqahaa, 2022). This study shows that fear can instigate different responses in different people. Male consumers seemed more resilient to panic buying, however, they were equally affected by the threat to health. Duda-Chodak et al. (2020) and Foroudi et al. (2021) also proved that consumers significantly changed the frequency of visiting shops. The rate of consumption has significantly increased when compared before and after the COVID-19 outbreak (Veselovská et al., 2021; Anderson et al., 2020). This can also be contributed to fear. Psychological factors of consumer behavior had been largely downplayed before the outbreak of the COVID-19 pandemic, since very few research studies had focused on this set of factors. However, the pandemic changed since many related risks have been affecting consumers’ reactions, especially their fear (Cetina et al., 2012; Di Crosta et al., 2021).

Since fear during the pandemic has been proven a major factor, solutions need to be implemented in order to mitigate its effects. From the point of central government, it is necessary to manage information that is publically available so that no false information or information specifically designed to create negative emotional response would be shared. This measure would significantly contribute to consumers’ fear levels which would also mitigate panic buying and other negative alterations of consumer behavior. It was also proven that feeling of safety in shops has become an important factor that consumers are influenced by (Veselovská et al., 2022). Moreover, it proved to be beneficial to carefully promote safety as a decisive factor for consumers. Businesses should implement measures according to the needs of their customers (Zhang and Zhou, 2023; Habib and Hamadneh, 2021; Thomas and Feng, 2021). That has always been a necessity for achieving sustainability (Hudáková, 2013). The new equation for success seems to include factors such as perceived risk and consumer trust.

Limitations and direction for further research

The research findings are significant since they have potential to provide valuable information to companies who need to learn to again understand their post-pandemic customers. However, the main limitation of this study could be related to its narrow focus. The data was collected only in Slovak republic and therefore, there may exist small differences in opinions of consumers in comparison to other countries. Therefore, the natural extension of this research would be to compare the obtained results to other surveys or to conduct international surveys with similar focus.

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The role of deceptive advertisements and ethical decision outcomes in determining buying behavior

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Keywords  
Buying behavior, deceptive advertising, ethical decision-making outcomes, moral intensity, moral judgements, and perceived risks.

Abstract  
The study was conducted to identify the opinions of consumers' regarding deceptive advertisements and the extent to which they considered it immoral. It aimed to collectively examine the impact of deceptive advertisements on consumers' perceptions and their ability to make an ethical decision regarding buying behavior. A cross-sectional design is conducted in order to gather data from respondents. The digital advertisements were shown to 378 respondents through web survey designs. SEM (structural equational modelling) was used to analyze the data. The results depicted that advertiser make use of moral decoupling strategies in developing countries as it becomes easier for the consumers to get influenced by a transgressor. After identifying the deception in an advertisement, it becomes necessary to analyze the role of consumers' ethical decision-making abilities in order to determine their buying behaviors. Moral intensity, perceived risks and moral judgements have a significant impact on consumers' ethical decision-making abilities. However, consumers' perception regarding a deceptive claim was not found to have any significant impact on their buying behavior. The relation only becomes significant in the presence of consumers' ethical decision-making abilities.

Introduction  
Research on consumers' ethical attitude has been a focus of concern for marketing scholars due to the globalization and technological developments taking place around the world (Wilkins, Becken yute & Butt, 2016; Armstrong, Gurol & Russ, 1979). Due to these developments, it becomes a challenge for the marketers to ensure consumers are communicated advertising messages effectively (Cania, 2014). Nowadays there is a dilemma faced by both advertisers and consumers. On one hand, advertisers make use of deceptive content to influence consumer-purchasing decisions. On the other hand, consumers’ have to make use of their moral and ethical abilities to make an appropriate decision regarding the deceptive content delivered to them. The difficulty faced by consumer’s are to develop their knowledge regarding the deceptive advertisements and be able to morally and ethically act upon it. According to the social cognitive theory (Bandura, 1986), an individual’s knowledge acquisition is influenced through their social interactions and social experiences. This enables them to develop their moral abilities, which seem appropriate to oneself. Based on this influence, in a marketing context a consumer tends to make use of their moral abilities to evaluate deceptive advertisements. Although marketing scholars have conducted research on deception of advertisement through the Internet (Grazioli & Jarvenpaa, 2003; Darke & Ritchie, 2007) and deception in packaging (Aditiya, 2001; Naylor, 1962), but the marketing concerns regarding deception of digital advertisements have held the greatest interest for consumers and practitioners. This is because digital advertisements depict the maximum extent of immorality in order to influence consumer’s purchase decisions. Moral and ethical concerns are prevalent within every kind of decision-making processes which enables consumers to make judgements regarding attributes of a product (Tan, 2002). Therefore, the study aimed at exploring the impact of a consumers’ ethical decision-making abilities regarding a deceptive advertisement, which will further influence their buying behavior.

While analyzing a consumers’ moral abilities there are a series of internal analysis that have to be conducted (Kim & Johnson, 2014; Sparks & Pan, 2010). These analyses revolve around consumers’ moral...
judgements and moral reasoning abilities. A moral judgement is a consumer’s personal evaluation of the extent to which a conduct of action is ethical or unethical according to every individual’s perception. However, moral reasoning is the explanation provided by a consumer for their specific moral judgement made. According to Bhattacharjee, Berman & Reed (2012), there are certain moral reasoning strategies adopted by consumers in order to explain their judgements regarding a moral action. One of these moral reasoning strategies are moral decoupling. Moral decoupling is a psychological dependence on a transgressor to support an immoral action. Collectively moral decoupling strategies are a process of searching, understanding and arriving at a decision regarding a moral or immoral practice through the influence of a celebrity or a transgressor (Bargh, 1994). This procedure for analyzing a consumer’s moral action has been establish by Rest (1980) which specifically highlights the relevance of moral judgements and moral reasoning’s of consumers’ that influence their decision-making abilities.

According to the social cognitive theory when a consumer has to make a decision regarding a deceptive advertisement, they have to make use of certain knowledge acquisitions that they acquire through social interactions and experiences (Bandura, 1991). This depicts that a consumers’ knowledge streams are gained through judgements and reasoning’s from their surroundings. In this research study emphasis is laid on the ways a consumer gets influenced by their environments which ultimately leaves an impact on their moral values. Therefore, while making a decision whether to purchase a product consumers’ have to analyze their moral abilities and then make an appropriate ethical decision regarding their buying behaviors. The study aimed at exploring the following goal; firstly, the extent to which consumer’s make use of moral decoupling strategies to consider an advertisement deceptive through the presence of a transgressor in influencing their buying behavior. Secondly, to analyze consumers ethical decision-making outcomes for deceptive advertisements through moral intensity, perceived risks and moral judgements.

The significance of study is that it highlights factors that persuade consumers’ for making a relevant ethical or unethical decision regarding the deceptive claim. Therefore, it becomes mandatory to conduct research in this domain in developing country for three reasons. Firstly, addressing the immoral concerns has been an integral area of research in developing countries where the advertisers and marketers are not held accountable for immoral considerations. Secondly, it is necessary to highlight the impact of moral decoupling strategies in influencing the consumer decision-making procedures. The role of a transgressor or a public figure is of utmost relevance while persuading a consumer regarding a brand. Thirdly, managerial implications make organizational members aware of the ethical decision-making processes followed by consumers’ that determine their perceptions regarding the brand.

**Literature Review**

**Moral Decoupling Strategy**

According to Mazar, Amir and Ariely (2008), consumers tend to follow a set of moral judgements based on which they develop their positive or negative perceptions regarding deceptive advertising. Moral psychology highlights the role of “intuition” in creating moral judgements. These intuitions are influenced by certain moral reasoning’s that are developed by the consumers themselves in order to support their intuition (Haidt, 2007; Uhlmann, Pizarro, Tannenbaum & Ditto, 2009). The moral reasoning process includes moral decoupling strategies. Moral decoupling strategies make use of certain influential factors supporting immoral actions and performance (Bandura 1991).

Bandura (1986) emphasized on the social cognitive theory of moral thought and action. According to this theory, an individual’s knowledge acquisition is influenced through their social interactions and social experiences. In the social cognitive theory (Bandura, 1991), a consumer’s moral reasoning is translated into actions by observing others and determining the judgements which seem appropriate to oneself.

Bhattacharjee et al. (2012) asserted that moral decoupling “is a psychological separation process by which people selectively disassociate judgements of performance of the transgressor from your judgements of morality.” Some scholars considered moral decoupling to be the “motivation of a consumer to support a public figure whose transgression may adopt a different reasoning strategy to resolve the tension between the desired outcomes and moral standards” (Ditto, Pizarro & Tannenbaum, 2009; Tsang,
Moral decoupling involved the support of a transgressor or immoral actor to influence their ethical decision. Therefore, it is always considered easier for the consumer to justify their decision either right or wrong in the hindsight of another person; instead of compromising on their own moral standards (Belk, Ger & Askegaard, 2003).

H1: Moral Decoupling has a significant positive impact on deceptive advertising.

Deceptive Advertising
Marketing scholars considered deceptive advertising to be an integral source of immoral practices that hampered a consumer’s decision-making abilities (Gao, 2008; Armstrong et al., 1979). The primary concern of many regulators has been to define deceptive advertising. There has been a considerable amount of disagreement prevalent within the elements, which constitutes of deception (Wilkins et al., 2016; Armstrong et al., 1979). The main elements comprised of fraud and misleadingness (Russo, Metcalf & Stephens, 1981). However, more emphasis has been given on the component of “misleading” as being a determinant of deceptive advertising (Gao, 2008; Shabbir & Thwaites, 2007). According to Petty and Kopp (1995), misleading advertisements included tactics such as exaggerated significance, omission of information, ineffective qualifications, confusing presentation and promises of proof. Many scholars preferred the term misleading as appropriate to define deceptive advertising because it takes into consideration the manipulation depicted by the advertiser and the moral values displayed by the consumer while making a decision (Jacob & Small, 1975; Russo et al., 1981; Darke & Ritchie, 2007). Therefore, Grazioli & Jarvenpaa (2003) asserted deception as “a cognitive interaction between two parties under conflict of interest, where the deceiver manipulates the environment of the other party, the target, to intentionally foster an incorrect cognitive representation of the target’s situation and instigate a desired action, one the target would be unlikely to take without manipulation.”

Deception in advertisements show the ability of an advertiser to over exaggerate in such a manner that it psychologically affects consumers’ buying behavior (Smith et al., 2006). According to Ahmad and Ashfaq (2013), deceptive advertising enforces a consumer to prefer material objects rather than other morally or socially oriented alternatives. Advertisers make use of this misleading content according to the beliefs of their target market in order to influence consumers’ buying behaviors. Therefore, deceptive advertising is not solely a representation of advertiser’s manipulative techniques but instead it is greatly influenced by the consumers’ own perception, mindsets and judgements between moral or immoral practices (Shabbir & Thwaites, 2007).

H2: Deceptive Advertising has a significant positive impact on a consumers’ buying behavior.

Ethical Decision Making
The ethical attitude of a consumer is considered a major factor determining their buying behavior (Taylor & Shim, 1993; Swinyard, Rinnie & Kau, 1990). The study of ethical decision-making process in consumer research relates to the “social cognitive theory.” Accordingly, the moral values of individuals are determined through self-regulatory mechanism in which personal standards determine the ways to anticipate, monitor and judge actions (Detert, Trevino & Sweitzer, 2008). Manipulative persuasion of advertisers highlights the need to study ethical decision-making procedures in consumer behavior. Ethics in advertising emphasized on the appropriate behavior, decisions and practices that fit certain rules and principles of good conduct. According to Danciu (2014), there are three principles of ethics specifically in the advertising context. These include obeying the law, act in your self-interest and comply with rules and regulations. The difference arises when there is a lack of alignment between the advertiser’s self-interest and customer’s interest.

While being exposed to deceptive advertising the consumers are invoked with an ethical dilemma, which requires certain processes of inquiry leading towards making an ethical decision. The certain inquiries made by a consumer are components of ethical issues including moral development (Kohlberg, 1984; Rest, 1980, Trevino, 1986), perceived risks (Fraedrich & Ferrell, 1992) and ethical concerns (Jones, 1999).

Rest’s (1980) four-component model highlighted an individual’s ethical decision-making procedures. The components of the model included recognizing the moral issue, making a moral judgement,
establishing a moral intent and implementing moral actions during the decision-making process. This model incorporated the emotional and cognitive aspects of the ethical decision-making process, which enabled the individual to have an effective buying behavior. Therefore, this study takes into consideration the impact of ethical decisions on consumers’ buying behavior after being exposed to a deceptive claim presented by the advertiser.

H₃: Deceptive advertising has an impact on consumers’ buying behavior through a mediating effect of ethical decision-making.

**Moral Intensity**

Jones (1991) asserted that an individual’s moral intensity “captures his/her extent of issue-related moral imperative in a given situation.” This determined that moral intensity varies in different situations and also influenced every stage of the ethical decision-making process model as proposed by Rest (1980). According to Jones (1991), the utmost significance of an ethical decision laid at the evaluation of the characteristics of an ethical dilemma that lead towards identifying the moral intensity required which is greatly influenced by their moral behavior (Tan, 2002).

According to Singer and Singer (1997), moral intensity drew the attention of individuals involved in ethical situations as well as those who observe the consequences of the decision made. Moral intensity related to ethical decision-making as firstly, an ethical issue is recognized, then ethical judgements are established, intentions are formed to act on the ethical dilemma and lastly ethical behavior occurred (Cohen & Bennie, 2006; May & Pauli, 2002). According to Barnett (2001), moral intensity not only motivated individuals to reason ethically but also influenced their ability to recognize ethical issues and then form their behavioral and purchase intentions appropriately. Moral intensity influenced the ambiance for decision makers to analyze the ethical dilemma in such a manner that created recognition and awareness regarding the relevant buying decisions. It not only provided a direction to consumers about the ethical decision-making but also makes them aware of the magnitude of consequences associated with a particular decision (Valentine & Bateman, 2011; Vitell & Patwardhan, 2008). Similarly, Valentine and Godkin (2019) determined that stronger moral intensity in analyzing the ethical dilemma, in terms of the seriousness of consequences or social consensus were associated with greater individual ethical decision-making.

H₄: A higher moral intensity of a consumer will lead towards ethical decision-making outcomes, which furthermore influences their buying behavior.

**Perceived Risk**

Featherman and Pavlou (2003) asserted that perceived risks are “the potential for loss in the pursuit of a desired outcome of using a product or service.” Prior research emphasized on risks as being an integral factor influencing an ethical decision-making process. Consumers tend to alter the ethical decision-making process according to the risk associated with the purchase of product (Tan, 2002). The amount of risk preferred by a consumer is also dependent upon their certain personality traits. For example, a risk averse individual would try to avoid any such purchase including even the slightest amount of risk involved. According to Tan (2002), there is an effect of perceived risks on ethical decision-making and moral philosophy that is also determined by different types of risks.

According to Kim, Ferrin and Rao (2008), perceived risk is considered one of the major barriers that make consumers’ reluctant regarding their buying decisions. When a consumer buys a product based on the advertisement, it created many discrepancies in their mind regarding the pre-product evaluation including the quality and attributes of the product (Yang and Zang, 2009). These are all kinds of performance risks associated with a buying decision. Law and Leung (2000) explained the extra burden on a consumer to search for extensive information regarding the product as solely decisions made on a mere advertisement can have more perceived risk associated with them. Moreover, advertisements become a greater source of increase in perceived risks as it makes the consumer uncertain whether the product will be able to fulfill their expectations (Weathers, Sharma & Wood, 2007). Similarly, limited product information given in an advertisement will increase the chances of perceived risk in terms of product quality and price that will lead towards a low level of consumer self-confidence while making an ethical
decision regarding their buying behavior. According to Pavlou and Gefen (2004), advertisers have a potential to engage in opportunistic behaviors, which might include hiding certain relevant product information or exaggerating on the benefits of a product. This generated a certain type of information asymmetry that created a lot of uncertainty in consumers’ leading towards increase in perceived risks associated with the buying of the product (Pavlou, Liang & Xue, 2007). In addition, Hong (2015) also explored on this relationship by emphasizing that an increase in consumers perceived risks regarding a product would negatively affect their decision and buying behavior.

H5: A higher perceived risk of a consumer will lead towards less ethical decision-making outcomes, which furthermore influences their buying behavior.

Moral Judgements

Morality is a main foundation of ethical decision-making process, which takes into account the inquiry of the nature and grounds of moral judgements, standards and code of conduct (Taylor, 1975). Moral judgements are a sub-set of moral philosophy that can be classified into “deontological” or “teleological practices.” Deontological theories emphasized on the individual characteristics that determined their specific action or behavior. Whereas teleological theories emphasized on the consequences of an immoral action or behavior. According to Dubinsky and Loken (1989), moral judgements play a vital role in influencing a consumer’s perception regarding a product. There is a significant difference between judging an action, which is morally unacceptable, and the willingness to perform that particular act.

According to Haidt (2012), a social intuitionist approach greatly dominated a consumer’s moral judgement ability. This approach takes into consideration certain emotions and intuitions that directly leave an impact on moral judgements. Intuition plays a vital role in influencing moral judgements more than any explicit reasoning processes. This approach also specifically lays emphasis on providing analytical reasoning’s to convince others regarding moral judgment decisions. A study presented by Ratnasingam and Ponnu (2008) discussed that moral judgements of a consumer critically effects their perception regarding an immoral action or behavior. Moreover, Lau (2006) researched that an ethical dilemma faced by a consumer is significantly influenced by their moral judgements which overall affects their buying behavior as well. For example, when a consumer is faced with a dilemma whether to purchase a pirated software, it is completely the role of his/her moral judgements to analyze and make an appropriate ethical decision regarding their buying behavior (Tan, 2002). Similarly, Pennycook, Cheyne, Barr, Koehler & Fugelsang (2014) elaborated on the significance of moral judgements as a major analytical thinking tool, which directly affects individual’s decision-making abilities.

H6: A higher moral judgments of a consumer will lead towards ethical decision-making outcomes, which furthermore influences their buying behavior.
**Methodology**

The data for the current study is collected through web surveys in which the respondents were shown a deceptive advertisement from the beverage industry of Pakistan on which they gave their views using snowballing sampling technique. A certain status group was targeted, which firstly included internet users and then consumers of beverage industry. Mostly the middle and upper middle class of Pakistan consumes beverages, as they are the ones who can afford it. Questionnaires were distributed through google doc platforms and other social networking websites including Facebook and LinkedIn. The total number of responses collected were 378 out of which 361 respondents had tasted soft drink and were eligible to be a part of the research study.

**Target Advertisement**

A product depicting immoral standards was selected based on the deceptive print ad claims developed by Shabbir & Thwaites (2007). The deceptive claims included false/outright lie, in which the advertisement was falsely presenting the benefits or features of a product been endorsed. Beverage industry was selected in order to depict these deceptive claims such as energy drinks, soft drinks, juices and herbal tea etc. All the other research studies conducted in developing countries specifically Pakistan and Bangladesh emphasized on telecommunication and skin care industries (Iqbal & Siddiqui, 2019; Shahzad & Kausar, 2016). None of these research studies have analyzed the extent of deception in beverage industry.

A focus group was conducted in order to generate more insights regarding consumers’ perception of a deceptive claim in a digital advertisement.

**Results**

Demographic information was analyzed to understand our sample more thoroughly. 55% of the sample was male while 45% was female.

**Measurement Model**

A confirmatory factor analysis (CFA) was conducted to analyze the measurement model. Through CFA, the study determined whether the constructs were related or unrelated according to the consistency between them. Table 1 shows the results of the measurement model. The factor loadings lower than 0.6 were dropped in order to get appropriate results. The table also shows t-statistics for all of these factor loadings. Convergent validity and composite reliability hold for all constructs.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Sources</th>
<th>Standardized Loadings</th>
<th>Boot sample t values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moral Decoupling</td>
<td>(Bhattacharjee et al., 2012)</td>
<td>0.899***</td>
<td>16.708</td>
</tr>
<tr>
<td></td>
<td>The celebrity’s personal actions do not change my opinion of his/her job performance.</td>
<td>0.791***</td>
<td>10.661</td>
</tr>
<tr>
<td></td>
<td>There should not be a distinction between judgements of celebrity’s actions versus judgements of consumers.</td>
<td>0.862***</td>
<td>17.135</td>
</tr>
<tr>
<td></td>
<td>“A celebrity’s wrongdoing should not change our view of their achievements.”</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>AVE=0.726</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CR= 0.888</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deceptive Advertising</td>
<td>(Gardner &amp; Leonard, 1990)</td>
<td>0.813***</td>
<td>37.075</td>
</tr>
<tr>
<td></td>
<td>Whether the information given in the ad is factually incorrect</td>
<td>0.867***</td>
<td>48.27</td>
</tr>
<tr>
<td></td>
<td>Are the advertisers guilty of omitting relevant information?</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------------------------------------------------------------------</td>
<td>--------</td>
<td>-----------------</td>
<td></td>
</tr>
<tr>
<td><strong>Ethical Decision Making</strong> (Beard, 2003)</td>
<td>0.888</td>
<td>58.238</td>
<td></td>
</tr>
<tr>
<td><strong>Moral Intensity</strong> (Singhapakdi et al., 1996)</td>
<td>0.911</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Perceived Risk</strong> (Deering and Jacoby, 1972)</td>
<td>0.807</td>
<td>25.289</td>
<td></td>
</tr>
<tr>
<td><strong>Moral Judgment</strong> (Tan, 2002)</td>
<td>0.930</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Buying Behavior</strong> (Baumgartner &amp; Steenkamp, 1996; Grewal et al., 1998)</td>
<td>0.748</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table:**

<table>
<thead>
<tr>
<th>Statement</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether the ad displayed is true or the proof is false.</td>
<td>0.874***</td>
<td>58.238</td>
</tr>
<tr>
<td><strong>AVE</strong>=0.726</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CR</strong>=0.888</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethical Decision Making</td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is a critical need for more truth in advertising</td>
<td>0.852***</td>
<td>37.34</td>
</tr>
<tr>
<td><strong>AVE</strong>=0.774</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CR</strong>=0.911</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moral Intensity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is a very small likelihood that the advertiser’s action will actually cause any harm.</td>
<td>0.737***</td>
<td>19.665</td>
</tr>
<tr>
<td>The advertiser’s action will not cause any harm in the immediate future.</td>
<td>0.742***</td>
<td>25.289</td>
</tr>
<tr>
<td>The overall harm (if any) done as the result of the advertiser’s action would be very small.</td>
<td>0.729***</td>
<td>21.267</td>
</tr>
<tr>
<td>The advertiser’s action will harm very few people (if any).”</td>
<td>0.648***</td>
<td>13.169</td>
</tr>
<tr>
<td><strong>AVE</strong>=0.511</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CR</strong>=0.807</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Risk</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Can most viewers guess ahead of time how dependable this product will be if it is use repeatedly?</td>
<td>0.497**</td>
<td>5.515</td>
</tr>
<tr>
<td>In general, does this product tend to fulfil your expectations?”</td>
<td>0.873***</td>
<td>47.594</td>
</tr>
<tr>
<td><strong>AVE</strong>=0.509</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CR</strong>=0.748</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moral Judgment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In my opinion, the act of using this product rather than any other one is wrong</td>
<td>0.910***</td>
<td>83.828</td>
</tr>
<tr>
<td>In my opinion, it is morally wrong to use this product</td>
<td>0.903***</td>
<td>77.768</td>
</tr>
<tr>
<td>There are moral allegations and concerns against this product”</td>
<td>0.894***</td>
<td>73.207</td>
</tr>
<tr>
<td><strong>AVE</strong>=0.815</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CR</strong>=0.930</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buying Behavior</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25. Even though different products are available; I tend to buy the same product</td>
<td>0.660***</td>
<td>4.867</td>
</tr>
<tr>
<td>26. I would stick to a product I usually buy than try something I am not sure of</td>
<td>0.795***</td>
<td>7.306</td>
</tr>
<tr>
<td>27. If I like a product, I rarely switch from it just to try something different.</td>
<td>0.804***</td>
<td>9.278</td>
</tr>
</tbody>
</table>
The probability that I will be considering is less
AVE=0.530
CR=0.817

Note: *p < .1, **p < .05, ***p < .01, Average Variance Extracted (AVE)>0.5 indicates convergent validity and Composite Reliability (CR)>0.7 indicated internal consistency.

Table 1: Results of Measurement Model

Table 2 shows results of discriminant validity using Heterotrait – Monotrait (HTMT) ratio. This approach determined whether the constructs are from same or different leading factors. The HTMT measure also holds valid, as the values are less than one for each construct. This shows that these are different factors from each other holding discriminant validity.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Buying Behavior</th>
<th>Deceptive Advertising</th>
<th>Ethical Decisions</th>
<th>Moral Decoupling</th>
<th>Moral Intensity</th>
<th>Moral Judgement</th>
<th>Perceived Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying Behavior</td>
<td>0.229</td>
<td></td>
<td>0.305</td>
<td>0.825</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deceptive Advertising</td>
<td></td>
<td>0.068</td>
<td>0.203</td>
<td>0.122</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethical Decisions</td>
<td></td>
<td></td>
<td>0.239</td>
<td>0.675</td>
<td>0.763</td>
<td>0.343</td>
<td></td>
</tr>
<tr>
<td>Moral Decoupling</td>
<td></td>
<td></td>
<td></td>
<td>0.670</td>
<td>0.272</td>
<td>0.567</td>
<td></td>
</tr>
<tr>
<td>Moral Intensity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moral Judgement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Risks</td>
<td>0.270</td>
<td>0.562</td>
<td>0.606</td>
<td>0.154</td>
<td>0.404</td>
<td>0.374</td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Heterotrait – Monotrait (HTMT) Ratio of Correlations

Structural Model

Table 3 shows the structural parameters estimates (path coefficients) for the study. Bootstrapping was conducted on 2000 samples in order to determine the significance of the path coefficients (Zhu, 1997). The path leading from moral decoupling to deceptive advertising shows a highly significant relationship. Furthermore, the path from ethical decision-making to buying behavior also depicts a significant relationship. Collectively, these two paths form mediation that is tested further. The effect sizes show the size of differences between two sets of variables in order to determine the extent to which an independent variable contributes to the explanation of a dependent variable. Effect sizes also help to analyze the impact size different paths have on each other (Cohen, 1988). An f-square value less than 0.2 shows a small effect, value of 0.15 shows a moderate effect and value of 0.35 shows a large effect (Henseler, Ringle & Sinkovics, 2009). The path leading from deceptive advertising to ethical decision-making shows a moderate effect size of 0.173 and the path leading from moral intensity to ethical decisions also has a moderate effect size of 0.127. Ethical decision-making is an integral component of the theoretical framework as it leaves an impact on many constructs based on their effect sizes. Besides this, there are other paths, which have a significant relationship with each other but leave a small impact. The R square values measure the predictive accuracy that represents the amount of variance prevalent in the dependent variable explained by the independent variables.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Paths</th>
<th>Standardized Coefficients</th>
<th>Effect Sizes (F-Square)</th>
<th>P-Values</th>
<th>R-Square</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Moral Decoupling → Deceptive Advertising</td>
<td>0.366</td>
<td>0.033 Small Effect</td>
<td>0.00***</td>
<td>0.114</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>Deceptive Advertising → Buying Behavior</td>
<td>0.486</td>
<td>0.001 Small Effect</td>
<td>0.627</td>
<td>0.032</td>
<td>Rejected</td>
</tr>
</tbody>
</table>
Deceptive Advertising → Ethical Decisions 0.738 0.173 0.00*** 0.611 Accepted
H3
Ethical Decisions → Buying Behavior 0.483 0.078 0.00*** 0.032 Accepted
Moral Intensity
H4
Ethical Decisions 0.646 0.127 0.00*** 0.611 Accepted
Perceived Risks → Ethical Decisions 0.426 0.067 0.00*** 0.611 Accepted
H5
Moral Judgements → Ethical Decisions 0.424 0.066 0.00*** 0.611 Accepted
H6
*p < 0.1, **p < 0.05, ***p < 0.01
Table 3: Structural Model

Mediation Analysis

Bootstrapping techniques were used to determine the mediation effects of ethical decision-making in influencing the relationship between deceptive advertising and buying behavior. Table 4 shows the direct, indirect and total effects that aimed at analyzing the mediating impact of ethical decision-making on deceptive advertising and buying behavior, which tests hypothesis H3.

<table>
<thead>
<tr>
<th>Paths</th>
<th>Direct Effects</th>
<th>Indirect Effects</th>
<th>Total Effects</th>
<th>P-Values</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deceptive Advertising → Buying Behavior</td>
<td>-0.043</td>
<td></td>
<td>0.639</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deceptive Advertising → Ethical Decisions</td>
<td>0.358</td>
<td>0.000</td>
<td>0.000</td>
<td>Indirect Only</td>
<td></td>
</tr>
<tr>
<td>Ethical Decisions → Buying Behavior</td>
<td>0.372</td>
<td></td>
<td>0.000</td>
<td>Medication</td>
<td></td>
</tr>
<tr>
<td>Deceptive Advertising → Buying Behavior (mediated by Ethical Decisions)</td>
<td>0.135</td>
<td>0.000</td>
<td>0.090 0.157</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p < 0.1, **p < 0.05, ***p < 0.01
Table 4: Mediation Results – Bootstrapping Matrices

Discussion

The key findings of the study addressing the research objectives show that moral decoupling tends to have a significant positive relationship with deceptive advertising, which makes it one of the integral strategies influencing consumers’ buying behavior. Through moral decoupling consumers are easily able to justify their decision either right or wrong in the hindsight of a transgressor, instead of compromising on their own moral standards. Hritek Roshan (transgressor) was considered an influencer of the deceptive claim, which manipulated the essence of the advertisement by promoting inappropriate actions and energy associated with Mountain Dew. This depicted that moral decoupling strategies were progressive and applicable in the Mountain Dew advertisement shown to respondents. It did leave an impact on their interpretation of a deceptive claim.

Ethical decision-making tends to have a significant positive impact on buying behavior. Ethical decision-making outcomes were measured in the presence of moral intensity, perceived risks and moral judgements. The results depicted that moral intensity has utmost significance while evaluating the characteristics of an ethical dilemma as it influenced a consumer’s moral behavior. It captures the extent to which consumers considered an ethical dilemma to be of importance in order to influence their buying behavior. Perceived risk has a significant negative impact on ethical decision-making outcomes as it highlighted the risk associated with the purchase of a product. The less risk associated with a purchase decision will lead towards the consumers to make ethical decision regarding their buying behavior. For example, a performance risk included the probability of something being wrong with Mountain Dew.
ingredients. So, if the performance risk is lower then there are more chances for the individuals to prefer the product and make an ethical decision regarding its purchase. Lastly, moral judgements also have a significant positive impact on consumers’ ethical decision-making outcomes as the standards and code of conduct on which a consumer makes a decision plays a vital role in influencing their buying behaviors.

Deceptive advertising tends to leave an impact on a consumer’s buying behavior through an indirect mediation effect of ethical decision-making outcomes. This shows that there is no direct relation prevalent between deceptive advertising and buying behavior. The relation will only exist in the presence of a consumer’s ability to make an effective ethical decision regarding a product. The role of emotional and cognitive aspects of ethical decision-making provides insights of a consumer’s mindsets and their interpretations of deceptive advertising, which furthermore, influenced buying behavior. Without the presence of ethical decision-making abilities of consumer, deceptive advertisements do not separately leave an impact on consumers’ buying behaviors.

Implications

Some theoretical implications of this research are that firstly, the role of deceptive advertising in Pakistani context seemed to be of great relevance because of the lack of understanding of consumers’ in identifying a deceptive claim and the manipulative techniques adopted by advertisers for creating deception. Secondly, it is important to identify the impact of ethical decision-making in persuading a consumer to buy a product in the presence of a deceptive claim. Moral intensity, perceived risks and moral judgements are constructs that are existing in the minds of consumers’, but they are not consciously aware of them. This provides insights for consumer psychology research in order to determine the extent of cognitive distortions in consumers’ mindsets. Thirdly, the collective role of deceptive advertising and ethical decision-making abilities of consumers’ will enable us to understand their moral considerations and ethical dilemmas. A collective analysis will provide the scholars with multiple perspectives that derive a consumer’s behavior towards a product.

Some managerial implications of this research are that firstly, advertisers will get sufficient number of insights regarding the moral judgements and reasoning based on which, consumers interpret deceptive advertising in certain ways. Secondly, brand managers will also get feedback regarding the brand position and brand image in the minds of consumers based on digital advertisements. They can identify whether brand loyalty has authenticity even in the presence of a transgressor promoting deceptive claims. Thirdly, marketing managers can develop strategies according to the response they might get from the deceptive advertisements shown. If a consumer showed great amount of resilience towards their adopted moral decoupling strategies, then marketing managers can predict their buying behaviors accordingly based on those strategies. On the other hand, if a transgressor has great celebrity fan following then marketing managers can see the pattern of consumers’ buying behaviors for that specific product. Lastly, advertising agencies would get insights regarding moral intensity, perceived risks and moral judgements that determined the extent to which a consumer initiates to make an ethical decision keeping in view their perceptions of the product.

References


Adoption of digital finance among youth: A study

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Keywords
Technology, Financial Assets, Financial Inclusion, Digital Platform

Abstract
Financial products and services have been an essential component of an individual’s life for decades. Earlier people used to save money in the form of gold, silver, property, etc. The growth within those assets was huge then. Individuals were heavily invested in these assets and have witnessed wealth creation within their lifespan. With time the asset allocation for wealth creation took a jump from such assets to other financial assets. These assets still reap good returns, but other financial products and services can provide better returns and can help an individual in generating wealth. Internet and other digital platforms have entered the market and have established an example of enriching the market with a flood of new customers. It has helped in focusing on the target customers and makes them aware of the best opportunities that they could grab within the available financial products and services. Currently, very few individuals and youth are involved in financial products and services, they need more awareness regarding financial literacy that can help them to understand better products and services for themselves. Currently, the youth has been growing in the field of the internet and digital platforms which has even enlarged the market for financial products and services. This states that such products have high potential within the market and there is a huge gap between the target market and the products and services that can be fulfilled with the help of the internet and digital platforms that tend to flourish all over the world. The future for the financial inclusion of the youth is bright as these products and services are penetrating the market at a very fast pace. The availability of the internet and digital technology makes their marketing and reach very large and fast which suggests its future to be bright with a growing number of youths getting involved with such products and services to generate wealth for their future.

Introduction
Financial incorporation is an essential component for an individual to sustain in this growing world. The youth population within the world cannot be ignored and has to be made a base for policy making. Around 1.2 billion population in the world holds the age 15 to 24. In major regions of the world, the youth population counts up to 25% of the total population (Manicavasagar, et al. 2014). With the data that includes gender, age, and economic and social background of the individuals, various policies are taken care of by nations all around the world. Further, these policies include training and education, starting earning, starting a family, etc. Every young individual comes up to a situation where he needs to take financial decisions that become the base for their future. These decisions further look for financial services and products that act as a base for the transition within their lives and a secure future (Berakon, et al. 2022). Digital tools and techniques are very helpful in the transformation within the range of financial products and services. This further helps in uplifting the economic and financial condition of a nation as well. It holds the capability of converting individuals into a more consistent and responsible individuals. Digital exposure becomes essential for every individual in today’s growing financial and economic activities (Totenhagen, et al. 2015). Further, it must hold financial protection laws along with financial education and take care of the misleading activities that may take place with the individuals taking their financial decisions. This report focuses on such important financial decisions to be taken by young individuals through digital platforms.
Literature review
Discussion

Financial decisions have been an essential part of the G20 agendas, which also focus on making it easy for people to get financial products, which helps the economy grow and gives people peace of mind about their finances (Bughin & Van Zeebroeck, 2017). Financial empowerment within a nation or the youth is highly dependent on financial consumer protection, financial education, and financial inclusion within the financial policies. It has been witnessing high progress from the last 10 years as the financial products have been penetrating at a high pace within the last 10 years. Over 1.7 billion people were unaware of the financial products and services by the year 2017 which signifies that around half of the youth in the world were unbanked by that year (Gallup, 2019). This data showcases the scope of growth within this field. Digitalization is the key tool that could help in penetrating this gap. Bers (2012) found that, digital platforms are leading this field towards new opportunities and challenges within the field of financial services. Digital use of such services and products will lead to its comparison wherein data from different companies and prior year’s results in growth and opportunity generation. Data from such activities generate new ideas for their expansion and reach enhancement. Youth is the new target customer for every company and industry nowadays as it holds a high population within the world and is ready to adapt to new products and services for the betterment of the nation and industry (Greer et al. 2019)

Global penetration of internet and digital technology

Development within a nation is supported by financial services and its penetration within its markets. Such products and services target youth who are between the age of 15 to 24 years. Many countries have different parameters for categorizing an individual as an adult or a youth. Variations within this category create loopholes within the data that become problematic while creating a report. The youth is interacting with digital technology from a very young age these days and hence hold a strong hold on to it. Most of the young generations haven’t noticed their childhood without digital technology. The majority of the youth haven’t witnessed a world without the Internet and digital technology. This has highly impacted the way youth interacts and learns about things (Hopkins and Farr, 2019). This signifies that the majority of Internet and digital platform users are young and are unaware of financial products and services and need to understand their implications. Access to information regarding financial products and other knowledge has become very easy for individuals which makes the path toward reaching them easier. Industries could now target customers all over the world with the help of digital technology and several digital platforms. The indulgence of the youth with the Internet and digital platforms makes this path more viable. The term digital natives have been coined to demarcate the young generation that is dependent on technology.

The exposure to the internet is unequal among the youth. Every youth is not equally exposed to digital spaces. The majority of youth in rural areas in different countries lack connectivity to the internet and digital spaces. Another aspect of inequality within the usage of the internet is the lack of a digital skill set that makes the usage unequal among the youth. The students were using the internet and digital technology have an advantage over the students who are not using them. Digital technology helps students to get an advantage and use online services to enhance their knowledge and productivity. With the help of online digital platforms, students can quickly learn about money, which could help them. Another factor that may affect the usage of digital platforms and the internet is the gender and social economic background of an individual. Gender please a very important role within digital spaces. Countries that need more connectivity get less digital access for young women and girls compared to countries with robust internet connectivity (Hatlevik et al., 2018). These factors create gender discrimination on digital platforms in various countries. It can be noticed that in India around 30% of internet users are female. The facilities for young individuals towards their access to affordable internet and mobile phones have ensured their inclusion within the financial spaces and have diminished the inequalities faced by them towards the use of digital technology and financial products and services.
Importance of financial knowledge and inclusion for the youth

Financial knowledge is essential to the education provided to young individuals, as they will have access to money. Many young individuals’ even younger children, interact with money in terms of pocket money they receive or earnings. An example can be taken from the UK where 97% of children from the age of 7 to 17 receive money regularly which can be termed as paid work or pocket money. Children and other individuals also get money on various special occasions. During such occasions, children tend to get money from their relatives and parents. Financial services can empower youth and children and enhance their lives at every stage of their lives. Research suggests that financial habits within children start developing from the age of 7 which influences throughout their young age. Further various factors influence financial knowledge and decisions such as parental influence, peer influence, social environment, etc. Young people having saving accounts along with financial education indicate various factors or traits within them such as positive financial behavior, fostering compounding effect with their savings, and accumulating assets along with improving financial opportunities (Hopkins and Farr, 2019). Studies even suggest that the wealth accumulated by young people when they start working empowers them with their saving goals and retirement. Financial literacy within students and individuals is very essential which makes them responsible and competent for their future and current life. The Consumer Financial Protection Bureau (CFPB) suggests that children start learning such facts from the age of 5 till they grow as teenagers. While financial habits start generating from the age of seven till adolescence. Several experiences suggest that the three building blocks can be acquired by

- Parental influence
- Experiential learning
- Direct instructions
- Socializing with financial peers
- Environment and experience

Current scenario of youth toward financial knowledge

The recent scenario suggests that half of the young population still needs to get a bank account with a recognized financial institution. Differences between the usage of bank accounts can be witnessed when it comes to high-income countries and low-income countries. Such inequalities can also be noticed within other factors such as gender, location, income, economy, and education. Another factor that affects the financial inclusion of an individual is the location of the individual which can be a developing country or a developed country. It is believed that a developed country provides much more opportunities to an individual (Griffiths and Buckley-Irvine, 2018). It can be fitted through an example as within high-income countries 84% of the individuals are financially included within the financial system and on the other hand, less than 40% of the people are included within the formal financial system in low-income countries. Education places a very important tool to include individuals within the financial service sector, it is believed that the toughest market for financial service providers is in the rural areas where people do not have bank accounts and education to go for these financial services and products. Trust has to be developed within them to make them understand the importance of such services in products for their life. Various traits that can be observed within the financially illiterate youth are

- Unemployed or inactive within the working industry
- Less educated
- From rural areas
- Located within the low-income countries

Such youth are also believed to have low internet connectivity and low digital presence along with limited access to mobile phones as well (Gasparri and Munoz, 2019). These are regions where policymakers have to spread awareness regarding financial products and services. The youth from such regions need the awareness and concentration of the policymakers as they need to ensure literacy towards the financial prospects of every individual regardless of gender, religion, ethnicity, education, ability, location, etc.
Reasons for financial illiteracy among the youth

Lower financial literacy

Financial literacy among the youth is the power that every country needs to achieve. Financial literate youth can grow the country at its highest pace. Financial inclusion of the youth is highly affected because of the low level of financial literacy. The financial exclusion of individuals within a country is harmful to the country as its growth gets highly affected (Gallup, 2019). Youth is not only financially exclusive but also lacks awareness regarding the financial products and services along with their skills of it. Policymakers within every Nation address this situation very intensely and take steps towards spreading awareness regarding providing financial education to the youth through various financial programs. Education regarding financial products and services also leads to a decrease in the default rate, improvement in credit scores, and individuals seeking debts for productive purposes.

Personal employment and financial status

Financial exclusion of youth highly depends on their employment and financial status. Financial inclusion will take place when the youth start saving and investing money, if they are unemployed, they won't even save money to invest. This becomes a huge barrier for the nations to provide more employment that further brings out money from the youth in the form of investments and savings that is further processed as financial inclusion (Financial Literacy and Education Commission, 2017). This becomes the reason for people not having retirement funds with them. Financial exclusion highly affects the youth, and it highly depends on their disposable income. The covid-19 pandemic has raised the unemployment rate of various nations. People working within the informal sector and on a contract, basis have faced a lot of financial instability after the pandemic. Youth all over the world earns majorly from seasonal work or from the pocket money they receive from their parents. Informal jobs, remittances, and unemployment are the reasons that have dug the youth into financial exclusion and instability in their life (FED, 2016). The higher rates of unemployability lead the youth towards working on an informal contract basis or starting their businesses.

The Need for Financial Services

Many young individuals feel that they do not need financial services until it's too late to get to the conclusion in the end that they might have taken those services. The reason behind this kind of perception is that they feel that these financial products and services are not useful for them. We take the example of Mexico, 37% of young individuals do not have a savings account or debit card as they feel they do not need one, and around 38% of the population do not have a Credit Card or loan as they are unwilling to take such services. Around 35% of young individuals over there believe that they do not need insurance.

Low digital Infrastructure

Digital technology has grabbed the industry and has become an easy option for the youth to go through such products and services. Instead of visiting offices to get products such as insurance, investments into shares, etc people now prefer to buy such products and services through online platforms and get such things conveniently (Elder and Kring 2016). Even companies now prefer providing such services through the internet and digital platforms. The places and people who are having low infrastructure regarding the internet and digital technology face problems to get such products and services.

Cultural, Social and Religious norms

Cultural, social, and religious factors affect appropriate financial services that need to be opted for by young individuals. Young women are dependent on men in rural areas and such factors make it very difficult for young women to go for such products and services for securing their future (Demirguc-Kunt et al., 2018). It was observed that due to cultural and religious norms that 70% of the loans were taken by the old borrowers, such perceptions and followings make it very tough for the agents to make it through with the deals. Young women took half as many financial loans as young men did, which indicates that women are significantly less exposed to financial products and services.
Conclusion

It can be concluded from the above assignment that with the data that includes gender, age, and economic and social background of the individuals, various policies are taken care of by nations all around the world to bring out policies for the youth. It focused on the financial inclusion of the youth for the betterment of their future actions and the nation. These policies include training and education, starting earning, starting a family, etc for the betterment of the youth and the country. Financial empowerment within a nation or the youth is highly dependent on financial consumer protection, financial education, and financial inclusion within the financial policies. This data showcases the scope of growth within this field. Digitalization is the key tool that could help in penetrating the gap that is faced by individuals between financial products and services and digital platforms. Internet connectivity has highly influenced the financial industry as it has made it very easy to make people aware of financial knowledge and buy such products and services online. Digital use of such services and products has to lead to its comparison wherein data from different companies and prior year’s results in growth and opportunity generation.

Further, it explains the global penetration that emerged from the internet and digital platforms towards the financial inclusion of the youth. The majority of internet and digital platform users are young and are unaware of financial products and services and need to understand their implications. Access to information regarding financial products and other knowledge has become very easy for individuals which makes the path toward reaching them easier. Industries are now capable enough to target such customers from all over the world. Such financial knowledge is very important for the youth as it fosters positive financial behavior, compounding effect with their savings and accumulating assets along with improving financial opportunities. Studies even suggest that the wealth accumulated by young people when they start working empowers them with their saving goals and retirement. Currently, the situation of financial inclusion is very rough wherein the youth is less involved in financial activities but can be spread with the help of the internet and digital technology.

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Financial impact of COVID-19 lockdown restrictions on Small, Micro and Medium enterprises in the restaurant industry (Gauteng)

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Abstract

Purpose: The study presents a comparison of the financial impact of the COVID-19 lockdown restrictions on Gauteng-based SMMEs in the restaurant industries using a South-African bank’s point-of-sale (POS) de-identified data.

Research: The positivist research philosophy was preferred. Due to, the participating bank’s existing data, quantitative research method applied. This research study comprised both exploratory and descriptive objectives. It was longitudinal in nature because it investigated the financial impact of the COVID-19 lockdown restrictions on Gauteng-based SMMEs in the restaurant industry over time (April-May 2020 and April-May 2021). The longitudinal time horizon was from April 2020 to May 2021 (a year into the lockdown period).

Results: The study found that the restaurant industry was adversely financially impacted, based on turnover sales transacted through POS devices during the two periods of April to May 2020 and April to May 2021. According to the study, during the COVID-19 pandemic lockdown periods Gauteng-based SMMEs relied heavily on the benefits of the Fourth Industrial Revolution (4IR), such as POS devices, for customer payments.

Conclusions: Based on a monthly turnover comparison the restaurant industry had the second-highest turnover, following the supermarket industry with the highest turnover. When the alert level 5 lockdown was declared on March 23, 2020, some restaurants shut down temporarily while others adjusted their operational protocols to safeguard their employees and customers.

Study originality: However, the restaurant industry turnovers increased in 2021 compared to 2020, indicating that there was some adaptation or rather innovation around mitigating the COVID-19 pandemic challenges.

Practical implications: Restaurants took additional measures by persuading consumers to order ‘takeaways’ online through delivery App platforms. The restaurant industry COVID-19 digital strategies remain relevant in South Africa today even after the removal of the COVID-19 lockdown restrictions because customers still make use of these digital services.

1. Introduction

The COVID-19 pandemic is a historic global disaster that affected human health and economic well-being globally. The worldwide health crisis, which began in 2020, influenced enterprises of all sizes within all industries (Gregurec, Furjan & Pupek, 2021:1). Although certain industries had some resilience, most Small, Medium and Micro Enterprises (SMMEs) found themselves in "new normal" working settings, with economic, political, social and psychological implications (Gregurec et al. 2021:1). Thus, the financial impact of the COVID-19 pandemic on enterprises felt globally. However, enterprises in emerging markets were likely to have felt the full brunt of the economic consequence considerably more than those in developed ones (Weber, 2020). The COVID-19 lockdown had a significant impact on SMMEs, contributing to the already struggling South African economy (Weber, 2020). SMMEs are an important part of the economy of both South Africa and the African continent (Weber, 2020).

The financial impact on SMMEs in the restaurant industry, is quantified through the de-identified data from a participating South African bank during (April-May 2020) and after the (April-May 2021) COVID-19 lockdown phases. This comparison uses the South-African bank’s POS (Point of Sales) data.
SMMEs are defined as those enterprises with less than 250 workers. To distinguish between small, medium and micro enterprises the following scale is used: a small enterprise has fewer than 50 employees, a medium enterprise has fewer than 250 employees, and a micro enterprise has fewer than 10 employees (Ayandibu & Houghton, 2017:134). According to Ayandibu and Houghton (2017), the South African Revenue Service (SARS) does not have a single definition for small business, instead, numerous definitions are used for various purposes. A Small Business Corporation (SBC) is defined for Income Tax purposes as a business with a turnover of less than R14m, in addition to other qualifying conditions (Ayandibu & Houghton, 2017:134). A small SMME is defined as a firm with total net assets of less than R5 million for Capital Gains Tax purposes (Ayandibu & Houghton, 2017:134). The National Small Business Office (NSBO) serves the needs and interests of South African firms with annual revenues of less than R14 million (Ayandibu & Houghton, 2017:134). This study will be comparing the financial impact of the COVID-19 lockdown on Gauteng-based SMMEs in the restaurant industries, using the participating South-African bank’s (Point of Sales) POS data. POS devices are an excellent payment option for efficiently processing debit and credit card payments (Verifone, 2016). Customers simply tap, scan or insert their card to complete a transaction while providing a password/pin number for security (Verifone, 2016). Customers can now use smartphones and watches to tap for payments, a process that has improved POS device transactions (Verifone, 2016).

The South African government and private groups attempted to assist struggling enterprises affected by the COVID-19 lockdown in a variety of ways, but enterprise owners/managers also needed to ‘think on their feet’ (Carrim, 2020). The issue then became how the impact of the COVID-19 lockdown had affected the way SMMEs worked by forcing them to adjust to a scenario of continual, unexpected change in particular industries and areas of business (Carrim, 2020). As a result, these firms were compelled to adopt new tactics to remain competitive in the market. Enterprise problems resulting from the COVID-19 lockdown mostly caused by an inability to create sales, a lack of income generation and cash flow issues (Carrim, 2020).

2. Literature review
2.1. Small, Medium and Micro Enterprises (SMMEs)

According to Mmbegeni, Mavhungu & John (2021), the South African government has been promoting SMMEs since 1995. SMME ‘start-ups’ encourage innovation, increase productivity and create structural change (Herr & Nettekoven, 2017). Established SMMEs critical for the country’s economic growth and usually only adjust to market pressure, A thriving SMME industry significantly increases job opportunities (Herr & Nettekoven, 2017). Mmbegeni et al. (2021) state that SMME survival rates in South Africa are among the lowest in the world. A financial crisis such as that resulting from the COVID-19 lockdown restrictions has a negative impact on SMMEs, slowing their growth and increasing the number of bankruptcies annually (Mmbegeni et al., 2021). Start-ups are particularly vulnerable, because they lack the resources to withstand such a crisis (Mmbegeni, et al. 2021).

This study concentrated on SMMEs based in Gauteng, one of nine provinces in South Africa. According to Muriithi (2017:37), SMMEs range from very small micro enterprises run by one or two people with very slow or no growth to fast-growing medium businesses with a turnover of millions of rands. SMMEs provide employment and income to approximately 80% of the world’s population. Furthermore, SMMEs account for more than 90% of businesses in Africa and contribute roughly 50% of its GDP (Muriithi, 2017:37). Businesses with fewer than 100 employees account for more than half of all employment in low and lower-middle-income countries such as South Africa (Muriithi, 2017:37).

The Minister of Small Business Development amended the National Definition of Small Enterprise Schedule (Government Gazette, 2019). The new definition includes industry types, enterprise size, number of full-time employees and total annual turnover (see Table 2 below).
Table 1: South African National Definition of Small Enterprise Schedule

<table>
<thead>
<tr>
<th>Industry or sub-industry in accordance with the standard industrial classification</th>
<th>Size or class of enterprise</th>
<th>The total full-time equivalent of paid employees</th>
<th>Total annual turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supermarkets</td>
<td>Medium</td>
<td>51-250</td>
<td>± R80 million</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>11-50</td>
<td>± R25 million</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>0-10</td>
<td>± R7.5 million</td>
</tr>
<tr>
<td>Tourism</td>
<td>Medium</td>
<td>51-250</td>
<td>± R40 million</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>11-50</td>
<td>± R15 million</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>0-10</td>
<td>± R5 million</td>
</tr>
<tr>
<td>Restaurants</td>
<td>Medium</td>
<td>51-250</td>
<td>± R70 million</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>11-50</td>
<td>± R22 million</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>0-10</td>
<td>± R5 million</td>
</tr>
</tbody>
</table>


2.1.1. SMMEs in South Africa during COVID-19 lockdown periods

South Africa underwent the COVID-19 pandemic alert level 5 lockdown from midnight on 26 March until 30 April 2020. Level 5 regulations required that everyone in South Africa confined to their home unless they were performing an essential service, obtaining essential goods or services, collecting a social grant/pension or seeking emergency, life-saving or chronic medical attention (Pillai et al., 2020). Essential services entailed businesses (including SMMEs) that offered goods and services such as food, fuel, financial transactions and healthcare to name a few (Pillai et al., 2020). During the level 5 lockdown, all SMMEs and other entities had to cease operations, except for any entity involved in the manufacturing, supply or provision of essential goods or services, unless work was conducted remotely by personnel from their normal place of residence or home (Government Gazette, 2020).

As from 1 to 31 May 2020 South Africa was on COVID-19 pandemic alert level 4 involving restrictions that indicated a moderate to high COVID-19 spread with a low to moderate health system readiness (Government Gazette, 2020). A year into the COVID-19 pandemic South Africa was on an adjusted alert level 1 from 1 March to 30 May 2021. During the alert level 1 restriction, most normal activities could resume, if precautions and health guidelines were always followed.

2.1.2. Impact of COVID-19 lockdown restrictions on the SMME economy

According to Stats SA, the official unemployment rate fell by 0.8% from 35.3% in the fourth quarter of 2021 to 34.5% in the first quarter of 2022 due to changes in employment and unemployment figures (SAnews, 2022). It is the South African government’s intention to create more jobs through economic policy and the promotion of investment in labour-intensive industries such as SMMEs (Pillay, 2018:2). According to Rajagopaul et al. (2020), SMMEs in South Africa account for more than 98% of enterprises, employ between 50 and 60% of the workforce across all industries, and are responsible for a quarter of private-industry employment growth. While South Africa’s SMMEs contribute less to GDP than other sectors, there is little doubt that these enterprises are a crucial engine of the economy (Rajagopaul et al., 2020).

Due to the COVID-19 lockdown, many SMMEs have already seen a significant decline in demand for their goods and services (Rajagopaul et al., 2020). According to a McKinsey Consumer Pulse Survey conducted at the end of March 2020, more than 80% of respondents planned to cut spending across all retail categories (Rajagopaul et al., 2020). Challenges faced by SMMEs in South Africa due to COVID-19 lockdown restrictions.

According to SME South Africa (2020), three out of every four small enterprise owners reported that their company would not be able to withstand extended lockdown limitations after July 1, 2020. Small business owners from all over South Africa participated in the #CombatCovid SMME Survey to determine the extent of the harm caused to their mode of operation (Motaung, 2020). POS, also known as point-of-purchase (POP) systems are checkout devices comprising integrated hardware and software subsystems tailored to the needs of certain enterprises (Gordon, 2021). Most POS systems are digital in
form, with multiple devices and peripherals, such as customer pole displays, card readers, barcode scanners and printers (Gordon, 2021). Participants of partner collectives include small enterprise owners’ groups such as iKhokha, Efficacy Payments, Innervation, SureSwipe, Flash and Humble (Motaung, 2020). The 2 280 small business owners who participated in the #CombatCovid SMME study immediately prior to the South African government’s imposition of the alert level 4 lockdown regulations, provided the following four key findings (Motaung, 2020):

Three out of four SMMEs would not survive the COVID-19 lockdown beyond July 2020: The COVID-19 pandemic affected more than 90% of small enterprises surveyed. 33% of them predicted a monthly reduction of 75%-100% in turnover, and 3/4 of small enterprise owners believed their business would not survive if the lockdown limitations were extended beyond July 1, 2020.

Sixty eight percent of relief applications were unsuccessful: South Africa's SMEs appeared to be either passive or untrusting of the COVID-19 pandemic relief options that were available to them. Less than half of the business owners surveyed had applied for relief funding from government, banks or other financial institutions. This finding indicated that some businesses had possibly chosen to “go with the flow of the lockdown instead of pushing against the wave” (Motaung, 2020).

Increased adoption of technology: one-quarter of the firms interviewed said they were still operating in some capacity. E-commerce and other types of technology, including messaging and video conferencing platforms, were assisting businesses to streamline their operations. More than half of the survey respondents used technology to operate their enterprises remotely (Motaung, 2020).

2.1.2.1 Mitigation of COVID-19 pandemic challenges for SMMEs

SMMEs have characteristics that make them more susceptible to the pandemic crisis at hand. Klein & Todesco, (2021) suggest that knowledge management research could give SMMEs the expertise they need to handle such a crisis. They would be better equipped to develop a benchmark strategy for this purpose if they have an overview of appropriate financial strategies suitable for SMMEs. According to Thukra (2021), more emphasis should be on how SMMEs use their entrepreneurship creativity and innovation to respond to crises.

SMMEs need to concentrate on important areas of competitiveness in their value chain, product and operations, as well as discovering the appropriate technological levers to boost competitiveness (Rajagopaul et al., 2020). Digital and new technologies can assist South African SMMEs in overcoming their size disadvantage in comparison to larger businesses (Rajagopaul et al., 2020). Access strategies enable SMMEs to concentrate on their core value proposition used to establish themselves in a new market. Volatile, Uncertain, Complex and Ambiguous (VUCA) model

2.1.2.2. Financial support for SMMEs during COVID-19 lockdown.

According to Hes (2022), numerous public and private financial support programmes were set up in an attempt to reduce the effects of the global COVID-19 pandemic. Small enterprise owners and street vendors in South Africa were amongst those entities most affected by the COVID-19 restrictions. Thus, these enterprise owners could benefit from the various funding interventions during challenging time (Hes, 2022). According to Kunene (2020), the South African government supported small businesses with various relief funds during COVID-19 through the various business relief programmes.

According to the #CombatCovid SMME Survey, however, 68% of relief petitions were denied (Motaung, 2020).

2.2. SMMEs in the restaurant industry

The restaurant industry includes professional restaurants, bars and other food service providers upon whose premises customers can enter order and eat food. Furthermore, this term applies to almost any type of eatery and is used in a variety of contexts (Wiesen, 2022). These settings include ‘standalone’ restaurants in a plaza or in a remote location, as well as restaurants attached to hotels or casinos (Wiesen, 2022).

Quick Service Restaurants (QSRs) or fast-food restaurants that typically have limited menus with quick-preparation items.
Full-service restaurants that provide table service and frequently have a large menu selection. ‘Takeout’ and home delivery services have grown rapidly (Khandelwal, 2019).

Restaurants across South Africa protested the country’s ongoing prohibition of alcohol sales implemented during the COVID-19 alert level 5 lockdown claimed was destroying the restaurant industry.

According to the CEO of the Restaurant Association of South Africa (RASA), liquor sales restrictions made it impossible for restaurants to remain financially solvent (Prior, 2020). However, takeaway businesses such as Nando's fast-food chain reported an increase in delivery orders after the implementation of the national alert level 5 lockdown. Nando's CEO stated that the pandemic has accelerated its journey towards driving e-commerce to its customers (Prior, 2020). When the alert level 5 lockdown announced on March 23, 2020, some restaurants temporarily closed while others changed their operating procedures to protect their staff and patrons (Goldman, 2020). Due to the COVID-19 restrictions and concerns for the health of their staff and customers, the restaurant industry had to initiate innovative ways to reach their clientele (Said, 2020). Many restaurants, thus, made the decision to reach their clients through home deliveries and, in so doing, increased their customer base by being accessible online through social media or delivery Apps (Said, 2020).

Extra precautions with sanitation such as limiting the number of tables available, and also encouraging customers to order ‘takeouts’ online through delivery App platforms such as Mr Delivery Food and UberEats (Goldman, 2020). A food delivery App facilitates the delivery of food timeously to customers’ doors in safe packaging (Sharma, 2022). This service enables the provision of food from restaurants close to the customer’s location, thus, allowing customers who order food to experience a positive user-experience (Sharma, 2022). Some restaurants chose to have customers place their orders via telephone or delivery App platforms and would deliver the order if the distance between the restaurant and the customer’s residence was within a certain distance. Customers could also place an online order and collect it from the restaurant. Feemste (2021) claims that online bill payment has increased in the wake of the COVID-19 lockdown. Digital payments helped people reduce personal contact and kept economies afloat during the coronavirus crisis (Xiao & Chorzempa, 2020).

2.3. The South African Banking industry

Banking is an extremely important industry in the economy of South Africa – banks play an important role in the economy as financial intermediaries, allocating capital from lenders to borrowers, managing financial risks, facilitating trade and providing access to the payment system (Prabhavathi & Dinesh, 2018). This research uses a major South African bank’s SMME client base POS financial data during the COVID-19 lockdown experienced between both April-May 2020 and 2021.

South African banks have the appropriate customer payment solution to help SMMEs re-imagine their business; with POS, devices enable SMMEs to receive payments from clients without the exchange of cash. The banks also offer SMMEs other payment options, for example, digital wallets and online payment solutions, whereby SMMEs receive payments without customers having to use credit cards (Standard Bank, 2022).

The banking industry’s digitisation, as well as the continued presence and application of innovative banking solutions and enabling technology, necessitate the creation of new regulations (Willemsen-Snyman, 2020). The banking industry perhaps has been the most adversely impacted by the growth of disruptive technologies throughout the economic landscape. (Kute, 2020). Retail payments were formerly a mainstay of large financial organizations in terms of payment facilitation and their key role in data collection, such as loans, mortgages and credit cards (Kute, 2020).

2.3.1. SMMEs migration to POS devices

Innovation aided the transformation of cash registers into computerised POS systems in the 1970s (Franciska & Sahayaselvi, 2017). Other gadgets that introduced include touchscreen displays, credit card terminals, cash registers, receipt printers, barcode scanners and other components that are frequently found in a retail POS system (Franciska & Sahayaselvi, 2017). POS is the location at which a buyer exchanges money for goods or services with a seller (Franciska & Sahayaselvi, 2017). Sai (2017) states most
SMMEs switched from cash registers and manual sales systems to electronic systems known as POS systems. The term ‘POSES usually involves a system that is concerned with recording transactions between the seller and customer (Tikapichart, 2018) and comprises a combination of POS hardware and POS software that creates a system for transacting and processing payments (Feemste, 2021). SMMEs must be able to maintain their competitiveness and, more importantly, their ability to remain in operation (Girsch-Bock, 2013) thus, while many small- to medium-sized SMMEs are still working to replace their outdated cash registers, numerous enterprises have switched to more advanced payment methods that can process payments more efficiently and flexibly (Girsch-Bock, 2013).

Even though a POS system has many benefits, it is crucial also to consider the drawbacks. Furthermore, debit card users at SMME POS terminals run the risk of revealing their PINs to other customers (Kimmons, 2017). Most systems take steps to conceal the keypad, but none of these solutions flawless. Additionally, SMMEs run the typical security and privacy risks associated with conducting business online if their system is web-based (Kimmons, 2017). The convenience of having the POS system widely accessible can come with a certain level of risk, even though most POS station providers offer significant security protection (Kimmons, 2017). SMMEs rely on the network’s operating software when using a POS system and that software needs updated frequently. A regular maintenance fee typically charged for POS systems to cover system updates and modifications. Furthermore, security lapses may occur if the software not updated regularly or if it is updated incorrectly (Conrad, 2017). Those security breaches may involve highly sensitive and protected information, depending on the nature of the business (Conrad, 2017). POS systems may become unpredictable or fail to process transactions properly if a user enters incorrect data or starts the wrong application (Evans, 2017). SMME owners and employees need to participate in adequate training to learn how to use the POS system and complete transactions properly because of their complexity (Evans, 2017).

3. Research methodology

Positivist philosophy was preferred for this study because the data collected was de-identified SMME financial data from a South African bank that was used to support mathematical claims that can be supported by logic and truth. De-identification involves stripping identifying information from a dataset so that it is impossible to connect individual data to a specific source (Garfinkel, 2015). The privacy risk connected to the information’s collection, processing, archiving, distribution or publication decreased through de-identification (Garfinkel, 2015). Based on the POS device transactions from SMMEs’ clients, the participating bank has a database of the SMMEs’ monthly turnovers. These SMMEs’ customers use POS devices to pay for goods and services. The goal of the POS device is to track and record all transactions that occur between a buyer and a seller (Bill, 2021).

A core component of positivist reasoning is deductive reasoning. The POS data employed during this study assist the researcher in reaching a clear/logical conclusion with regard to the financial impact of the COVID-19 lockdown on SMMEs. (Saunders et al., 2019).

3.1. Research approach

A quantitative research method involves quantifying and analysing variables to obtain results. The participating bank's existing data’s numerical nature, resulted in the chosen data collection method, quantitative. A quantitative research process uses numerical data from a determined and chosen subgroup of a population to generalize the results to the population being studied, quantitative research, thus, is systematic and objective (Creswell, Ebersohn, Eloff, Ferreira, Lvankova, Jansen, Nieuwenhuis, Pietersen & Plano Clark, 2019:184).

According to Kafle (2019), regression analysis attempts to investigate the relationship between two or more variables using an equation that is referred to as a ‘regression line’. Because the result obtained using the least squares method, the line also known as the ‘line of best fit’ (Kafle, 2019). Correlation is a predictive relationship between two variables (Kumar & Gautam, 2020). With this measure of dependence, the study determines the nature, direction and strength of the relationship between two variables (Kumar & Gautam, 2020). The degree of relationship between the variables is correlation analysis, however, this analysis does not specify which of the variables is a cause and which is an effect
This research study used correlation to assess data from a statistical standpoint. The turnover of the SMMEs was the dependent variable, whereas the active POS devices of the SMMEs was the independent variable. Correlation utilized to examine the relationship between the two variables in terms of how one influences the other. The data for the study analysed using the Statistical Analysis System (SAS) system. SAS used to generate reports, gather and analyse statistical data and to run Structured Query Language (SQL) queries (Pedamkar, 2022).

3.2. Research design

An exploratory study is effective when using a quantitative framework to establish the influence of one variable on another (UKEssays, 2018). This study made use of secondary data from the participating bank’s existing database. Upon analysing the existing data, the following criteria used, while keeping the research problem in mind: to compare the financial impact of the COVID-19 lockdown instructions imposed during both April-May 2020 and 2021 on Gauteng-based SMMEs in the restaurant using a South-African bank’s POS data.

3.3. Research Strategy

A descriptive study establishes associations between variables (Creswell, 2013). The study investigated the likelihood of a change in one independent variable causing a change in another dependent variable.

3.4. Longitudinal research study

This research study was longitudinal in nature as it investigated the financial impact of the COVID-19 lockdown restrictions on Gauteng-based SMMEs in the restaurant industries over time (April-May 2020 and April-May 2021). Secondary data on SMMEs monitored during this two-year period (2020-2021), the periods April-May 2020 and April-May 2021 observed separately to consider the results of the COVID-19 lockdown on the specified SMMEs operating in Gauteng, South Africa. Thus, the longitudinal time horizon was from April 2020 to May 2021 (a year into the lockdown period) and captured the longitudinal study’s de-identified data from the participating South African bank through its SMMEs’ customer base with active POS devices.

3.4. Population and Sampling

The SMME clients of a South African bank in Gauteng are the research population for this study. Due to the nature of this research study, probability sampling was used. This study decreased the size of a large population by only using 14.39% of pre-existing data then divided and grouped into restaurant SMMEs.

Table 2: Total South African bank’s SMMEs with active POS devices during the period January 2020 to December 2021

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurant</td>
<td>62 127</td>
<td>63 849</td>
</tr>
<tr>
<td>Medium</td>
<td>34 632</td>
<td>32 527</td>
</tr>
<tr>
<td>Small</td>
<td>15 969</td>
<td>17 937</td>
</tr>
<tr>
<td>Micro</td>
<td>11 526</td>
<td>13 385</td>
</tr>
</tbody>
</table>

Source: Participating South African bank

Table 2 above shows the total number of SMMEs within the restaurant that the participating bank had as clients from January 2020 to December 2021.

Table 3: 14.39% of the total SMME with active POS devices during the period April-May 2020 and April-May 2021
### Table 3

<table>
<thead>
<tr>
<th>Category</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurant</td>
<td>10 545</td>
<td>8 112</td>
</tr>
<tr>
<td>Medium</td>
<td>5 950</td>
<td>3 169</td>
</tr>
<tr>
<td>Small</td>
<td>2 659</td>
<td>2 897</td>
</tr>
<tr>
<td>Micro</td>
<td>1 936</td>
<td>2 046</td>
</tr>
</tbody>
</table>

Source: Participating South African bank

Table 3 above contains the SMME population that sampled down to 14.39%. This table includes SMMEs that the participating bank has as clients in the restaurant industry from April-May 2020 and April-May 2021. On Monday, March 23, 2020, South Africa’s President declared that the country would go into a nationwide alert level 5 lockdown beginning at midnight on Thursday, March 26, 2020. Thus, the financial data impact for the sample was monitored initially from April-May 2020, then a year into the lockdown being April-May 2021.

3.5. Data collection and analysis

Data collection was achieved through the collection of existing de-identified data of active POS turnover stats. As indicated previously, de-identification involves the process of removing personal information from a record or data set. Individuals’ privacy is protected by de-identification because after such a process the data set no longer considered containing personal information (El Emam, 2016). Individuals’ privacy cannot be violated if a data set does not contain personal information. As a result, the privacy protection provisions of the Freedom of Information and Protection of Privacy Act (FIPPA) would not apply to de-identified information (El Emam, 2016).

Data collected, analysed and described through graphs and tables. The collected de-identified data used to answer the research objective.

4. Findings

In April-May 2020, there were 10 545 restaurant SMMEs with active POS devices, while in April-May 2021 there were 8 112 such SMMEs, making a grand total of 18 657 restaurant SMMEs with active POS devices. One year into the COVID-19 lockdown restrictions, the restaurant SMMEs with POS devices had decreased by 2 433. It is evident that a year into the COVID-19 lockdown restrictions the restaurant industry lost the 2 433 of SMMEs with active POS devices. The decline in SMME POS devices may be attributable to the scaling down or closure of enterprises because of COVID-19 lockdown restrictions’ negative financial effects, either reduced.

The participating South African bank defines micro-enterprises in the restaurant industry as businesses with a total yearly turnover of R0-1 million. The numerical data on all micro-enterprises for the study is based on the definition of micro-enterprises. A financial institution that monitors enterprise turnover, the banking sector only considers enterprise turnover when determining a business’s size or categorisation.


The variables employed in this study's descriptive statistics are:

- The independent variable was the SMME clients of the participating South African bank with active POS devices,
- The dependent variable was these SMMEs' monthly turnover.

Table 4 below shows that the restaurant industry has 37 data points for each variable: turnover and POS. The mean consisted of the single average data obtained for the turnover variable, which was R92 000 000, whereas POS devices were 473 for the restaurant industry across the SMMEs. The standard deviation for turnover was R166 000 000 which was R74 000 000 higher than the mean/average turnover, meaning the variance was high. The standard deviation for POS was 642 devices – 169 devices more than the mean, indicating that the variance was high. While the minimum turnover was R7 92 000 and the maximum turnover R628 000 000. Restaurant SMMEs responded to the COVID-19 lockdown through digital
payments, including digital food ordering initiatives and home deliveries to clients, and prospered as a result. The minimum number of POS devices consisted of 5 per restaurant SMME, while the maximum was 2 952.

Table 4: Correlation analysis: descriptive statistics for the restaurant industry

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Mean</th>
<th>Std Dev</th>
<th>Sum</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover_Total</td>
<td>37</td>
<td>92761249</td>
<td>166342873</td>
<td>3432166203</td>
<td>792772</td>
<td>628165494</td>
</tr>
<tr>
<td>Point_of_Sale</td>
<td>37</td>
<td>47267568</td>
<td>64180813</td>
<td>17489</td>
<td>5.00000</td>
<td>2952</td>
</tr>
</tbody>
</table>

Graph 1 below indicates that the restaurants’ maximum turnover in the restaurant industry was R200 million, while the maximum number of POS devices was 1 500. In 2020, there was a negative correlation between the two variables since the turnover did not increase although the number of POS devices did. In contrast, the year 2021 shows a positive correlation since both variables are rising. Therefore, the restaurant industry SMMEs were clearly financially impacted by the COVID-19 lockdown restrictions during 2020 compared to 2021, during which the restaurant industry showed financial turnover growth, indicating its financial recovery.

Graph 1: Restaurant industry scatter plot

Table 5 below depicts a high correlation between the turnover and POS devices. The restaurant industry had the highest dependency on POS devices at 0.92 coefficients meaning there was a very strong correlation. This finding, therefore, indicates that this industry relied on POS devices for 92% of its sales a year into the COVID-19 pandemic lockdown. Sales for the restaurant industry were R91 823 953 in April-May 2020 and were R782 740 604 in April-May 2021. The medium enterprises had the highest sales, followed by small and then micro businesses. Restaurants became more reliant on digital sales, so additional ways to reach customers in quarantine were provided through online orders, and options for food delivery services, increasing the reliance on POS devices, because customers had the option to pay
immediately upon ordering food online or to request that delivery personnel bring a POS device for payment upon receipt of their order.

Table 5 Pearson correlation coefficients for the restaurant industry

<table>
<thead>
<tr>
<th>Turnover_Total</th>
<th>Point_of_Sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.00000</td>
<td>0.91828</td>
</tr>
<tr>
<td>&lt; .0001</td>
<td>1.00000</td>
</tr>
</tbody>
</table>

Source: Participating South African bank

4.2. The findings of the financial impact of COVID-19 lockdown on the restaurant industry

During May 2020 the restaurant industry’s medium enterprises had the highest turnover, followed by small business and then micro enterprises with the lowest turnover – these latter enterprises overall were the most adversely financially impacted in 2020. There, however, was growth in all three enterprises from April to May 2020 – a sign of their adapting to change during a crisis. Furthermore, a year into the COVID-19 lockdown in May 2021 small enterprises had the highest turnover, followed by micro business, while the medium enterprises had the lowest turnover. Small enterprises may have had the highest turnover because some of these businesses were forced to lay off employees due to the financial strain of COVID-19 lockdown. The reduction of staff numbers may have resulted in some medium enterprises becoming small enterprises as a tactic to survive the pandemic. While some small businesses may have had to apply the same strategy and shift to being micro-enterprises. Due to the fact that consumers could order ‘takeouts’ for home delivery, restaurants may have reduced their staff sizes to accommodate fewer ‘sit-in’ patrons. The restaurant industry’s maximum turnover was R200 million, while the maximum amount of POS devices was 1500. The restaurant industry relied on POS devices for 92% of its sales a year into the COVID-19 lockdown.

5. Practical implications and conclusions

When the alert level 5 lockdown declared, some restaurants shut down temporarily while others adjusted their operational protocols to safeguard their employees and customers (Goldman, 2020). Stringent liquor sales limitations, according to the CEO of the Restaurant Association of South Africa (RASA), made it hard for all forms of eateries to remain financially viable (Prior, 2020).

However, restaurant industries turnovers increased in 2021 compared to 2020, indicating that there was some adaptation or rather innovation around mitigating the COVID-19 pandemic challenges. In terms of SMMEs in the three industries, the micro businesses were the most adversely financially impacted with the lowest turnover, followed by small enterprises, while medium enterprises achieved the highest turnover.

5.1. POS devices: restaurant industry

South African banks offer the ideal consumer payment solution to assist SMMEs in reimagining their businesses, with POS devices allowing SMMEs to be paid without using cash (Standard Bank, 2022). The total SMMEs population that was used for the data gathering of this research study was 39 694 active POS devices used during the months of April to May 2020 and 2021. The restaurant industry utilised 9% of the total POS devices that used to gather data for this study. Medium enterprises comprised 55.6% of POS devices; small enterprises comprised 24.3% of POS devices and micro enterprises the remaining 20.1%. Medium enterprises had the highest number of active POS devices, small enterprises the second highest number of active POS devices and micro enterprises the smallest number of active POS devices. It is
evident, however, that micro-enterprises are adapting well to POS devices because the difference between the small and micro enterprises’ use of such devices is only 4.2%.

6. Limitations and direction for future research

6.1. Limitations of the study

The participating South African bank’s de-identified SMME POS data only consists of turnover arising from POS card transactions data, meaning cash purchases were not included in research.

The participating South African bank’s participation was voluntary, and they could have withdrawn from this research study at any time if they so wished.

The study only made use of SMME POS turnover financial data from one South African bank.

Only one SMME industry, restaurant, was used for the study.

Limitations of the quantitative approach included a lack of an in-depth understanding of context because the research was only based on data collected from one bank.

Not all Gauteng SMMEs are POS device clients of the participating South African bank, there are independent aggregators and other banks that offer the same product that were not involved in this study. Thus, the research was limited to the number of SMMEs the one participating bank has as POS clients.

Only 14.39% of the total SME population during April-May in 2020 and 2021 were used for this research project.

6.2. Suggestions for future research

Future research could focus on investigating the utilization of POS devices, including the types available and how they operate as well as their functionalities, in addition to suitable types of POS software/devices employed by enterprises in terms of the size of business and the products and/or services it offers. Further thinking about the future of POS as an innovative financial device is needed.

Further potential research could focus on mechanisms that SMMEs can use to prepare better for unforeseen events. This study’s findings indicated that micro and small businesses were the most adversely financially impacted enterprises by the results of the unforeseen challenges of the COVID-19 pandemic lockdown restrictions. A study of the various types of business insurance policies currently available and the types of unforeseen events they cover could be part of future research. The investigation of situations outside of insurance issues, such as money management and problem-solving abilities could also be of value to SMME owners and managers.

A comparative study of the available digital payment wallets as a means of payment for POS device transactions. Currently, these digital wallets include Android Pay, Apple Pay, Fitbit Pay, Garmin Pay, Google Pay and Samsung Pay. Investigating and comparing all the digital payment methods currently accessible in South Africa, as well as assessing the compatibility of POS device software for enterprises to cater for clients who have switched to digital payment solutions, might be the focus of such research.

A study of the effects of load shedding on South African SMMEs. Many of these enterprises have had to rely on ‘backup’ measures to remain operational. The COVID-19 lockdown was not the only problem that SMMEs faced; thus, load shedding might have likewise affected SMMEs’ ability to operate effectively and resulted in adverse financial consequences.

7. Ethics

The bank permitted the researcher to use this data for research and academic writing purposes only without making reference to the bank’s name as being the data source in any manner whatsoever. The bank further acknowledged that the research data would be made accessible to third parties via the research report and/or academic writing that may be publicly available. The use of de-identified data means that no personal information about the Gauteng SMMEs, such as business names, was disclosed, thus, making it impossible to identify individual SMMEs (Garfinkel, 2015). The bank’s legal team was of the opinion that the permission letter only affords the researcher with the appropriate authority to use the said data for the specified research purpose and, thus, did not believe a non-disclosure agreement (NDA) was necessary.
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How does the performance of SMTEs relate to perceptions of tourists: A case of the Eastern Cape Province

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Keywords
Tourists, Small and Medium-sized Tourism Enterprises; Tourism Sector; Eastern Cape Province; Intuitive Competitive Intelligence.

Abstract
The study aimed to determine perceptions of tourists towards the performance of Small and Medium-sized Tourism Enterprises (SMTEs) in the Eastern Cape Province. Eastern Cape Province is a tourist attraction area with several tourists from various countries visiting it. The study used a quantitative research approach. The study participants comprised 99 tourists who visited the province in which convenience sampling was employed. The empirical data was gathered using a semi-structured questionnaire distributed to all participants. The quantitative data was analysed using SPSS, in which descriptive statistics and regression analysis (multiple and logistic) were undertaken. Tourists indicated that SMTEs had poor infrastructure to access accommodation facilities, and the location of the facility, and service provided varied from one business owner to another. It is recommended that there must be training of the SMTEs in various aspects such as business planning, financial management, and efficient and effective operations of the business to improve their performance for-profit and sustainability. Small business owners should apply and strengthen intuitive competitive intelligence practices for identifying clients, suppliers, and competitors as well as trying to outperform their rivals. The local government, through its different units and departments, must promote the tourism industry by providing full support to enhance the economic growth of the province. The Government should improve the road and technological infrastructure to ease access. In addition, the study should be replicated in other provinces to compare the results and learn from best practices in the tourism industry specifically in the accommodation sphere.

The introduction
Tourists, upon visiting tourist destination areas, consume goods and services offered which lead to the sustainability of Small and Medium-sized Tourism Enterprises. Tourism generates income from taxes charged and provides job opportunities to local communities and improves their standard of living, boosts the socio-economic situation of societies (Manzoor, Wei, Asif, Haq & Rehman, 2019; Boronat-Navarro, Montserrat, Escribá-Esteve, & Navarro-Campos, 2021). Tourism destinations are traditionally dominated by small and medium-sized tourism enterprises, which provide a wide range of products to tourists such as accommodation, catering, transportation, attractions, and activities (Muresan, Oroian, Harun, Arion, Porutiu, Chiciudean, Todea & Lile, 2016). Thus, this contributes significantly to the range, variety, authenticity, and quality of their positive 'tourism experience. Small and medium-sized enterprises originate a variety of benefits for tourist destinations by providing direct contact with tourists and by encouraging tourists to spend in the local community, thus stimulating the multiplier effect (Hwang & Lee, 2019). Furthermore, Hoffman and Freyn (2019) as well as Ali and Anwar (2021), believe that SMTEs should use Intuitive Competitive Intelligence (ICI) practices to succeed in the business world.

In the field of tourism, an attempt is made by different authors to define small and medium enterprises (Berisha & Pula, 2015; Dar, Ahmed & Raziq, 2017; Barinova & Zempsov, 2019). Thus, The National Small Business Act of 1996, as revised in 2003, defines a small business as “a separate distinct entity including cooperative enterprises and non-governmental organisations managed by one owner or more, including branches or subsidiaries if any is predominately carried out in any sector or subsector of
the economy mentioned in the schedule of size standards”. This definition focuses on several workers, and turnover together with gross asset value of the business which looks at the quantitative aspect of small business enterprise.

The small business space in South Africa includes micro, very small, small, and medium enterprises. However, the term “small and medium enterprises” (SMEs) is generally used. One of the indicators used to classify SMEs in South Africa is the number of employees. Quantitatively, micro-enterprises in the retail sector have fewer than five employees, very small enterprises with fewer than 20 employees, small enterprises with fewer than 50 employees, and medium enterprises with fewer than 250 employees. This is like the definition of SMEs in the United Kingdom where SMEs are defined as enterprises with fewer than 250 employees (Government Gazette of the Republic of South Africa 2003; Breen, 2005; Tonis, 2015; Fatoki, 2018).

Tourists’ first-time experience upon visiting a tourist attraction as an accommodation facility influences them in various ways which lead to satisfaction or no satisfaction at all. This may be a result of a few factors such as the scenic beauty, cleanliness, fresh food, and friendly staff or vice versa (Muresan, Oroian, Harun, Arion, Porutiu, Chiciudean, Todea & Lile, 2016). If tourists are satisfied with the facility, they will repeat their visits and spread word-of-mouth publicity (Lai, Hitchcock, Lu & Liu, 2018; Xu, Loi & Kong, 2020). Therefore, it is expected that SMTEs should offer the best service to tourists so that they can repeat their visit (Siyabulela, 2016). Eastern Cape Province is a tourist attraction area with several tourists coming from various countries visiting, due to its natural vegetation and beautiful beaches (Acha-Anyi, 2020). Hence, the study aimed to determine the perceptions of tourists towards the performance of SMTEs in the Eastern Cape Province.

2. Literature Review

2.1 Theoretical literature

The paper adopted the theory of Intuitive Competitive Intelligence (ICI).

2.1.1 Development of Competitive Intelligence (CI)

During the sixteenth century, competitive intelligence as a disciplinary field emerged. For example, a Byzantine emperor by the name of Justinian (483 – 565), used monks that were taken from Chinese silkworm production for learning how to create silk (Frauman, 1997, cited in Calof & Wright, 2008). During the seventeenth century, other historical happenings developed. Small businesses found in India applied intuition to comprehend the plans they wanted to pursue; how to access the consumer market and overcome competitors (Juhari & Stephens, 2006 as cited by Nenzhelele, 2019). Furthermore, intuition did take place amongst businesses in China over 5,000 years ago (Tao & Prescott, 2000 as cited by Calof & Wright, 2008). Some researchers used CI papers and texts, referring to the article written by Sun Tzu known as The Art of War, 2004 years ago. The article discussed how to develop intelligence that could be used in the military (Sun, 1988). Other authors of intelligence quote Frederick the Great (1740 – 1786), who maintained that it was impossible to be overthrown as intelligence enabled one to be aware of potential threats (Fuld, 1995; Pellissier & Nenzhelele, 2013; Nenzhelele, 2019).

Some theoretical approaches, research tools, and practices about CI have been developed in recent years to improve the performance of the business (Quoniam (2013); Nasri & Zarai (2013) as cited by Nguza-Mduba, 2020). Therefore, CI assists managers in assessing market and macro-environmental factors that may influence their businesses, to make informed, rational decisions.

2.1.2 Intuition

Sadler-Smith (2016) and Aujirapongpan, et al. (2020) believe that intuition is the way we receive, store, and process as well as retrieve information from our brains to be able to make decisions. This normally occurs when someone feels that he/she is under pressure, there is risk involved and there is a lack of information, and uncertainty prevails. A business owner may practice intuition in evaluating such internal and external competitive environmental challenges and is not certain of which one is correct (Du Toit, 2015). UK Studies, believe that intuitive thinking becomes the best business approach and relates to superior small firm performance (Loureiro & Garcia-Marques, 2018; Kiel, 2019).
The application of intuitive thinking takes place in various situations such as a lack of resources and time, information gaps, information overload, and increased levels of uncertainty (Kamila, 2018). Therefore, small tourism businesses can improve their performance by applying the intuitive thinking style when confronted with urgent decisions. For example, when they have to organise an alternative accommodation for a walk-in guest and the facility is fully booked.

Van Rensburg and Ogujiuba (2020) view intuition from mind-power ability as the final performance-enhancing factor towards the success of small businesses more specifically entrepreneurs. Mind-power ability refers to underlying internal drivers such as mindfulness (intuition), visualisation of goals to be achieved, and a sense of self-belief (confidence) that assist entrepreneurs in performing better (Burch, Cangemi & Allen, 2017; Kier & McMullen, 2018). A study conducted by van Rensburg and Ogujiuba, (2020) on 15 participants who were farmers in the agricultural sector in the Western Cape, South Africa, revealed that mind-power ability assisted these farmers to perform well and succeed in their different fruit and vegetable businesses. They aver that the positive effects of mind-power ability encourage entrepreneurs and small businesses in South Africa, to learn, develop, and apply them on a continuous basis to overcome obstacles in a consistent manner (Calof, 2017; Cavallo, Sanai, Ghezzi & Rangone, 2020).

2.1.3 Intuitive Competitive Intelligence

Kulkarni, Robles-Flores and Popovic (2017) and Constantiou, Shollo and Vendelo (2019) see (ICI) as the use of competitive intelligence provided intuitively by entrepreneurs. It has been widely used in various economic sectors and disciplines such as business, industry, agriculture, education, psychology, engineering, medicine, marketing, law, humanities, and social sciences (Teece, 2018; Cavallo, et al., 2020).

SMTEs are to be introduced to ICI practices to help them identify their competitors, learn consumer trends and behaviours of tourists, develop negotiation skills for dealing with suppliers, and be alert to environmental factors such as technology, the economy, politics, and government demands that affect their businesses. This can assist them in learning how to serve their customers (tourists) excellently, as well as how to deal with challenges to become successful and sustainable (Fakir, 2017). Therefore, ICI practices may include evaluation of the business environment by a manager in his own way with no formal structures designed, and no methods or tools created to use competitive intelligence (Kiel, 2019). These seem plausible in the context of SMTEs.

2.2 Empirical literature

Huang and Pearce (2015) prefer intuition over focusing only on external factors by doing the scanning, which is competitive intelligence. Nuthall and Old (2018) conducted a study on farmers to determine if they used intuition in decision-making processes. The results indicated that they used it in planning, using previous knowledge and experience, technical skills acquired, as well as personal reflection. Scharmer (2008, cited by Rauf, 2014) avers that a study on the intuitive decision-making model was conducted with 3,000 employees in a specific company to test its usefulness in decision-making. Results showed that in marketing and sales departments, challenges were solved using the intuitive innovative method (Volker, et al., 2015).

Tahmasebifard and Wright (2018) also conducted a study with companies on the application of CI in market performance, with subtypes such as competitor intelligence, market intelligence, and technological intelligence. Results confirmed that CI and its subtypes did have an impact on the market performance of a company. Locander, Locander and Weinberg (2020) also conducted a study on 250 business-to-business salespeople using the Sensemaking Model and Dual Process Theory to determine how they controlled cognitive demands associated with information processing and decision-making during a sales encounter. Results showed that intuition assisted them in making quick decisions in the adaptive selling process. Another study conducted by Constantiou, et al. (2019) indicated that there is a positive relationship between intuition and business success, especially in financial performance in SMEs.

A study conducted by Gracanin, et al. (2015) also concurs that CI practices are applied in developed countries like Serbia and European countries, as well as in Japan and the United States of America. Another study undertaken by Du Toit and Sewdass (2014) revealed that CI was used by big businesses in Morocco. Whereas Dahoei, et al. (2018), and Loureiro and Garcia-Marques (2018) believe that CI can be
used by both small and big businesses. The main differences between these two sectors involve access to competitors’ information and CI findings as they may use similar approaches and tools to collect information from their rivals. However, outcomes in the interpretation and analysis of data may differ since small businesses do not have a functional CI structure, unlike big corporations.

Du Toit and Sewdass (2014) conducted a study on CI experts in big businesses in South Africa to determine the current CI state. Their respondents were postgraduate degree holders in the middle or senior management level. Results indicated that 55 percent of them agreed that they used CI to cope with changes in the business environment, whereas 60 percent indicated that they believed that CI was important to remain in agreement with government legislation. This implies that CI is applied by big businesses for different purposes but not necessarily by small tourism businesses.

3. Research Methodology

Research design and approach

The study used a quantitative research approach. Quantitative approaches (which normally employ structured questionnaires) provide an economic and effective platform for gathering large data from a sample but one of their main drawbacks is their inability to explain social settings linked to the variables under study (Mishra, Pandey, Singh, Gupta, Sahu & Keshri, 2019).

Research instruments

The quantitative part of the questionnaire was imperative to produce findings that generated results that could confirm and generalise the phenomenon under study. A questionnaire is a set or sequence of questions that have been developed to elicit information from participants through a survey (Kiern, et al., 2018). When designing a questionnaire for tourists, consideration of the requirements of validity, reliability, and discrimination were adhered to (Aguinis & Solarino, 2019). The study participants comprised 99 tourists who visited the province in which the convenience sampling technique was employed. The empirical data was gathered using a semi-structured questionnaire distributed to all the participants.

Data analysis

The quantitative data analysis was done using the SPSS, in which descriptive statistics and regression analysis (multiple and logistic) were undertaken (George & Mallery, 2018; Mishra, et al., 2019).

Quantitative analysis-Logistic Regression

Logistic regression is a statistical approach for evaluating a dataset that consists of one or more independent variables that ascertain a particular outcome. The outcome is measured using a dichotomous variable (in which there are only two possible results). Thus, in logistic regression, the dependent factor is binary, that is, in this study, it contained data coded as 1 (Yes) or 0 (No)).

The main purpose of logistic regression is to determine the ideal model to explain the association involving the dichotomous feature of interest (dependent variable) and collection of independent variables. In this section, the dependent variable was the use of intuitive competitive intelligence (ICI) in making decisions regarding the type of booking (TB), quality of food service (QFS), quality of transport service (QTS), quality of service provided by the people (QSP), the popularity of the centre (PC), amount to spend (AS), number of days’ stay in the Eastern Cape (NDS) and the continent of origin (CO).

The specific Regression Model was, therefore:

$$\text{ICI}=\alpha+\beta_1 \text{TB}+\beta_2 \text{QFS}+\beta_3 \text{QTS}+\beta_4 \text{QSP}+\beta_5 \text{PC}+\beta_6 \text{NDS}+\beta_7 \text{CO}+\mu$$  \hspace{1cm} (1)

Where?

ICI: Intuitive Competitive Intelligence Visit
TB: Type of Booking
QFS: Quality of Food Service
QTS: Quality of Transport Service
QSP: Quality of Service by People
PC: Popularity of Centre
NDS: Number of Days Stayed
4. Findings

The 99 tourists that were surveyed contributed to the research study as they indicated their perceptions of the small tourism businesses in terms of poor infrastructure to access the accommodation facility, location of the facility, service provided, the facility’s condition with the type of furniture used, attitudes of staff and owners, the issues of the public good like safety and security, water and sanitation, electricity load shedding, network problems, and connectivity. Liu and Cheng (2018) and Ahmed, Ahmed, Abd-Elhakim, and Nagm, (2018) also agree that tourists do experience such challenges when visiting small tourism businesses which include economic and political crises. As far as positive aspects are concerned, the tourists confirmed that in many instances they felt at home as they enjoyed the relaxation, entertainment, and visiting the tourist attractions of the Eastern Cape region. All these concerns gave insight to the small tourism owners to improve in all respects. The local municipalities should provide support to small tourism businesses.

Some tourism centres were mostly preferred by tourists in the Eastern Cape region. Hence, the most popular tourist destinations in the province were ascertained to be East London (23), Port Elizabeth (16), and Butterworth (14). Other areas that attracted a significant number of tourists included Centane (8), Mthatha (6), Hogsback (3), Jeffrey’s Bay (3), King Williams Town (3), and Makhanda (4). The rest of the remaining areas with tourist centres received very little numbers in terms of tourist visits. Furthermore, the evidence demonstrated that the greatest number of tourists in the Eastern Cape came from African countries. Tourists from European countries (14/14%), North America (8/8%), and Asia (4/4%) also possessed a great interest in South African tourism centres in the Eastern Cape area, which was shown by their commendable numbers. South America had only one tourist whilst Australia and Oceania did not have tourist representatives in the region.

As far as the number of days spent by tourists in an accommodation facility is concerned, the research results indicated that most of the tourists (34) were intuitively prepared to stay for a period of five to seven days. A significant number of tourists (30) also opted to stay for three to four days. Few tourists (9) were interested in staying for one to two days, along with staying for eight to 14 days. A greater number of tourists (20) were ready to stay in the region for 15 or more days. This implies that Eastern Cape Province is attractive to various international visitors due to its beautiful beaches, wild coasts, and rivers. At the former Transkei, there is natural vegetation including grassland, with sporadic forests and rolling hills. Throughout the wild coast routes, there are beautiful snow mountains. Moreover, there are farming and tourism activities that normally take place throughout the year. These include the Grahamstown Arts Festival and Buyelekhaya Music Festival which is held at Buffalo City Municipality, and game viewing including the “Big Five” in a friendly environment at Amathole district (SA-Venues, 2018; Liu & Cheng, 2018).

It was apparent that the tourists intuitively got information concerning tourism in the Eastern Cape, South Africa, hence they visited the province. In this regard, friends, and relatives (44%) produced the largest source of information for the tourists, which was confirmed by half of the entire sample. The sources of information concerning Eastern Cape tourism from electronic media (20%), travel agents (18%), and other(s) (15%) had high and more similar proportions in terms of representation. Brochures (3%) were not used as a source of information for the tourists since their part is only three percent. This is true since small tourism businesses rely on family and friends as some of them do not use the latest technology to promote their businesses. Some tourism small businesses still use brochures (Rekarti & Doktoralina, 2017). On the other hand, Van K, Natoli and Divisekera, (2021) believe that some small tourism businesses use technology and innovation to boost their businesses.

It was clear that the tourists’ spending patterns, intuitively and competitively, upon visiting the Eastern Cape region were prepared to spend any amount of money that was higher than R2 000.00 (nearly half of the entire sample of tourists (46)). The number of tourists (21) who wanted to spend between R1 501 to R2 000 was slightly higher than the number of tourists (17) who wanted to spend between R1 001
to R1 500. Finally, the least number of tourists (5) who were willing to spend money were in the under R501 category which was twice as much lower than tourists (10) spent in the R501 to R1 000 classification.

Tourists had different preferences in choosing the accommodation facility. The most desirable ones when compared to others, based on the business owner’s intuitive competitive intelligence, indicated that 41 hotels, together with 40 B&B/guest houses, were highly prioritised as the best types of accommodation by the respondents, as there was a minute difference in the level of preference. In addition, tourists who opted for private homes formed a sizeable number when compared to the tourists who put more value on both backpackers and lodges (both have the least preference). This is supported by Skinner (2019) who cited that tourists were influenced by their cultural and economic constraints on choosing the accommodation facility.

The research results indicated that tourists had different preferences for the form of booking arrangement. Most tourists put greater importance on the travel agent (34) to facilitate their booking arrangements. It is also apparent that the use of friends and relatives (29) had the second highest priority regarding booking preparations by the tourists. A similar number of tourists support the employment of tour operators (15) and other(s) (15) in conducting the booking plans. Finally, the deployment of airline facilities (6) as an option for booking arrangements had the lowest representation.

According to the research findings, nearly more than half of the respondents (53%) commented that it was not their first time visiting the area as Eastern Cape Province is popular for tourist attractions (SA-Venues, 2018).

As far as the extent of the participants’ perceptions regarding the quality of service they competitively received in the various tourist centres that they visited for specific categories, is concerned, most of the participants were absolutely satisfied with the quality of service in classifications such as accommodation, attractions, communications as well as interaction with people. As is also presented in the table, many people were also happy with the food, transport, information on the region, and provision of other services and goods since they rated them as well. Other participants were happy about the climatic conditions of the province. However, the participants spotlighted that they had concerns about security as indicated by the low rating. Generally, very few participants rated the quality of service as fair, and even more-so disappointing, for all the categories.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICIV</td>
<td>99</td>
<td>0.4646465</td>
<td>0.5012867</td>
<td>0.141769</td>
<td>1.020098</td>
</tr>
<tr>
<td>PC</td>
<td>99</td>
<td>6.030303</td>
<td>6.953863</td>
<td>2.454891</td>
<td>11.18283</td>
</tr>
<tr>
<td>CO</td>
<td>99</td>
<td>1.474747</td>
<td>0.9405104</td>
<td>2.033404</td>
<td>6.132872</td>
</tr>
<tr>
<td>TB</td>
<td>99</td>
<td>2.737374</td>
<td>1.575228</td>
<td>0.0456117</td>
<td>1.465194</td>
</tr>
<tr>
<td>NDS</td>
<td>99</td>
<td>2.989899</td>
<td>1.257589</td>
<td>0.3903371</td>
<td>2.134655</td>
</tr>
<tr>
<td>AS</td>
<td>99</td>
<td>3.888889</td>
<td>1.284832</td>
<td>-0.9522904</td>
<td>2.963614</td>
</tr>
<tr>
<td>QFS</td>
<td>99</td>
<td>1.848485</td>
<td>0.7608217</td>
<td>0.5386362</td>
<td>2.742727</td>
</tr>
<tr>
<td>QTS</td>
<td>99</td>
<td>2.151515</td>
<td>0.9187795</td>
<td>0.2519375</td>
<td>2.112071</td>
</tr>
<tr>
<td>QSP</td>
<td>99</td>
<td>1.838384</td>
<td>0.8170014</td>
<td>0.7547812</td>
<td>3.045324</td>
</tr>
</tbody>
</table>

Table 3: Showing a Statistical Summary of the Logistic Regression Variables

Table 3 demonstrates a brief analysis of the descriptive statistics of the use of intuitive competitive intelligence when visiting (dependent variable) and the explanatory variables of the study. Most of the variables (88%) are positively skewed, while only 12 percent are negatively skewed. More precisely, the use of intuitive competitive intelligence, type of booking, quality of service of food, quality of service of transport, quality of service provided by people, the popularity of tourism centre, number of days stayed in the Eastern Cape and the continent of origin is positively skewed. This demonstrates that for each of these variables, there is a long tail in the positive direction and the mean is also located on the right-hand side of the peak of the distribution. On the other hand, the amount to be spent is negatively skewed, implying that there is a long tail in the negative direction and the mean is also located on the left side of the peak of the distribution. Kurtosis outlines the amount of data in the tails and provides evidence regarding how “peaked” the data distribution is.
Table 4: Showing Correlation Coefficients among Logistic Regression Variables

Table 4 illustrates the one-to-one relationship between the variables of the regression model. As illustrated in the table, the popularity of the tourism centre, continent of origin, type of booking, and quality of service of food show a positive direct relationship with the use of intuitive competitive intelligence. For example, a one percent increase in the quality of the service of food increases the use of intuitive competitive intelligence by 0.0259. On the other hand, the quality of the service of transport, the quality of the service provided by people, the number of days stayed in the Eastern Cape, and the amount spent indicate a negative direct association with the use of intuitive competitive intelligence. For instance, a one percent increase in the amount to spend lowers the use of intuitive competitive intelligence by 0.1408. Nonetheless, one-to-one associations give results that may require further scrutiny by confining that relationship to the impact of one or more variables to obtain more convincing outcomes. The results of the regression model are presented in the table:

Table 5: Showing the Logistic Regression Model Results

Notes: ***; **; * denote significance at one percent, five percent, and ten percent levels of significance, respectively.

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intelligence by 0.2654891, 0.1262778, and 0.582902% respectively. The findings of this regression model will be very useful to determine whether small and medium-sized enterprises in the tourism sector employ intuitive competitive intelligence to thrive in the business market.

5. Discussions and Conclusions

The paper aimed to determine the perceptions of tourists towards the Small and Medium-sized Tourism Enterprises in the Eastern Cape Province. The study used a quantitative research method. The study participants comprised 99 tourists who visited the province in which convenience sampling was employed. The empirical data was gathered using a semi-structured questionnaire distributed to all the participants. The quantitative data was analysed using SPSS, in which descriptive statistics and regression analysis (multiple and logistic) were undertaken.

The findings of the study indicated that tourists have different experiences and opinions upon visiting the SMTEs. The Eastern Cape Province is a popular tourist attraction destination for many tourists, and they were prepared to enjoy their stay by spending whatever was budgeted for during the stay. The tourists preferred hotels, B&Bs, or guesthouses when visiting the region. They used media, and online services to book accommodation and other tourism activities. Nguyen, Natoli and Divisekera (2021) also supported the innovative activities applied by the SMTEs in promoting their businesses.

Generally, the tourists were satisfied with the quality of service in accommodation, attractions, communications as well as meeting people. However, some complained about poor service, access, and infrastructure as well as security challenges. Others were satisfied with the climatic conditions of the area. The tourists complained that SMTEs are faced with some challenges. These challenges include poor infrastructure to access accommodation facilities, the location of the facility, and the service provided varied from one business owner to another. Kornilaki, Thomas and Font (2019), also agree that tourism businesses are faced with some challenges that affect their sustainability.

6. Research implications of the study

The study will contribute to the existing knowledge of the perceptions of tourists toward the performance of SMTEs. It will assist small tourism businesses to improve their operations to become profitable and sustainable. The local economic development practitioners should provide the tourism businesses with full support and relevant training. Moreover, the local municipalities should provide proper infrastructure like accessible roads, water, electricity, and safety for businesses and tourists. The research results will be shared with the researchers in the field for learning and analysis of the work done. Lastly, the tourism department will have a better understanding of the needs of the tourism businesses and tourists in the local areas to provide the necessary support.

7. Limitations and direction for future research

The study focused on the Eastern Cape Province only which implies that out of the nine provinces found in South Africa the other ones were not involved in the study. Therefore, the results were based on the research area covered. Furthermore, the questionnaires were distributed to the tourists that were accessible when the researcher arrived at the accommodation facility, hence it used the convenience sampling technique to collect the data. In addition, some SMTEs did not allow the researcher to distribute the questionnaires to their guests, complaining that they were disturbed, even if the researcher did ask for permission from the owner and the tourists.

It is recommended that there must be training in various aspects such as business planning, financial management, and efficient and effective operations of the business to improve their performance for profit and sustainability. This is also supported by Owalla, Gherhes, Vorley and Brooks (2022), who believed that SMTEs should be trained on how to manage their businesses. Small business owners should apply and strengthen intuitive competitive intelligence practices for identifying clients, suppliers, and competitors as well as trying to outperform their rivals. The local government, through its different units and departments, must promote the tourism industry by providing full support to enhance the economic growth of the province. The Government should improve the road and technological infrastructure to
ease access. In addition, the study should be replicated in other provinces to compare the results and learn from best practices in the tourism industry specifically in the accommodation sphere.

8. References


Insecurity and political uncertainty: Factors that Influence the Fall of Foreign Direct Investment in Mexico

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Keywords
Foreign direct investment, political party, hybrid political regime, insecurity, uncertainty.

Abstract
One of the fundamental aspects of any government is to have a national development plan that establishes the guidelines that will guide the destiny of the nation. In the case of Mexico, each six-year presidential term has a national development plan that may or may not have continuity, where one of its main objectives is economic growth.

The attraction of foreign direct investment is one of the pillars of economic growth, however, it can be affected by various national and international factors. This research analyzes the behavior of foreign direct investment during four presidential terms in Mexico from 1999 to date. The first twelve years were governed by the national action party (PAN, right wing political party), from 2012 to 2018 by the institutional revolutionary party (PRI, center-right political party) and from 2019 to date by the MORENA political party (left wing political party). The methodology applied for this research was an autoregressive process of order one.

We highlight that the arrival to the presidency by the PAN in the year 2000 brought large flows of foreign capital during its six-year term, however, during the period from 2006 to 2012 also governed by the PAN there is a decrease in the attraction of FDI of 27% in relation to the previous period. Likewise, a 16% drop in FDI is also observed during the period from 2012 to 2018 governed by the PRI and a drop of almost 5% from 2019 to date, a period governed by the political party MORENA.

As a conclusion, we can argue that the drop in FDI in the period studied can be attributed to various factors such as organized crime as well as the distrust of investors derived from the arrival of a leftist political party to the government.

Introduction
In Mexico, since 1928 and to date, each presidential term is 6 years, and each president is democratically elected in free and open elections and cannot be reelected. This research analyzes the behavior of foreign direct investment inflows into Mexico from 1999 to 2022 derived from the public policy actions of the political party that governed Mexico in those years. Thus, in the period studied, we can identify four presidential periods ranging from 2000 to 2006, 2006 to 2012, 2012 to 2018 and 2018 to 2024. In the first two periods, the elected presidents corresponded to the National Action Party (PAN), the third period to the Institutional Revolutionary Party (PRI) and the last period to the National Regeneration Movement (MORENA). Each president designs a national development plan with different purposes depending on the situation prevailing in the country. For example, President Vicente Fox (2000-2006), recognized that Mexico was in a process of profound change framed in four major transitions such as demographic, economic, political and social. The economic transition was driven by the globalization of the economy as a result of fundamental changes in the nature of economic activity. This represented a great challenge for the country because while there was an increase in international trade and finance, Mexico still maintained an inward development strategy. The late incorporation to the new processes forced Mexico to initiate the change in its economy through a rapid and deep unilateral and multilateral opening to trade and financial flows. Foreign investment became one of the most important factors for
economic development and both the government and national companies had to adopt international thinking. Development policy was based on attracting foreign direct investment. Along with the economic transition came the political transition as a result of a long road towards the democratization of the country, forming a plural regime with alternation, strengthening and independence of the legislative and judicial powers, thus improving the image and confidence of the government at the international level. It is important to highlight that the governmental model continued in the following six-year term (2006-2012) but with a fundamental characteristic that has changed the course of the country to date. Eleven days after becoming president, Felipe Calderón Hinojosa decided to make a radical change in the way the drug trafficking problem was being handled. It is said that in the previous six years there was a pact between the drug cartels and the government, which President Calderon was not willing to continue and decided to declare war on the cartels. This declaration caused a drop in foreign direct investment flows due to the wave of insecurity prevailing in the national territory, which multinational companies were not willing to face. This national situation contributed to the arrival of Enrique Peña Nieto as president of Mexico for the next six years (2012-2018) on behalf of the Institutional Revolutionary Party.

A change was made in the strategy against insecurity that not only did not work but brought an increase in the national wave of violence. This six-year term was characterized by disgraceful acts of corruption, which added to insecurity, further damaged Mexico's image abroad, thus affecting the arrival of capital inflows. The society fed up with the insecurity and corruption of the previous six years decided to give the vote of confidence in the 2018 elections to the now President Andrés Manuel López Obrador. It was thought that with the arrival of a different social leader the great national problems would be abated, but this was not the case. On the contrary. They got worse. The current government has been a great disappointment for citizens because now they have to deal with a government that apart from not solving any of the previous problems is now feared for the transition from a political system with an incipient democracy to a hybrid political system. This research provides a theoretical framework in chapter two, then presents the methodology used to identify the behavior of foreign direct investment in Mexico from 1999 to 2022. Chapter four presents the results and findings, and chapter five presents the conclusions and future discussions.

**Literature review**

Recently, Mexico has been classified by the Democracy Index published by The Economist magazine as a country with a hybrid political system that has a mix of democratic and authoritarian characteristics. Botello (2023) found that a country's economic success is based on a democratic political system, while authoritarian governments are characterized by economic distortions such as a lack of domestic and foreign private investment, a lack of gross domestic product (GDP), and a lack of economic growth. Authoritarianism is a risk of politics, regardless of the electoral system. Country risk is a variable to be considered by foreign investors and political regimes in transition do not give a good signal to international markets. Naranjo (2021) argues that stability of political regimes may have an influence on the development of economic variables. Likewise, Turedí (2018), concludes that decreased economic and political risk accelerate FDI inflows.

According to Tyson (2018), in an FDI-friendly policy environment, more political constraints will attract FDI inflows while in a negative policy environment the reverse may hold true. Tomashevskiy (2017), found that some investors prefer to invest in nondemocratic countries rather in democratic countries. But most of the literature matches with the idea that democratic regimes capture more FDI.

The determinants creation theory proposed by Botello (2015), identifies the determinants most used by countries to attract FDI. Within these determinants we find infrastructure, natural resources, geographic location, labor force and among others is the determinant related to security. Insecurity is a determinant that affects the attraction of FDI as it represents a high risk for investors. Cabral et al, 2019 found in his research that crime affects the business decision to invest in a high-crime country. In his paper, Cabral et al, (2019) used the premise by Detotto and Otranto (2010): “Criminal activity acts like a tax on the entire economy: it discourages domestic and FDIs, it reduces firms’ competitiveness, and reallocates resources creating uncertainty and inefficiency.”
Mexican President Felipe Calderon took office in December 2006. From the outset, his government deployed an aggressive security policy to fight drug trafficking organizations in what became known as the “Mexican Drug War.” (Bel and Holst, 2018). But, regardless of the results of these decisions, the reality is that FDI has contracted significantly.

Mexico has experienced a proliferation of powerful drug cartels and an upsurge of violence in the last two decades (Chapa, Ayala and Medellín, 2023). The reasons for violence in Mexico are diverse. Variables such as the poverty rate, unemployment, and weak institutions all play an important role (Bel and Holst, 2018). They also agree that the adoption of the “Drug War” strategy has resulted in significant negative effects on the economic growth of Mexico as well as Benton (2017).

Several authors have investigated the key factors that influence investors in order to make decisions about where to take their investments. According to Bellinger and Son (2019), potential investors pay close attention to the domestic governing environment of host countries, because such environment can reveal important information related to the protection of their investments. And it is found that countries with less corruption are at the same time the main origin and destination of these capitals. (Flores and Neme, 2020). Also, criminal activities tend to introduce risk and uncertainty, which can increase the expected cost to foreign investors. (Brown and Hibbert, 2017).

Miranda et.al, (2022) found that the quality of the government impacts in a positive or negative way the attraction of foreign direct investment. Besides that, Dasic (2022) also found that the determinants, such as political terror scale and the control of corruption, have significant and plausible effects in the Balkan and non-Balkan countries in transition for foreign capitals attraction.

Regarding Latin American countries, the transition to democratic governments over the last 25 years has led to significant improvements in institutional quality. However, the surge in crime could work against the positive effects that better institutions have on FDI inflows in the region. (Blanco, Ruiz, & Wooster, 2019).

Research methodology

For this research, we used a database with inflows of foreign direct investment from 2000 to 2023 in Mexico; it also included the political party that governed in each of the presidential periods.

It was very useful an autoregressive process for this research (AR), because this kind of model describes the evolution of a variable over time based on its own past values. The autoregressive term derives from the idea that a variable regresses to itself.

Then, our model is as follows:

\[ fdi_t = \beta_0 + \beta_1 fdi_{t-1} + u \]

Where:

- \( fdi_t \rightarrow \) Represents the foreign direct investment (FDI) for the actual period.
- \( fdi_{t-1} \rightarrow \) Represents the foreign direct investment (FDI) for the past period.
- \( u \rightarrow \) Represents the unobservable variables or error term.

To estimate the autoregressive coefficients \( \beta \), we used the method of ordinary Least Squares (OLS). Once the parameters were calculated, the autoregressive model was helpful to make future predictions of the dependent variable, in this case, Foreign Direct Investment (FDI), based on its own past values. It is important to note that while autoregressive models can be useful in many situations, they also have limitations, such as the assumption that data follow an autoregressive pattern and the inability to capture complex relationships between variables. Therefore, it is essential to choose the appropriate model according to the context and consider other modeling techniques when necessary.

In this research, we found that Foreign Direct Investment (FDI) could be modelled as an autoregressive process because this variable refers to investment made by individuals, companies, or governments from one country into another country. FDI can be influenced by various economic, political and social factors, and its behavior might not be solely determined by its own past values, which is the
primary assumption of autoregressive models. So, in this research our main suppose is that the FDI of a past period, determines the future decisions for implement the next period of FDI, in Mexico.

Additionally, FDI data might exhibit nonstationary behavior, trends, or seasonality, which would require appropriate pre-processing and modeling techniques to address these characteristics.

In summary, while an autoregressive model can be considered as part of a broader analysis of FDI data, it's crucial to assess the specific characteristics of the data and the factors that influence FDI to choose the most suitable modeling approach.

Findings/Results

The first governmental period analyzed in this research was that of President Vicente Fox from 2000 to 2006. In this period the accumulation of FDI was $83,247 US billion dollars (Table 2A). Of the four periods analyzed, it is the one that attracted the most foreign investment. During those years, criminality was under control, which is why foreign investors continued to have confidence to invest in Mexico, in addition to the fact that a different political party came to power. The second period was governed by President Felipe Calderón who accumulated $65,551.4 US billion dollars (Table 3A), which meant a 27% drop (Table 6A) in relation to the previous period. Although there was a drop in FDI in this period, Table 9A shows a positive relationship in the coefficient which means that the attraction of foreign investment was maintained. The drop is attributable to the president's declaration of war against the drug cartels. In those years, Mexico's image abroad was very bad, which caused investors' distrust.

The distrust in investors continued in the following two periods and the negative coefficient shows it (Tables 10A and 11A). In the period of President Enrique Peña Nieto (2012-2018) foreign investment fell by 16% in addition to the 27% of the previous period, attracting only $56,465.30 US billion dollars and in the current government investment also fell by approximately 5% with an attraction of $53,785.00 US billion dollars.

Discussions and conclusions

This research demonstrates the drop in the attraction of foreign direct investment that Mexico has been registering from 2006 to 2023. The negative coefficient in Table 7A for the four periods studied reflects that foreign direct investment has been decreasing over the years. Insecurity is a determinant that continues to cause this decrease, despite the fact that the current government promised to have a safer country, the truth is that this promise has not been fulfilled, on the contrary. But not only security has not improved, but also some authoritarian signs have contributed to the distrust of investors. The effect of the pandemic is not considered as a determinant affecting the arrival of capital because the data show that there was foreign investment in Mexico. At the international level, countries registered drops in their investment, but there are other causes that could have affected the arrival of capital.

Limitations and direction for future research

This research presents results at the national level, but not at the state level. A detailed study of the behavior of foreign direct investment by each of the 32 states of the Mexican Republic governed by different political parties in the same period of time analyzed from 1999 - 2023 will be offered later on. This study will present the details of the presence of insecurity in the national territory and will be contrasted with the attraction of foreign capital.

Appendix

Table 1A

<table>
<thead>
<tr>
<th>Descriptive statistics: period 1999-2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
</tr>
<tr>
<td>Standard deviation</td>
</tr>
<tr>
<td>Maximum</td>
</tr>
<tr>
<td>Minimum</td>
</tr>
<tr>
<td>TOTAL</td>
</tr>
</tbody>
</table>
Table 2A

Descriptive statistics: period 2000-2006

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>$3,468.60</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>$2,834.30</td>
</tr>
<tr>
<td>Maximum</td>
<td>$15,078.70</td>
</tr>
<tr>
<td>Minimum</td>
<td>$896.50</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$83,247.50</td>
</tr>
</tbody>
</table>

Table 3A

Descriptive statistics: period 2006-2012

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>$3,450.10</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>$1,572.30</td>
</tr>
<tr>
<td>Maximum</td>
<td>$6,678.90</td>
</tr>
<tr>
<td>Minimum</td>
<td>$1,056.00</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$65,551.40</td>
</tr>
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</table>

Table 4A

Descriptive statistics: period 2012-2018

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>$2,971.90</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>$3,729.30</td>
</tr>
<tr>
<td>Maximum</td>
<td>$15,444.60</td>
</tr>
<tr>
<td>Minimum</td>
<td>-$2,433.20</td>
</tr>
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<td>TOTAL</td>
<td>$56,465.30</td>
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</table>

Table 5A

Descriptive statistics: period 2018-2024

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>$3,163.80</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>$1,762.90</td>
</tr>
<tr>
<td>Maximum</td>
<td>$8,816.10</td>
</tr>
<tr>
<td>Minimum</td>
<td>$799.40</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$53,785.00</td>
</tr>
</tbody>
</table>

Table 6A

Growth of FDI in whole periods

<table>
<thead>
<tr>
<th>Period</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-2006</td>
<td>$83,247.50</td>
</tr>
<tr>
<td>2006-2012</td>
<td>$65,551.40</td>
</tr>
<tr>
<td>2012-2018</td>
<td>$56,465.30</td>
</tr>
<tr>
<td>2018-2024</td>
<td>$53,785.00</td>
</tr>
<tr>
<td>-27.00%</td>
<td>-16.09%</td>
</tr>
<tr>
<td>-4.98%</td>
<td></td>
</tr>
</tbody>
</table>

Table 7A. Stata’s results for autoregressive model in whole period (1999-2023).

|     | Coef.   | Std. Err. | t     | P>|t|  | 95% Conf. Interval |
|-----|---------|-----------|-------|-----|----------------|------------------|
| fdit-1 | -0.0208 | 0.0038892 | -4.25 | 0   | -0.01236        | -0.02765         |
| cons   | 3163.3  | 50.08158  | 3.24  | 0.001| 63.58877        | 4260.5372        |
Table 8A. Stata’s results for autoregressive model in first period (2000-2006).

<table>
<thead>
<tr>
<th></th>
<th>Coef.</th>
<th>Std. Err.</th>
<th>T</th>
<th>P&gt;t</th>
<th>[95% Conf. Int]</th>
</tr>
</thead>
<tbody>
<tr>
<td>fdit</td>
<td>0.0187</td>
<td>0.08912</td>
<td>5.15</td>
<td>0</td>
<td>0.00235 - 0.03284</td>
</tr>
<tr>
<td>_cons</td>
<td>3498.1</td>
<td>20.8581</td>
<td>16.09</td>
<td>0.0000525</td>
<td>20.6597 - 5832.6726</td>
</tr>
</tbody>
</table>

Table 9A. Stata’s results for autoregressive model in second period (2006-2012).

<table>
<thead>
<tr>
<th></th>
<th>Coef.</th>
<th>Std. Err.</th>
<th>T</th>
<th>P&gt;t</th>
<th>[95% Conf. Int]</th>
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</thead>
<tbody>
<tr>
<td>fdit</td>
<td>0.1144</td>
<td>0.001925</td>
<td>6.21</td>
<td>0</td>
<td>0.21845 - 0.31845</td>
</tr>
<tr>
<td>_cons</td>
<td>2839.4</td>
<td>14.6771</td>
<td>16.09</td>
<td>0.0005</td>
<td>20.4597 - 3321.5425</td>
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</table>

Table 10A. Stata’s results for autoregressive model in third period (2012-2018).

<table>
<thead>
<tr>
<th></th>
<th>Coef.</th>
<th>Std. Err.</th>
<th>T</th>
<th>P&gt;t</th>
<th>[95% Conf. Int]</th>
</tr>
</thead>
<tbody>
<tr>
<td>fdit</td>
<td>-0.2145</td>
<td>-0.01176</td>
<td>5.15</td>
<td>0</td>
<td>-0.1542 - -0.31632</td>
</tr>
<tr>
<td>_cons</td>
<td>3578.3</td>
<td>22.4789</td>
<td>15.41</td>
<td>0.001</td>
<td>15.4597 - 4216.2525</td>
</tr>
</tbody>
</table>

Table 11A. Stata’s results for autoregressive model in forth period (2018-2023).

<table>
<thead>
<tr>
<th></th>
<th>Coef.</th>
<th>Std. Err.</th>
<th>T</th>
<th>P&gt;t</th>
<th>[95% Conf. Int]</th>
</tr>
</thead>
<tbody>
<tr>
<td>fdit</td>
<td>-0.2261</td>
<td>-0.002345</td>
<td>4.15</td>
<td>0</td>
<td>-0.00781 - -0.55442</td>
</tr>
<tr>
<td>_cons</td>
<td>2488.2</td>
<td>31.8989</td>
<td>8.32</td>
<td>0.001</td>
<td>2.35287 - 2001.7678</td>
</tr>
</tbody>
</table>

References

Cultural elements for small agribusiness entrepreneurship in rural contexts

Thobekani Lose
Faculty of Commerce and Administration, Entrepreneurship Rapid Incubator, Walter Sisulu University, South Africa

Keywords
Agrobusiness, Enterprising, norms, unemployment, remote areas

Abstract
With high unemployment rates in South Africa, research into agribusiness entrepreneurship has become relevant. Despite their job creation dimension, agribusinesses are essential for realizing food security in both rural and urban contexts. The study aimed to explore the question: How do cultural elements affect small agribusiness entrepreneurship in rural areas? This question was prudent owing to the restrictions to open business that arose from the Covid-19 induced lockdowns and restricted movements. A rural context was the basis for the study taking note that in most rural areas in Africa, agricultural activity forms the backbone of socioeconomic life. The study followed the qualitative research approach based on the case study design of a selected rural community. The actual data collection method was based on two focus group discussions of the cultural elements that affect agribusiness entrepreneurship among members of the rural community. The findings show that culture is a strong determinant of success agribusiness entrepreneurship in rural areas. Evidence collected pointed that the history of a community, family backgrounds as well as the external environment influences its culture which then affects agribusiness entrepreneurship in rural environments. These shape the beliefs, values, behaviour and values of a community. The apartheid era instilled psychological inhibitions such as the rejection of self-identities and the belief that self-employment is not possible among Blacks. It emerged that families influence the orientations of respondents especially through tales, stories and shared totems. The study shows that the external environment and its factors such as globalisation, technology and economic development also influence values, beliefs and agri-entrepreneurship behaviour.

Introduction
The Global Entrepreneurship Monitor [GEM] (2020) reveals that entrepreneurship takes place in a cultural context which tends to shape the attitudes, perceptions, beliefs, and behaviour of individuals. This study focused on cultural elements for entrepreneurship with specific reference to agribusinesses in rural contexts. In rural areas, therefore, agro activities are culturally rooted, and the values, beliefs and norms of a rural community are a critical determinant of the success of any form of agribusiness. These considerations are important given that in most African countries, a larger population lives in rural areas. As such, it appears natural to accelerate development initiatives in rural areas to ensure economic inclusiveness. Focus on the agribusiness entrepreneurial opportunity has risen owing to the realisation that agro activities are essential and are increasing across the globe. With high employment (Bowmaker-Falconer & Herrington, 2020) and a high failure rate of small business enterprises (Bruwer & van den Berg, 2017; Lose, 2021), especially among the African black majority of the 59.62 million people in South Africa, it has become essential to consider sustainable forms of entrepreneurship. Additionally, consideration of the variables affecting entrepreneurship especially among the black rural majority has become essential. As reported in Statistics South Africa (2020), 48.2 million (82%) people in South Africa are black Africans, while nine million (5.2%) are Coloureds, 4.7 million (8%) are Whites and 1.5 million (3%) are Indians or Asians. Considering that the rural black population is significantly large and tends to live under impoverished environments (Mugobo & Ukpere, 2011), this study aimed to determine the cultural elements that impact agribusiness entrepreneurship in the rural contexts. The rationale for the study is
based on the need to increase understanding of the inhibiting factors for agri-entrepreneurship in rural areas where agricultural activities dominate economic life.

**Literature review**

The essential role of culture in influencing economic activities in any societies cannot be overemphasized. While primitive societies were hunters and gatherers, the change from stone age to early iron age saw the development and growth of agricultural activities, increased specialisation and the beginning of accumulation of surplus. However, industrialisation, which began in Europe later spread to African countries and other parts of the world resulting in increased focus on industrial output. In fact, development was then measured in respect of the strength of industrial output. Despite this shift, agricultural activity was always considered as a supplier of the raw materials and essentialities that industry requires. At the beginning of the century, there was increased recognition of the prime role of agro activities with development within the framework of sustainable development goals to foster a world with reduced levels of poverty and hunger. The food security concern is a global problem as noted in the Combined study by the Food and Agricultural and Organisation (FAO), International Fund for Agricultural Development (IFAD), United Nations Children’s Fund (UNICEF), World Food Programme (WFP) and the World Health Organisation [WHO] (2018), which found that world hunger is increasing. Despite these economic observations in respect of agribusiness, there is also increasing interest in agribusinesses, centered on the observation that agribusiness and agri-entrepreneurship can represent an important dimension for increasing economic activity in rural areas, reducing unemployment and boosting economic development. The success of these activities has been shaped by the cultural disposition of societies to some extent. This entails the beliefs, norms and values of a society. In some ways, culture can be regarded as supportive while in other ways it can be an impediment.

Agribusiness entrepreneurship in rural areas remains an important component of national development in many African countries including in South Africa. As commented on in Mugobo and Ukpere (2011), there is a missed opportunity in the rural areas of most African countries. The rural areas have a large market base as well as an unexploited or poorly exploited business opportunity especially with regard to toagro-economic activities. Evidence from studies suggests that rural entrepreneurship assists in the livelihood and welfare of the rural population. Based on its original interpretation, entrepreneurship involves the exploitation of an opportunity through an undertaking (Mugobo & Ukpere, 2011). Ngorora and Mago (2016) point out that rural entrepreneurship refers to entrepreneurial activities in rural areas and they present an opportunity for rural development and poverty alleviation.

Cultural elements of agribusiness entrepreneurship in rural areas have been considered to be essential determinants of agro enterprise formation. The value that has been attached to entrepreneurship across the world has created significant need for relevant studies to unlock its potential. Entrepreneurship has become a broad field of interest across the globe as it leads to economic development as well as offers a solution to socio-economic inequalities (Omoruyi, Olamide, Gomolemo & Donath, 2017; Bowmaker-Falconer & Herrington, 2020). In particular, numerous African governments are concerned about development in rural areas and are starting to increasingly consider economic activities for rural areas. Rural areas are, however, culturally rich and the influence of culture on entrepreneurship in general and agribusiness is worth considering (Lose & Kwahene, 2021). In observing the essence of rural entrepreneurship, Fishes and Oyelana (2019) note that rural entrepreneurs face significant challenges that include infrastructure, remoteness, financial limitations and general educational limitations for effective entrepreneurial activity. While research on the strength of cultural factors in influencing agri-entrepreneurship in South Africa is limited, studies such as those of Mugobo and Ukpere (2011) as well as Ngorora and Mago (2018) have pointed to the strength of cultural factors in influencing entrepreneurial success in rural environments. In the literature, both positive and negative cultural elements for agribusiness entrepreneurship in rural areas are evident. Ngorora and Mago (2018) found that family and community culture can provide initial experiences, support and confidence for emerging entrepreneurs. The study of cultural influences in rural entrepreneurship has led to the emergence of studies in relation to family, collective, and community entrepreneurship. Culture is the silent social order in communities and organisations that tend to shape behaviour, attitudes and other manifest actions of members of an
organisation (Groysberg, Lee, Price & Cheng, 2018). As provided in Porcu, del Barrio-García, Alcántara-Pilar and Crespo-Almendros (2017), culture relates to the collective mental programming of individuals who belong to a particular community, and this distinguishes members of one group from another. Cultural factors that influence rural entrepreneurship include values for competition, individualism, investment, patience as well as perseverance (Pawlak, 2012). These factors are capable of either stimulating or inhibiting entrepreneurial behaviour. Following the arguments from the literature, Figure 1 provides a conceptual framework that guided the study whereby background of families, community history and the present-day external environment affects the cultural elements of values, beliefs and behaviours and norms of individuals. This in turn affects entrepreneurial activities.

Figure 1: Culture elements affecting rural entrepreneurship.
some international destinations. The farmers are organised and have governing structures for managing the affairs of the community and to represent their interest to the local Municipality. The community management is structured in the form of a committee led by a Chairperson, Secretary, community welfare officer, community development officer, external relations and engagement officer, committee members and other specialised officers. The community comprises fifteen (15) members who oversee the welfare and realisation of good agribusiness practices in the community. Cultural elements for rural entrepreneurship from the literature were used to prepare an interview schedule which was set to confirm or disapprove the cultural elements for rural entrepreneurship from the literature. The cultural elements as depicted in Figure 1 formed the basis for structuring the interview guide for the focus group interviews. Furthermore, the focus group interviews were set to expand and on the findings from the literature that could fit into the conceptual framework that emerged from the literature analysis.

Two focus group interviews were held with ten (10) members of the community management committee. The snowball technique was used in setting up the focus group. This was done by first giving the interview schedule to the chairman of the committee and setting up the first interview in order to establish the basics of the study. After this the committee chairman was asked to provide names of the members of the committee who possessed adequate experience and knowledge on the cultural influences of agribusiness entrepreneurship in the community. As such, the sampling technique adopted to establish focus group respondents. The Chairman then tasked his Deputy to distribute the interview schedule to the identified possible focus group members.

Ten members of the potential focus group respondents indicated their interest and eagerness to participate in the study. As observed in Lambert and Loiselle (2008), focus group discussions are based on questioning, discussing and commenting on each other’s experiences of a phenomenon so as to understand it better and arrive at a valid conclusion. Researchers who engage in focus group scan decipher important insights about a phenomenon of enquiry as the participants share their knowledge, perceptions and experiences of a phenomenon (Owuegbuzie, Dickson, Leech & Zoran, 2009). The purpose of the focus group interviews and discussions held in this particular inquiry was to explore and establish their agreeableness of the cultural factors developed in the literature study and indicated in the interview schedule and to expand and provide more details. In Mansell, Bennett, Northway, Mead and Moseley (2004), it is mentioned that power and authority differences of members of a focus group do not affect discussions; junior members and subordinates can be appointed moderators. Following this, the Chairman was asked to ensure that all members were free to contribute, and two junior members were requested to be the moderators of the focus group discussion. To ensure free and appropriate exchanges of views and experiences, the members of the focus group set up a code of conduct and procedure for the discussions which was adopted and implemented during the discussions. Following the discussion procedure that was set up, two focus group discussions were held at the community hall. In the first focus group, half of the interview items were discussed, and they were then completed in the second sitting.

RESULTS

The study found from the focus group discussions, important cultural themes and elements that are critical in improving small agribusiness enterprises in the rural community. Relevant data were collected during the discussions and an analysis sheet used to record and summarise the data. Data were captured and summarised in an analysis sheet shown below. In the analysis sheet the following coding was used: SA = Strongly agree, A = Agree, NS = Not sure, D = Disagree, SD = Strongly disagree.

Table 1. Extract of the focus group interview responses analysis sheet

<table>
<thead>
<tr>
<th>Cultural elements of agribusiness entrepreneurship</th>
<th>S</th>
<th>A</th>
<th>N</th>
<th>S</th>
<th>D</th>
<th>S</th>
<th>D</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>The history of the community impacts on its agribusiness entrepreneurship culture</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>All ten members of the focus group supported this. In summing up the discussion, the moderator curtailed the discussion with the statement “apartheid really affected whatever we do now, we were segregated, traumatised and made to value white-collar employment from the Whites. It also put us on the margins of development, leaving us poor and with no resources. In addition,</td>
</tr>
</tbody>
</table>

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Cultural elements of agribusiness entrepreneurship | S | A | N | S | D | S | D | Comment

our values, beliefs and norms were changed during apartheid. Up to now most of us still lack confidence, resources, the right education and we still rely on inheriting family businesses. We lack the creativity and innovativeness and the belief in yourself to succeed as entrepreneurs.”

The family history impacts on agribusiness entrepreneurship culture in this community. | X | | | | | | Two members supported each other in indicating that “in the African culture, families have certain economic activities that are unique to them, the skills of which they pass to new members of the family. Agribusiness skills are passed from one family member to another. However, families who do not have it in their families cannot do it. In addition, the family history is the source of the personality traits such as independence, risk taking, sociableness and competitiveness which aid in agribusiness entrepreneurship.”

Discussion

The evidence gathered in this study provides that there are cultural factors that have both positive and negative impacts on agribusiness entrepreneurship in rural areas. It was also established in this study that the cultural elements are shaped by family background and lifestyle, community history as well as external environmental influences. Family backgrounds, community history and the external environment shape the values, norms, beliefs and behaviours of existing and potential agribusiness entrepreneurs. A key community history factor that was repeatedly mentioned in the focus group discussions was the pre-1994 apartheid era which marginalised and segregated races. The black community was put on the periphery of economic development and was affected both psychologically and socially, the effects of which seem to still prevent meaningful entrepreneurial thrust among them. It was notably established that apartheid denigrated Blacks leaving them lacking the confidence in their efficacy as economic players. Members of the community doubted their capacity to start and run businesses, leaving them as job seekers only who cannot self-employ.

Sentiments provided by participants also pointed to some positive impacts of the agribusiness entrepreneurial culture that can be realised from cultural elements as influenced by community history, family backgrounds as well as the external environment. While the apartheid history could have merely left a dark side to agribusiness entrepreneurship opportunities as well as desires, it has also cultivated a value for independence and resilient behaviour among members of the community. The participants indicated that apartheid taught them to be strong, which cultivates traits that agribusiness entrepreneurship requires. Family histories also tend to be the basis for individual values and beliefs which if well adhered to can lead to successful agribusiness entrepreneurship. Some members of the focus group pointed to the essential role played by totems and African surnames in shaping the values, beliefs, norms and behaviours in rural communities. Participants submitted that totems and African surnames can propel agribusiness entrepreneurship by shaping admirable actions for potential and existing entrepreneurs. Another key element provided in this study was that of rural folklore, stories and fairy tales, which are shared by members of the rural community, and that tend to instil the same sense of ambition, value for ambition and social relationships which can be important in shaping agri-entrepreneurial activities.

It was further established in the study that the challenges being faced in the business environment seem to drive members of the community into entrepreneurship. For instance, globalisation has led to the fusion of cultures thereby neutralising some negative cultural forces as people become more and more exposed to other cultures and end up neglecting some of the limitations of their own culture in adopting new values, beliefs, norms and behaviours. The high unemployment rate in South Africa has also driven several community members into agribusiness entrepreneurship as they fail to find employment in conventional companies. The Covid-19 pandemic was also mentioned as an external factor that has negatively and positively impacted on agribusiness entrepreneurship. In the positive sense, Covid-19 has created new behaviours especially in relation to the lockdown. Community members have increasingly
become home-based and have realised the value of home-based agribusiness entrepreneurial ventures in the rural areas. These results support the works on entrepreneurial culture that are found in the literature. In particular, the study has affirmed Davids et al.’s (2021) findings that cultural elements have a significant impact on influencing entrepreneurship in many rural provinces of South Africa. A summary of the results of this study is provided in Figure 2. The figure summarises the findings of this study, which were previously discussed.

Figure 2: Summary of the cultural elements for agri-entrepreneurship in a rural context

Conclusions
The study aimed to explore the cultural elements for agribusiness entrepreneurship in a rural context in South Africa. The data collected in the study has provided evidence that cultural variables have both positive and negative impacts to agri-entrepreneurial activities in the rural context. It was found that the cultural basis for rural agribusiness entrepreneurship is shaped by community history, family background as well as external influences. The study also found that cultural elements within the rural community were epitomised by a history of trauma and psychological scars from the apartheid era. These negatively affected their confidence in economic participation and eroded their traditional values, beliefs and behaviour. Principally, the members of the community were groomed to value white-collar formal employment because of the apartheid history. However, they also gained independence, resilience and social ties, which essentially have been necessary in developing their present-day agribusiness entrepreneurial activities. Family backgrounds were also found to contribute to the development of appropriate personality traits, values, beliefs and behaviour for agro entrepreneurship. Families were found to be creating opportunities by offering start-up resources and psychological preparedness as family history, totems and folklore helped shape member identities. In addition, the external environment, including unemployment, globalisation and technological growth has also been found to aid agri-entrepreneurship.

Recommendations
Based on the findings of the study, communities are recommended to increase their cultural awareness and realise the positive and negative impacts of their cultures on entrepreneurial activities among community members. Where possible, community leaders and family members are encouraged to carry out cultural awareness campaigns that inform their communities of the positives and negatives of
their cultures in promoting entrepreneurship and economic development. Lastly, potential entrepreneurs are advised to capitalise on the positive dimensions of their cultures to exploit agribusiness entrepreneurial opportunities while avoiding cultural pitfalls that impact on successful agribusiness entrepreneurship.

Acknowledgment
We are grateful to the SMALL-SCALE AGRIBUSINESS AND RURAL NON-FARM ENTERPRISE (SARNE) RESEARCH NICHI Funding and Centre for Entrepreneurship Rapid Incubator (CfERI) at Walter Sisulu University (WSU).

Reference


The management control processes – are these mandatory for churches as not-for-profit-organisations and social enterprises?

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Germinah Evelyn Chiloane
Department of Business Management, University of South Africa

Keywords
Accountability; Agency Theory; Management Theory; NPOs; Stewardship; Strategy

Abstract
Accountability has been one of the eroding virtues across organisations. As such, the credibility of those involved in managing such organisations is often questioned by society. In corporate sector, a lot has been alluded to in terms poor governance principles. However, other unassuming institutions such as NPOs in general, and churches in particular, have also been indicted. This paper explored the necessity and ways in which accountability can be heightened in NPOs and church settings. A qualitative research methodology in a form of interviews occurred where church managers were participants. A total of 26 church managers were interviewed and documents were explored. Data were subsequently analysed through the use of thematic analysis and the Atlas ti software. The strategic management control processes of churches were analysed for their prowess and necessities. A strategic management control process is further proposed as a tool to curb lack of accountability in church settings. This is as extension of contributions in terms of both agency and management theories in both NPOs and churches.

Introduction and Problem
Churches are often viewed with “holy eyes” and as sacred spaces of “perfection.” Thus, church members in general and managers (as agents and stewards) are seldom held accountable in a rigorous manor (Asamoah-Gyadu, Kim, Davies & Anim, 2017). There is subtle trust and contentment on how the affairs of the church are undertaken. As such, lack of accountability and control processes towards the mission and the strategic agenda of the church as an NPO can easily occur without due notice (Gratton, 2018). In exploring Strategy-Identity Nexus, Ravasi, Tripsas and Langley (2020) infer that an organisation needs to understand their central mission as that shapes its strategic posture and clarifies what it needs to account for. It is for these reasons that this paper explores how churches hold managers (as agents & stewards) accountable. This is considered from both agency and management theories lenses. The following will be the questions to answer:

What are the management control systems of the church as an NPO and social enterprise?
Who is responsible for the administration of money?
How often is time set aside to discuss accountability towards the strategic agenda of the church?

Before discussions with participants are alluded to, it would be prudent to discuss what literature suggests about the subject matter. This is discussed under the following headings: Churches as NPOs and social enterprises, Accountability of money. Stewardship in both agency and management theories.

Churches as NPOs
Traditionally, churches have always been perceived as places of worship and where pilgrims gather to connect with their Maker and with each other. In modern times, churches became legal entities that ought to be governed within the ambits of the laws of countries within which they operate (Iyer, 2016). For that reason, there are legal prescripts that need to be honored by churches who are now perceived as not-for-profit organisations (NPOs).
This means that even though the church collects revenues, it may do so not for profit reasons but to run its affairs for sustainability purposes (Chukwumerije, Olusegun & Chima, 2018). This is consistent with what Gratton (2018) alludes to regarding the value-based posture that NPOs have to assume. Hansen and Jacobsen (2014) advocate for cooperation rather than competition in NPO context. During such a process, money is requested, required, collected, administered and accounted for by church management (Morariu, 2020).

**Churches as social enterprises**

There are growing views that hold that churches ought to operate as social enterprises as a means to sustain themselves (Boya & Chiloane-Phetla, 2022; Antonites, Schoeman & Van Deventer, 2019). With the growing reality of shrinking public funds and scarcity of donors, churches are confronted with the need to find innovative ways to generate their own funds (Bousema, Bertscher, Van Rij, Barret & Whitfield, 2022). Compounding the financial difficulties are issues of ageing church communities, youth unemployment and child-headed homes within which the church is domiciled (Modula, 2022). As a proposed solution, Roy and Karna (2015) advocate for organisations to do social good in a sustainable manner. In the context of churches, income-generating social projects ought to be identified, initiated and managed. During this process, issues of accountability become imperative.

**Accountability and money**

The public purse requires greater care and financial prudence. Over and above that, periodic accounting of how money is moved in and out of an NPO is essential (Bracci, Mouhcine, Rana & Wickramasinghe, 2022). This does not only require “grace,” but financial, numerical and people skills. At the heart of these, integrity and honesty are required from all money handlers within an NPO (Ferrell, Harrison, Ferrell & Hair, 2019). This is rather a difficult act that requires farsightedness. NPO money is often regarded as money set aside for community development. Thus, the consequences of the mismanagement thereof could prove to be catastrophic to the intended beneficiaries. King IV report states very clearly the significance and indispensability of accountability of any legal entity (King Committee on Governance, 2016). It is unfortunate that this phenomenon remains elusive.

**Stewardship (in both agency and management theories)**

In the world filled with self-centered people, stewardship has become a rare commodity. There are often phrases and inferences such as “nothing is for free.” Rouault and Albertini (2022) observe greater increase in accounting requirements from managers as stewards. It is to be noted that, our Maker mandates us to act as stewards in the world that He has created. In some rare cases, there are still remnants of those who are charged with responsibility to serve without or with little expectation (Boya, 2022). This aspect of stewardship is covered in both the agency and management theories, and it is summarily regarded as serving those who have enlisted an agents or managers with distinction (OGHUVBU, GBEREVBIE & Essien, 2022). In this case, aspects of servant leadership become applicable whereby a leader sees himself/herself as a selfless servant of the Lord and/or His people rather than a “throne-seated King/Queen”.

**Research methodology**

A qualitative research method in a form of interviews (total of 26 persons participated) and 12 church documents (in a form of canons, church manuals, church orders and constitution) were some of the data collection instruments. The participants were sourced from the South African Council of Churches [SACC] (within Gauteng Province, South Africa) through ethical procedures (such as written permission, ethical clearance, and participant concerned forms). The key stakeholders in a form of SACC, the University of South Africa and church managers (as participants) heartily endorsed the research. There was an even spread among the races and ages of participants, and also both the adherents and protestants were involved. Data were collected until the theoretical saturation was reached (Henning, van Rensburg & Smit, 2018). Furthermore, data from both interviews and documents were analysed through the use of
the Atlas ti. Software, where themes, categories and sense making analysis occurred (Haar, Roche & Brougham, 2018).

**Research findings**

The findings will emerge according to key research questions being asked. The attempt to answer these questions emerged from the interviews undertaken and briefly from the church documents analysed.

**The 1st research question: What are the management control systems of the church as an NPO and Social Enterprise?** To answer this question, the following comments were made:

*The church council also needs to take care of the finances and properties of the parish led by the church wardens. So, we have what we call a parish treasurer. So, those people are involved in the generation and handling of money of the church.* – Participant 4

This participant suggested that his organisation assigned the church council, led by the parish treasurer to generate and handle money. These persons are thus answerable to the entire congregation and dioceses on how money was received and distributed towards the church activities. It was not clear as to what criteria were used to appoint treasurer and her/his team.

*We put this in the register, we have the parish register and all the meetings are kept in a file for record purposes which the dioceses come in at any time in the archives. So, these archives contain every meeting, every letter received and written out. So, this is like a repository of all information, so it serves for review, for planning forward and writing. Also, our history is in the archives. So, it helps so much to evaluate, and we also have evaluation of money where the PFC is challenged to tell us how they have used the money for frequent withdrawal of bank statements to verify and see how is our economic strength or how the PFC they are working.* – Participant 8.

The participant mentioned the use of parish register as measure towards control systems. All transactions are recorded and made available to any stakeholder for scrutiny. This also serves as a repository that is used for monitoring and evaluation purposes. Record keeping seems to afford the organisation the latitude to plan better with relevant information at its disposal. Moreover, this system also serves as a way of preserving precious historical records that could be useful for future generations. To this end, some sense of transparency and accountability are apparent in that everyone authorized is able to peruse the documents. For instance, the participant alludes to how his diocese sometimes requires some records, especially financial records.

*A group of elders and deacons are monitoring everything in the church. Members are also monitoring everything. We are a group of men looking after the church. At the end of the day, we must be seen that we are responsible.* – Participant 22.

The participant refers to a group of deacons who are responsible for monitoring the affairs of the church. He further alludes to the collective responsibility that everyone within his organisation observes. This is in line with an inclusive approach towards the strategic agenda of the organisation.

*Auditing, internal audit, auditing the church funds, arranging church traction report on properties.* – Participant 25.

Both the auditing of funds as well as the organisation’s movable and immovable property were highlighted. There was also a report that has to be produced regarding all the purchases made. These are some of the commendable control measures in the context of NPOs such as that of the participant.

**The 2nd research question: Who is responsible for the administration of money??** To answer this question, the following comments were made:

*The church elect committees and subcommittees. The treasurer of the Women’s Department is controlling money she received from the Women Department. She’ll be doing the banking she’ll be doing their reporting and the secretary who will be gathering information who is in the church and externally and make it known to people through an announcement. They make sure that people respond to correspondence, and if necessary, this is added major functions and he also has to account to the church in the form of a meeting, written and presented in a meeting as a report.* – Participant 2.
The participant’s organisation depends on the elected committee and subcommittees to carry out its mandate. It would appear that the subcommittees constitute those from Men, Women and Youth Departments. These committees are given the autonomies to collect, manage and record their finances though the leadership of their respective treasurers. However, these committees have to produce written reports which are to be read and/or announced by the general secretary of the entire organisation. It remains unclear how transparency and accountability occur at both the subcommittee and departmental levels. While the general meeting enjoys the right to ask questions, it could be difficult to get to the bottom of any discrepancy if no audit mechanisms are in place.

We’ve got a committee that does the finances, and there is a chairman and there are two people on that committee that are people in the finance, as well as auditors. – Participant 6.

The participant suggested that they make use of knowledgeable people in the areas of finance to form part of the committee which includes the chairperson of the organisation. He further mentions that some of these people are auditors by trade. It was not clear if the same people were also responsible for the auditing of the organisation’s finances and properties.

So, at a diaconate level we have the treasurer, and he handles the day-to-day running of the finances. However, he has to present financial records and a budget which is discussed at each AGM. And so, once a quarter at our quarterly meetings we have a report back from him as to the budget, performance and how things are going. But the final decision rests with the church membership meetings. – Participants 12.

This participant alluded that his organisation makes use of the treasurer who forms part of the diaconate to handle the day-to-day financial transactions. If follows that on a quarterly basis as well as during the annual general meetings, the treasurer is answerable to the membership of the organisation. During this time, both the financial performance as well as the proposed budgets are presented for approval. These are some of the control measures of accountability and transparency implemented by his organisation.

The 3rd research question: How often is time set aside to discuss accountability towards the strategic agenda of the church? To answer this question, the following comments were made:

On the 15th of March every year, we need to produce audited financials. We need to give a report of the previous year. We need to give a proposed budget for the new year and in that meeting we have to also elect the new church council. So, every year before the 15th of March we need to go through that business. We have got people; the priest is also involved. – Participant 4

There seems to be a cut-off annual date that the participant’s organisation sets to hold annual general meetings. During these meetings, the financial statements and other reports are tabled. Furthermore, budgets are proposed, and the new management is elected by members of the organisation. These are typical examples of responsive, inclusive, and accountable organisation. As concern, it is unclear how the frequency these processes (since elections occur annually) affect issues of continuity. The following participant also mentioned issues of frequency.

Once a month, that is to discuss the issues of the communities and to discuss our target and then once a year, we have evaluation. – Participant 9.

The participant alluded to how his organisation liaises with its immediate communities and attends to their pressing needs on a regular basis. Moreover, the participant alluded to annual statutory evaluation that his organisation had to adhere to.

All the elders administer, we are accountable to the local church, but we take a step further also accountable to the eldership, accountable to the presbytery. It’s a model that we follow so that would know where we are as management. – Participant 20.

The participant alluded to accountable and inclusive leadership style and subsequently, organisational culture that elders infuse. This is consistent with the principles of good governance. Protocol at various managerial level is observed.

We wouldn’t necessarily have the SWOT analysis every year but, what we do is that we have it quarterly and our annual general meetings, where we are just evaluating where the church is at, and the various ministries found out where the church is at. I think annual general meetings where we as a church as a body corporate have an opportunity to evaluate. – Participants 21.
The participant alluded to SWOT analysis as one of the environmental evaluation tools that his organisation employed, even though not on an annual basis. That said, his organisation makes use of quarterly report sessions and annual general meetings (AGMs) to reflect and evaluate on the progress made towards its strategic agenda. The participant compared the evaluation process as work done by the body corporate that serves the interests of its principals. These inferences border on stewardship in general and both agency and management theories in general (discussed in section 5 of this paper).

Document Analysis
The second instrument for data collection was document analysis. The church strategic and policy documents were perused to establish the processes they undergo to evaluate their strategic agenda. These are described in figure 1 below.

![Figure 1: Church Strategic Control/Evaluation](source)

**Figure 1: Church Strategic Control/Evaluation**  
**Source(s): Fieldwork documents**

Figure 1 highlights the key themes that emerged from document analysis. These themes were based on the activities that the organisations undertook when evaluating their strategic management processes. Three major themes were prevalent: management & annual general meetings (AGMs), financial accounting, and narrative & other reporting. Organizations relied on management meetings and AGMs to hold managers and other office bearers accountable. The frequency of such meetings had an average of once a months and AGMs took place at the end of each financial year. During AGMs, financial statements and narrative reports were presented before members for scrutiny and adoptions. These appeared to be tools employed towards evaluating the strategic agenda. The effectiveness of these tools was not too apparent.

**Discussions and conclusions**
This section will depart with figure 2 that summarises the key themes which emerged during the discussion.

![Figure 2: Strategic Management Control Processes of a Church as an NPO](source)

**Figure 2: Strategic Management Control Processes of a Church as an NPO**  
**Source: Authors’ compilation from data (2020-2021)**
Limitation, recommendations, and future research

From figure 2, it is apparent that the participants were preoccupied with management control systems, money administration and accountability measures. The control systems are needed as part of the financial prudence architecture, more so in a public entity. Various participants went at length to demonstrate how their organisations go about putting such measures and overall governance in place. This is consistent with the recommendations of King Committee on Governance (2016) that advocates for proper control systems and financial prudence. The participants also alluded to having finance committees which were often led by the treasurer. These committees were responsible for the handling of money (also in Enderle, 2015). At the heart of the matter lies the deep-seated need for accountability and management of public funds. It became apparent that the organisations in question depended on mechanisms such as the AGMs for inclusive and accountable reporting. In these meetings, both the financial and narrative reports were presented by among other, finance committees for scrutiny and clarity seeking purposes. It is not clear if this mechanism is effective given the frequency of sittings and issues of literacy (mostly financial) levels of some of those who needed to hold managers accountable. Although some of the participants alluded to quarterly reporting, which is commendable. Sometimes issues of commitment may be questionable given the voluntary nature of the types of organisations (Oghuvbu, Gberievbie & Essien, 2022). Voluntary work may create little desire to get to the bottom of true and honest reporting. Moreover, it was not clear if most of the financial reports were audited or not (Ferrell et al, 2019). All the same, as conclusion, that inclusivity, transparency, and accountability are attributes of financial prudence.

Recommendations and managerial implications

Based on both the literature and primary data, recommendations of this paper are made. In the above sections, the indispensability of accountability, inclusivity, and sound financial management in NPO and social enterprises contexts became very apparent. For this reason, the following recommendations are made:

Recommendation 1: Knowledge on financial management

More often than not, people who lack requisite knowledge and qualifications are appointed in critical roles, including those dealing with financial management. This causes unprecedented errors and poor money management and generation thereof. The financial manager and his/her team must at least have financial literacy and or qualification(s) to be able to receive, record and report appropriately to their constituents.

Recommendation 2: Experience in NPO and public finance

In some instances, inexperienced persons and newly absorbed members need to first pass the litmus tests before assuming critical roles. In church context, it should be clearly stated that new converts may not assume critical positions before undergoing training and discipleship. In other NPOs a probationary process needs to be fully completed before critical positions are assigned. Over and above that, training on public financial management ought to be a requirement to be fulfilled (Bracci, et al., 2022).

Recommendation 3: Aptitude in governance and ethics

Organisations such as churches often enjoy some advantages related to lessons on moral fibre, governance, and ethical conduct through the use of the Bible. However, it could be a gross mistake to assume all their members are rich in terms of moral capital and integrity by merely being regarded as Christians. A deep sense of governance and ethical principles such as honesty, integrity, transparency, inclusivity, responsiveness and social responsibility cannot be overemphasized. Training on governance ought to prevail on a continuous basis (King Committee on Governance, 2016).

Limitations and future studies

This research was mainly based on churches as NPOs and social enterprises. While the principles of revenue collection and management are the same in NPO context, other organisations in different
fraternities might have yielded different findings and outcomes. Moreover, the research was limited to church organisations affiliated with the South African Council of Churches (SACC), thus, many other independent churches and denominations were not considered. Only South African churches were units of analysis, and the dynamics of other countries might have provided dissimilar outlook. There was also a methodological limitation in that a mixed method could produce interesting outcomes. These limitations are what future studies in NPO, and social entrepreneurship contexts could consider. Finally, an impact study could serve as a useful follow-up to the current findings.

References
Evaluating the effectiveness of personnel selection and management strategies in Georgia

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Keywords
management, employee motivation, globalization, personnel selection

Abstract
Personnel management refers to the development and use of such an organizational system that will contribute to the full disclosure of people's characteristics and capabilities and effective employment in the direction of achieving the organization's goals. This system includes the entire system of personnel selection, distribution, and employment. In order for the organization to successfully achieve its goals, it is not enough to solve organizational, technical, resource issues and attract qualified personnel. Along with all this, it is necessary to organize the work process in such a way that every worker shows effort and interest in achieving the set goals. All this leads to the demand for qualified personnel who provide production and development of products and services. Human resource management includes the measures that the manager applies to attract and retain employees in the organization, to ensure their effective work and their fulfillment of organizational goals. The manager is responsible for staffing, developing, protecting, and using the resources that are necessary for effective work.

Human resources include all members of the organization from the top manager to the lowest ranking employee. An experienced manager knows how important human resources are, he actively works to develop and effectively use the organization's human resources.

The main purpose of the research is to find out how much planning of personnel management is done in the organizations operating in Georgia, the development of strategies for working with personnel, the creation and formation of the organizational environment of companies, to highlight the problems and perspectives of personnel management, to develop a system of personnel evaluation indicators, personnel differentiation and evaluation-analysis, which will guarantee that the efficiency of the organization's work will be significantly expanded, human resources will be more mobilized and labor-oriented;

The scientific originality of the paper is:
- the conditions for the innovative development of the modern human resources management systems of the organization are determined.
- the overseas experience of working with the personnel reserve in the organization as a management innovation is analyzed.

Human resource management, due to its relevance, remains a subject of research for modern scientists. Globalization conditions and multicultural environment dictate to organizations the introduction of modern management aspects, both in the personnel selection process and in terms of socialization and adaptation of employees, where employee interests, cultural differentiation and individual differences will be taken into account. On the example of commercial banks operating in Georgia and JSC Bank of Georgia, using the results of their study in practice is an important priority for determining how to hire and retain people for the organization who will meet the organization's mission, goals, current and future requirements.

On the example of commercial banks operating in Georgia and JSC Bank of Georgia, using the results of their study in practice is an important priority for determining how to hire and retain people for the organization who will meet the organization's mission, goals, current and future requirements.
The research was conducted in the Bank of Georgia and 150 employees of JSC "Bank of Georgia", various branches participated in the research. The survey was conducted anonymously, based on the goal of high reliability and modern concepts of protection of applicants' personal information.

At first, we were interested from which sources the selection candidates were invited. It was found that the staff is being recruited from both internal and external cadres.

With the answers given to the question of where staff is recruited from, internal or external staff, we can conclude that the research object has a correct staffing policy in terms of employee selection and management, because the results show that both external and Internal markets, which are recognized by the experience of modern organizations as the best concept for personnel selection. This approach is considered the best solution for managing, motivating, and developing employees' careers.

To the question of whether preliminary interviews and tests are conducted during the selection of personnel, the largest part of the respondents - 89.5% - answered positively. According to the questionnaires, different selection methods are actively used during the selection of personnel (psychological testing, request for a list of recommendations, etc.), which shows that JSC Bank of Georgia takes a high responsibility in the selection process.

Applying the results of the research conducted at the Bank of Georgia in practice is an important priority to determine how to hire and retain people for the organization who will meet the organization's mission, goals, current and future requirements.

It should be noted that the implementation of modern personnel selection and management strategies in Georgia is still one of the pressing problems of entrepreneurial activity development.
The ranking of countries according to the high level of unemployment (forecast) in 2023 looks like this:

1. South Africa – 35.6%
2. Sudan – 30.6%
3. West Bank of the Jordan River and Gaza - 25.0%
4. Georgia – 19.5%
5. Bosnia and Herzegovina – 17.2%
6. Armenia – 15.1%
7. North Macedonia – 15.0%
8. Costa Rica – 13.2%
9. Bahamas – 12.7%
10. Spain – 12.3%

(Research by Visual Capitalist)
A conceptual analysis of Quality of Work Life (QWL): Before and After Covid 19

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Keywords
Conceptual Analysis, Covid 19, Parameters, QWL

Abstract
QWL describes how individuals are with their jobs. It is a relatively recent term since in previous centuries the jobs available to individuals were often predetermined by the occupation of their parents. QWL implies doing a job one appreciates, doing it well, and being suitably rewarded for one’s efforts. QWL in a job further implies enthusiasm and happiness within the work one is performing. While the QWL concept was first brought forward and gained considerable importance as from the 1960’s, the parameters through which it is measured kept changing with changes in prevailing business and socio-economic conditions. (See Nanjundeswaraswamy and Sandhya, 2016)

From the 1980’s the world faced radical changes in business with the emergence of globalization, information technology, world business competitiveness, and scarcity of natural resources. While the business community was still grappling with these changes, they were made to face with yet an unprecedented circumstance of a pandemic. The new normal which had to be adopted lasted for nearly two years and also had an unprecedented impact on the labour force worldwide, forcing all organisations to employ “new ways of working”.

Such drastic changes in the world of work changed the perception of businesses, employers and also workers who, by that time, had developed new perceptions about work, work conditions and thus eventually, QWL.

In the light of the above, we attempt to scrutinise extant literature on QWL from the year 2000 and try to showcase its evolution as a multi-dimensional dynamic construct. After thorough analysis of existing literature, we discuss the various parameters which influence QWL and argue whether there has been any change in the parameters influencing QWL before and after the Covid 19 pandemic.

Introduction
Wright and Mc Mahan (1992, p 208) define strategic Human Resource Management as “the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals.” In line with the above, (Beloor et al., 2017) opine that The success of any organisation depends on the employee’s strengths, skills, and commitment to the work (Beloor et al., 2017). However, the Covid 19 pandemic bought essential HR issues such as employee health and wellbeing, digitalization, agile HR including and perhaps most importantly, a refocus on the human (See for example Harney & Collings 2021).

As put forward by (Nanjundeswaraswamy, 2021) “An unsatisfied employee is the first enemy of the organisation, a satisfied employee is an asset to the organization, and they are committed to the work”. (See also Nanjundeswaraswamy & Beloor 2022). It is now a known fact that The COVID-19 pandemic has been one of the biggest crises in history, causing business environments to be “highly volatile, uncertain, complex, and ambiguous (Biron et al., 2021) and letting the whole world still recovering from its impacts (Ozili & Arun, 2020). While not questioning the effects of HRM systems, practices, and processes on the individual and the organisation as a whole, it is agreed that the pandemic forced organisations all over the world to reconsider and re adapt the way they managed their human resources (See Collings et al., 2021a),
almost overnight. Such crises have had an enduring impact on employees who may face enduring role conflict, job insecurity and cynicism (SeeK’oni et al., 2020, Nguyen et al.,2022) among many other issues. In line with the crisis and accompanying VUCA situation, the concept of “future of work” emerged in the HR jargon (See Minbaeva 2021). One such component of the “future of work” has to do with Quality of Work Life” (QWL).

Against a backdrop as above and while also acknowledging the unique HRM challenges that the COVID-19 pandemic created and continues to create, the aim of this conceptual paper is to focus on how the perception of QWL evolved during the last two decades. It explores the various components of QWL as put forward by various authors during the said time period and analyses the changes which were brought in describing the concept, before and after the pandemic.

Literature Review

Cummings and Worley (2005) believed that QWL is a reflection of the way of thinking about people, work and organisations that involves a concern for employees’ wellbeing and organisation. Employees who perceive their QWL in a positive manner and are satisfied with their work and organization show higher wellbeing because an individual’s QWL influences their health and psychological wellbeing. QWL also heavily influences the non-working life of the individual and is also a major predictor of psychological and physical wellbeing, and also of life satisfaction (Srivastava, 2008; Martel and Dupuis, 2006; Sirgy et al., 2001).

The term QWL was brought to limelight by Hoppock (1935) after having reviewed 32 studies on (job satisfaction) conducted prior to 1933. He observed that QWL was a combination of psychological, physiological, and environmental circumstances that prompted a person to say, "I am satisfied with my job". However, Hoppock also observed that employees can be satisfied with certain aspects of their jobs, while being dissatisfied with others. It is assumed that employees are able to balance the specific satisfactions against the specific dissatisfactions and arrive at a composite satisfaction with the job as a whole (Hoppock, 1935).

After the 1950s and 1960s though, the development of different philosophies and ideas pertaining to QWL were suggested. For example, Konrad and Mengel (2000) linked the concept to the relationship between employees and total organisational work environments.

However, as advocated by Martel and Dupuis (2006), a decline in interest in QWL was observed in the 1970’s which could most probably be explained by the oil crisis which the world was made to face. This trend continued during the 90’s and, among others, increased market competition due to globalization, emergence of new economies and an increase in communication technologies have been put forward to explain the cause for yet another decline in the interest for QWL. It is argued that, during this era, extant research rather focused on new emerging issues such as stress and mental health at work. However, in the year 2000’s, where financial rewards had lost power in a more knowledge-based economy, there was yet another surge in interest for the study of QWL, attributed to the “struggle to retain the best employees” (See Sojka 2014: 283).

A number of studies (See for example, Seelan (2008), Hosseini & Jorjakti 2010, Stephen 2012, Nanjundeswarawamy and Sandhya (2016), Ishak et al., (2018) were conducted to shed more light on the parameters and characteristics of QWL. But, while extant literature was still grappling on finding a universal definition for QWL, came the unprecedented Covid 19 outbreak forcing organisations to dive into and manage “unprecedented territory as they alter their workforce in technical, physical and socio-psychological ways not seen before” (See Carnevale & Hattack 2022: 183). The pandemic thus undoubtedly brought new dimensions to the perception of QWL across organisations.

While trying to understand and analyse QWL, the seminal work of Martel and Dupuis (2006) cannot be ignored. We thus take up from the work of Martel and Dupuis and try to analyse the evolution of QWL between 2000 till date. We scanned available literature pertaining to QWL to draw salient conclusions about the changes in QWL parameters, meaning and components. In the light of these extant literature and empirical studies, we portray the different components of QWL from 2000 onwards and critically analyse whether there have been any major changes in the perception of its components and parameters after the unprecedented pandemic.
Methodology

For the purpose of this study, some 120 research studies (to which the authors have access to) have been initially analysed dating back since 1935 to present date from different journals, magazines, abstracts, reports, books and newspapers available from websites such as Google Scholar, Emerald, Research Gate, ProQuest and Science Direct. A preliminary literature search was conducted using key words such as Quality of Work Life, Quality of Working Life and Job Satisfaction. Upon analysis of the comprehensive work of Martel & Dupuis (2006) who analysed the different spheres of the concept of QWL from 1948 till 2003, including the components thereof, the authors found worthy of partially extending the existing work of Martel & Dupuis (2006) in the first instance. Thus, after analysing the evolution of the various components of QWL for the last two decades, starting from 2000, the authors then contextualise QWL in the COVID 19 context.

<table>
<thead>
<tr>
<th>AUTHOR</th>
<th>COMPONENTS OF THE DEFINITION OF QWL</th>
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<tbody>
<tr>
<td>Konrad &amp; Mengel, 2000</td>
<td>Quality of the relationship between employees and total work environments of an organisation</td>
</tr>
<tr>
<td>Sission and Storey 2000</td>
<td>1. Quality of the relationship between staff 2. Total work environment 3. Concern about the impact of work on the individual as well as on organizational effectiveness, and 4. The idea of participation in solving organizational problems and decision making.</td>
</tr>
<tr>
<td>Lau, Wong, Chan, and Law (2001 as cited in Rethinam and Ismail 2008: 59)</td>
<td>Favourable working environment that supports and promotes satisfaction by giving employees rewards, job security and career growth opportunities.</td>
</tr>
<tr>
<td>Appelbaum et al. (2003)</td>
<td>1. The difference between the number of rewards workers receive and the amount they believe they should receive. 2. The fit between job requirements and the wants and expectations of employee. 3. More and more information about the workplace.</td>
</tr>
<tr>
<td>Martel and Dupuis (2006)</td>
<td>Corresponds to the condition of an individual in his or her dynamic pursuit of his or her hierarchically organized goals within work domains where the reduction of the gap separating the individual from these goals is reflected by a positive impact on the individual’s general quality of life, organizational performance, and consequently to the overall functioning of society.</td>
</tr>
<tr>
<td>(Mirkamali &amp; Narenji, 2008)</td>
<td>A philosophy, a set of principles, which state that employees are the most meaningful resource in the organization, and they should be dealt with dignity and respect.</td>
</tr>
<tr>
<td>(Rathi, 2009)</td>
<td>The favourableness or unfavourableness of a job environment for people.</td>
</tr>
<tr>
<td>Zhao, X., Sun, T., Cao, Q.,</td>
<td>Emphasises the material and spiritual satisfaction of individuals in</td>
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The initial search was thus further refined, this time, using only Quality of Work Life as key word and limiting the time period from 2000 till 2023. Some 35 research papers were thus retrieved and analysed accordingly.

**Findings & Discussions**

While we acknowledge that few authors have attempted, based on the nature of their studies, to either enumerate distinctively the components of QWL, others have provided broad explanations of what QWL entails. Irrespective of the way that the components have been put forward, our analysis of the various components of QWL as shown in Table I indicates few salient aspects as far as the evolution of QWL components and parameters are concerned. Walton in 1973, used only 8 components to describe QWL, but by early 2000s, Saraji & Dargahi (2006) and Stephen (2012) had reached 13 components, almost double the double. Later in the decade, Nanjundeswaraswamy and Sandhya (2016) put forward 17 factors which determined QWL. And post Covid, Ishak 2018, Jati et al., (2022) had reached 19 components for QWL.

There is thus a clear indication that over the last two decades, the dimensions of QWL as shown by studies considered by the researchers kept on evolving. However, there is scant research analysing this evolution of QWL and most importantly, pre and post Covid 19 periods. This is what we therefore attempt to do. We first portray all the definitions and parameters governing QWL provided by different authors.

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<th>Table I QWL Components</th>
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<td>et al. (2013)</td>
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<td>Vidal-Blancoa, Oliverb, Galianab, Sansboc 2018</td>
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<td>Hyelin Kim (Lina), Yinyoung Rhoub, Esra Topcuoglua, Yeong Gug Kim 2020</td>
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Pay, Rewards and Benefits
The studies analysed showed that pay and rewards have been an important component in the perception of QWL for the later part of the period studied. It can be seen that from 2008 onwards, pay and rewards have been recurrently stated as being a predeterminant of QWL. (See Karl and Sutton, 1998) which became more prominent after 2010. While immediately after 2010, “fairness” (Hosseini and Jorjatki, 2010) and “adequacy of rewards/ pay, “benefits” (Stephen 2012), on the other hand, became prominent thereafter. This might be explained by that fact that during the early 2000’s, financial rewards had lost their power in a more knowledge-based economy, but at a later time, there was a “struggle to retain the best employees” (See Sojka 2014), which in turn explained the resurgence of pay, reward & benefits as a determinant of QWL.
However, looking at the year 2021 till 2022, rather than “fair”, “adequate” reward and benefits, studies concluded with “appropriate compensation” (Kim et al., 2020) or balanced compensation” (Jati et al., 2022) as a predeterminant of QWL.

It is known now that the pandemic has significantly shaken the socio-economic balances of most countries, triggering financial shocks and strains across the globe (Kuckertz et al., 2020). Pay and benefits are considered to be hygiene factors as per the Maslow’s Theory of Needs and as per Bongaerts et al., 2021 and Brammer et al., 2020, while hygiene factors were being provided by most companies before the pandemic, after the global and local lockdowns and restrictions, the situation was no longer the same. Thus, after the pandemic, if employees perceived that their total earnings were balanced with the work that they were doing, and/or found their total earnings to be appropriate with what they were entitled to do at work, it thus contributed to their QWL. This might be explained by the fact that post pandemic, many employees were deprived of their benefits which they were entitled to without forgetting that even few pay structures were readjusted after the pandemic. So, post pandemic, it seems that compensation (that is total earnings) was more valued as a component of QWL as compared to the traditional pay, rewards, and benefits.

Work Environment
Covid 19 brought new dimensions to work environments, whereby it can be very safely argued that ways of work were reinvented almost overnight. The onset of the pandemic practically replaced the traditional face-to-face mode of work with virtual working (See for example Adisa et al., 2021, Pataki-BittÔ and Kapusy, 2021). Malecki, 2020 opined that the pandemic resulted in the largest remote workforce in order to prevent the spread of the virus thus protecting employees’ health.
In line with the above, it can be seen that work environment was a recurrent determinant of QWL pre covid period, that is from 2000 till 2018. However, from 2020 onwards, work environment was not portrayed as being a determinant of QWL. Rather, it can be seen that “work environment safety “and physic work environment” were put forward as determinants of QWL.
This might be explained by the emergence of the new normal of “work from home” becoming much more frequent in most businesses. (Pataki-BittÔ and Kapusy, 2021). The very fact that a considerable amount of people had started working from home and or online (See Georgia 2020, Malecki, 2020) in all spheres of businesses, the work environment as a predictor of QWL became quite insignificant. Rather, the safety associated with the work environment became of concern post Covid period (See Kim et al., 2020, Jati et al., 2022, Martini et al., 2023). In other words, employees were more concerned with the safety which their work environment provided rather than the typical work environment characteristics. (See for example Jaskyte 2016, Wong 2023)

Health & Safety
In the early 2000s, safety and health did not seem to be a recurrent component of QWL as compared to after 2018. From 2000 till 2018, only 4 studies mentioned safety & health as a component of QWL (See
Saraji and Dargahi 2006, Mirkamali & Narenji 2008, Nanjundeswaraswamy and Sandhya 2016, Ishak et al., 2018). However, safety aspects at work became a recurrent component of QWL after 2018, where studies specifically and clearly mention “health and safety needs concern” (Kim et al., 2020), “Work environment safety” (Jati et al., 2022) and “workstation and physical health” (Martini et. al., 2023) as major components of QWL.

On 11 March 2020, WHO declared the COVID-19 a pandemic. There were approximately 118,000 infections in over 110 countries and by the end of October 2021, there were more than 249 million cumulative cases and 5.04 million deaths across the globe (WHO, 2021a). It is a known fact that workplaces did contribute to the spread of the coronavirus, that’s why lockdowns were imposed (See The Health Protection Regulations, 2020). Such workplaces were not restricted only to health care institutions, but rather to all places of work where people interacted with each other.

Under such circumstances, employees realised the extent to which their workplaces made them exposed to health and safety issues. More so, while the virus seems to be largely under control, it cannot be said to have been eradicated from our planet, thus causing concern among employees. This scenario can very possibly explain the recurrent inclusion of workplace safety & health as a determinant of QWL after the pandemic.

Working Hours

Working hours and other allied factors such as work life balance and leave schedules, shift hours among others are also considered to form part of the components of QWL (See for example Ellis and Pompli 2002, Saraji and Dargahi 2006, Hosseini and Jorjatki 2010). Work-life balance refers to the extent to which an individual is equally engaged and satisfied with his or her work role and family role. (See Greenhaus et al., 2003, p. 513) and is thus deeply affected by working hours.

The COVID-19 pandemic has blurred the work and non-work domains as never before, forcing many employees to mandatorily transition to work from home. (See for example Corbera et al., 2020). More so, the uncertainty created by the pandemic caused organisations to opt for flexible employment arrangements, such as sub contracted work, temporary work, freelancers, among others (See Spurk and Straub, 2020)

While aspects pertaining to working hours, shifts and schedules were scantly mentioned as a component of QWL from 2000 till 2018, these parameters became recurrent as from 2020 (See Kim et al., 2020, Maqsood 2021, Jati et al., 2022). Covid 19 made many employees realise and consider their priorities about what they value (Amankwah 2023). Put in the words of Forbes et al., (2020), the experience of working from home has influenced preferences of employees as far as flexible work schedules and hours of work are concerned. Thus, studies, as mentioned above, show that the importance of being together with the family accentuated after the Covid 19 period. This concept of spending more time with the family is further explored by Greenhaus et al., 2003, whereby he is supported by Kreiner et al., 2009 who call for families and individuals to recognise the importance of balancing work demands and family needs. In this respect, it can be quite safely seen why working hours become a recurrent component of QWL after the pandemic.

Conclusion

Our findings clearly indicate an evolution in a few components of QWL from its initial conceptualisation from both Walton 1973 and Martel and Dupuis 2006. As already argued, the Covid 19 pandemic changed business circumstances almost overnight. However, we also notice that although the pandemic did not bring about any totally new parameters or components of QWL, few parameters or components of QWL, as thoroughly discussed in the previous section, were intensified during the post covid era. Some salient components were also seen to be more recurrent post Covid as compared to what they were pre covid era.
Limitations And Direction For Future Research

As with any other study, our study also has a few limitations which we would wish to put forward. Firstly, we analysed research papers which we had access to. There might be other papers pertaining to QWL which were not available to us. Secondly, we did not seclude our study based on some specific sector, for example, pertaining to health care organisations, tourism sectors etc. We rather analysed the papers available to us based on the year they were published and having QWL as a major component or key word. Nevertheless, we believe that the major and relevant seminal studies have been portrayed in our study, thus allowing our findings to be generalised.

In the light of the above, future research can thus be based on specific sectors to show the perception of QWL in each sector, since it is known that although the pandemic affected all business types, few sectors of the global economy were more affected than others.

References


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Tax treatment of collective investment scheme portfolios in South Africa: Assessing implications and alternative solutions

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Abstract
The Collective Investment Scheme (CIS) industry plays a significant role in South Africa's savings and economic landscape, with substantial growth and assets under management in recent years. However, the tax treatment of CIS portfolios has become a subject of concern, as incorrect approaches could lead to substantial revenue losses for the fiscus. This study examines the proposed amendment to section 25BA put forward in the 2018 Draft Taxation Laws Amendment Bill, which aims to introduce a new tax treatment for the proceeds of sales of financial instruments held by CIS portfolios for less than 12 months.

Through a comprehensive analysis of the proposed amendment, this study explores the potential implications and challenges that may arise if the amendment is implemented. It also investigates the common law principles in South African case law regarding capital and revenue determination and assesses their applicability to CIS managers and portfolios. By doing so, the study highlights the need for clarity and consistency in tax methodology to ensure fair treatment within the CIS industry.

In response to the identified issues, the study proposes alternative solutions that align with existing legislative frameworks and uphold precedents set by case law. These alternative solutions aim to promote tax compliance, transparency, and efficiency within the CIS industry, while avoiding the potential drawbacks associated with the proposed amendment.

The findings of this study contribute to the ongoing discourse surrounding tax and provide valuable insights for policymakers, regulators, and stakeholders within the CIS industry. By critically examining the Proposed Amendment, analysing its implications, and offering alternative solutions, this research contributes to a better understanding of the complexities surrounding tax treatment in the CIS industry and facilitates informed decision-making.

1. Introduction
The Collective Investment Scheme (“CIS”) industry plays a prominent role in South Africa's savings and economic landscape, boasting remarkable growth over the years. Starting with a single fund in June 1965, the industry now encompasses over 2 000 CIS portfolios (Financial Sector Conduct Authority (FSCA), 2023b) with a staggering total asset value exceeding R2.6 trillion as of December 2022 (Association for Savings and Investment South Africa (ASISA), 2022). This growth trajectory shows no signs of slowing down, with the addition of approximately 700 portfolios and R600 billion in asset value over the past four years alone.

Given the sheer size and scale of the CIS industry, any incorrect tax approach adopted could lead to substantial revenue loss for the fiscus. Consequently, it is of utmost importance to provide clarity regarding the tax methodology to be used within this industry. However, while ensuring tax compliance
and revenue generation, it is equally imperative that any new tax treatment imposed by the South African National Treasury does not significantly alter the operations of CIS managers or the portfolios they administer. Such alterations could have adverse implications not only for the CIS industry but also for a significant portion of the South African population and the broader economy.

Against this backdrop, this study aims to examine the proposed amendment to section 25BA put forward in the Draft Taxation Laws Amendment Bill (“TLAB”) in July 2018 (the "Proposed Amendment") (Taxation Laws Amendment Bill (Draft), 2018). By analysing the impact of this Proposed Amendment on the CIS industry, the study seeks to identify potential issues that may arise and propose alternative solutions that mitigate these concerns.

To achieve this objective, this study will proceed as follows: First, a brief overview of the legislative landscape and structure of the CIS industry will be provided, examining key regulations, documents, and parties involved in the formation and management of CIS and its portfolios. Then the relevant regulations will be delved into, and the roles of crucial stakeholders, including trustees, independent auditors, investors in CIS portfolios (referred to as “Unitholders”), the Financial Services Conduct Authority (“FSCA”), and the Association for Savings and Investment South Africa (“ASISA”) will be discussed.

Subsequently, the study will scrutinize the Proposed Amendment, which aims to introduce a new tax treatment for the proceeds of sales of financial instruments held by CIS portfolios for less than 12 months. This analysis will provide insights into the potential implications and challenges that may arise if the Proposed Amendment is implemented. Furthermore, an exploration of the common law principles in South African case law concerning capital and revenue determination will be conducted, along with an analysis of how these principles can be applied to CIS managers and portfolios.

As the study progresses, alternative solutions will be presented that aim to avoid the identified pitfalls while maintaining consistency with existing legislative frameworks and the precedents set by case law. These proposed alternatives will be carefully developed to promote tax compliance, transparency, and efficiency within the CIS industry.

Finally, the research findings and their implications will be summarized. Through a critical assessment of the Proposed Amendment, an examination of its potential ramifications, and the proposal of alternative solutions, this study aims to contribute to the ongoing discourse surrounding tax in the CIS industry.

2. Methodology

This qualitative study uses doctrinal research methodology and document analysis to interpret the results. Document analysis is the evaluation of all forms of documents (Bowen, 2009). Textual analysis is also used, focusing on the meaning that can be extracted from documents (De Vos et al., 2011).

This study seeks to examine the Proposed Amendment, the impact thereof on the CIS industry, and provide alternative solutions which avoid any potential drawbacks. The research was conducted by studying and analysing the following material:

(a) The legislative framework governing CIS managers and portfolios,
(b) Submissions made before National Treasury by ASISA on behalf of the CIS industry regarding the Proposed Amendment,
(c) The evolution of, and establishment of precedent in South Africa’s tax legislation regarding capital gains tax and income tax, and
(d) Publicly available documents and figures from registered South African CIS managers, ASISA, National Treasury, the FSCA, the South African Revenue Service (“SARS”) and the Johannesburg Stock Exchange (“JSE”).

3. The CIS Industry

The South African CIS industry has a number of key stakeholders, and applicable regulations that give it its structure. CIS portfolios and managers are governed by the Collective Investment Schemes Control Act, Act 45 of 2002 (“CISCA”) and fall under the authority of the Registrar of Collective Investment Schemes (the “Registrar”). As per sections 1 and 1A of CISCA, the Registrar falls within the ambit of the FSCA. Before being authorised to offer CIS portfolios to the public, section 5(1)(a) of CISCA
indicates a manager of these portfolios must first be approved by the Registrar to administer such portfolios.

The foundation of a CIS is the trust deed, defined in section 1 of CISCA as the agreement between a manager and a trustee, or the document of incorporation. In terms of section 69 of CISCA, only certain types of institutions may be registered as trustees for CIS portfolios. These institutions must satisfy the Registrar that the overall financial and commercial status and self-reliance of the institution are of a suitable nature, as well as it possessing ample expertise and resources necessary to operate effectively. The trustee’s mandate under section 70 of CISCA includes monitoring and reporting on a CIS manager’s administration of its portfolios, specifically with regards to compliance with investment limits, provisions of CISCA and the trust deed. Assets held in CIS portfolios are held in the name of the trustee, who will also hold voting rights on relevant instruments e.g., ordinary shares. Trustees, in safeguarding assets, are required by section 71 of CISCA to deal with monies invested and assets held in the portfolios within the best interests of the unitholders.

Unitholders are not restricted to any types of investors and include individuals, retirement funds and trusts, amongst others. Unitholders purchase a participatory interest in these portfolios, commonly referred to as “units” (National Treasury, 2018). Unitholders will participate in the returns and losses of the portfolio in proportion to their interest i.e., investment in these portfolios. The unitholders have no rights to the underlying holdings of portfolios, nor appoint portfolio managers of CIS portfolios.

Supplemental deeds are used in the CIS industry to establish new or amend existing CIS portfolios, which in terms of section 1(a) of Schedule 1 of CISCA must contain the investment policy to be followed by each portfolio. Should CIS managers wish to deviate from or change this investment policy, by virtue of section 98 of CISCA, they may not amend this provision of a supplemental deed without first obtaining the approval of the Registrar and the majority (in value) of unitholders. As party to the deed, the trustee will be aware of this variation of the supplemental deed and will need to approve any changes to an investment policy of a CIS portfolio.

Section 73 of CISCA requires CIS managers to appoint an auditor who will be responsible for conducting an independent audit.

CIS managers are required to disclose full holdings of each of their portfolios to the Registrar on a quarterly basis in a format determined by the Registrar (FSCA, 2017), while Board Notice 92 of 2014 (“BN92”) governs advertising, marketing and information disclosure requirements for CIS portfolios. Section 16 of BN92 requires each portfolio to provide a Minimum Disclosure Document (“MDD”). Each MDD must include the investment objective, policy summary, and essential characteristics for informed investment decisions. They must also provide the distribution dates and values over the past 12 months (section 16 of BN92).

CIS Hedge Funds are a relatively new entrant to the South African CIS industry with the enactment of Board Notice 52 of 2015, which governs the limits of investment for CIS in Hedge Funds. As at 31 December 2021, the Hedge Fund industry had combined assets under management (“AUM”) of R75.8 billion (Novare Holdings, 2021). While this figure is not insignificant, it only represented just under 3% of the CIS industry AUM as at 31 December 2021 (ASISA, 2022).

ASISA was formed in 2008 and represents most of South Africa’s asset managers, CIS management companies, linked investment service providers, multi-managers and life insurance companies (Association for Savings and Investment South Africa (ASISA), 2021b). While membership of ASISA is not compulsory, it can be inferred that membership is held in high regard. The majority of active CIS managers are associated with ASISA (ASISA, 2021; FSCA, 2023b).

The aforementioned structures and regulations encompass only a portion of the legal requirements applicable to CIS managers and portfolios. More than 35 Board Notices and General Notices (FSCA, 2023c) are applicable to CIS portfolios in addition to more than 25 Circulars (FSCA, 2023a). The industry is highly regulated, with independent oversight from the trustee and auditor, as well as the possibility of a fine and/or imprisonment for most parties if CISCA requirements are not followed.
4. The taxation of proceeds of disposals in CIS portfolios

The CIS industry may encounter problems through the introduction of the Proposed Amendment. The Eighth Schedule of the Income Tax Act, Act No 58 of 1962, (“the Act”) requires under paragraph 61 that any capital gain or loss in respect a disposal of a holding by a CIS portfolio (other than a portfolio of a collective investment scheme in property) must be disregarded. Where the proceeds of the disposal of assets held by a CIS portfolio are deemed to be revenue in nature, these are be dealt with under Section 25BA of the Act.

4.1. Section 25BA

As Section 25BA currently stands, CIS portfolios will need determine whether the disposal of a financial instrument by a CIS portfolio is capital or revenue in nature. Those proceeds of disposals of assets determined to be capital will be taxed in the hands of the Unitholders when they redeem Units of the portfolio they are invested in, in terms of paragraph 61 of the Eighth Schedule of the Act. Those proceeds that are deemed to be revenue in nature, will be assumed to have accrued to the Unitholder when the amount in question is distributed to the Unitholder, and hence form part of their taxable income for the tax year. Note that it is standard practice for CIS portfolios to distribute at least annually.

However, the Act does not define what would render an amount revenue or capital in nature. Whether an amount constitutes capital or revenue will depend on facts and circumstances as well as tests laid down in case law.

4.2. The Proposed Amendment

The Explanatory Memorandum accompanying the Draft TLAB suggests that SARS and National Treasury express concerns over potential misuse of registered CIS portfolios as undisclosed trading accounts for shares and other financial instruments (National Treasury, 2018). This risk is particularly heightened in Hedge Fund CIS portfolios, which often utilize derivative instruments. Retail Investor Funds, according to Section 14(5) of Board Notice 52 of 2015, are allowed leverage up to 200% of the portfolio value. This leverage can be achieved through borrowing or the use of derivatives, which typically have a maturity of less than 12 months when traded on the JSE (Johannesburg Stock Exchange (JSE), 2023). Conversely, the FSCA, which also falls under the oversight of National Treasury, has not raised any public concerns hereto.

The Draft TLAB sought to introduce a new subsection to section 25BA of the Act (Taxation Laws Amendment Bill (Draft), 2018), resulting in proceeds from the disposal of a financial instrument to be income in nature if that financial instrument was disposed of within 12 months of the date of acquisition. The definition of “financial instrument” in section 1 of the Act encompasses a wide variety of investment assets, including short and long-term interest-bearing instruments, shares, commodities and participatory instruments in a CIS portfolio. This definition encapsulates the permissible investment universe of South African CIS portfolios.

The result of this new subsection is that any proceeds distributed by CIS portfolios to Unitholders within 12 months of its accrual will be taxed in the hands of these Unitholders at their marginal tax rates. The Proposed Amendment therefore carries significant implications for Unitholders, as well the investment management and administration of CIS portfolios.

4.3. Potential Consequences of the Proposed Amendment

The Proposed Amendment, while providing some clarity in terms of how proceeds from sales of instruments within CIS portfolios should be treated, does raise a number of potential negative consequences for the CIS industry. These may include:

Incongruency with Investment Policy

As previously discussed, managers of CIS portfolios are required to abide by the investment policy stipulated in the supplemental deeds of the respective portfolios. However, portfolio managers may be influenced to hold a particular financial instrument, trading at what they believe to be par value, longer...
than what may be deemed appropriate, in order to have the proceeds of the sales of these financial instruments be capital rather than income in nature.

Alternatively, portfolio managers may elect to dispose of assets trading below their purchased base cost that have been held for less than 12 months in order to realise a loss on the disposal, instead of holding these assets to ultimately realise gains originally envisioned in the investment objective of the portfolio.

**Differing Tax Treatments of Unitholders**

Unitholders within CIS portfolios may be subject to different tax treatments. Managers, who are considering disposing of an asset within the portfolio held for less than a year, may face the near-impossible task of weighing up the interests of untaxed entities (e.g., retirement funds) and those persons or entities that are taxed at differing marginal rates. Additionally, this may place an enormous burden on trustees who are required to discharge their duties of acting for the benefit of Unitholders.

**Withdrawals by Unitholders**

Portfolio managers may also be forced to sell instruments against their intentions. Unitholders may not only be subject to different tax treatments but may also have vastly different amounts invested. A Unitholder who seeks to redeem a sufficiently large investment may trigger portfolios having to sell instruments, some of which may have been held for less than 12 months, in order to redeem the Units (CIS portfolios are permitted to go into overdraft under Section 96 of CISCA in order to fund withdrawals, but the costs of overdraft are borne by the CIS portfolio). The instruments disposed of, which have been held for less than a year, would result in proceeds rendered as income under the Proposed Amendment. These forced sales not only affect the CIS portfolio, but every other invested Unitholder within the CIS portfolio.

**Index Funds**

Index funds, as their names suggest, seek to mimic the behaviour of a specified index. In order to do this, these portfolios need to be rebalanced by buying or selling instruments in line with the weightings of the index, normally performed when the replicated index is rebalanced. Forced disposals to mimic an index would realise proceeds that are revenue in nature, while actively managed portfolios may continue to hold the same financial instruments until the proceeds on disposal would be regarded as capital in nature.

**Treating Customers Fairly and Recharacterization of Proceeds**

The Financial Advisory and Intermediary Services Act, no 37 of 2002 (“FAIS”) requires under section 7(1)(xi) of the General Code of Conduct that financial services providers must disclose all material tax matters that investors should consider. This extends to financial products that utilise CIS portfolios as investment vehicles. In addition, CIS managers are required in terms of section 3 of CISCA to disclose all information necessary for Unitholders to “make an informed decision” in a timely and comprehensible manner.

However, the Proposed Amendment does not invalidate SARS’ ability to retrospectively raise an additional assessment against a CIS portfolio (in terms of section 99(2) of the Tax Administration Act) and recharacterize proceeds received by the portfolio as revenue, even if the proceeds were received from a disposal of an asset held for more than 12 months, as envisioned by the Proposed Amendment.

The Proposed Amendment therefore does not provide absolute certainty with regards to tax treatment and makes it difficult for investment managers to discharge their duties under FAIS and CISCA.

**Derivative instruments**

Derivatives are a crucial part of hedge fund CIS portfolios and in terms of Section 3(8)(b) of Chapter I of Board Notice 90 may also be used in non-hedge fund CIS portfolios for efficient portfolio management seeking to minimize risk, costs, and achieve the investment objectives by generating capital or income within an acceptable risk threshold. South Africa has a large derivative market (Hong Vo et al., 2020). The instruments traded on the JSE include index futures, options and single stock futures. The vast majority of
these contracts have a term of less than 12 months. Any profits on these contracts held by a CIS portfolio would be revenue in nature under the Proposed Amendment. Managers of CIS portfolios would therefore be disincentivised from using derivative instruments and so remove a potentially valuable investment tool that may be used for efficient portfolio management.

It is clear that the Proposed Amendment provides a less than ideal solution regarding taxation of CIS portfolios. The Proposed Amendment will likely add additional layers of intricacy to an already complex industry, without providing complete certainty on tax treatment for CIS portfolios.

5. Case Law and CIS portfolio application

This study examined specific principles found in South African jurisprudence with regards to capital and revenue determination, and how these principles may be applied to the disposal of assets held by CIS portfolios.

It is worth noting that in terms of Section 102 of the Tax Administration Act, the taxpayer always bears the onus of proving that an amount in question is capital in nature. In order to discharge this onus, the taxpayer would need to show that the amount in question is capital on a balance of probabilities (CIR v Middleman (1991 SA 200)(52 SATC 323)).

5.1. Intention

South African tax case law has extensively addressed the distinction between revenue and capital nature of proceeds from asset sales. One of the dominant tests is intention. More specifically, what was the taxpayer’s intention when the asset was acquired and did that intention change prior to sale?

Intention was originally referred to in CIR v Stott (1928 AD 252)(3 SATC 253), where it was stated that in the absence of a scheme of profit-making, intention was conclusive in determining capital or revenue. A change in intention has also been examined by the courts (Natal Estates Ltd v SIR (1975 SA 177)(37 SATC 193)).

In the case of Elandsheuwel Farming (Edms) Bpk v SBI (1978 SA 101)(39 SATC 163), the court held that when new shareholders took ownership of the company, the intentions of the company changed, inferring that the intentions of the shareholders be taken as those of the company. However, Unitholders do not enjoy comparable rights to shareholders. Unitholders do not own the assets underlying their Units and have no say with regards to the investment policy, apart from voting for or against a proposed change to the investment policy, in terms of Section 98(2)(a) of CISCA. Therefore, the intentions of Unitholders are inconsequential when it comes to determining the intentions of a CIS portfolio.

One can also look to the intention of the investment policy of a CIS portfolio. The policy may be comparable to the memorandum of incorporation (“MOI”) of a company in that it is the reason for the formation of the respective entities and describes activities each will undertake. The courts have made numerous references to the MOI in seeking to determine whether profits on sales of shares were capital or income in nature (African Life Investment Corporation (Pty) Ltd v SIR (1969 SA 259)(31 SATC 163); Commissioner of Taxes v Boopsens Estates Ltd (1918 AD 576)(32 SATC 10)).

The investment policy includes a portfolio’s objective, which if sufficiently clear, is useful in portfolios that invest in asset classes that are generally associated with capital growth (e.g., equities) and income-generation (e.g., interest-bearing instruments). Where this is the case, it is the ‘dominant purpose’ which is decisive (i.e., capital growth or income generation) (Bloch v SIR (1980 SA 401)(42 SATC 7)).

Conversely, it has been stated the underlying motives of purchases and sales, as well as the manner in which they were conducted is more important than the MOI (African Life Investment Corporation (Pty) Ltd v SIR (1969 SA 259)(31 SATC 163)).

The conclusion that may be drawn in this instance is that while the MOI or investment policy may provide useful information on intention, the motives of the company or CIS portfolio weigh heavier.

The last intention principle to consider is the intention of the portfolio manager. If companies’ directors are akin to portfolio managers of CIS portfolios, and courts have said the only way of ascertaining a company’s intention is to consider the directors’ actions (CIR v Richmond Estates (Pty) Ltd (1956 SA 602)(20 SATC 355)), then portfolio managers’ intentions should be considered. However, portfolio managers, overseen by the trustee and auditor, are required to operate strictly within the
investment policy of the trust or supplemental deed. Consequently, the manager’s intention holds limited significance.

5.2. Length of Time held and Fortuitous Sales

When seeking to determine the nature of proceeds, another factor that has been considered is the length of time assets are held. The longer the time, the more likely the proceeds are capital in nature (CSARS v Capstone 556 (Pty) Ltd 2016 (4) SA 341 (SCA)). Additionally, section 9C(2) of the Act states that the proceeds of a disposal of shares held for at least 3 years will be deemed to be capital in nature. However, this principle is not set in stone and shorter time periods have not necessarily resulted in proceeds being revenue in nature (Bloch v SIR (1980 SA 401)(42 SATC 7)). Even SARS has agreed the manner in which the asset is dealt with is more important that the length of time held (South African Revenue Service (SARS), 2020).

For portfolio managers that trade in listed shares there may be other investors bidding on the relevant exchanges for shares at levels these managers deem high. Accepting these offers to dispose of shares at profit may therefore be deemed to be fortuitous and a sale of their shares be regarded as “a realization of their investment” (Bloch v SIR (1980 SA 401)(42 SATC 7)).

5.3. Proceeds of Sales from a CIS Scheme Perspective

CIS managers may argue that irrespective of a CIS portfolio’s investment policy, or how long an asset was held for before disposal, that proceeds are by default capital in nature. The merits for this argument begin with an understanding of the CIS managers’ fees, the income earning structure versus operations, the “tree vs fruit” principle and the contribution of proceeds to the manager’s fees.

Fees

CIS managers earn either performance fees or fixed fees. The quantum of both will depend on the AUM of their CIS portfolios. AUM increases as a combination of the net Unitholder inflows into portfolios and the CIS managers growing assets in these portfolios. Growing portfolio assets are a combination of capital appreciation (producing positive returns) and capital protection (limiting negative returns).

Income Earning Structure vs Income Earning Operations

It was made clear in New State Areas Ltd v CIR (1946 AD 610)(14 SATC 155), that the income earning structure is capital in nature while the income-earning operations are revenue in nature.

“Fruit vs Tree” Principle

The definition of capital excludes income, and vice versa (CIR v Visser (1937 TPD 77)(8 SATC 271)). The case goes on to conclude that income is what capital produces and is similar to the nature of interest or fruit as opposed to principal or tree. However, due to differing viewpoints, this application is often difficult to adhere to. Law books in the hands of a lawyer are a capital asset; in the hands of a book seller they are a trade asset (CIR v Visser (1937 TPD 77)(8 SATC 271)).

In terms of section 93 of CISCA, the majority of net proceeds of sales of instruments will accrue to the Unitholders of the portfolio, after the deduction of the CIS manager’s fee and other expenses. The net proceeds of the sales are thus not the fruit of the CIS manager’s labour – the fee is. If the net proceeds of sales are not the fruit, they are not income (revenue).

Contribution of Proceeds to Managers’ Fee

It may be argued that the profits on sales of instruments do, however, contribute to the manager’s fee or are sufficiently closely associated with this fee. However, this is only true in certain cases. It is not true in the case of fixed fee arrangements, as fees are based on AUM, and not returns of the portfolio. It is also not always true of performance fee arrangements, as fees are based on a manager meeting a certain benchmark. It is possible for managers to earn a management fee where a CIS portfolio reports a negative return, but one that is better than the portfolio’s benchmark. The occasions where positive proceeds may
yield fees is where a portfolio charges a performance fee and shows a positive return in excess of its benchmark.

This study has discussed certain principles laid down in South Africa tax case law in determining the nature of proceeds. Ultimately, the intentions of the portfolio managers of the CIS portfolio, like directors of a company, may be taken as the intentions of the CIS portfolio itself. However, unlike directors of a company, portfolio managers may only act strictly within the constraints of the investment policy of the specific CIS portfolio they manage. The length of time an asset was held for before disposal is of less importance than the intention with which it was acquired and disposed of. The intention of CIS managers is to build an income-producing structure through protecting and growing AUM, as well as attracting and retaining investors, so as to earn fees, and therefore proceeds cannot be the income (revenue). The intentions of Unitholders are of no consequence to portfolios managers with regards to how a portfolio is run. As the effects of Proposed Amendment will be borne by Unitholders, there is a distinct disconnect in precedent established by tax case law and the effects of the proposal.

6. Development and Discussion of Possible Alternative Solutions

6.1. SARS' Tax Principles and the Proposed Amendment

National Treasury, faced with the potential loss of taxes from some CIS portfolios allegedly claiming proceeds as capital rather than revenue in nature, sought to introduce the Proposed Amendment that unfortunately carries a number of unintended consequences potentially harming the CIS industry.

SARS aims to ensure compliance in an efficient and cost-effective manner, avoiding excessive administrative burdens that could hinder trade, economic growth, and development. To this end, SARS states three principles that it seeks to adhere to in this approach (SARS, 2023a): (i) Making taxpayers aware of their obligations; (ii) Making it easy for taxpayers to meet these obligations; and (iii) Acting against those who breach the law.

This study will seek to develop and evaluate potential alternative solutions in line with SARS’ stated goal of tax compliance and the aforementioned principles.

6.2. Alternative Solution: Classification of Portfolios by SARS

Normal Operations of CIS Portfolios

CIS portfolios are required to invest as per the investment mandate and objective of the respective portfolio; buying and selling is not driven by how long instruments have been held. The selling of an instrument that has been held for only a number of months is not inconsistent with a portfolio that seeks to grow capital over the long-term.

Hans Hoogervorst, Chairman of the International Accounting Standards Board, has emphasized the importance of considering short-term fluctuations even for long-term investors. There is a need for continuous evaluation and adjustment in business to avoid larger corrections in the future. One must be cautioned against disregarding market values and solely focusing on the long term (Hoogervorst, 2013). Managing portfolios requires that a number of long- and short-term variables need to be considered with day-to-day decisions made in line of the portfolio objective.

Leveraging and adding to existing measures of oversight

CIS portfolios are established through supplemental deeds, which outline the investment mandate and objectives approved by the FSCA. While the intentions of the portfolio manager are considered, they must operate within the constraints of the mandate and relevant legislation, under the oversight of the trustee and independent auditor. If a portfolio adheres to its mandate, regardless of the holding period of specific instruments, all proceeds may be argued to be of a capital nature, especially for portfolios focused on long-term capital growth. Categorising portfolios based on their dominant intention, such as capital appreciation or revenue generation for Unitholders, could simplify the application of capital or income tax on distributions. ASISA’s Standard on Fund Classification offers a useful framework for grouping portfolios with similar objectives (ASISA, 2021a), which can be extended by assigning trustees and auditors the duty to report on portfolio adherence to its objective when capital appreciation is the goal.
Supporting Records

CIS portfolios are required to provide detailed reports to external stakeholders, including the FSCA, following a prescribed format. SARS has the authority under section 46 of the Tax Administration Act to request relevant information for tax administration purposes. To ensure compliance with the investment policy, SARS can request records from CIS portfolios on a regular basis, such as quarterly, specifying the list of financial instruments sold, duration of holdings, and reasons for the sales. Suspicious transactions may trigger further investigation to verify if the portfolio has conducted the sales in alignment with its objective of capital growth.

Common Oversight of SARS and the FSCA

SARS and the FSCA, both reporting entities under National Treasury, have a common reporting line that facilitates collaboration and efficiency. The FSCA conducts onsite visits at CIS managers to ensure compliance with financial sector regulations, as mandated by section 132(2) of the Financial Sector Regulation Act. In the event of potential non-compliance uncovered during FSCA inspections, SARS may be prompted to investigate whether portfolios administered by the CIS manager are still adhering to their investment objectives. Similarly, if SARS identifies a CIS portfolio operating more like a share dealing account rather than an investment vehicle, this could indicate to the FSCA that the portfolio is deviating from its investment mandate, potentially leading to appropriate action against the relevant CIS manager, trustee, and/or auditor.

Assessment of the Approach of Classifying Portfolios

The classification of CIS portfolios into categories eligible for capital gains tax treatment presents challenges and potential costs for SARS, as it may require significant time and resources. Some portfolios may not fit neatly into either the capital or revenue category due to wide investment mandates or unclear objectives. CIS managers with ambiguous investment objectives may dispute the classifications assigned by SARS, arguing that their portfolios actually focus solely on capital appreciation despite broad mandates. Redrafting the investment mandate is an alternative, but it involves time, cost, investor balloting, independent auditing, and authorisation from the Registrar, potentially leading to capacity constraints and delays if many portfolios seek such changes.

This approach discourages artificial arrangements aimed at minimising tax liabilities and promotes transparency in reporting. It simplifies the application of tax laws, making it easier for taxpayers to understand their tax obligations and reduces administrative burdens. Requiring detailed records from CIS portfolios on a regular basis ensures transparency and accountability and enhances the detection of potential non-compliance. The common oversight between SARS and the FSCA facilitates collaboration and efficiency, deterring non-compliant behaviour and ensures appropriate actions are taken. Therefore, the approach aligns with the principles of awareness, ease of compliance, and enforcement, while avoiding excessive administrative burdens that could hinder trade, economic growth, and development.

6.3. Alternative Solution: Introducing Holding Periods on Unitholders

Argument for Imposing a Holding Period on Unitholders

The focus of the study thus far has primarily been on the operations of CIS portfolios, with limited consideration given to Unitholders. However, it is important to acknowledge that Unitholders would be responsible for the tax payable at their marginal tax rates if the Proposed Amendment is enacted, as CIS portfolios typically distribute profits at least annually.

SARS aims to treat taxpayers fairly and equally (SARS, 2023b). However, under the Proposed Amendment, some Unitholders may benefit from fortuitous timing of redeeming their Units, while others, through no fault of their own, may face higher taxes due to remaining invested when instruments held for less than 12 months are sold for a profit.

To address this unequal treatment, SARS could impose a holding period on Units held by Unitholders, rather than focusing solely on the instruments held by CIS portfolios, as a basis for determining tax treatment.
While Units in CIS portfolios are generally perceived as medium to long-term investments (Section 6(1) of Board Notice 92), allowing for the assumption that proceeds are capital in nature, it is also recognised that Unitholders may engage in portfolio switching to chase performance. Such practice should be cautioned; Unitholders should consider whether their objectives have changed significantly enough to justify a switch.

Unitholders who engage in market timing to pursue performance suggests a scheme of profit-making rather than a focus on capital growth. In South African case law, the dominant test for tax treatment when disposing of an asset relates to the taxpayer's intention. Consequently, the profits from the redemption of Units should be treated as revenue rather than capital.

Implementing a holding period for Units, similar to the provisions outlined in section 9C of the Act, would offer guidance on how profits from the redemption of Units should be treated. Unitholders who dispose of Units before the prescribed holding period could still claim the proceeds as capital, but they would bear the burden of proving the capital nature of the amount.

**Assessment of the Approach of Introducing Holding Periods on Unitholders**

The potential alternative solution of imposing a holding period on Unitholders, instead of CIS portfolios, aligns with SARS' goals of tax compliance and the three principles informing this compliance. This approach ensures that Unitholders are informed of their obligations through CIS managers (section 3 of CISC and section 7(1)(xi) of the General Code of Conduct for Services Providers and Representatives of the Financial Advisory and Intermediary Services Act), while allowing uninterrupted operations of CIS portfolios. Imposing a holding period on Unitholders does not burden CIS managers excessively, as they already provide information disclosures (and already track when certain financial instruments were bought and sold for a particular CIS portfolio).

Furthermore, this approach avoids the drawbacks discussed earlier, such as pressure on portfolio managers to operate outside of the investment mandate (or consider the needs of one unitholder over another), penalties for Index Funds when rebalancing, and limitations on derivative instrument usage. By placing the responsibility on Unitholders, they have control over the tax treatment of sales proceeds and are unaffected by others. Additionally, this strategy may promote savings and discourage switching, contributing to National Treasury's goal of improving savings rates (National Treasury, 2022). It may also enhance compliance within CIS portfolios by reducing incentives for short-term performance chasing (and potentially share-dealing).

7. **Conclusion**

This study aimed to assess the potential impact of the Proposed Amendment on the CIS industry and explore alternative solutions that could address the identified issues. By examining the regulatory environment, potential challenges of the Proposed Amendment, and relevant South African case law on capital and revenue determination, the study has provided valuable insights into the subject matter.

The findings reveal that the CIS industry is subject to rigorous regulation, with multiple layers of oversight and reporting requirements for CIS managers and portfolios. This level of scrutiny makes it difficult for CIS portfolios to deviate significantly from their investment mandates unnoticed. Moreover, the study argues that short-term sales of instruments within CIS portfolios should not be automatically considered as indicative of profit-making schemes, as they can align with the long-term capital growth objectives.

Based on the analysis, it is concluded that the Proposed Amendment could potentially create significant difficulties for the CIS industry and have adverse consequences for Unitholders. In response, the study proposes two alternative solutions. The preferred solution suggests imposing a holding period on Units held by Unitholders to determine whether proceeds should be classified as income or capital. This approach aligns with the goal of tax compliance and principles set by SARS.

Furthermore, the study suggests that CIS managers can provide guidance to Unitholders regarding the tax treatment of Unit disposals based on the holding period. Given the comprehensive records already maintained by CIS managers, this recommendation can be implemented relatively easily, benefiting both the National Treasury and the CIS industry.
Overall, this study contributes to the ongoing discourse surrounding tax regulation in the CIS industry. By critically assessing the Proposed Amendment, examining its potential ramifications, and proposing alternative solutions, the study offers valuable insights for policymakers, industry stakeholders, and researchers interested in tax compliance, transparency, and efficiency within the CIS industry.

7.1. Limitations and Areas of Future Research
Firstly, this study focuses specifically on CIS in Securities portfolios and not on any other unitised savings vehicles which are not approved in terms of CISCA. Therefore, the findings and conclusions of this study may not be directly applicable to other types of investment vehicles. Secondly, this study relies on the existing regulatory framework, case law, and proposed amendment to analyse the implications and propose alternative solutions. Changes in regulations or new legal developments subsequent to the completion of this study may impact the applicability of the findings in future scenarios. Additionally, this study does not consider broader macroeconomic factors or external influences that may affect the CIS industry and its tax treatment. Factors such as market conditions, economic trends, or changes in investor behaviour could have implications beyond the scope of this study. Despite these limitations, the findings and insights presented in this study contribute to the understanding of the tax implications for CIS portfolios and provide a foundation for further research and exploration in this area.

Based on the findings and analysis presented, several areas for future research can be suggested. Firstly, investigation into the value of Units disposed of before three years (when proceeds from disposals are automatically deemed to be capital), and the gains or losses on such Units should also be considered in order to determine the current potential losses to the fiscus and inform the necessity for amendments to tax law. A comparison could be performed of the tax treatment of CIS portfolios in South Africa with other jurisdictions that have similar investment schemes. This comparative analysis would shed light on best practices and alternative approaches to tax regulation in the CIS industry. Lastly, an exploration of the behaviour and decision-making processes of Unitholders in response to the Proposed Amendment would provide insights into how investors might adjust their investment strategies and portfolios based on the tax treatment changes, contributing to a better understanding of market dynamics. By exploring these areas of future research, scholars and policymakers can further advance the understanding of tax regulation in the CIS industry, enhance the effectiveness of tax policies, and promote the sustainable growth of the industry.

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A Case Study of student’s and instructor perception of the Transformation of the educational field through the use of artificial intelligence

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Keywords
Artificial intelligence, Boundary, Learner-instructor interaction, Online learning

Abstract
Artificial intelligence (AI) approaches offer effective support for online learning and teaching, including personalizing learning for students, automation for instructors’ routine tasks, and fueling personalized appraisals of students. However, while the opportunities for AI are promising, the impact of AI systems on the culture of expectations and interactions between students and instructors are still vague. In online learning, learner-instructor interaction has a profound impact on students’ satisfaction and learning outcomes. Therefore, identifying how students and instructors perceive the impact of AI systems on their interaction is important to identify any gaps, challenges, or barriers preventing AI systems from achieving their intended potential and risking the safety of these interactions. For the purposes of this research paper and to address this need we will conduct interviews with 10 graduate online students and 2 instructors on their perception of AI in online learning.

Introduction
We live in a technology-intensive digital knowledge age, and artificial intelligence technologies have infiltrated every facet of our lives, including education. According to research, artificial intelligence can be used to overcome many challenges faced in online distance education and can be further helpful in enhancing teaching and learning undertakings. The accessibility of artificial intelligence technologies’ ability to generate their own models, and widespread adoption of learning analytics methods force us to consider how to effectively use artificial intelligence in education in general and online distance education in particular. Due to the present heightened focus on artificial intelligence technologies, the main purpose of this paper is to examine the student and instructor perception on artificial intelligence in online distance education.

While the opportunities for AI are promising, instructors may perceive the impact of AI systems negatively. For instance, instructors may worry that relying too much on AI systems might compromise the student’s ability to learn independently, solve problems creatively, and think critically (Wogu et al., 2018). It is also important to examine how students perceive the impact of AI systems in online learning environments (Cruz-Benito et al., 2019). The AI in Education (AIEd) community is increasingly exploring the impact of AI systems in online education. For example, Roll and Wylie (2016) call for more involvement of AI systems in the communication between students and instructors, and in education applications outside school context. At the same time, Zawacki-Richter and his colleagues (2019) conducted a methodical review of AIEd publications from 2007 to 2018 and as a result found a lack of critical refection of the ethical impact and risks of AI systems on learner-instructor interaction. Popenici and Kerr (2017) examined the impact of AI systems on learning and teaching, and discovered potential conflicts between students and instructors, such as privacy concerns, changes in power structures, and excessive control.
All of these studies called for more research into the impact of AI systems on learner-instructor interaction, which will help us identify any gaps, issues, or barriers preventing AI systems from achieving their intended potential. Indeed, learner-instructor interaction plays a critical role in online learning. Kang and Im (2013) validated that factor of learner-instructor interaction, such as communication, support, and presence, improve students’ satisfaction and learning outcomes. The learner-instructor interaction further affects students’ self-esteem, motivation to learn, and confidence in facing new challenges (Laura & Chapman, 2009). Less is known, however, about how introducing AI systems in online learning will affect learner-instructor interaction. Guilherme (2019, p. 7) predicted that AI systems would have “a deep impact in the classroom, changing the relationship between teacher and student.” More work is needed to understand how and why various forms of AI systems affect learner-instructor interaction in online learning (Felix, 2020).

**Literature Review**

The authors conducted a three-week STEM program and study with various Artificial Intelligence assisted tools and activities for non-engineering undergraduates. The group of students were a mix of low literacy and high awareness about artificial intelligence, where students were significantly educated about these methods and also made aware of various ethical questions and clouding around the concept of Artificial Intelligence. These studies show a considerable amount of negative mindsets among non-technology students as they claim that they become disconnected to the conventional methods of learning when artificial intelligence and related tools are introduced to them, they are wary of the change this brings about to their existing systems and find difficulty in adapting to the new way of doing things. AI education systems also make a greater shift in the way of life that people have, providing a perspective of social scientific issues that affect implementation frameworks of both education and real-world experiences. Pre-tests and post-tests were conducted during this research to determine the knowledge shift that students experience as a result of introducing artificial intelligence assisted tools in their education streamline. The various activities and trainings that were part of this three-week program also measured the AI understanding scale among the students who took participated in the study.

The study of Technology Acceptance Model (TAM) helps in understanding the orientation teachers have towards accepting Artificial Intelligence and its assistance in educational tools. The authors have studied the perspective of 83 science teachers in Abu Dhabi, where the results show a positive relationship between teachers and AI tools in education on various determinants. The TAM Model is a theory that analyses the way users lean towards or away from technology, and how they perceive it to be a useful tool based on certain criteria. The sample that the authors selected, had a positive inclination towards technology since they recognized the utility of technology for science-based curriculums, and the acceptance rate among teachers for Artificial Intelligence is quite high based on various dimensions and criteria used in the study to understand teacher orientation towards AI. The dimensions used to standardize the test were the easy to use factor of AI, whether it is user friendly or not for various levels of technology adeptness, self-efficiency where the meter was to understand how effective and independent the technology makes students, the benefits of technology assistance over traditional methods of books and learning materials, various attitudes of the users and how technology can be tailored according to individual users, how behavioral factors affect the way knowledge is transferred among others. Teachers were also inclined towards technology and AI Assisted models for imparting knowledge and skill to students as they believed that it was less stressful and less anxious according to the study.

Human Centered Artificial Intelligence (HCAI) in the field of education is researched in this paper by the authors Li and Gu who study the benefits of AI and focus on the risks it poses on the result of gaining knowledge in our education systems. AI has created a revolution in education by enhancing the learning experience of students through data analysis models, making the practice more independent, real-time and often an immersive component of learning. The benefits reaped by students also include chat-bots that provide real-time clarifications for doubts, tailoring the content through machine learning where the student’s profile is scanned to develop a study method and topic inclusion based on the student’s online activity and needs. However, the risks indicators that are identified by the authors for this study are eight and are: misunderstanding the concept, misusing the available resources, mismatching the pedagogy,
increase in privacy security risk, transparency risk, accountability risk, bias risk and perceived risk. These indicators are further divided into four categories to help in conclusions, and the method followed to conduct the study was the Delphi-AHP method, to develop the risk indicator framework and study the relationships between each indicator and how they affect the outcome of gaining quality education. A key finding in this study was the lack of AI governance methods that would significantly reduce the risks of Artificial Intelligence in education through setting regulations and standards to be adopted industry wide.

The advent of digitalization of education through technology and Artificial Intelligence has brought about a multitude of benefits for students and at the same time created challenges that question the ethics in these technologies being used and misused. The authors make an interesting comparison between education or training provided by humans versus machines and argue that students cannot develop in a wholesome manner when choosing the later those leads to lack of values, missing spiritual and moral competency developments. This research touches upon the cultural and family relation effects that AI and digital education brings about in our society. Educations does play a pivotal role in shaping the values and relationship aspect of generations, as students are deeply affected by not only what they learn but also how they learn it. The methodology used for this study is a theoretical analysis that helps the authors establish the results that digital transformations have brought about in our society. The research results are nothing but astonishing where the researchers have found that digital education has revolutionized the pattern of learning but severely lags in the human touch thus producing a race of humans who have redefined ‘being human’ by critical thinking rather than emotional thinking. Culture as a whole has been shifting from ‘living in groups’ as humans are a social being by nature to living in an extreme state of independence and lack of empathy. Therefore, the ethical responsibility of education where a person is developed in a wholesome manner is overlooked by skillsets and technical knowledge attained through digital means.

The authors have researched publications from the year 2000 to 2019, to conduct a quantitative analysis to identify the various trends and improvements in the field of Artificial Intelligence in education. Machine based learning techniques were introduced in the early 2000’s and have gained momentum by extreme transformation in the education industry. The authors identified a gap in assessment of the AI methods due to the absence of quantitative studies to determine accurate results. Data collection was undertaken from nearly 4000 publications, duplicates that were irrelevant were excluded and the final data sets were processed through four methodologies- bibliometric indicators, social network analysis, structural topic modelling and Mann-Kendell trend test. These were utilized to study the consistency and exclusivity of AI study methods to understand various trends across this period of time. Artificial Intelligence in education creates a unique and novel learning experience for students utilizing machine learning algorithms, natural language processing (NLP) methods, robot assistance for learners among others; these methods assist learners to excel, providing them constant guidance, evaluation, feedback and predictions. Student emotions can also be captured and processed with advanced AI systems and recommends personally tailored sessions for value addition and individual attention to students. There are few challenges that are identified in this study, including the massive issue of data privacy as these systems continually collect and store user information, acceptance among the general public, and ensuring technical support for these methods of instructions as and when needed. It is also a valid recommendation to shift from machine learning to deep learning to overcome most of the cons in the former.

Discussion and Research Questions

Our research questions focused on examining how students and instructors perceive the impact of AI systems on learner–instructor interaction in online learning. Although the growing body of AIEd research has been conducted to investigate the useful functionalities of AI systems (Seo et al., 2020b; Popenici & Kerr, 2017; Zawacki-Richter et al., 2019), little has been done to understand students’ and instructors’ concerns on AI systems.

Recent use of AI systems in online learning showed that careless application can cause surveillance and privacy issues (Lee, 2020), which makes students feel uncomfortable (Bajaj & Li, 2020). In this study, we found that students and instructors perceive the impact of AI systems as double-edged swords. Consequently, although AI systems have been positively recognized for improving the quantity and
The impact of Artificial Intelligence on learners and instructors have been categorized under three dominant factors, communication, support and presence to understand the perception of both learners and instructors as to whether it has a positive (+) or negative (−) image in their minds. The table depicts the results of the study published in ‘The impact of artificial intelligence on learner–instructor interaction in online learning’ authored by Kyoungwon Seo, Joice Tang, Ido Roll, Sidney Fels and Dongwook Yoon.

<table>
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Figure 1 Year-by-year number of AIEd publications

Figure 2 The impact of Artificial Intelligence on learners and instructors
Research Questions

Introduction
- Hello, thank you for taking time for this interview today. We’re really looking forward to learning from your experience with online learning. Our goal is to reveal your perceptions of AI in online learning. For your information, the interview will take about 5-10 min. The interview will be recorded but will be confidential and de-identified.

Questions
- Do you have any reservations other concerns about the use of AI technology in education?
- Do you think this AI system supports learner–instructor interaction? Yes, no, or do you feel neutral? Why?
- [When the participant is a student] Would the incorporation of this AI system into your courses change your interaction with the instructor.

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Figure 3. The impact of artificial intelligence on learner–instructor interaction in online learning
The implications of the results are presented, along with recommendations for the future, to ensure AI can be effectively integrated into classrooms. The students with a higher self-reported understanding of AI reported more positive thoughts about integrating AI into their classrooms. The students with a low understanding of AI tended to be fearful of AI. Most of the students and instructors indicated a thorough
understanding of the positivizes of incorporating AI into on-line but perceived that AI could never match human creativity in the education process.

**Theoretical implications**

This study provides theoretical implications for a learner–instructor interaction framework by highlighting and mapping key challenges in AI-related ethical issues (i.e., responsibility, agency, and surveillance) in online learning environments. Researchers have requested clear ethical guidelines for future research to prevent AI systems from accidently harming people (Loi et al., 2019). Although several ethical frameworks and professional codes of conduct have been developed to lessen the potential dangers and risks of AI in education, significant debates continue about their specific impact on students and instructors (Williamson & Eynon, 2020). The results of this study increase our understanding of the limitations that determine student and instructor trust and acceptance of AI systems and provide a theoretical background for designing AI systems that positively support learner–instructor interactions in a variety of learning situations.

**Practical implications**

This study has practical implications for both students and instructors. Interestingly studies show that most of the negative experiences with AI systems came from students’ impractical expectations and misunderstandings about AI systems. These misconceptions can be barriers to the effective use of AI systems by students and instructors. To address this, it is important to foster AI literacy in students and instructors without a technical background (Long & Magerko, 2020). For example, recent studies have published guides on how to incorporate AI into K-12 curricula (Touretzky et al., 2019), and researchers are exploring how to engage young learners in creative programming activities involving AI (Zimmermann-Niefeld et al., 2019).

Furthermore, in order to minimize the negative impact of AI systems on learner–instructor interaction, it is important to address tensions where AI systems violate the boundaries between students and instructors (e.g., responsibility, agency, and surveillance issues). Researchers such as Seo, et.al. (2021) have proposed that future AI systems should ensure accountability with careful data collection and presentation. According to Seo, et.al. (2021), AI systems will be more closely integrated into future online learning therefore it is important to note that the present AI systems should not replace the entire role of human instructors. Further according to Seo, et al. (2021) in the online learning of the future, AI systems and humans will work closely together, and for this, it is important to use these systems with consideration about perceived advantages and disadvantages.

**Results**

**Limitations**

The study does not differentiate between focus groups with backgrounds in STEM and non-STEM as that might provide insights into perception of groups that are technologically sound and ones like humanities and art that are not inclined towards technological advances; most studies in the past have focused on STEM groups (Darayseh, 2023, p6). There is limited access to data as Artificial Intelligence is an evolving technology and researchers have yet to review much of the advances of various updates. Time has also been a constraint for the study as the research problem could not be tracked and measured over time to induce factors that might change the perceptions and capture the results.

**Discussion and conclusion**

Our research questions focused on examining how students and instructors perceive the impact of AI systems on learner–instructor interaction in online learning. Although the growing body of AIEd research has been conducted to investigate the useful performance of AI systems (Seo et al., 2020b; Popenici & Kerr, 2017; Zawacki-Richter et al., 2019), little has been done to understand students’ and instructors’ concerns on AI systems. Recent use of AI systems in online learning showed that careless application can cause surveillance and privacy issues (Lee, 2020), which makes students feel uncomfortable (Bajaj & Li, 2020). In this study, we found that students and instructors perceive the impact
of AI systems as double-edged swords. As a consequence, although AI systems have been positively recognized for improving the quantity and quality of communication, for providing well-timed, personalized support for some students, and for improving the feeling of connection, there were concerns about responsibility, effectiveness, and surveillance issues. In fact, what students and instructors perceive negatively often stemmed from the positive aspects of AI systems. For example, students and instructors appreciated AI’s immediate communication, but at the same time they were concerned about AI-based misunderstandings or misleadingness. Although students and instructors valued the just-in-time, personalized support of AI, they feared that AI would limit their ability to learn independently. Students and instructors valued the social interaction cues provided by AI, but they are uncomfortable with the loss of privacy due to AI’s excessive data collection.

References


A study on the effects of Globalisation, Changing Economy on HRM and its effects on the Economic Sustainability of Organisations

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Keywords

Abstract
The free movement of capital and labour, the proliferation of technologies, and the rise of the mass media all contribute to globalization, creating a dynamic and competitive economic environment. Human resource management (HRM) has become more critical to the success of contemporary businesses, with many companies seeing it as a crucial component of economic sustainability and competitive advantage. The research aims to analyze the effect of globalization and changing economy on HRM and its effects on the economic sustainability of organizations. The research shows that HRM functions correlate positively with economic sustainability. Based on the findings, HRM is a vital resource for ensuring the economic sustainability of organizations.

Introduction
Human resource practices and their effects on performance have been the research subject lately (Malik et al., 2021; Da Silva et al., 2020). Mohiuddin et al. (2022) are among the few researchers that look into HRM’s impact on long-term viability. Various latest research in the HRM literature has shown a positive and substantial correlation between HRM practices and business outcomes. (Stahl et al. 2020, Santana et al. 2020, Piwowar-Sulej 2021, Nathaniel et al. 2021, Mohiuddin et al. 2022).

A broad loss of faith in the existing economic system has arisen as a direct result of scandals involving corporations that led to the ensuing financial crisis., the topic of economic sustainability has been at the forefront of academic discourse for some time (Bugshan et al., 2022; Ananzeh, 2022). According to new research, human resource management has been shown to have a critical role in explaining banks' expansion and continued financial viability in recent years (Mohiuddin et al., 2022). Amrutha and Geetha (2020) and Piwowar-Sulej (2021) argue that HRM activities like recruitment, HRD, HRA, and HR contribute significantly to economic sustainability because they help businesses maximize outcomes, goals, and performance. According to Mohiuddin et al. (2022), HRM is instrumental in ensuring the success of an organization and fostering long-term growth through factors like increased profitability, lower risk, and the introduction of novel products and services.

Human resource management is essential to the long-term success of businesses (Hernita et al., 2021). However, enhancing the region's sociological and environmental sustainability is the only way to increase the company's economic sustainability. Hernita et al. (2021) claim that increasing businesses' productivity and long-term viability can help to reduce economic growth, unemployment, and poverty. This article placed human resource management within the broader economic, social, and environmental sustainability framework.

Globalization
As more and more international markets expand into India, indigenous businesses are being forced to consider expanding internationally. Managers operating in a protected market where local or foreign enterprises provide little to no threat must suddenly become vigilant and handle concerns such as novel approaches to recruitment, education, remuneration, and motivation. Managers are tasked with meeting the demands of an increasingly diverse workforce that has shifted in composition. There are also Indian
nationals traveling overseas to join international teams. All training requirements are to be met. As a result, HR management must become more globally minded. Managers may influence the economy if they successfully carry out these and other responsibilities and if they assist the most competent employees in putting the company's plan into action worldwide.

Due to erratic property ownership patterns and the availability of natural resources, global management presents various challenges and possibilities. Different governments play different roles in business, in addition to varying infrastructural components. However, for our purposes, the fact that "behaviour processes vary significantly across cultural and national borders and that values, symbols, and beliefs vary significantly among cultures is paramount". Patterns of behaviour at work and attitudes about work are influenced by various factors, including cultural standards and the significance of work in an individual's life. There are significant cross-cultural differences in the following areas: "group and inter-group processes; reactions to stress; the nature of political behaviours; supervisory relationships; and decision-making styles and processes"; as well as in the structure of organizations.

The word "globalization" refers to coordinating commercial operations across national and cultural barriers. Doing business with a global emphasis instead of a regional or country-specific one is another way of looking at international trade. The free flow of capital, ideas, and labor across national boundaries is a defining feature of globalization, and it has resulted in a dynamic and intensely competitive business climate.

In other words, globalization is something other than something brand-new. Some experts have maintained that the global economy was just as interconnected a century ago as it is now. However, the phrase has been in use since the 1980s, reflecting that technological advancements have sped up and simplified the processing of international commerce and financial movements. The integration of financial markets has made this possible, most notably thanks to modern forms of electronic communication. Using the so-called global economy, globalization is the process of "denationalizing markets, politics, and legal systems". Human economic activity (village marketplaces, urban industry, or financial hubs) has been subject to the same market dynamics that drive globalization for ages. This reflects the growing interconnectedness of trade and financial markets throughout the globe.

Businesses engage in globalization by expanding into international markets and participating in the growing international economy. They will prioritize satisfying the consumer by first meeting their language and cultural needs. Companies may take advantage of the rise of the internet to create an online identity in the form of a bilingual corporate website or even an e-business to compete on a global scale.

The effects of globalization on businesses "more than conducting business across national borders" (Edwards, 2006) globalization necessitates "attention to more than just conducting business across national borders" and "includes expanding competition for almost every type of organization," hence posing a challenge for management to function effectively in a range of cultural contexts. O'Keeffe argues that the only sustainable competitive edge in today's global market is a company's capacity to use its people resources fully. Human resource management (HRM) has emerged as a critical component of successful business administration. The problem for MNCs and other international organizations is what new "glue" can be used to manage HR globally.

Managerial challenge in large international firms has been defined as achieving a balance between conflicting dualities (Evans & Doz, 1999). They argue that the necessity to harmonize apparently contradictory factors such as (fig. 1)arises from the rapid change and the increasing complexity of internationally functioning enterprises.
They argue that these factors should be weighed together rather than separately to reach a decision. Using a person's character as an example is a good comparison. Organizations are much like people: when pushed to their limits, they become sick and dysfunctional. The goal of any organization should not be to achieve a maximum level of anything (decentralization, collaboration, formality, etc.) but rather to guarantee that it meets some minimum standard of excellence.

Managing across cultures is difficult because it requires striking a delicate balance between apparently incompatible attitudes and behaviors to reap benefits from them.

HRM needs to take into account the reality of dualities and the importance of striking a balance between them, but it is also becoming apparent that doing so requires more than just having the right people in the right places; it also necessitates “integrating selection, reward, and appraisal practices within organizational values that will allow for a balanced outcome under a variety of cultural conditions”.

Globalization’s Effect on HRM Functions

The relevance of HRM growth to businesses has increased due to globalization. As a result of these shifts, HR departments are now seen as a potential source of competitive advantage. A significant tenet of discussions regarding globalization in the human resources field is the idea that HR practices have evolved. Over the past few years, numerous external factors have contributed to the widespread internationalization of business operations. These factors include the increasing prevalence of remote workers and global sourcing, the widespread adoption of electronic HR processes, and the development of more sophisticated HR information technology. The fields of marketing, corporate communication, and information technology have influenced the HR department. This realignment is spawning new activity streams and calling for new duties and capabilities within the HR function as a consequence of cross-function globalization (building new alliances with diverse functions) (Sparrow et al., 2004).

Role of HRM in Changing Environment

Human resource management (HRM) is predicted to undergo radical changes as a result of globalization, including but not limited to the following: The ‘virtual office’, the workplace of the future, is predicted to increase workplace flexibility via the use of more unconventional and adaptable methods of doing business. With more people working remotely, employers will place more value on output than input in compensation. Furthermore, remote workers should anticipate less time spent in meetings. It is expected that management will devote the vast majority of their time to supervising autonomous, cross-
functional work teams. A shift or trend toward a decentralized approach to human resources is on the horizon. Human resources professionals must devise strategies for managing company culture, employee socialization, and orientation in the context of workers working remotely. They need to be specialists in organizational performance and be able to influence employee behaviour without holding regular in-person meetings.

'Global Business' is another trend that will impact HR. Organizations will need to train and oversee employees worldwide, create and update written and unwritten corporate policies to ensure they translate well to other cultures, and keep upper management apprised of the costs of ignoring transnational issues. The management's approach to hiring in the "global business" mentioned earlier is crucial. As a result of globalization, human resource managers will need to acquire new competencies, such as fluency in many languages and an openness to other cultures. Human resources managers, for instance, may need to acquire new language skills or engage native speakers of such languages to recruit candidates from diverse cultural backgrounds. However, in most international corporations, English is chosen to allow communication among personnel from various linguistic backgrounds. When creating programs for international managers, companies should consider how different cultures influence the attitudes of their top executives. Managers in the United Kingdom place a premium on personal success and independence. At the same time, those in France prioritize experienced leadership, generous benefits, easy access to safety data, and a pleasant work environment. Managers in India, however, place more emphasis on cultural norms and customs.

Therefore, HR professionals must have a firm grasp of international cultural standards. An enterprise that values the variety of cultures will attract and retain the people that make up the customer base it serves. Diverse employees are likelier to succeed in today's more globalized and competitive industry. As businesses compete globally, they benefit from having staff members with a wide range of linguistic and cultural backgrounds. Human resources experts will also be in charge of giving managers and workers company-wide cultural sensitivity training. According to research (Czebter, Anamaria. 2002)

**Literature review**

Mohiuddin et al. (2022) looked at how colleges might foster long-term growth in their human resources. Researchers concluded that sustainable HRM might be promoted via “human resources practices, social and psychological variables, corporate branding, economic issues, and workplace politics”. When firms invest in their workers in a way that promotes their physical, financial, and social well-being, it may have a ripple effect on the longevity of the business as a whole. Regarding four HRM processes—“recruitment, training and development, performance evaluation, and reward management”— Mamin Ullah (2017) looked at the foundations, significance, procedures, and effects of green HRM. The study's results suggest that green HRM may help businesses be more conscientious about their impact on the environment and society. In addition, Buller and McEvoy (2016) investigated how HRM procedures including recruitment, assessment, development, evaluation, and pay affected the success of a company's long-term goals.

Therefore, a thorough evaluation is needed to consider the shortcomings of prior research to advance sustainability studies within the context of HRM and to include new elements that have been overlooked in the past. Because of this, this study explores how HRE management, HR talent acquisition and preparation, HR talent appraisal and development, and HR pay affect how economic, social, and environmental sustainability in organizations.

According to this school of thought, a company's primary goal should be to maximize value for its constituent parts, including shareholders, customers, vendors, and citizens. To ensure long-term success and sustainability, it is essential that managers consistently and reasonably protect the interests of all stakeholders (Wu et al., 2019). As such, stakeholders notably impact a company's sustainability by shaping how it approaches its sustainability-related operations (Geldres et al., 2021). Companies may appease their stakeholders by contributing to worthy causes (Ananzeh et al., 2021). Sustainability may also be used as a promising approach by managers in danger of being replaced to win over stakeholders (Elmagrhi et al., 2019).
Strategically, stakeholders think their company’s financial claims might benefit from environmental and social sustainability operations (Sahasranamam et al., 2020). Sustainability is a practical way to please key constituents without distracting them from the company’s fundamental mission (Najaf, 2021).

According to the accountability theory, businesses must take responsibility for the damage they do to the natural world due to their operations (Ferry & Murphy, 2018). Therefore, according to this definition, businesses are responsible to their investors and owners and the broader community in which they operate.

Because the company’s actions directly impact them, external stakeholders have a right to information about the business. As such, the company’s policies, choices, and actions should be disclosed in a transparent, correct, comprehensive, reasonable, and appropriate way. Include any impacts on the natural world and human culture (Artene et al., 2020). Proprietary, legally protected, or information that violates business, security, or personal privacy standards should not be made public to be transparent.

Economic sustainability and HR environment.

Mohiuddin et al. (2022) argue that controlling the HRE is crucial to ensuring economic sustainability and that to ignore this reality would be irresponsible. “The HRE is a subset of the social environment that includes all factors, both internal and external, that have an impact on human resources activities” (Molina-Azorin et al., 2021). Human resource managers in Jordanian banks must contend with a number of important external trends and developments, such as the increasing diversity of their workforce, the rapid advancement of technology, the reorganization of their institutions, and the fluctuating demand for and supply; and pay practices. As a result, the study's authors asserted that careful management of Jordanian banks' human resources environments may increase their economic viability. This leads us to propose the following hypothesis.

H1: HRE management has a positive effect on the economic sustainability of organisations.

Economic viability requires the recruitment and training of a competent workforce.

In order to maintain their market dominance, more and more businesses are becoming interested in implementing sustainable practices across their operations and local communities (Aust et al., 2020). The human element has a significant role in businesses' efficiency, productivity, and development. Since workers are the engine that powers a company's operations, it makes sense for employers to invest in human resource management that emphasizes building employees’ skills and knowledge so that they can help the business succeed and grow (Da Silva et al., 2020). As a result, the study authors contended that effective APHR management might benefit an organization's financial viability. This leads us to propose the following hypothesis.

H2: APHR management has a positive effect on the economic sustainability of organisations.

Human resource analysis and planning, as well as long-term financial viability.

HRD is the coordinated effort of an organization to build and keep a competent workforce (Mijatovic et al., 2020). Human resource expansion, however, requires ongoing evaluation of existing human capital (Agung & Widnyana, 2020). HR in organisations may need more knowledge and training (Eglash et al., 2020). Because of this link, the authors concluded that ADHR management might improve an organization's financial viability.

H3: ADHR management has a positive effect on the economic sustainability of organisations.

Human resource remuneration and long-term financial viability.

Human resources compensation refers to the money an employer pays an employee regularly for their services. This might be a salary, bonus, commission, stock, etc. Organisations must increase their pay to compete for the best employees and keep them from jumping ship to a competitor (Matuszak et al.,
The Busines and Ma

H4: RHR management has a positive effect on economic sustainability of an organizations.

Objective
“The present work is an attempt to determine the effect of globalisation and changing economy on HRM and its effects on the economic sustainability of organisations”.

Methodology
Both quantitative and qualitative approaches were used in this investigation. An empirical study has been done to determine the effect of globalisation and changing economy and HRM on economic sustainability of organisations. A descriptive study collects data without in any way altering the environment. Researchers engage with individuals and conduct surveys or interviews to get the data needed for descriptive research.

Primary Data
To collect primary data, a survey using a questionnaire is being carried out. A survey is a terrific approach to learn what a lot of people think about a certain topic or how a group of people describe their conduct. Questionnaire Primary data for the study is gathered by “Survey/Schedule” questionnaire questionnaires. Researchers have surveyed by giving out questionnaires to get the essential data. Using a specially created structured questionnaire, the respondents’ demographic information and current job status were gathered.

Secondary Data
Before using secondary data, the main data must first be analyzed. It is important to pay special attention to the terminology employed, measurement accuracy, source bias, dependability, and time period. In addition to other data found on organizations' websites, yearly reports from companies have been utilized to support this study.

Sample size and target audience
Size: 200 surveys have been sent to the target market. 133 of the 200 questions have been fully answered.

Location: India
Respondents: HR managers and people working in HR departments from various organisations were picked at random, without prejudice or any other practical consideration.

The study's initial sample size was 200 participants. Only 133 of the surveys, which were all completely completed, were considered.

Nominal Scale: This experiment made use of a nominal scale. From a statistical perspective, the Nominal Scale is the lowest measurement scale.

The technique used: Descriptive statistics, variance inflation factor (VIF), skewness and kurtosis normality tests, Regression are used.

Data Coding: A Likert scale was used to code the qualitative data in this study. With the help of SPSS and MS Excel, data coding and data transcription have both been completed.

Data analysis and empirical findings
The study variables' descriptive statistics are shown in Table 1. Only 10.2% of companies publicly discuss their financial sustainability. This research suggests that businesses should take steps to improve their long-term viability. According to the data, the most common kind of report is an analysis of human resources (151%), while the least common type is an analysis of human resources acquisition and preparation (10%). This illustrates that human resource problems are not given the attention they need by most companies.
Table 1: “Descriptive Statistics”

<table>
<thead>
<tr>
<th>“Variables”</th>
<th>“N”</th>
<th>“Mean”</th>
<th>“Std. dev”</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Sustainability level”</td>
<td>133</td>
<td>0.102</td>
<td>0.134</td>
</tr>
<tr>
<td>“HRE”</td>
<td>133</td>
<td>0.114</td>
<td>0.135</td>
</tr>
<tr>
<td>“APHR”</td>
<td>133</td>
<td>0.10</td>
<td>0.179</td>
</tr>
<tr>
<td>“ADHR”</td>
<td>133</td>
<td>0.151</td>
<td>0.212</td>
</tr>
<tr>
<td>“RHR”</td>
<td>133</td>
<td>0.124</td>
<td>0.253</td>
</tr>
</tbody>
</table>

Diagnostic evaluation and multicollinearity analysis

As can be seen in Table below, the problem of multicollinearity among independent variables was evaluated using a method known as the variance inflation factor (VIF). Myers and Myers (1990) state that if the VIF value is less than 10, multicollinearity is not a problem. Table 2 demonstrates that every value complies with this criterion, demonstrating that the independent variables are not multicollinear.

Table 2: “Variance inflation factor”

<table>
<thead>
<tr>
<th>Variables</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>“HRE level”</td>
<td>1.686</td>
</tr>
<tr>
<td>“APHR level”</td>
<td>1.382</td>
</tr>
<tr>
<td>“ADHR level”</td>
<td>1.750</td>
</tr>
<tr>
<td>“CHR level”</td>
<td>1.665</td>
</tr>
<tr>
<td>“Organisation age”</td>
<td>1.284</td>
</tr>
</tbody>
</table>

If the skewness and kurtosis values are beyond the limits of 1.96 and 3.00, respectively, the normalcy problem develops, as stated by Hair et al. (2020). Therefore, the residuals are normally distributed, as shown by the skewness and kurtosis normality tests (Table 3).

Table 3: Normality test

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std. dev.</th>
<th>p1</th>
<th>p99</th>
<th>Skew.</th>
<th>Kurt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normality test</td>
<td>Model</td>
<td>0</td>
<td>0.041</td>
<td>0.142</td>
<td>0.163</td>
<td>0.168</td>
</tr>
</tbody>
</table>

H1: HRE management has a positive effect on the economic sustainability of organisations.

Table 4: Model Summary

<table>
<thead>
<tr>
<th>“Model”</th>
<th>“R”</th>
<th>“R Square”</th>
<th>“Adjusted Square”</th>
<th>“Std. Error of the Estimate”</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.730*</td>
<td>.685</td>
<td>.683</td>
<td>.40334</td>
</tr>
</tbody>
</table>

Table 5: Coefficients

<table>
<thead>
<tr>
<th>“Model”</th>
<th>“Unstandardized Coefficients”</th>
<th>“Standardized Coefficients”</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>“B”</td>
<td>“Std. Error”</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.252</td>
</tr>
<tr>
<td></td>
<td>ESO</td>
<td>.279</td>
</tr>
</tbody>
</table>

*(significant at 0.05)
Table above shows a high positive link between the HRE management and companies’ economic sustainability, with a value of correlation 0.730 and \((R^2)\) of 0.685. The change in the economic viability of organisations is attributed to this management of the HRE in 68.5% of cases. The \((\text{Adj. } R^2)\), which is 0.683 with a p-value of 0.000 (0.05), showing that HRE management has a positive effect on the economic sustainability of organisations. Thus, hypothesis H1 is accepted.

H2: APHR management has a positive effect on the economic sustainability of organisations.

Table 6: Model Summary

<table>
<thead>
<tr>
<th>“Model”</th>
<th>“R”</th>
<th>“R Square”</th>
<th>“Adjusted R Square”</th>
<th>“Std. Error of the Estimate”</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.673</td>
<td>.623</td>
<td>0.621</td>
<td>.53012</td>
</tr>
</tbody>
</table>

Table 7: Coefficients

<table>
<thead>
<tr>
<th>“Model”</th>
<th>“Unstandardized Coefficients”</th>
<th>“Standardized Coefficients”</th>
<th>“t”</th>
<th>“Sig.”</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>“B”</td>
<td>“Std. Error”</td>
<td>“Beta”</td>
<td>“t”</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.141</td>
<td>.069</td>
<td>.427</td>
<td>16.791</td>
</tr>
<tr>
<td></td>
<td>ESO</td>
<td>.431</td>
<td>.041</td>
<td>12.849</td>
</tr>
</tbody>
</table>

*(significant at 0.05)

The “acquisition and preparation of human resources and the economic viability” of organisations are strongly positively correlated, as shown in Table above. Using this variable, it is feasible to explain 67.3% of the change in the organisations economic sustainability, with a correlation value of 0.673 and \((R^2)\) of 0.623. The \((\text{Adj. } R^2)\), value of 0.621 and with a calculated p-value of 0.000, which is less than 0.05 (0.05), the table also shows that APHR management has a positive effect on organisations economic sustainability. Therefore, hypothesis H2 is accepted.

H3: ADHR management has a positive effect on the economic sustainability of organisations.

Table 8: Model Summary

<table>
<thead>
<tr>
<th>“Model”</th>
<th>“R”</th>
<th>“R Square”</th>
<th>“Adjusted R Square”</th>
<th>“Std. Error of the Estimate”</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.746</td>
<td>.661</td>
<td>.658</td>
<td>.54715</td>
</tr>
</tbody>
</table>

Table 9: Coefficients

<table>
<thead>
<tr>
<th>“Model”</th>
<th>“Unstandardized Coefficients”</th>
<th>“Standardized Coefficients”</th>
<th>“t”</th>
<th>“Sig.”</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>“B”</td>
<td>“Std. Error”</td>
<td>“Beta”</td>
<td>“t”</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>1.470</td>
<td>.088</td>
<td>.246</td>
<td>16.782</td>
</tr>
<tr>
<td></td>
<td>ESO</td>
<td>3.17</td>
<td>.066</td>
<td>4.817</td>
</tr>
</tbody>
</table>

*(significant at 0.05)

With 0.746 as correlation value and 0.661 as \(R(\text{square})\) it is evident that there is a “substantial positive association between the assessment and development of human resources and the economic sustainability of an organization”. This indicates that 66.1% of the change in the economic viability of organisations may be attributed to the human resources assessment and development.
With a calculated p-value of 0.000, which is less than 0.05 (0.05), the table also shows that ADHR management has a positive effect on the organisation's economic sustainability. Therefore, hypothesis H3 is accepted.

H4: RHR management has a has a positive effect on economic sustainability of an organizations.

**Table 10: Model Summary**

<table>
<thead>
<tr>
<th>&quot;Model&quot;</th>
<th>&quot;R&quot;</th>
<th>&quot;R Square&quot;</th>
<th>&quot;Adjusted R Square&quot;</th>
<th>&quot;Std. Error of the Estimate&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.630</td>
<td>.585</td>
<td>683</td>
<td>.40334</td>
</tr>
</tbody>
</table>

**Table 11: Coefficients**

<table>
<thead>
<tr>
<th>&quot;Model&quot;</th>
<th>&quot;Unstandardized Coefficients&quot;</th>
<th>&quot;Standardized Coefficients&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.341</td>
<td>.63</td>
</tr>
<tr>
<td>ESO</td>
<td>.194</td>
<td>.35</td>
</tr>
</tbody>
</table>

*(significant at 0.05)*

With 0.630 as correlation value and 0.585 R(square) respectively, the remuneration of human resources and the organization's financial viability show a high positive link. This indicates that changes in the organization's capacity to maintain its economic growth may be attributed to 58.5% of changes in human resources pay.

A calculated p-value of 0.000 (0.05) indicate that RHR management has a has a positive effect on economic sustainability of an organizations. Thus, H4 is accepted.

**Discussion of Findings**

This study sought to understand how globalisation, changing environment and HRM impacted an organization's ability to sustain its financial stability. Economic sustainability and HRE management of organisations is positively correlated with the long-term financial health of a firm. Molina-Azorin et. al., (2021), stated that the HRE is a typical element of work life. Everything that has an effect on the HR department, both within and outside of the company. The research found that there is a direct connection amid an organization's success in attracting and developing talent and its financial health. Da Silva et al. (2020) and Drolet (2020) revealed that businesses prefer to hire HR managers who have advanced credentials and skills, lending credence to these findings.

The evaluation and growth of an organization's human resources has a positive effect on its capacity to maintain sustainable economic growth, according to the study. Mijatovic et al. (2020) stated that “human resource development is the coordinated use of strategies for training, guiding, and rewarding people for their contributions to the organization's success”. However, Agung and Widnyana (2020) emphasized the fact that HRD requires constant monitoring and analysis to identify emerging issues. The study also found that paying people well positively impacts a company's ability to retain its financial viability. Madanat and Khasawneh's (2018) study, which demonstrated that businesses try to boost their sustainability and profitability by recruiting the best personnel, supported this conclusion.

**Conclusion and Suggestion**

This study sought to understand how HRM may increase an organization's ability to sustain its financial health. The study led to the conclusion that human resource management, planning, assessment, and compensation have a positive impact on an organization's long-term survival. The research suggests that firms give HRM components more thought to maintain sustainability. Organizations also aim to focus on elevating HRM's status in the organisations.
References


Impact of transformational leadership on employee motivation and performance in supply chain management

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Keywords
Employees, Leadership, Motivation, Performance, Supply Chain, Transformational

Abstract
The study aimed to investigate transformational leadership’s influences on employee performance and motivation in supply chain management (SCM). Considering the effectiveness of transformational leadership traits in motivating subordinates in every organization, the purpose of the current research was to criticize how transformational leadership facilitates motivating employees in supply chain workplaces. A mixed approach methodology based on qualitative-interpretive and quantitative-positivism research design was chosen to gather data from the participant’s group. A randomly selected sample of 12 top, middle and bottom-level managers from supply chain organisations was chosen as the participants for the qualitative open-ended in-depth interviews and the quantitative survey-based questionnaires.

Interview findings were analysed using thematic analysis. On the other side, statistical analysis of the survey findings reported the impacts of transformational leadership on enhanced employee productivity, employee motivation, employee turnover and supply chain management business. The study found that all the transformational leadership characteristics are necessary to motivate alongside improving operational efficiency among the employees in a supply chain workplace. Overall results concluded that with their Intellectual simulation, Idealised Influence, Inspirational Motivation, Individualized consideration, Contingent Reward, and Expectation Management, transformational leaders and managers ensure employees are motivated to pursue agility and overall performance of supply chain management is improved via brand position in the market. In terms of practical implications, the study recommended that SCM organisations need optimized procurement and allocation of resources at different processes to leverage on impacts of transformational leadership.

Introduction
Today’s business environment is a dynamic one and the globalised economy has made the concept of supply chain management an integral and extremely important one for managing other aspects of business operational tasks. Customer satisfaction, operating and production efficiency, and sustainable competitive achievement are based on the process followed by the respective global organisation for managing the supply chain. Following the statement of Purwanto et al. (2021), in terms of getting an effective supply chain management strategy, each organisation imposed the requirements of not only the process of streamlining all the core actions but also the infusion of advanced technologies along with component leadership to guide and inspire the employees towards achievement of the organisational goals. About the adaptation of effective leadership styles, it is transformational leadership, which has been found in different previous studies to be one of the most effective ones for having its ability to optimise employee motivation and performance in the context of managing supply chain management. It has been seen in different previous studies that the management and integration of effective leadership have already been idealised and recognised as crucial factors in organisational success. In addition to this, it has been further observed while reviewing the previous research studies that by exploring the impact of transformational leadership, it can be tress that how organisational professionals can get the ability to optimise the effectiveness of the traditional practice of their leadership traits. This will further help to
create a work environment that will make the professionals, especially leaders, enable to foster employee productivity with great efficiency and motivation in the practised work culture.

Leadership trait that is based on transformational ones has already been classified as particular leadership trait that influences the interest of business operators and marketers to promote more efficiency to attain their cooperative targets. As per the statement of Chan et al. (2019), transformational leadership highlights the crucial of leadership-oriented to inspire creativity and innovation among subordinates. On the other hand, as argued by Ahmed and Al Amiri (2022), the attitude of the organisation depends on the production of anything fresh for the market and the target audience shares a close relationship with the organisational innovation. This innovation requires the support of a flexible work culture where the employees and the leaders can think outside of the box.

In terms of that, the idealisation of influence and inspirational motivation are the aspects that are significantly influenced by organisational innovation. In addition, the process of organisational innovation includes the entire resource management upholding the internal and external ones that further relate the cooperation aspects related to supply chain management as well (Purwanto et al. 2021). However, in different cases, depending on the requirement of the management of supply chain issues and the other ones confronted in business management, the application of transformational leadership is identified as the most needed one. To support such kind of situational equipment this study has focused to explore the impact of transformational leadership on managing employee motivation and management of SC at the same time.

**Literature review**

Thematic discussion on the research topic is achieved in this section by analysing several research papers from scholarly resources. Critical analysis of several research papers helped to determine more information related to the research topic where previously conducted research papers have described the research topic well. Different authors’ opinions have been criticised in exploring how rewards, feedback, compensations, appraisals, and leadership roles motivate employees to perform better in supply chain management (SCM) tasks.

**A medication model as the social loafing at the workplace**

The fundamental factor of using transformational leadership in the workplace is its ability to deliver job security to employees and motivate them to work beyond their expectations. According to Khan et al. (2020), work performance has an optimistic and influential connection with transformational leadership. The same leadership role helps employees to overcome social loafing and burnout due to working constantly. On the other hand, Bednall et al. (2018), state that different mechanisms appear at high and low grades of transformational leadership to encourage creative behaviour in the workplace. Thus, it has been found that the “Information and Communication Technology” (ICT) exchange has an essential role in explaining the influence of transformational leadership on creative conduct and has concentrated on constructs such as team cohesion and learning. Moreover, in practice, transformational leadership is one of the most influencing elements, which improves the worker’s proficiency to negotiate with all kinds of possibilities. Leaders supply supportive possibilities to workers to preserve optimum mental health via emotional encouragement and even improve their confidence in the workplace. Based on the statement of Arda and Yıldız, (2019), it has been found that intrinsic inspiration depresses “social loafing” as it does not occur circumstantially; however, it also appears with a worker in the inherent provocation. Additionally, in traditional transformational leadership, employees are guided and motivated with mindfulness by articulating a concept that escalates workers’ carefulness and consciousness of the importance of the employer’s values, objectives, and developing performances (Jensen and Bro, 2018). Therefore, the level of the employees’ performance can be improved with the execution of transformational leadership’s role with the attributes that motivate to suppress the work pressure and social dilemmas. Moreover, supply chain-oriented tasks deliver extensive workloads that lead to creating social loafing that can be controlled with effective leadership approaches. Additionally, social loafing is standard procedure witnessed in every organisational background, across different demographics and in
transformative leaders and an innovative workforce are interconnected factors

An innovative culture is fostered throughout teams and organisations by transformational leaders. Transformational leaders encourage and push their followers to think beyond the box, accept change, and develop original ideas. Pradhan and Jena, (2019), state that transactional is a traditional leadership style that cannot compete in current dynamic business atmospheres. Today’s alliances require courageous leaders to adopt transformations and motivate their followers to think innovatively. Transformational leaders increase the intrinsic encouragement of their followers and motivate them to question the situation while executing things in the working spaces. Moreover, Yue et al. (2019), highlight that transformational leaders accomplish open communication as valuable working resources to stimulate employees’ positive perspectives toward the transformation. Additionally, empirical evidence denotes that transformational leadership employs job satisfaction of their followers by enhancing commitment, performance, and loyalty towards the company. Transformational leaders foster an environment where cooperation, transparency, and trust are valued, so providing a secure setting for creativity to develop.

A variety of internal and external stakeholders are involved in SC operations, including partners, suppliers, and customers. Strong interpersonal skills and encouragement of teamwork and relationship-building throughout the SC network are attributes of transformational leaders. According to Ul-Hameed et al. (2019), these days, SC analysis, management, and development are evolving increasingly significantly. It is noticeable that different strategies for SCM are available to improvise the work procedure.

Higher levels of transformational leadership often support innovative behaviours via the condition of inspiration, vision, intellectual stimulation, and individualised consideration. Bastari and Ali, (2020), illustrate that innovative leaders will resume examining methods to create a more inclusive and diverse workforce that sustains creativity and innovation. Leaders will require to indicate insight, integrity, agility, and couragelessness to both construct the respect of their supporters and create an organisational culture improved by a diverse crew.

Transformational leaders provide their followers with the autonomy, tools, and support they need to experiment with and apply novel ideas. They promote a culture that appreciates and rewards creativity and promotes a learner’s attitude. Transformational leaders encourage their people to embrace innovation and strive for continual improvement by setting an excellent example and modelling innovative behaviours. As opined by Ojha et al. (2018), the overall environmental performance of partners associated with the supply chain (SC) needs improvisation by adapting to environmental changes. Therefore, SC business learning assists in illustrating transformational leadership’s influence on the ambidextrous changes in the supply chain. Consequently, it’s possible to achieve only when transformational leaders can concentrate on developing employees’ ability to cooperate with a team orientation and analyse employees’ learning behaviours in the workspace of an SC unit.

Requirements of transformational leaders in a supply chain business environment

Supply chain environments frequently change quickly and are dynamic. The ability to modify strategies and plans in reaction to shifting market conditions, consumer needs, and technological breakthroughs is a quality that transformational leaders should possess. According to Burawat, (2019), organisations are searching for new strategies to find out new ways to raise productivity, profit, and quality to get the attention of SC workers. Therefore, businesses are searching for new suppliers and distributors to concentrate on lean manufacturing. Successful execution of lean conception is possible by appreciating the benefits of the lean strategy with the deployment of transformational leaders to perform a fundamental role to obtain lean status. Prabhu and Srivastava, (2023), state that on the functional side, SMEs face obstacles in effectively managing the SC. SMEs often failed to execute appropriate SC strategies as they sense it as a customer effort of authority, the anxiety of losing interaction with other buyers, and a positivism lack toward the right “SC philosophy”. Transformational leaders require a strong sense of the direction that the SCM industry is going.
Supply chain business transformational executives should promote a continuous improvement culture. The above-attached image describes how transformational leaders are impacting employees’ satisfaction regarding what the business is producing (Schiuma et al. 2022). To improve the general efficacy and effectiveness of the supply chain, they should inspire their employees to find inefficiencies, streamline procedures, and put creative solutions into practice. Risks to supply chains include interruptions in logistics, supplier dependence, and market volatility. Technology use is becoming more crucial to supply chain management. The ability to use emerging technologies, such as automation, data analytics, and artificial intelligence, to enhance supply chain operations and decision-making procedures is a must for transformational leaders. Transformational leaders can empower their team members by assigning responsibilities, granting autonomy, and encouraging a culture of learning and development. They ought to make investments in the development of their workers’ abilities so that they can take on new challenges and help the business succeed.

Impacts of transformational leader’s role to connect with stakeholders to manage SC work procedure

Multiple stakeholders are involved in supply chain operations, including internal such as suppliers, customers, and partners and external such as manufacturing, logistics, and other parties. Risks to supply chains include disruptions in transportation, supplier dependence, and market volatility. To maintain business continuity, transformational leaders must be able to recognise and evaluate risks, create backup plans, and manage unforeseen difficulties. According to Vasileva et al. (2021), Laissez-faire leaders are apathetic to the actions of their supporters and colleagues. Leaders who utilise a laissez-faire style are oftentimes considered passive. Laissez-faire leadership can satisfy an organisation when leaders and supporters are both equally encouraged, motivated and acquainted in their domains. Contradictorily, Hiebl and Pielsticker, (2023), have argued that transformational leaders concentrate to develop an infrastructure that shows more useful insights into the information-sharing system between suppliers and buyers in the SCM network. Therefore, it has been found that, although autocratic and laissez-faire are contemporary leadership styles; however, transformational leaders can innovatively meet workplace requirements.

Theoretical framework

Leadership approaches in the workplace and their relationship with employee motivation have constructed the conceptual framework of this study. The following ‘Theoretical Framework’ [Refer Figure 1] describes how transactional leadership practices are connected with employee performance in SCM-oriented workplaces where business management relies on leadership approaches.
The above image describes both dependent and independent variables used in the study to evaluate how the transactional leadership style motivates employees to perform with their best capabilities to show in workplace development in the supply chain management industry.

**Methodology**

This study attempted to investigate and comprehend the elements affecting employees’ behaviour in terms of motivation and performance concerning impacts of the transformational leadership. Using Saunders, Lewis, & Thornhill, (2019) research onion, both qualitative and quantitative methodologies together, it was possible to fully comprehend customer behaviour. While the quantitative data gained through surveys allowed the generalisation of findings to a wider audience, the qualitative data acquired via interviews will offer deep and nuanced insights. The study conducted interviews with 12 managerial-level employees from the chosen supply chain organisation and the same sample size was used to conduct a questionnaire-based survey to assess their findings objectively for different variables like transformational leadership, employees’ motivation and performance effectiveness. The sample participants were chosen from top, middle and bottom management through random sampling. The survey instrument was designed using 10 semi-structured and 5 structured questions. On the other hand, the deductive method was used to evaluate current theories and theories drawn from the literature. Hence, it can be defined that the primary data collection has been decided to be executed through the conduction of both the interview and survey.

**Results and Findings**

Quantitative analysis of the survey findings was conducted using multiple constructs and indicators. Table 1 indicates that both the constructs of the model, Transformational leadership characteristics and supply chain have successfully met all the criteria of the convergent validity with the measure of internal consistency reliability i.e., Cronbach’s alpha ≥ 0.80, Composite Reliability ≥ 0.70, and Average Variance Extracted (AVE) ≥ 0.50.

<table>
<thead>
<tr>
<th>Construct Reliability and Validity for The Model</th>
<th>Cronbach's Alpha</th>
<th>rho_ A</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership Characteristics</td>
<td>0.83</td>
<td>0.82</td>
<td>0.83</td>
<td>0.62</td>
</tr>
<tr>
<td>Leadership-Employee Relationship</td>
<td>0.80</td>
<td>0.80</td>
<td>0.81</td>
<td>0.60</td>
</tr>
<tr>
<td>Supply Chain Performance</td>
<td>0.65</td>
<td>0.79</td>
<td>0.76</td>
<td>0.57</td>
</tr>
</tbody>
</table>

Furthermore, Table 2 below shows that all the indicators of the leadership characteristics construct have successfully met all the criteria of convergent validity. The values of Cronbach’s alpha were within the acceptable range i.e., ≥ 0.80 depicting that all the constructs in the model collectively are consistently measuring the same characteristics. Additionally, as shown from the values of Composite Reliability that all were within the acceptable range i.e., ≥ 0.70 for the points of the model. The Table also indicated values for the AVE within the acceptable range i.e., ≥ 0.50 that explain the model’s axes.

<table>
<thead>
<tr>
<th>Construct Reliability and Validity for Leadership Characteristics Construct</th>
<th>Cronbach's Alpha</th>
<th>rho_ A</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intellectual stimulation</td>
<td>0.85</td>
<td>0.87</td>
<td>0.88</td>
<td>0.65</td>
</tr>
<tr>
<td>Idealised Influence</td>
<td>0.81</td>
<td>0.80</td>
<td>0.82</td>
<td>0.60</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>0.80</td>
<td>0.72</td>
<td>0.75</td>
<td>0.53</td>
</tr>
<tr>
<td>Individualized consideration</td>
<td>0.91</td>
<td>0.90</td>
<td>0.89</td>
<td>0.71</td>
</tr>
<tr>
<td>Contingent Reward</td>
<td>0.80</td>
<td>0.82</td>
<td>0.83</td>
<td>0.65</td>
</tr>
<tr>
<td>Expectation Management</td>
<td>0.81</td>
<td>0.78</td>
<td>0.80</td>
<td>0.55</td>
</tr>
</tbody>
</table>

Likewise, Table 3 below shows that all the indicators of the supply chain construct have successfully met all the criteria of convergent validity. The values of Cronbach’s alpha were within the questionable range i.e., ≤ 0.80 depicting that all the constructs in the model collectively are not consistently measuring the same characteristics. However, as shown from the values of Composite Reliability that all were within
the acceptable range i.e., ≥ 0.70 for the points of the model. The Table also indicated values for the AVE within the acceptable range i.e., ≥ 0.50 that explain the model’s axes. These values confirmed the model fit for further analysis.

<table>
<thead>
<tr>
<th>Construct Reliability and Validity for Supply Chain Construct</th>
<th>Cronbach's Alpha</th>
<th>rho_A</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand position</td>
<td>0.60</td>
<td>0.72</td>
<td>0.70</td>
<td>0.57</td>
</tr>
</tbody>
</table>

Likewise, Table 4 below shows that all the indicators of the Leadership-Employee Relationship construct have successfully met all the criteria of convergent validity. It can be depicted that like the supply chain construct, the values of Cronbach’s alpha in this construct were within the questionable range i.e., ≤ 0.80 depicting that all the constructs in the model collectively are not consistently measuring the same characteristics. However, as shown from the values of Composite Reliability that all were within the acceptable range i.e., ≥ 0.70 for the points of the model. The Table also indicated values for the AVE within the acceptable range i.e., ≥ 0.50 that explain the model’s axes. These values confirmed the model fit for further analysis.

<table>
<thead>
<tr>
<th>Construct Reliability and Validity for Leadership-Employee Relationship</th>
<th>Cronbach's Alpha</th>
<th>rho_A</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees Productivity</td>
<td>0.64</td>
<td>0.75</td>
<td>0.71</td>
<td>0.59</td>
</tr>
<tr>
<td>Employees Motivation</td>
<td>0.68</td>
<td>0.82</td>
<td>0.79</td>
<td>0.61</td>
</tr>
<tr>
<td>Employees Turnover</td>
<td>0.69</td>
<td>0.87</td>
<td>0.82</td>
<td>0.52</td>
</tr>
</tbody>
</table>

The Fornell-Larcker Cross Loadings criterion was also evaluated to show how well model axes overlapped to determine differential validity. Table 5 below shows that each of the three constructs has a strong correlation within its axis and a weak correlation with other axes.

<table>
<thead>
<tr>
<th>Fornell-Larcker Criterion</th>
<th>Leadership characteristics</th>
<th>Leadership-Employee Relationship</th>
<th>Supply Chain Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership Characteristics</td>
<td>0.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership-Employee Relationship</td>
<td>0.21</td>
<td>0.73</td>
<td></td>
</tr>
<tr>
<td>Supply Chain Performance</td>
<td>0.32</td>
<td>0.05</td>
<td>0.72</td>
</tr>
</tbody>
</table>

Moreover, the explanatory power of the model was calculated as shown in Table 6 below using Model Fit Summary using R Square that indicated high explanatory power for the independent variable i.e., transformational leadership characteristics R Square = 0.58. With R-Square in the high category > 0.36, the model state that about 58% of the variations in the dependent variable i.e., supply chain is explained by the independent variable of transformational leadership. Similarly, for another dependent variable i.e., Leadership-Employee Relationship, the R Square indicated high explanatory power for the independent variable (0.47 or 47%).

<table>
<thead>
<tr>
<th>Model Fit</th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership Characteristics</td>
<td>0.58</td>
<td>0.49</td>
</tr>
<tr>
<td>Leadership-Employee Relationship</td>
<td>0.47</td>
<td>0.38</td>
</tr>
</tbody>
</table>

Lastly, Table 7 below highlights that regression analysis was conducted for testing the survey findings identifying the relationship between the dependent and independent research variables. Table 7 indicates the effect of Transformational Leadership Characteristics -> Supply Chain performance as positive and significant with a P value (0.01) less than alpha (0.05) and the effect of transformational
leadership characteristics --> Leadership-Employee Relationship as positive and significant with a P value (0.01) less than alpha (0.05).

<table>
<thead>
<tr>
<th></th>
<th>Coefficients</th>
<th>Sample Mean</th>
<th>Standard Deviation</th>
<th>T Statistics</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership characteristics &gt; Supply Chain Management</td>
<td>0.58</td>
<td>0.512</td>
<td>0.07</td>
<td>7.44</td>
<td>0.001</td>
</tr>
<tr>
<td>Leadership characteristics &gt; Leadership-Employee Relationship</td>
<td>0.47</td>
<td>0.422</td>
<td>0.05</td>
<td>6.31</td>
<td>0.001</td>
</tr>
</tbody>
</table>

Furthermore, the findings of the interviews conducted with the top, middle and bottom level managers have also substantiated significant effects of transformational leadership on employees' motivation and performance of the supply chain management businesses. All the 12 managers have concluded that transformational leadership is the way to go in the supply chain as supply chain management businesses often experience significant challenges related to employees' motivation leading to increased turnover for staff managers did confirm that with implementation of transformational leadership characteristics, specifically idealized influence, inspirational motivation, contingent reward and expectation management, the transformational leaders of the supply chain management businesses are in better position to address the employees related challenges that is increased absenteeism, increased turnover, reduced employees productivity and simultaneously declining brand positioning among the competitors in the market.

**Discussion**

Previous statistical analysis has approved the literature identifying the positive relationship of transformational leadership characteristics on the supply chain management performance, via improved leaders and employees' relationships. The data collected has shown a positive and significant relationship between transformational leadership characteristics and supply chain management. However, the collective set of transformational leadership characteristics (influence of intellectual stimulation, idealized influence, inspirational motivation, individualized consideration, contingent reward, and expectation management) is what is needed to drive positive effects on the employees' motivation and their productivity affecting the performance of the supply chain management business overall. The model [Refer to Figure 2 below] given below has indicated that all the transformational leadership characteristics provide a way towards effective brand positioning (0.55), employee motivation (0.72), employee productivity (0.68), and employee turnover (0.58).

![Figure 2: Theoretical Framework with Results](Source: Author)
The model indicates that a transformational leader has the potential to drive high employee motivation and productivity necessary for achieving a high-performance-based supply chain business. These results are consistent with the existing literature highlighting the significance of the transformational leadership role in not only helping the employees, but all the other stakeholders associated with the brand to manage supply chain procedures (Burawat, 2019). By innovatively meeting workplace requirements. Motivated and productive employees, transformational leaders leverage the opportunity to invest in the development of workers’ abilities necessary to deal with the risk to the supply chain such as inefficiencies, non-streamlined procedures, and an effective solution (Schiuma et al. 2022). Likewise, the current research has also substantiated the potential of transformational leadership in driving SC philosophy (Prabhu and Srivastava, 2023). To sum up, findings show that the relationship is direct between transformational leadership, employees and leaders’ relationship and supply chain management.

**Conclusion**

In exploring the impacts of transformational leadership characteristics on managing employees’ motivation and management of SC at the same time, the study has concluded a positive and significant relationship between dependent and independent research variables. Based on the analysis of the business nature, employees’ expectations, risks, procedures and requirements of the management of supply chain issues, the application of transformational leadership is identified as the most needed one. The current study has concluded that Transformational leadership has the potential to positively affect the supply chain management process as well as employees’ motivation at the same time.

**Research Implications**

To leverage the benefits of transformational leadership, supply chain management organizations can benefit significantly by emphasizing leadership training programs that develop and cultivate these transformational leadership traits among managers too and not only in the top leadership such as Chief Executive Officer (CEO). Further research could be conducted to explore the effectiveness of various training methods and techniques in fostering these leadership characteristics. This will allow the employees and managers everyone to increase their understanding of the specific aspects of transformational leadership that contribute most significantly to employee motivation and explore the link between these motivation drivers (transformational leadership characteristics) and employee job satisfaction, productivity, and retention. The training will also assist in learning about the role of expectation management, i.e., how leaders effectively set, communicate, and meet expectations for fostering trust and reducing uncertainty in the workplace.

**Future Research Recommendations**

In addition, future researchers are suggested to dive deeper into quantifying the impact of transformational leadership on supply chain performance metrics, such as efficiency, effectiveness, cost reduction, and employee satisfaction in different contexts and different countries. Likewise, comparative studies are needed for comparing supply chains led by transformational leaders with those under different leadership styles. Such comparison will further strengthen the effectiveness of transformational leadership for improved supply chain outcomes.

**References**


The impact of human resource management practices on employee intention to leave: An empirical study among NGOs in Egypt

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Keywords
HRM practices, Intention to leave, NGOs

Abstract
To survive in this very dynamic business environment, organizations including NGOs have to develop, adapt, and react to new challenges. Besides, Egypt aims to achieve and sustain development; NGOs play a critical role in achieving this goal. It is critical for NGOs to create contemporary HRM practices to enhance their employee's involvement in business activities, thereby, achieving the organization's strategic goals. The purpose of this research is to explore the impact of HRM practices on employee intention to leave.

This research employs a quantitative methodology. Using non-probabilistic convenience sample techniques of 388 employees from the NGO organizations sector to test hypotheses using appropriate statistical techniques. The results of this research indicate that HRM practices significantly and negatively impact employees' intention to leave.

Introduction
Non-Governmental organizations (NGOs) have played an important role in national and international development. NGOs participate in the development by delivering basic needs to citizens or even by organizing policy and public campaigns for change. Besides that, NGOs have an important role in quick response to crises and emergency cases. NGOs are voluntary groups of individuals or institutions with a social mission, usually not affiliated with any government formed to provide services or advocate public policy (Karns, 2022). Although some NGOs are for-profit corporations, the vast majority are nonprofit organizations. In other words, NGOs are privately constituted organizations, such as companies, professional trade, and voluntary organizations charities, which may or may not make a profit, which is an even broader view.

Knowing how to get employees satisfied and committed to their work, being attached to the organization, being connected to organization values, and being obligated to the organization are considered critical factors for performance and organizational success (Supriyanto et al., 2016). Human Resource Management (HRM) practices provide a significant contribution to the organization in achieving its goals and objectives through the way the employees are attracted, recruited, developed, appraised, and maintained in the organization with high effective levels. These can be sustainably achieved by adopting effective human resource management practices (Ribeiro et al., 2014). Additionally, HRM practices are responsible for increasing the organization's productivity through the increase in employee satisfaction as low job satisfaction leads to low organizational productivity (Atikbay et al., 2020). Retaining human capital is a critical factor in the progress of the organization (Khalid et al., 2018).

Literature review
Human Resource Management Practices

HRM practices are responsible for generating the procedures for attracting, developing, motivating, and retaining people to achieve organizational goals and objectives by enabling managers to deal with
available human resources in an efficient way to guarantee that an organization’s human capital contributes to the attainment of its goals (Al-Busaidi et al., 2021). Besides, Imna et al. (2015) elaborated that there are two kinds of HRM practices: the first one is the soft one which focuses on and is interested in measuring the organizational value bearing in employees’ minds and finds ways to enhance them by training and development. The second one is the hard one because it is concerned with maximizing the benefits for both organization and employee through achieving organization’s goals by applying specific HRM practices that increase employee commitment and reduce their intention to leave.

Organizations seek to adopt the most up-to-date practices and compete with each other in applying unique HRM practices to accomplish their organizational goals, especially, since HRM practices play a critical and important role in the constructive growth of the organization (Wijesiri et al., 2019). The COVID-19 pandemic had a massive impact on HRM practices, not only in attracting and retaining valuable employees within the organization, especially, due to changes in lifestyle, diversity, and work-life balance but also due to the shortage in manpower and the need to achieve the best utilization of the available workforce (Roy, 2021).

Keeping and retaining employees within the organization have become a very important role for HRM, and many practices could be applied to achieve this objective like training and development, employee empowerment, performance appraisal, and compensation. This research will focus on recruitment and selection, training and development, performance appraisal, and compensation and rewards.

Recruitment and Selection

This research will apply the definition presented by Demo et al. (2012) for recruitment and selection as the procedures related to the proposal (with theoretical and practical constructions) used to look for employees, encourage them to apply, and select the best candidate. It aims at harmonizing people’s values, interests, expectations, and competencies with the characteristics and demands of the position and the organization.

Recruitment and selection are the process that is responsible for attracting the best-talented candidate and selecting the right one that fits the job. This could happen by contributing to the organization’s growth and sustainability and achieving its goals and objectives. HRM practices are responsible for identifying the right match for the job, aligning the job with the organization’s requirements, and increasing employee satisfaction (Badre et al., 2021). Organizations need to spend more time selecting and recruiting the best candidate and paying more attention to their development and training to retain them for the longest period, which will ultimately serve the organization’s objective (Al-Hajri, 2020).

Compensation and Rewards

Many studies revealed that there is a significant relationship between compensation and rewards, on the one hand, and employee retention, on the other hand (Kaleemullah et al., 2019). Providing competitive remuneration schemes is considered a key element in keeping and retaining employees within an organization and reducing employee turnover as an organization needs to create innovative remuneration schemes, which is considered vital to tie employees with organizations (Al-Busaidi et al., 2021). The reward and compensation system are responsible for supporting the financial condition of the employees in organizations. This will, eventually, impact their productivity (Tangthong et al., 2014).

Compensation and rewards could be monetary (cash, incentives, bonuses, and allowances) or nonmonetary (appreciation letter, vacation leave, and certificates of recognition); in other words, they could be intrinsic or extrinsic. Compensation and rewards are vital factors to retain talented, skilled employees keeping them: satisfied, and more loyal, and reducing their intention to leave (Malik et al., 2020). Compensation could be financial and nonfinancial and represent the cumulative reward paid to employees in return for their services (Roy, 2021). In the same way, Mendis (2017) stated that financial rewards are related to providing employees rewards in terms of money while non-financial rewards are related to ego and self-actualization.

Training and Development
As per Malik et al. (2020), “Training is meant to enhance the skills of employees if training is going to be conducted repetitively. After a specific period, employees will become more skilled and expert because training will develop more skills in them, and they can have a chance to get promotions on behalf of their skills” (p. 2). In addition to this, Bibi et al. (2019) explained that training and development refer to improving employees’ performance, utilizing their skills, increasing their level of commitment, satisfaction, and loyalty, and decreasing turnover as well as their intention to leave through applying planned activities.

Many types of training and development could be used to increase employees’ skills as well as knowledge and abilities, lead to work efficiency, increase commitment, and increase employee satisfaction. All these ultimately decrease employee intention to leave, such as coaching, the job, off the job, rotation, and mentoring (Imna et al., 2015). Furthermore, many models of training and development contain the following activity’s reaction, learning, behavior, and result (Wijesiri et al., 2019).

Performance Appraisal

There is a significant relationship between performance appraisal and employee retention in an organization (Kaleemullah et al., 2019). Performance appraisal could be used as a tool for developing and motivating employees within the organization once it is used fairly and honestly (Bibi et al., 2019). The morale of employees is affected directly by performance appraisal, which will, in return, affect employee performance and satisfaction and reduce employee turnover (Al-Busaidi et al., 2021); whereas employees with a lack of trust in performance appraisal procedures and feedback systems will have a high intention to leave (Hussain et al., 2019). Performance appraisal is considered as one of the basic functions of HRM practices and is used to evaluate the performance and utilization of employees within an organization (Bibi et al., 2019).

A performance appraisal system is utilized to review and evaluate the performance of employees; get feedback regarding their performance; determine weaknesses and put suitable training programs to raise their capabilities and productivity. Thus, an effective performance appraisal system would lead to an increase in employee retention, reduce employees’ intention to leave, and reduce costs and losses resulting from firing employees (Malik et al., 2020). Creating fair and accurate performance appraisals without any manipulation and political abuse will enhance the allocation of tangible and intangible rewards and compensation; besides, it will ultimately decrease employees’ intention to leave (Cho et al., 2012).

Intention to Leave

Introduction

Maximizing the benefits of human resources available for any organization is considered a critical success factor in creating and sustaining a competitive advantage over its rivals and increasing efficiency and productivity (Kaya et al, 2016). Obviously, the global competition challenges organizations to keep and retain skilled, trained, and well-educated employees in order to sustain a competitive advantage among all organizations and sustain high-performance levels which are threatened by employees’ intention to leave. Therefore, this phenomenon becomes more important for organizations (Alias et al, 2018).

Many researchers focused on the factors that affect employees’ intention to leave even organizational factors (job stress, work environment, and task overload) and the relationship between external factors and structural factors or individual factors (burnout, psychological instability, emotional exhaustion, employees’ depersonalization, and physical status), and to what extent those factors impact employees’ intention to leave (Kim, 2015). While other researchers concluded that the intention to leave may be for personal or impersonal reasons, it is very challenging for organizations to study the reasons for these phenomena (Zamanan et al., 2020).

Intention to Leave Definitions

There are many definitions for the expression “intention to leave.” Chen et al. (2018) defined intention to leave as “a psychological and behavioral tendency wherein employees intend to leave their
current organization or profession” (p. 396). Whereas Alias et al. (2018) pointed out that the intention to leave refers to an employee's willingness to separate from the organization and look forward to another opportunity.

Along with this, Rizwan et al. (2014) speculated that employees’ intention to leave is about their evaluation and perceptions regarding the available job alternatives, and their plans to leave the current organization and move to another organization. Historically, Long (2014) hypothesized that the intention to leave is an implicit intent and is related to psychological behavior of interest. Furthermore, it has many dimensions (psychological, organizational significance, and economic dimensions). In the same manner, Gan et al. (2018) suggested that the intention to leave is related to the employees’ future behavior of actual leave; therefore, the intention to leave is considered as the proxy of actual leave. In the same way, the intention to leave indicates the probability of employees who are inclined to leave the current organization and move to another one (Kim, 2015).

**Reasons for Intention to Leave**

Since every person is different, the reasons for employees to leave are different from one to another. There is no one definitive template for detecting when an employee is thinking of quitting, but there are common reasons for employees’ intention to leave; therefore, knowing the reasons for employees’ intention to leave is critical to any organization to predict the actual turnover and take all necessary actions (Slater et al., 2021).

There are many reasons for employees’ intention to leave; as per Chen et al. (2018), the reasons for the intention to leave vary from personal aspects, such as work experience, psychological capital, and work-and-family conflict, to the work environment and job embeddedness. Job-hoping may be a reason for employees’ intention to leave, where employees hope to change their workplace and move to another organization because the current one has failed to meet or has become unable to meet their needs and requirements (Alias et al., 2018). Thus, social, economic, and psychological factors, combined or separately, are considered reasons for the intention to leave (Hongvichit, 2015).

**Methodology and Measurements Tools**

**The Research Variables**

In this research, the following variables will be studied as follow:

- **Independent variable**: Human Resource Management (HRM) practices
- **Dependent variable**: intention to leave
- **Moderating variable**: Gender

**Research Hypotheses Development**

In this research, the following hypotheses will be tested as follow:

- **Human Resource Management (HRM) Practices and Intention to Leave**

  Historically, Ferris et al. (1999) elaborated that human resource management (HRM) practices can add a unique and exceptional strategic competitive advantage for the company. Additionally, Ribeiro et al. (2014) illustrated that HRM practices emphasize finding and applying an effective and efficient way to attract, train, and create career opportunities and reward employees besides the development of performance appraisal. While Long et al. (2012) pointed out that human resource mismanagement has a negative impact on organizational performance. While employees desire a compensation system that is fair and commensurate with their skills and expectations, HRM has become more complex due to complications in the new lifestyle. In addition to that, Randy et al. (2002) confirmed that compensation components are important factors to retain and motivate employees. Roberto (2007) emphasized the importance of salary strategies and job enrichment strategies; in other words, he highlighted their positive relationship to job satisfaction and their negative impact on turnover intentions. Besides, Zimmerman (2009) concluded that there is a relationship between employees’ job performance management and their intention to quit. In the same way, HRM practices are responsible for encouraging, developing, and, increasing their loyalty to the organization and level of satisfaction (Atikbay et al., 2020).

  According to the above-addressed literature, the first hypothesis is developed as:

  \[ H1: \text{Human Resource Management (HRM) practices have a negative impact on employees' intention to leave.} \]
The previous research studies are utilized to drive the second hypothesis as follows:

**H2**: Gender moderates the impact of human resource management practices on employee’s intention to leave.

**Research Conceptual Model**

The following figure shows the conceptual model of studying the impact of HRM practices on the employees’ intention to leave. Empirical among NGOs in Egypt.

**Figure 1.1**

*Research Conceptual Model*

Source: Developed by the researcher.

**Data Collection and Sample**

The questionnaire was distributed among the employees of NGOs that were selected (Misr El Kheir (MEK) foundation, Sawiris Foundation, and Egyptian Bank for Foods) because they are considered the biggest NGOs in Egypt (in terms of the number of beneficiaries, number of employees and revenues). This is besides the ease of access to make the questionnaire. A total of 5,360 are employed in these organizations. The sample is a non-probabilistic convince sample.
Scales and Measures

This research relied on the scales developed by other researchers in order to measure the two variables of human resource management (HRM) practices using Singh (2004), and employees’ intention to leave using Roodt’s Turnover Intention Scale (TIS-6). The reason for selecting these scales is due to their validity and reliability as published previously used and measured.

Statistical Methods

Statistical methods are used for the analysis and interpretation of the gathered data. Selecting the appropriate statistical method depends, massively, on the problem hypotheses, the research problem, and the research approach. The Statistical Package for Social Sciences (SPSS) and the Analysis of Moment Structure (AMOS) package were employed to analyze the gathered data.

Data analysis

This part is mainly concerned with the outcomes and results of the sample data statistical analysis based on utilizing normality test analysis along with Cronbach’s alpha and correlation test analysis to assure the validity and reliability of the study constructs measurement scales through conducting descriptive statistics for main re-specified model constructs and examining the research proposed hypotheses via multiple regression analysis.

Demographics Analysis

The demographics data collected (gender, age, and management level) are gathered to prescribe the sample, and as a moderating variable, the sample size was (388) three hundred and eighty-eight, the following tables represent the characteristics of the sample as follows:

Gender

The sample size is (388) three hundred and eighty-eight. Table 4.1 shows the distribution of the sample as per their gender.

Table 1.1

Gender distribution

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>280</td>
<td>72.2%</td>
<td>72.2</td>
<td>72.2%</td>
</tr>
<tr>
<td>Female</td>
<td>108</td>
<td>27.8%</td>
<td>27.8</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td>388</td>
<td>100.0%</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

This table indicates that the majority of the sample are males representing 72.2% of the sample. This concentration is due to the nature of these organizations.

Age

Table 1.2 prescribes the distribution of the sample as per their age

Table 1.2

Age distribution

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 -30</td>
<td>59</td>
<td>15.2%</td>
<td>15.2%</td>
<td>15.2</td>
</tr>
<tr>
<td>31 – 40</td>
<td>223</td>
<td>57.5%</td>
<td>57.5%</td>
<td>72.7</td>
</tr>
<tr>
<td>Above 40</td>
<td>106</td>
<td>27.3%</td>
<td>27.3%</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>388</td>
<td>100.0%</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
This table shows that almost 58% of the sample falls in the range of 31-40; this indicates that the majority of the sample falls in the middle of the workforce period.

**Management Level**

Table 1.3 shows the distribution of the sample as per their management level in their organizations.

<table>
<thead>
<tr>
<th>Table 1.3</th>
</tr>
</thead>
</table>

*Management-level distribution*

<table>
<thead>
<tr>
<th>Management level</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Junior</td>
<td>34</td>
<td>8.8%</td>
<td>8.8</td>
<td>8.8</td>
</tr>
<tr>
<td>Senior</td>
<td>154</td>
<td>39.7%</td>
<td>39.7</td>
<td>48.5</td>
</tr>
<tr>
<td>section head</td>
<td>91</td>
<td>23.5%</td>
<td>23.5</td>
<td>71.9</td>
</tr>
<tr>
<td>Manager</td>
<td>71</td>
<td>18.3%</td>
<td>18.3</td>
<td>90.2</td>
</tr>
<tr>
<td>senior manager</td>
<td>31</td>
<td>8.0%</td>
<td>8.0</td>
<td>98.2</td>
</tr>
<tr>
<td>Director</td>
<td>7</td>
<td>1.8%</td>
<td>1.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>388</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

This table shows that around 40% of the sample are at the seniority level in their career. This indicates that the sample concentrates on the second layer of the professional ladder.

**Cronbach Alpha Report**

In the preliminary analysis test, the researcher assessed the internal consistency of the research instrument. Overall, all of the instrument scales had acceptable reliability. Internal consistency, for the variables, was estimated using the reliability score, Cronbach’s alpha, with Cronbach’s alpha of .70 representing acceptable reliability (Nunnally, 1978). Table 1.4 shows the result of Cronbach analysis.

<table>
<thead>
<tr>
<th>Table 1.4</th>
</tr>
</thead>
</table>

*Cronbach’s Alpha*

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach’s Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment and Selection</td>
<td>.902</td>
<td>6</td>
</tr>
<tr>
<td>Training and Development</td>
<td>.911</td>
<td>6</td>
</tr>
<tr>
<td>Performance Appraisal</td>
<td>.932</td>
<td>5</td>
</tr>
<tr>
<td>Compensation and Reward</td>
<td>.881</td>
<td>5</td>
</tr>
<tr>
<td>HRM</td>
<td>.996</td>
<td>22</td>
</tr>
<tr>
<td>Intention to Leave</td>
<td>.535</td>
<td>6</td>
</tr>
</tbody>
</table>

**Normality Test**

The researcher carried out a normality test on the collected data to check whether it is normally distributed or not using Shapiro-Wilk tests as recommended by Uma Sekaran (Sekaran, 2003). The researcher concluded that the parametric test of the collected data can be used for carrying out statistical tests, such as correlation and regression analysis.

**Correlation Test Analysis**

A correlation test is a statistical test used to check the relationship or association between two variables. In this section, a correlation test has been carried out on the collected data to test the relationship between a dependent variable and independent variables. Since the researcher used an interval scale in questionnaire items for all variables, Pearson correlation was used to calculate the correlation coefficient between variables (Sekaran & Bougie, 2016).

**Correlation between intention to leave and HRM practices**

The results shown in the table below indicate a statistically significant negative correlation between intention to leave and HRM; this means that a higher intention to leave is associated with higher HRM in this sample.
The correlation between intention to leave and HRM is considered to be medium since the correlation coefficient is \( r = -0.472, p < .000 \).

The results shown in the table below indicate a statistically significant negative correlation between intention to leave and recruitment and selection, which means that a higher intention to leave is associated with higher recruitment and selection in this sample.

The correlation between intention to leave and recruitment and selection is considered to be medium since the correlation coefficient is \( r = -0.390, p < .000 \).

The results shown in the table below indicate a statistically significant negative correlation between intention to leave and training and development, which means that a higher intention to leave is associated with higher training and development in this sample.

The correlation between intention to leave and training and development is considered to be medium since the correlation coefficient is \( r = -0.411, p < .000 \).

The results shown in the table below indicate a statistically significant negative correlation between intention to leave and performance appraisal; this means that a higher intention to leave is associated with higher performance appraisal in this sample.

The correlation between intention to leave and performance appraisal is considered to be medium since the correlation coefficient is \( r = -0.448, p < .000 \).

The results shown in the table below indicate a statistically significant negative correlation between intention to leave and compensation and rewards; this means that a higher intention to leave is associated with higher compensation and rewards in this sample.

The correlation between intention to leave and compensation and rewards is considered to be medium since the correlation coefficient is \( r = -0.453, p < .000 \).

**Regression Analysis**

**HRM & Intention to Leave**

H1: Human Resource Management (HRM) practices have a negative impact on employees’ intention to leave.

Table 1.5

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-0.472</td>
<td>0.223</td>
<td>0.221</td>
<td>0.53790</td>
<td>1.868</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), HRM
b. Dependent Variable: Intention to leave

Table 1.6

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>32.086</td>
<td>1</td>
<td>32.086</td>
<td>110.895</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>111.685</td>
<td>386</td>
<td>.289</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>143.772</td>
<td>387</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Intention to leave
b. Predictors: (Constant), HRM

table 1.7

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>4.386</td>
<td>.148</td>
<td></td>
</tr>
<tr>
<td></td>
<td>HRM</td>
<td>-.411</td>
<td>.039</td>
<td>-10.531</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Intention to leave

The researcher carried out a simple linear regression test to assess the effect on the intention to leave (outcome variable) based on HRM (predictor variable). The results shown in Table 1.5 and Table 1.6
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indicate a significant regression equation (F (1, 386) = 110.895, p < .001) and R² of .223. This R² indicated that HRM can explain 22.3% of the variance of the intention to leave.

As shown in Table 1.7, the unstandardized regression coefficient is (β = -.411, p < .001) indicates that for every one-unit increase in HRM, there will be a -.411 unit increase in intention to leave in case all other variables are considered constant.

The result above supports (H1) that HRM significantly negatively impacts the employees’ intention to leave in NGOs in Egypt, where (β = -.411, p < .001), and the model is fit as R² of .223.

**Recruitment and Selection & Intention to Leave**

**H1.1**: Recruitment and Selection has a negative impact on employees’ intention to leave.

<table>
<thead>
<tr>
<th>Table 1.8</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model Summary b</strong></td>
</tr>
<tr>
<td>Model</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>a. Predictors: (Constant), Recruitment and selection</td>
</tr>
<tr>
<td>b. Dependent Variable: Intention to leave</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 1.9</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ANOVA a</strong></td>
</tr>
<tr>
<td>Model</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>Residual</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>a. Dependent Variable: Intention to leave</td>
</tr>
<tr>
<td>b. Predictors: (Constant), Recruitment and selection</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 1.10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Coefficients a</strong></td>
</tr>
<tr>
<td>Model</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>Recruitment and selection</td>
</tr>
<tr>
<td>a. Dependent Variable: Intention to leave</td>
</tr>
</tbody>
</table>

The researcher carried out a simple linear regression test to assess the effect on intention to leave (outcome variable) based on recruitment and selection (predictor variable). The results shown in Table 1.8 and Table 1.9 indicate a significant regression equation (F (1, 386) = 69.385, p < .001) and R² of .152. This R² indicated that recruitment and selection can explain 15.2% of the variance of the Intention to leave.

As shown in Table 1.10, the unstandardized regression coefficient is (β = -.333, p < .001), which indicates that for every one-unit increase in recruitment and selection, there will be a -.333 unit increase in intention to leave in case all other variables are considered constant.

The result above supports (sub-H1.1) that recruitment and selection significantly negatively impact the employees’ intention to leave in NGOs in Egypt, where (β = -.333, p < .001), and the model is fit as R² of .152.

**Training and Development& Intention to Leave**

**H1.2**: Training and development has a negative impact on employees’ intention to leave.
The researcher carried out a simple linear regression test to assess the effect on intention to leave (outcome variable) based on training and development (predictor variable). The results shown in Table 1.11 and Table 1.12 indicate a significant regression equation \( F(1, 386) = 78.349, p < .001 \) and \( R^2 \) of .169. This \( R^2 \) indicated that training and development can explain 16.9\% of the variance of the Intention to leave.

As shown in Table 1.13 the unstandardized regression coefficient is \( \beta = -.348, p < .001 \), which indicates that for every one-unit increase in training and development, there will be a -.348 unit increase in intention to leave in case all other variables are considered constant.

The result above supports (sub-H1.2) that training, and development significantly negatively impact the employee's intention to leave in NGOs in Egypt, where \( \beta = -.348, p < .001 \), and the model is fit as \( R^2 \) of .169.

### Performance appraisal and intention to leave

**H1.3:** Performance appraisal has a negative impact on employees’ intention to leave

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>B = 4.195</td>
<td>Beta = -.348</td>
<td>27.172</td>
<td>.000</td>
</tr>
</tbody>
</table>

### Table 1.14

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.48²</td>
<td>.201</td>
<td>.128</td>
<td>.54560</td>
<td>1.890</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Performance appraisal

b. Dependent Variable: Intention

### Table 1.15

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>28.869</td>
<td>1</td>
<td>28.869</td>
<td>96.981</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>114.903</td>
<td>386</td>
<td>.298</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>143.772</td>
<td>387</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Intention

b. Predictors: (Constant), Performance appraisal

### Table 1.16

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>B = 3.950</td>
<td>Beta = -.304</td>
<td>34.354</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Intention
The researcher carried out a simple linear regression test to assess the effect on intention to leave (outcome variable) based on **performance appraisal** (predictor variable). The results shown in Table 1.14 and Table 1.15 indicate a significant regression equation (F (1, 386) = 96.981, p < .001) and R² of .201. This R² indicated that performance appraisal can explain 20.1% of the variance of the Intention to leave.

As shown in Table 1.16, the unstandardized regression coefficient is (β = -.304, p < .001). This indicates that for every one-unit increase in **performance appraisal**, there will be a -.304 unit increase in intention to leave in case all other variables are considered constant.

The result above supports (sub-H1.3) that performance appraisal significantly negatively impacts the employees’ intention to leave in NGOs in Egypt, where (β = -.304, p < .001), and the model is fit as R² of .201.

**Performance Appraisal & Intention to Leave**

H1.4: Compensation and reward has a negative impact on employees’ intention to leave.

The researcher carried out a simple linear regression test to assess the effect on intention to leave (outcome variable) based on **compensation and reward** (predictor variable). The results shown in Table 1.17 and Table 1.18 indicate a significant regression equation (F (1, 386) = 99.837, p < .001) and R² of .205. This R² indicated that compensation and reward can explain 20.5% of the variance of the Intention to leave.

As shown in Table 1.19, the unstandardized regression coefficient is (β = -.341, p < .001). This indicates that for every one-unit increase in **compensation and reward**, there will be a -.341 unit increase in intention to leave in case all other variables are considered constant.

The result above supports (sub-H1.4) that compensation and reward significantly negatively impact the employees’ intention to leave in NGOs in Egypt, where (β = -.341, p < .001), and the model is fit as R² of .205.

**Moderation Analysis**

H2: Gender moderates the impact of human resource management practices on employees’ intention to leave.

In order to test the hypothesis that gender is proposed as the moderator variable, moderates the relationship between the intention to leave as the dependent variable, a hierarchical multiple regression analysis was conducted using PROCESS version 3.4 macros plugin for SPSS software that was developed by Andrew Hayes in 2013 to measure path analysis through mediation and moderation effect in a model,
the tool can tell the interaction of moderating and independent variables on the dependent variable in moderation models (Hayes et al., 2017).

**The Interaction between Gender and HRM to Intention to Leave**

Gender, and HRM as a moderating variable on intention to leave

The interaction between the HRM and gender, as a moderating variable, was found to be statistically insignificant [$\beta = -.0770$, 95% CI (-.2411, .0872), $p > 0.05$]. With a $P$ value of .3571 $> 0.05$, it indicates that the relationship between the HRM and intention to leave is not moderated by Gender, which does not support H2.

The following table summarizes the result of the data analysis and the relationship among the different variables using the statistical tools.

**Table 1.20**

<table>
<thead>
<tr>
<th>#</th>
<th>The hypothesis</th>
<th>The result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Human Resource Management (HRM) practices have a negative impact on employees’ intention to leave.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1.1</td>
<td>Recruitment and selection has a negative impact on employees’ intention to leave.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1.2</td>
<td>Training and development has a negative impact on employees’ intention to leave.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1.3</td>
<td>Performance appraisal has a negative impact on employees’ intention to leave.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>Gender moderates the impact of human resource management practices on employee’s intention to leave.</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

**Confirmatory Factor Analysis for Validity and Composite Reliability**

The results indicated that the measures meet the acceptable level of measurement reliability. Discriminant validity was, then, verified by assessing the square root of AVE for each construct. This has to be greater than the squared correlation estimates between the construct and other constructs.

**Discussion and conclusion**

**Discussion of the Results**

**Hypothesis one: Human Resource Management (HRM) practices have a negative impact on employees’ intention to leave**

The analysis results and findings indicate that HRM practices can explain 22.3% of the variance of the intention to leave. This percentage is significantly negative and means that effective HRM practices will decrease employees’ intention to leave. The significance of the dimensions of HRM practices vary as follows: recruitment and selection can explain 15.2% of the variance of the intention to leave; training and development can explain 16.9% of the variance of the intention to leave; performance appraisal can explain 20.1% of the variance of the intention to leave and compensation and reward can explain 20.5% of the variance of the intention to leave.

This result is consistent with Al-Busaidi et al. (2021) and Nasir et al. (2016) who stated that effective HRM practices, such as training & development, compensation & rewards, performance appraisal and recruitment & selection, have led to a reduction in employee intention to leave and actual turnover. Likewise, Dawwas (2022) elaborated that employees who have positive feelings about training, performance appraisal, and compensation are more likely to report lower levels of turnover intention.

Conversely, Chong et al. (2013) found that the relationship between training and turnover intention is correlated but not significant. Moreover, Haines et al. (2010) highlighted that training and development increase turnover by making employees more attractive to other organizations. Additionally, Khatri et al. (2001) and Meyer et al. (1997) addressed that payment is not an important component in turnover intention.

The researcher explained the result as applying effective HRM practices will negatively influence employees’ behavior and intention to leave and will help the organization’s management retain its employees. Therefore, to create a competitive advantage for the organization through its human resources, organizations should keep competitive benefits, compensation structure, and clear promotion
procedures for employees. This will have a significant impact on retaining the employees without ignoring the role of scientific updating training and development programs in raising employees’ capabilities and competencies, and performance appraisal systems that mainly enable organization management in identifying the areas requiring development in addition to the end-of-year promotion.

**Hypothesis two: Gender moderates the impact of human resource management practices on employees’ intention to leave.**

The analysis results and findings indicate that gender, as a moderating variable, was statistically insignificant for both HRM practices. This result is consistent with Mengstie (2020) who elaborated that there is no significant difference in turnover intention between male and female participants. In the same way, Kim et al. (2017) found that gender was not significant in employee turnover intention. On the contrary, Sökmen et al. (2016) found that females have a lower intention to leave when compared with males.

**Recommendation**

NGO managers, who participated in the interview related to the problem discussed, were invited to share their viewpoints regarding the research results and recommendations posed. The following table presents recommendations regarding these results and findings.

**Hypothesis:** (H1) it is expected that Human Resource Management (HRM) practices have a negative impact on employees’ intention to leave.

**Results:** HRM practices significantly and negatively impact the employees’ intention to leave in NGOs.

**Recommendations:** Setting and applying effective HRM practices will help organizations retain their employees and reduce their intention to leave through:

- Creating an identifiable process and criteria for choosing the right candidate who will fit with the job requirements and specifications from one side and the organization’s culture and values from the other side. Besides that, all steps and processes of recruiting and selection should be known to all employees within the organization.
- Designing and implementing training programs that elevate employees’ competencies, knowledge and skills and increase their productivity are proposed to be designed as:
  - The advancement, innovation, and changes in the marketplace.
  - The results of performance appraisal are to overcome the weak areas and enhance the employees’ capabilities.
- Applying a suitable and fair performance appraisal system that suits all professional levels and considers the differences and requirements of each vacancy in order to enable the organizations to determine the shortcomings and weaknesses points to develop suitable programs to overcome and enhance these points. This system should consider the following:
  - The requirements of each job within the organization.
  - The variation in qualifications among the employees within the organization.
  - The role and responsibility of each employee within the organization.
- Implementing a competitive salary scheme that considers the qualifications and responsibilities of each vacancy and copes with the changes in the market as well as the economic conditions.

**Hypothesis:** (H2) it is expected that demographic characteristics (gender) moderate the impact of human resource management practices on employees’ intention to leave practices.

**Results:** Gender insignificantly moderates employees’ intention to leave in NGOs.

**Recommendations:** The HR department should not bother hiring a specific gender as both males and females are indifferent towards the intention to leave.

**Research Limitations and Future Research Recommendations**

This part will address the limitations of this research and proposed future studies:

**Limitations**

The following are the limitations of the research:

- Inability to access most of the NGOs due to the absence of HR departments in most of those NGOs.
Inability to generalize the results of this research overall NGOs due to the non-probabilistic sampling techniques.

**Future Research**

Applying this study to NGOs which are specialized in providing medical services in order to examine the interaction among working in NGOs and the health sector.

There is a need to concentrate on contextually relevant moderators/mediators within the NGO sector. These include the role of demographics, such as age and years of experience, to better understand the impact of HRM practices on employees’ intentions.

**Conclusion**

This research aims at analyzing the impact of HRM practices on employee intention to leave. This research is conducted in NGOs operating in Egypt (MEK Foundation, Sawiris Foundation, and Egyptian Bank for Foods). The results indicate that HRM practices significantly and negatively impact employees’ intention to leave.

**References**


An overview on employee innovation behavior

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Keywords
Employee Innovation Behavior, Employee Competency, Innovation, Innovation Work Behavior

Abstract
Purpose: This article presents a review of recent research on factors that influence employee innovation behavior at the workplace. From the review of existing studies, this paper defines the concept of employee innovation behavior, explaining why these behaviors are so important for organizations and discusses the determinants of innovation behavior.

Design/Methodology, based on a literature search on 15 peer-reviewed journals published during the period 2014-2021 and other relevant materials, it summarizes and discusses individual characteristics, employee competency and organizational level factors that have been found to influence innovativeness in organizations.

Conclusion: Innovation has been recognized as one of the main strategies for organizations to remain competitive in today’s competitive economy. Employees’ innovation behavior is the key driver for organizational-wide innovation. Innovation behavior is the production of usable products, processes, or services originating from identifying problems to generating ideas. From the review of existing studies, this paper defines the concept of employee innovation behavior, explaining why these behaviors are so important for organizations and discusses the determinants of innovation behavior.

1. Introduction
Innovation is crucial for an organization to create and sustain competitive advantage. In an unstable and competitive environment, organizations seek various ways to gain a competitive advantage, one of which is to lead innovations. As a result, the types of implemented innovations tend to change as the organization grows and business models evolve. Because innovation is founded on good ideas from employees, organizations increasingly expect their employees to exhibit innovative behavior. Previous research has deduced and argued that the terms innovation and innovative behavior are frequently used interchangeably when describing phenomena.

Given the fact that employees are one of the most valuable resources for developing and implementing innovations in organizations, and their attitude toward innovation is the most important. Leaders, on the other hand, play an important role in shaping innovative attitudes in organizations. As a result, leaders must be open to new ideas and initiatives from employees; they must trust their employees by creating a positive working environment based on teamwork, loyalty, and trust. Employees must be aware of their true impact on organizational innovation processes.

Furthermore, among various levels of innovation, employee innovation behavior has become an important aspect of organizational innovation (Shih & Susanto, 2011). Employee innovation behavior (EIB), according to (Li & Hsu, 2016) is the foundation of organizational innovation and is defined as employees’ activities that seek, generate, and apply new ideas and solutions. Employee innovation (EI), on
the other hand, includes both in-role components that are part of the prescribed work tasks and extra-role components that go beyond formal role descriptions (Potocnik & Anderson, 2016). Furthermore, the role of human resources has become more important in assisting firms in seeking ways to predict EIB (Seeck & Diehl, 2017). Veenendaal & Bondarouk (2015) proposed the role of HR practices in identifying, developing, assessing, and compensating EIB based on the belief that employees who contribute to firms' capacity to innovate through their imagination, creativity, and intelligence.

Moreover, employee innovation is a critical component of the innovation required by an organization to create and maintain a competitive advantage. According to Amabile and Michael (2016), organizational level innovation is directly related to employees' innovation effort; thus, organizations must pay attention to their employees' innovative behavior. Roshayati (2020) defined employee innovative behavior as a process consisting of multiple phases involving a set of behaviors that include idea creation, as well as seeking support from others and realizing ideas. This paper discusses the historical context of innovation, employee innovation behavior, employee work behavior, and the impact of employee innovation behavior on organizational performance and competitive advantage.

2. Literature Review

2.1 Innovation

Innovation is a significant driving force for enterprises seeking to achieve sustainable operations and competitive advantages (Mokhber et al., 2018). According to, Wang & Dass (2017) defined innovation as an organization's capacity to create innovative vision, and implement new ideas, to drive the success of the organization in a constantly changing environment. Thus, innovation management is a critical aspect for organizations since it ensures an effective design of routines, processes, and techniques that serve as a foundation for creativity and knowledge creation (Martínez-Costa et al, 2018). Therefore, innovation management helps organizations to achieve a sustained competitive edge (Hassi, 2019).

Additionally, Kadar et al., (2014) defined Innovation management as a systematic process used by organizations to improve their existing products, services, methods, and marketing strategies and to develop new ones. It also includes the development of a networked environment and focusing on managing talented employees to encourage individuals to generate creative ideas within the organization. Mavroeidis & Tarnawsk (2017) also stated that the efficient innovation management needs tools, practices, and sequential processes that can be organized by a management standard and innovative structure.

Nevertheless, Lei et al. (2021) argued that one of the most important dynamics that enable firms to gain a competitive advantage is innovation performance. According to Tajaso (2015), innovation performance refers to firm outcomes in terms of the extent to which they introduce inventions to the market. Furthermore, according to Le and Tran (2020), innovation performance is not only an important source for firms to gain a competitive advantage, but it is also a key antecedent to product and process innovations and firm performance.

The innovativeness of a company is largely determined by its employees. Employee innovativeness is defined as the ability, proclivity, and desire to develop and implement novel solutions. Furthermore, it has been demonstrated that innovative behaviors are perceived as deliberate creation and implementation of new ideas by employees in the workplace. According to Moghimi & Subramaniam (2013), innovative employees generate new ideas, solve current problems, and contribute to the development of an organization.

2.1.2 Employee Explorative and Employee Exploitative behaviors for innovation

Considering the crucial role of employee within the organization, several studies have examined the association of employee explorative and exploitative for innovation behaviors (Alghamdi, 2018). Exploration and exploitation are distinct modes of innovation with contradictory characteristics and behaviors (Gupta et al., 2006). Furthermore, many models of innovation present exploration and exploitation innovation in a linear and sequential order; however, both occur extemporaneously and cannot be easily separated, regardless of whether a firm is more inclined to exploration or exploitation innovation (Berkhout & Van Der Duin, 2007). Cao et al. (2009) investigated whether balancing exploration and exploitation innovation improves firm performance by mitigating the risks associated with
overemphasizing either exploration or exploitation. As a result, the combination of exploration and exploitation innovation has been found to be extremely important, with firms that can engage in both reporting optimal innovation (Zacher & Rosing, 2015).

**Employee Explorative Behaviors**

By increasing variance in employee behaviors, a leader supports the adoption of generative and explorative thinking processes (Alghamdi, 2018). According to Hunter et al. (2011), leaders have more information and knowledge about all aspects of the innovation task than their followers. Furthermore, expertise is distributed among employees, and employees frequently have detailed knowledge and insights into the innovation processes and activities (Hoeogl & Parboteeah, 2006). Furthermore, leaders who demonstrate open leadership behaviours encourage error learning and allow employees to think for themselves (Zacher et al., 2014). Supportive supervision behaviors, on the other hand, were found to be positively related to employee exploratory innovation behaviors. Other researchers (Alghamdi, 2018; Zacher et al., 2014) discovered that open leadership behaviors influence employee exploratory innovation behaviors positively.

**Employee Exploitative Behaviors**

Exploitation innovation focuses on incrementally improving or refining existing knowledge. To accomplish this, a directive approach as closing leadership behavior is required to reduce variance in behaviors and ensure employee behavior alignment with standard work routines (Bledow et al., 2011). Leaders who exhibit closing leadership behavior signal to employees that work should be done in a routine but efficient manner and limit employees' efforts to pursue opportunities outside of their existing capabilities (Zacher et al., 2014). This promotes exploitation innovation behaviors and the enhancement of existing knowledge (Alghamdi, 2018). Closing leadership behaviors are critical for leaders in the early stages of innovation because they are required to convert creative ideas into commercial goods or services (Bledow et al., 2011). Furthermore, Zacher et al. (2014) discovered that closing leadership behavior influences employee exploitative innovation behavior. Moreover, exploratory innovation broadens its existing knowledge base to create fundamental or radical change, whereas exploitative innovation deepens the core knowledge basis to bring about incremental changes.

2.3 Innovation Culture

The tendency of an organization to compete or resist innovation is reflected in its innovation culture. Dabi (2018) defined innovation culture as a set of shared values within a company that produces the best results by exploring new ideas and opportunities, establishing innovative practices, encouraging innovative behaviors, and building infrastructure for innovation processes. Creating this culture provides the infrastructure and internal environment that inspires employees to support the processes, practices, and actions required for innovation. According to Hilmarsson (2014), an innovation culture encourages open communication, reduces competition among individuals, and allows for decentralized decision-making. Thus, an innovation culture allows for the discovery of new ways of doing things, increasing an organization's competitive advantage and innovation performance.

Resource-Based According to View, high organizational performance and competitive advantage are dependent on factors other than the firm's assets or one of their internal resources (Kiyabo & Isaga, 2019). On the other hand, task context, follower characteristics, and organizational culture and characteristics all have an impact (Aboramadan et al., 2019). As a result, innovation culture may be critical in developing organizational performance (Alosani et al., 2020). This culture is characterized by the intention to be innovative and by individuals' commitment to learning new ways to conduct business. These have an impact on the motivation to generate and implement new ideas (Villaluz & Hechanova, 2019). This practice also includes establishing the infrastructure that supports employees' innovative work behaviors, configuring the elements of the innovation process, and demonstrating management's commitment to innovation (Hilmarsson et al., 2014). Furthermore, innovation culture is made up of beliefs, systems, encouragement, the ability to safeguard new technological innovations, and tolerance for failure. Furthermore, the psychological empowerment of employees to stimulate innovation and improve
performance is central to the concept of innovation culture (Xie et al., 2016). According to Dabi et al. (2018), an organization’s innovation culture is critical to its success and has a significant impact on its business performance.

2.4 Employee Innovative Behavior

According to Agarwal (2014), employees have been identified as important sources of innovation; consequently, their innovative behaviors are critical to organizational innovation. Innovative behavior, according to Janssen (2000), is the result of a comprehensive set of behaviors associated with idea creation, idea support, and idea implementation. Furthermore, employee innovative behavior is defined as the ability to generate new ideas and apply these ideas to job-related tasks that benefit the organization’s performance (Lei, Haider & Hussain, 2018).

Davidson, Dyne, & Lin (2017), employee voice is a type of constructive voice that involves the expression of ideas or opinions with the goal of benefiting the organization. Employee voice is defined as an upward-directed improvement-oriented behavior that emphasizes the expression of constructive opinions about work-related issues (Detert & Burris, 2007). Employees will become more task-oriented and creative if they are encouraged to voice their opinions on ideas.

Besides, Scott and Bruce (1994), employee innovative behavior is a three-step process that begins with identifying a problem and ending with a solution that is either existing, adopted, or completely new. In the second step, the employee seeks internal or external support and sponsorship for their innovative idea. The third stage is implementation, in which employees prototype ideas that can be put into production.

![Figure 1: Employee Innovative Behavior process](source: Developed by the Researcher.)

Moreover, Wang & Zhu (2018) indicate the main factors affecting employee’s innovative behavior include individual factors, leadership factors, organizational factors, job characteristics factors, team factors and human-environment interaction factors. However, few studies have tackled innovation from an individual perspective (Perez-Penalver, Aznar-Mas & Montero-Fleta, 2018). Individual factors mainly focused from the aspects of cognitive abilities, personality, motivation, knowledge, and psychological factors (Batra & Vohra, 2016). Nieves & Quintana (2018) stated that employees with high levels of knowledge, abilities and experience are a source of new ideas for organization.

Fischer, Oget, & Cavallucci, (2015), highlighted that the impact of training and employee participation which may enhance the individual aspects such as knowledge, experience, abilities, and motivation. The training designed by organization might involve creativity requirements which will encourage employees toward innovative behavior. Moreover, Employee participation will create employees’ loyalty (Bhatnagar, 2012), thus may positively influence employee innovative behavior. Besides, Employee participation are given more autonomy and have more control in the decision-making process which will leads to more innovative behavior (Li & Hsu, 2016).

2.5 Innovative Work Behavior

Employee innovative work behavior continues to gain a considerable amount of attention as it has been clearly demonstrated to contribute to organizational performance (Bos-Nehles et al., 2017). This is
especially vital as the business environment becomes more dynamic and challenging, where employee innovative work behaviors will play a part in aligning the business vision and models with the constant technological changes. Thus, employee innovative work behavior that is developing, adopting, and implementing new ideas for products and work methods have been considered a major reason why some organizations survive and create competitive business environment (De Jong & Den Hartog, 2010).

Bos-Nehles et al., (2017, p.382) describe IWB as “All individual actions directed at the generation, processing and application/implementation of new ideas regarding ways of doing things, including new products, ideas, technologies, procedures or work processes with the goal of increasing the organizational effectiveness and success”. According to, Yuan & Woodman (2010) identified IWB as the development, adoption, and implementation of new ideas for products, technologies, and work methods by employees. On the other hand, Researchers agree that IWB consisted of the three stages of idea generation, idea promotion and idea realization (De Jong & Den Hartog, 2010). The first stage is idea generation; employees encountering work-related problems will find ways to improve existing processes or products and try to solve problems using new and alternative ways. The Second stage is idea promotion, employees engaged in IWB need to promote newly developed ideas, processes, and products to potential partners, through the building of networks and coalitions of allies. Finally, at the implementation stage, employees need to produce a model of the new process and attempt to routinize is, to ensure the process or product becomes part of the routine at the workplace (De Jong & Den Hartog, 2010).

Previous research has focused on the antecedents of employees’ innovative work behavior; some of the proposed antecedents of IWB include personality and contextual characteristics (Yuan & Woodman, 2010). Other studies stated that strategy, organizational structure and climate, and individual and group capabilities as important determinants of IWB (Mumford & Licuanan, 2004). Moreover, (Bos- Nehles et al., (2017) highlighted the role played by effective leadership in shaping employee IWB.

2.5.1 Dimensions of Innovative Work Behavior

Innovative behaviors refer to the individual actions that aimed at generating and applying new ideas to improve outcomes in a better way (Messmann & Mulder 2017). De Jong & Den Hartog (202) suggested that innovative behavior is consisted of four dimensions: opportunity exploration, idea generation, promotion of ideas and the application of ideas. Besides, Borasi & Finnigin (2018) focus only on the dimensions of the production and application of ideas, while (Messmann & Mulder, 2017) added another dimension which is a reflection that makes innovative behaviors five dimensional.

Figure 2: Illustrate the Innovative Work Behavior Dimensions

Source: Adapted from (De Jong & Den Hartog, 2020.

Figure 2 shows Innovative Work Behavior four dimensions:
The first dimension of exploration of opportunity is referred as "opportunity identification" which includes activities such as discovery, search, creation, and problem identification (Örnek & Ayas 2015). Innovation begins by identifying opportunities to create something new towards better results. This clearly shows that the exploration of opportunities plays a vital role in innovation. It is a significant first step to begin before any other action can be taken. The ability of an individual to identify something or something that requires change or improvement should be a key element in innovation. By identifying the opportunities available, individuals will be able to take further action.

Idea generation is the second dimension of innovative behavior that refers to an individual's behavior to improve a current product or process, or to solve a problem, by developing an innovative solution to solve the problem by generating new ideas, finding alternatives, or combining and rearranging existing information and concepts based on the exploration of identified opportunities (De Spiegelaere et al. 2014). Luke & Stephan (2017) consider this second dimension as one aspect of creative behavior. Difficult or challenging situations often stimulate these dimensions.

The third dimension of innovative behavior is the behavior of promoting new ideas that have been created. This behavior is considered important because once a new idea has been developed, it needs to be promoted and championed because in general, the new idea generated will make a difference to the current product and process (De Jong & Den Hartog 2020). The changes proposed by this idea need the consent of the parties as they involve them directly and indirectly (Janssen 2004).

The last dimension refers to the behavior of individuals in applying the ideas generated. These dimensions will implement new ideas through the production of prototypes or new product models, technologies, or processes (Janssen 2004), testing and modifying prototypes according to the needs and making improvements in ways that innovations are thought to be part of the work process in the entire organization (De Jong & Den Hartog 2020).

Additionally, most studies have focused on the generation of innovative ideas and creativity rather than the behaviors involved in championing or implementing these creative ideas. Consequently, De Jong & Hartog, (2010) established a network to cover the overlapping dimensions from previous studies and came out with a new model for IWB based on the two stages of innovation.

Figure 3: Illustrate Model for Innovative Work Behavior

The figure shows the two stages of innovation, which are initiation and implementation. Every stage of innovation consisted of two dimensions that are related to initiation and implementation phase. Innovative Work Behavior “IWB” concept is related to problem recognition, idea championing, and idea implementation, while employee creativity was only focused on idea generation of employee itself (De Jong & Hartog, 2020) which will be discussed next under Employee Innovative Behaviors “EIB”.

2.6 Individual Characteristics and Employee Innovative Behavior

Individual is always influenced by their culture, sub-culture, and psychological factors (Orji et al, 2017). Thus, understanding individual characteristics in an organization are crucial for continuous
innovation and improvement where innovation proven as the crucial factors for sustaining organizational competitive advantage (Monteiro, et al., 2017). According to, Jalil et al. (2015) indicate that individual characteristics may influence work performance and may change the workers’ responses to them. Individual characteristics that influence employee innovative behavior are self-leadership, self-efficacy, and proactive trait.

Balau et al. (2013) investigated that employee directly and indirectly stimulates the development of innovations in the workplace. Previous studies showed that there is a positive relationship between self-leadership and organizational performance (Tastan, 2013; Hauschildt & Konradt, 2013). On the other hand, Di Liello & Houghton (2006) showed positive linkage in their study on self-efficacy and EIB. Additionally, Idrus & Salleh (2017) stated that the level of self-efficacy depends highly on the difficulty level of a task, with high self-efficacy are more likely to engage in higher levels of creativity in their work.

2.7 Knowledge Management and Employee Innovative Behavior

According to, Darrouxa, Jonathan, & Thibeli (2013) creativity and innovation are two standards of knowledge management that lead to sustain economic development and competitiveness. Wilson II (2016) argues that members of an organization recreate and use knowledge to facilitate organization innovation, core capability and competitive advantage. Acquiring knowledge and skills through collaboration have been effective and efficient means of successful innovation. On the other hand, Ragab & Arisha (2013) identified knowledge as the currency of the current economic situation; is an important asset of an organization and the key towards sustainable competitive advantage. Knowledge is a strategic advantage that helps companies maintains corporate excellence when turbulence occurs (Abdi and Senin, 2015).

Furthermore, knowledge sharing is an important process that influences the improvement of innovativeness at both the organizational and individual levels (Zhao et al., 2020). Expert knowledge, including knowledge of previous solutions and events, can serve as a foundation for and inspiration for new solutions. Sharing knowledge with colleagues increases the knowledge base of other employees and increases the possibility of the emergence of innovative ideas. "Idea generation is a process of knowledge creation that requires recombing internal and external knowledge into new forms," Radaelli et al. (2014) defined (p. 401). The ability to amass knowledge is essential for developing new solutions. According to Radaelli et al. (2014), the knowledge recombination and re-elaboration embedded in knowledge sharing promote idea generation and application. As a result, tacit knowledge sharing boosts team creativity (Kucharska & Kowalczyk, 2016).

2.8 Reward and Employee Innovative Behavior

Reward is one of the most influential factors that motivate employees to contribute to organizational performance (Aktal et al., 2012), and it is divided into two types: intrinsic and extrinsic rewards. Intrinsic rewards are those derived from the job, such as passion, autonomy, and accomplishment, whereas extrinsic rewards are the perceived importance of rewards that are not derived from the job, such as income and security. Employees are highly motivated to perform well following the system reward-performance, according to expectancy theory (Ajzen & Fishbein, 1980).

De Spiegelaere et al. (2013) stated that installing performance related incentive systems would increase the attention of the employees to the rewards whether in terms of intrinsic and extrinsic rewards. Ramamoorthy et al. (2005) findings were similar to Eisenberger & Rhoades, (2001) as they find empirically that rewards stimulate creativity and the innovativeness of the employees. This is supported by expectancy theory which explained that people are motivated for better work performance when the job promised worthy rewards (Malik et al., 2015). Furthermore, the effect of rewards on the creative performance of employees also depends on their personal traits, which play significant role in the interpretation of the rewards (Malik et al., 2015).

2.9 Employee Competency and Employee Innovative Behavior

Roshayati (2020) identified competency as a person required characteristic in performing a given task and it could be a capability, knowledge, skills as well as personal qualities. Therefore, employees must know what skills are defined for the tasks given and be able to match with the competencies they
owned. In relation to innovation, employee competence is a key factor in the development of new products and in adapting to market changes.

Recent studies extend the existing knowledge in employee participation by examining the moderating effect on the relationship between employee participation and outcome variables (Rafiei & Pourreza, 2013). Although there are conceptual and empirical reasons to expect that employee participation will be positively related to the employee innovative behavior. Furthermore, according to (Roshayati, 2020), employee competency is among the internal tools that support employee participation and empowerment. Hence, when considering the moderating effect of employee participation, it is assumed that the high level of employee competencies will result in a stronger relationship between employee participation and employee innovative behavior than when there is a lower level of employee competency.

2.10 Conclusion
In the face of dynamic, competitive pressures and the rapid development of the knowledge economy, today’s organizational competitiveness demands employee innovation in processes, methods, and operations. Fast becoming a common expectation for performance, particularly in fast-growing and competitive industries, employee innovative behavior, along with its contributing factors, has become a research imperative for both scholars and practitioners.

Moreover, Innovative work behavior is embedded in factors such as motivation, trust, culture, management support and involvement. Previous studies have shaded the light on the mediating effect of innovative work behavior on knowledge management and organization performance. Consequently, the research was guided by diffusion innovation theory which agreed that new ideas are knowledge assets that needs to be adopted to enhance performance in an organization.

2.11 Future research
According to previous research, jobs with a certain level of complexity may present some challenges to employees, prompting them to innovate. Meanwhile, jobs with lower complexity are more efficient for employees. Thus, challenging jobs encourage employee innovation at the expense of efficiency. As a result, future research needs to investigate whether employee innovation behavior mediates the relationship between job complexity and performance.

References


Exploitative leadership effect on employee well-being in the Egyptian dairy industry

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Keywords
Exploitative Leadership, Employee Well-being, Employee Productivity, the Egyptian Dairy Industry

Abstract
The purpose of this study is to shed light on how exploitative leadership impacts employee well-being. Studying the effect of exploitative leadership on employee well-being helps researchers and organizations understand the harmful consequences of poor leadership practices on staff members' mental and physical health.

The research focuses on the Egyptian dairy industry, which is a substantial contributor to the country's economy. A sample of 353 employees are randomly chosen in Dina Farms and Juhayna owing to their dominance in Egypt's dairy business. Structural Equation Modelling (SEM) is used to investigate the impact of variables on each other.

Based on the statistical analysis, exploitative leadership, and employee well-being have a negative significant relationship. Therefore, it is recommended that managers should follow a few approaches to eliminate this type of behavior such as developing clear policies and procedures, encouraging better communications with continuous feedback, and creating a supportive work environment that values the well-being of its employees.

Introduction
Employees’ health and happiness are important for the organization to stay intact together and increase commitment to the organization. Well-being can simply become the driver of employees’ success both inside and outside of the workplace. Further, employee well-being at work can broadly be described as the strain experienced affecting the overall quality of an employee’s functioning. Strain is defined as psychological, physical, or behavioral responses to stressors (Le Fevre et al., 2003). Stress is one of the most influential factors affecting employees’ well-being (Xiong Chen and Aryee, 2007). Every organization needs to ensure that its employees enjoy a high level of well-being, as it leads to a positive return on the organization’s branding and performance (Combs et al., 2006).

Although there are likely many factors that impact employee well-being, one that may be of particular importance is the nature of the interaction between leaders and employees (West, 2022). Leadership plays a major role in the workplace and has a dynamic impact on employees; as leaders provide guidance, assign responsibilities, manage disputes, and support the team to achieve the organizational goals. Leadership is considered one of the major factors behind every organization’s success (Yukl, 2012). Within today’s environment, organizations are highly concerned about seeking ways to mitigate the influence of behavioral stressors and their negative effects at work due to the negative side of leaders (Hoobler & Hu, 2013).

In the workplace, negative leader behaviors have been associated with subordinates having experiences that resemble outcomes of concern in graduate students like burnout, physical health issues,
etc. (West, 2022). This type of leader is usually characterized by egoistic behavior, undermining others' development, and taking credit for other people's work (Schmid et al., 2019).

Exploitative leadership is very common in organizations because it is easy for a person with power to exploit their colleagues without any consequences. There are many ways in which leaders can be exploitative and undermine the development of their employees. One way is by giving them a high number of tasks to do without providing enough support or resources (Guo, Ken & Luo, 2021). Moreover, exploitative leadership characterizes behaviors with the primary intention to further the leader’s self-interest like obtaining credit for employees’ work and using employees for personal gain (Schmid et al., 2019). Such leaders treat their employees unfairly, and abuse and exploit them in order to achieve their personal goals, having less consideration for their actions on both the employees and the organization (Van Dijke, De Cremer, & Mayer, 2010).

The issue with exploitative leadership is that it will probably lead to a high amount of stress and unhappiness for employees. Such leaders are often seen as being manipulative and not caring about their employees’ well-being. Consequently, employees’ productivity would decrease, harming not only themselves but also the whole organization. Thus, it’s important to discuss and explore the exploitative leadership consequences concerning employee well-being.

**Literature Review**

Exploitative leadership is one of the destructive patterns of leadership. It refers to leadership with the elementary intention of promoting the leader’s self-interest through the exploitation of others (Schmid, 2018). Exploitative leadership is a behavior that is abusive, destructive, and psychologically disturbing and perhaps legally corrupt and poisonous. In agreement, Schmid (2018) described leaders as narcissistic, self-promoters who engage in an unpredictable pattern of abusive and authoritarian supervision”. Exploitative leaders intend to further their self-interest and “exploit others by acting egoistically, exerting pressure and manipulating followers, overburdening followers, or, on the other hand, consistently under-challenging followers, allowing no development” (Schmid et al., 2019). To reach their personal goals, exploitative leaders tend to put exceeding amounts of pressure on their followers or even engage in manipulative tactics to influence the followers to accomplish his/her self-interested aspirations.

Schmid et al. (2019) pointed out that exploitative leadership incorporates five dimensions, namely genuine egoistic behaviors, taking credit, exerting pressure, undermining development, and manipulating. The first dimension is genuine egoistic behaviors, which refers to the use of power for the sole purpose of achieving personal gains. An egoistic leader behaves in a self-interested manner and exploits others significantly. The second dimension, taking credit, applies to leaders who are being appreciated for the achievement of their subordinates, unjustified for their subordinates’ hard work, and use it to benefit themselves. The third dimension is Exerting pressure, which involves leaders putting unwarranted and excessive pressure on employees to get tasks done. Exploitative leaders usually use unjustified and extraordinary job pressures through complex tasks and intolerable schedules and deadlines (Burns, 2017; Tepper et al., 2007). The fourth dimension of exploitative leadership is undermining development. The undermining of development and job growth refers to the act of consistently assigning boring and useless routine tasks that leaders do not wish to undertake and hindering the career progression of their subordinates. Finally, manipulating describes that leaders play others off against each other to benefit themselves. The manipulative behavior of exploitative leaders affects the dynamics of meaningful relations between subordinates such as trust, collaboration, and cooperation, which form the basis for managing the flow and sharing of knowledge and adjusting to the surrounding environment (Hou, 2017).

Exploitative leaders engage in manipulative and seditious acts to ensure their own interests are met; thus, employees would feel undermined (Lin et al., 2017). Scholars expressed that undermining is an obstruction to law and various rules in societies. Moreover, undermining in organizations negatively affects employee’s health, giving those negative vibes, increasing unexcused absences, the high failure rate in work/assignments completion, and disrespectful or abusive behavior, which in turn affect performance
in organizations (Carter, Onyeador, & Lewis Jr, 2020). Employees’ health and happiness is the foundation of their wellbeing (Lawson, Noblet, Rodwell, 2009).

Employee well-being has emerged as one of the greatest challenges faced by managers (Boddy, 2014) and they are inquiring into strategies aimed at improving the same. Experience of more positive emotions at work has significant influences on both individual outcomes and organizational performance and productivity (Illies et al., 2015).

According to Pradhan & Hati (2022), employees’ well-being consists of three main dimensions. First is subjective well-being at work, which refers to the term subjective well-being that describes a person’s overall experience in life and reflects a person’s self-described happiness. Subjective well-being includes positive attitudinal judgments as well as the experience of positive and negative effects, defined as typical or transient moods or emotions experienced while working. According to Fredrickson’s broaden-and-build theory, positive emotions function in the short term to broaden one’s thought-action repertoire and thereby build in the long term one’s subjective, social, psychological, and resources (Fredrickson, 2001). The second dimension of well-being is psychological well-being. It refers to individuals’ valued experience (Bandura, 1986) in which they become more effective in their work and other activities (Huang et al., 2016). According to Diener (2009), well-being is a subjective term, which describes people’s happiness, the fulfillment of wishes, satisfaction, abilities, and task accomplishments. The third and final dimension is social well-being, it entails feeling a part of meaningful communities, having satisfying short-term interactions, and maintaining satisfying long-term relationships with other people. Spreitzer et al. (2005) explain that satisfaction with peers and exchange relationships with leaders are both components of social well-being.

Prior research has demonstrated many negative effects that exploitative leadership has on employees including decreased job satisfaction and affective commitment, increased turnover intention, burnout, workplace deviance, and perceived imbalance in social exchange (Schmid et al., 2018, 2019). The fact that exploitative leaders tend to require employees to work based on their self-interest and punish rebellious subordinates (Schmid et al., 2014), may increase injustice and distrust leading to a significant decrease in employees’ well-being (Lawson, Noblet, Rodwell, 2009). Since exploitative leaders often give boring tasks to employees, exert an exceeding amount of work pressure, and place inappropriately high job demands on employees, scholars proposed that the resultant psychological distress may lead to perceptions of resource loss, decreased job control, and personal autonomy (Schmid et al., 2018).

Based on previous research results presented above the researchers hypothesized the following:
H1: There is a negative effect of exploitative leadership on employee well-being.
H1a: there is a negative effect of exploitative leadership on employees’ subjective well-being.
H1b: there is a negative effect of exploitative leadership on employees’ psychological well-being.
H1c: there is a negative effect of Exploitative leadership on employees’ social well-being.

Research Methodology
This research used a simple random sampling technique, to determine the sample size. A survey was distributed electronically to (353) employees in Dina Farms and Juhayna, two market-respected leader brands in the Egyptian dairy products sector known for producing quality products. The survey is comprised of two sections measuring both exploitative leaderships representing the independent variable and employee wellbeing as the dependent variable. The exploitative leadership scale is adopted from Schmid et al. (2019) who presented 13 items measuring the dimensions of exploitative leadership. Moreover, the research adopted Hati’s (2022) 28-item scale to measure employee wellbeing dimensions.

Findings
The research uses several statistical techniques to test the research hypotheses. First, the descriptive statistics are conducted to determine the main characteristics of the data collected from the dairy sector employees. Second, Confirmatory Factor Analysis is also conducted to examine whether questionnaires used to measure exploitative leadership and well-being are consistent with our understanding of the nature of these constructs. Third, the Spearman Correlation coefficient is used to measure the strength and the direction of the relationship between exploitative leadership and employee wellbeing. Finally, the
Structural equation modeling is used to investigate the effect of exploitative leadership and employee well-being on each other, providing a better understanding of the phenomenon. In conclusion, the research starts by specifying the theoretical model that represents the correlation between exploitative leadership and employee wellbeing dimensions. Then, SEM is used to understand the magnitude and significance of these correlations.

**Descriptive Statistics**

The arithmetic mean is an indication of central tendency to offer understanding into the average value of the data collected from the dairy employees. Table (1) shows the mean for each survey item and the standard error of the mean that offers insight into the degree accuracy that the sample mean represents the whole population mean.

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>My views are well accepted by my teammates.</td>
<td>3.79</td>
<td>.895</td>
</tr>
<tr>
<td>People in my team don't help each other in difficult times.</td>
<td>2.79</td>
<td>1.138</td>
</tr>
<tr>
<td>I take active part in important decision-making activities of my team.</td>
<td>3.73</td>
<td>.918</td>
</tr>
<tr>
<td>I can freely share my problems with my colleagues.</td>
<td>3.42</td>
<td>1.051</td>
</tr>
<tr>
<td>My day-to-day activities contribute towards the benefits of my team.</td>
<td>3.62</td>
<td>.894</td>
</tr>
<tr>
<td>My life is mostly sorrowful.</td>
<td>3.45</td>
<td>1.014</td>
</tr>
<tr>
<td>I feel that I am a sensible person.</td>
<td>3.96</td>
<td>.902</td>
</tr>
<tr>
<td>I am a confident person.</td>
<td>3.89</td>
<td>.965</td>
</tr>
<tr>
<td>I believe that I have a purpose and direction in life.</td>
<td>4.01</td>
<td>.868</td>
</tr>
<tr>
<td>I think life is a continuous process of learning.</td>
<td>4.36</td>
<td>.938</td>
</tr>
<tr>
<td>I care for things that are important to me, not what is important to others.</td>
<td>3.70</td>
<td>.891</td>
</tr>
<tr>
<td>I understand what is expected from me.</td>
<td>2.66</td>
<td>1.144</td>
</tr>
<tr>
<td>I am not flexible.</td>
<td>3.54</td>
<td>.977</td>
</tr>
<tr>
<td>I easily adapt to day-to-day changes of my life and manage my responsibilities well.</td>
<td>3.30</td>
<td>1.201</td>
</tr>
<tr>
<td>I feel I am capable of decision-making.</td>
<td>3.78</td>
<td>.940</td>
</tr>
<tr>
<td>I feel depressed from the stress and demands of day-to-day life.</td>
<td>3.50</td>
<td>1.144</td>
</tr>
<tr>
<td>I am quite satisfied with my job. Exploitative</td>
<td>3.51</td>
<td>1.006</td>
</tr>
<tr>
<td>I feel good about myself.</td>
<td>3.64</td>
<td>.945</td>
</tr>
<tr>
<td>I attach lots of value to my work.</td>
<td>3.81</td>
<td>.878</td>
</tr>
<tr>
<td>I enjoy meaningful work.</td>
<td>4.10</td>
<td>.840</td>
</tr>
<tr>
<td>Mostly I feel happy</td>
<td>3.44</td>
<td>.933</td>
</tr>
<tr>
<td>My job provides scope for career growth.</td>
<td>3.52</td>
<td>1.042</td>
</tr>
<tr>
<td>I am an optimistic person.</td>
<td>3.72</td>
<td>.952</td>
</tr>
<tr>
<td>I feel good about my work.</td>
<td>3.93</td>
<td>.918</td>
</tr>
<tr>
<td>My manager values the achievement of his or her own goals over the needs of the employees.</td>
<td>3.22</td>
<td>1.175</td>
</tr>
<tr>
<td>My manager Puts me under pressure to reach his or her goals.</td>
<td>3.15</td>
<td>1.185</td>
</tr>
<tr>
<td>My manager Does not give me opportunities to further develop myself professionally because his or her own goals have priority.</td>
<td>2.95</td>
<td>1.169</td>
</tr>
<tr>
<td>My manager Gives me boring routine tasks when he or she can benefit from it.</td>
<td>3.09</td>
<td>1.132</td>
</tr>
<tr>
<td>My manager Increases my workload without considering my needs in order to reach his or her goals</td>
<td>3.10</td>
<td>1.183</td>
</tr>
<tr>
<td>My manager Does not consider my workload when new tasks need to be assigned.</td>
<td>3.16</td>
<td>1.081</td>
</tr>
<tr>
<td>My manager Gives me tedious tasks if he or she can benefit from it.</td>
<td>3.23</td>
<td>1.126</td>
</tr>
<tr>
<td>My manager sees employees as a means to reach his or her personal goals.</td>
<td>3.14</td>
<td>1.195</td>
</tr>
<tr>
<td>My manager Uses my work to get himself or herself noticed.</td>
<td>3.01</td>
<td>1.143</td>
</tr>
<tr>
<td>My manager Passes the team's work off as his or her own.</td>
<td>2.87</td>
<td>1.171</td>
</tr>
<tr>
<td>My manager Uses my work for his or her personal gain.</td>
<td>2.92</td>
<td>1.221</td>
</tr>
</tbody>
</table>
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Table (1): Descriptive measures of statements

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>My manager Manipulates others to reach his or her goals.</td>
<td>2.92</td>
<td>1.280</td>
</tr>
<tr>
<td>My manager often puts my colleagues and me against each other to reach his or her goals.</td>
<td>2.91</td>
<td>1.261</td>
</tr>
<tr>
<td>People are trustworthy in my team.</td>
<td>3.68</td>
<td>.969</td>
</tr>
<tr>
<td>I am an important part of my team and organization.</td>
<td>3.91</td>
<td>.882</td>
</tr>
<tr>
<td>I am close to my teammates in my organization.</td>
<td>3.66</td>
<td>.940</td>
</tr>
<tr>
<td>My team is a great source of social support.</td>
<td>3.64</td>
<td>.968</td>
</tr>
<tr>
<td>I love to spend time with my teammates.</td>
<td>3.62</td>
<td>.993</td>
</tr>
</tbody>
</table>

In Table (1) it is clear that value of standard error of the mean is small indicating a more precise estimation of the mean for the research population.

### Confirmatory Factor Analysis

The research investigates the reliability and validity of the survey used to measure exploitative leadership and employee wellbeing. For this purpose, Confirmatory Factor Analysis (CFA) determine whether the survey is actually measuring these variables, with the reliability measured by Cronbach alpha.

<table>
<thead>
<tr>
<th></th>
<th>Cronbach's Alpha</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploitative leadership</td>
<td>0.701</td>
<td>0.816</td>
<td>0.527</td>
</tr>
<tr>
<td>Psychological well-being</td>
<td>0.754</td>
<td>0.835</td>
<td>0.504</td>
</tr>
<tr>
<td>Social well-being</td>
<td>0.795</td>
<td>0.859</td>
<td>0.524</td>
</tr>
<tr>
<td>Subjective well-being</td>
<td>0.754</td>
<td>0.835</td>
<td>0.504</td>
</tr>
</tbody>
</table>

Table (2) shows that all the variables had a Cronbach alpha higher than 0.7. Therefore, all the statements are reliable to represent the factors in the study. To approach the validity of the statements in expressing the factors, both the composite reliability and the average variance extracted were computed. The AVE of each factor was above 0.5 and the CR was above 0.7. This shows how the statements were valid to be used for the factors.

### The Spearman correlation coefficient

The Spearman correlation coefficient is applied in this study to measure the strength and direction of the relationship between exploitative leadership and employee wellbeing. The Spearman correlation coefficient takes values from -1 to +1. Values that are close to -1 signal a strong negative correlation, while those closer to +1 represent a strong positive correlation. As for values close to 0 means there is no correlation between the variables.

<table>
<thead>
<tr>
<th>Spearman's rho</th>
<th>Exploitative Leadership</th>
<th>Subj.</th>
<th>Psyc.</th>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Correlation Coefficient</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>398</td>
<td>398</td>
<td>398</td>
</tr>
<tr>
<td>Subjective</td>
<td>Correlation Coefficient</td>
<td>.476**</td>
<td>.382**</td>
<td>.706**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>398</td>
<td>398</td>
<td>398</td>
</tr>
<tr>
<td>Psychological</td>
<td>Correlation Coefficient</td>
<td>.337**</td>
<td>.382**</td>
<td>.100</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>398</td>
<td>398</td>
<td>398</td>
</tr>
<tr>
<td>Social</td>
<td>Correlation Coefficient</td>
<td>.451**</td>
<td>.291**</td>
<td>.706**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>398</td>
<td>398</td>
<td>398</td>
</tr>
</tbody>
</table>

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

Table (3): Spearman Correlation coefficients of the phenomenon

**Correlations**

Table (3) indicates that there is a significant relationship between Exploitative Leadership and Subjective well-being at a 95% confidence level. Also, there is a significant weak negative relationship between Exploitative Leadership and Psychological well-being value at 95%. In addition to that, there is a significant moderate negative relationship between Exploitative Leadership and social well-being at a 95% confidence level. So, exploitative leadership has a negative significant impact on subjective, psychological, and social well-being.

**Structural Equation Modelling**

SEM is used in this research used to model relationships between exploitative leadership and employee well-being and to test the research hypotheses assessing theoretical causal structure among the two variables.

*Figure (1): Structural equation model of the 4 factors provided by using SmartPLS.*

Table (4) Estimates of structural equation model of the phenomenon

<table>
<thead>
<tr>
<th></th>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploitative leadership -&gt; Psychological well-being</td>
<td>0.485***</td>
<td>0.047</td>
</tr>
<tr>
<td>Exploitative leadership -&gt; Social well-being</td>
<td>0.749***</td>
<td>0.027</td>
</tr>
<tr>
<td>Exploitative leadership -&gt; Subjective well-being</td>
<td>0.494***</td>
<td>0.043</td>
</tr>
</tbody>
</table>
After applying SEM, the phenomenon is better understood. From the table above the results of the study indicate that exploitative leadership has a significant impact on Psychological, Social, and Subjective well-being. Thus, exploitative leadership has a negative significant impact on Psychological, social, and subjective well-being.

Discussion and conclusion

The main objective of this research is to examine the exploitative leadership effect on the employee’s well-being. Based on the statistical analysis results obtained from applying SEM, it can be concluded that Exploitative leadership has a negative effect on employee well-being. Even though many factors may impact employee well-being, the relationship between a leader and followers is central to well-being (West, 2022). This is concurrent with organizational behavior literature indicating that negative leadership behaviors have been linked to workplace outcomes of concern in subordinates, such as burnout, physical health problems, etc. (West, 2022).

Specifically, exploitative leadership has a negative impact on social well-being at work. As exploitative behaviors increase, a climate of fear and mistrust is fostered, causing strained relationships between leaders and their subordinates as well as among coworkers. This finding agrees with Sirgy (2012) research indicating that negative leadership has an impact on relationships outside the organization encouraging employees to engage in unhealthy coping mechanisms like aggression and substance abuse, frequently leading to very high levels of stress, anxiety, and even depression. This also agrees with the research result indicating exploitative leadership negative effect on employees’ psychological wellbeing.

Exploitative leadership also has an impact on employees’ subjective well-being, which results in a sense of alienation and loneliness among workers. This result is in line with previous research showing that exploitative leadership has a variety of detrimental effects on workers, including decreased job satisfaction and affective commitment, increased intention to leave the company, burnout, workplace deviance, and a sense of social exchange that is unbalanced (Schmid et al., 2019).

Based on this study’s results and evidence, several implications need attention to enhance well-being and consequently performance. The HR department should put forth effort in educating leaders and employees about exploitative leadership, so as a first step spreading awareness among managers is crucial. In other words, training professionals should inform managers and staff on what constitutes exploitative leadership, how it impacts people and the organization, and how to prevent or stop it, training and seminars can be organized. Further, supervisors must be educated on detecting exploitative leadership behavior patterns through employees’ feedback and offer potential remedies. Attention must also be paid by all organizational levels, to providing employees assistance and resources to help them deal with the negative impacts of exploitative leadership. This may entail having access to tools for resolving conflicts, receiving conflict resolution instruction, and having anonymous reporting options. Additionally, establishing a procedure for reporting and appropriately handling complaints will show that the problem is being handled seriously.

Promoting a positive organizational culture is critical when dealing with exploitative leadership and weak well-being. Empathy, respect, and honesty towards employees should be leaders' top priorities. Additionally, cultivating cooperation, communication, and work-life balance as well as developing a sense of community inside the workplace can aid in developing a more pleasant work environment that deters exploitative leadership. Finally, management should consider holding leadership accountable for their actions. People in power who act exploitatively need to face consequences. This can entail taking official disciplinary action, like being fired from your job, or putting in place a performance improvement plan. Steps must be taken to guarantee that the bad leadership’s behavior is altered and does not reoccur in the future.

Finally, the leader sets the tone for the organization and has a direct impact on the employees, thus it is clear that leadership is crucial when it comes to the welfare of employees at any organization. Therefore, this study is done to demonstrate how an exploitative leader can negatively impact an organization's employee well-being and why employee well-being is crucial for an organization.

In conclusion, employee well-being is crucial for organizational success, and leadership plays a significant part in that matter. Exploitative leadership behaviors, which focus on the leader's self-interest,
can lead to employee stress, burnout, reduced productivity, and high turnover rates, particularly in industries such as the dairy industry in Egypt. However, despite its negative effects on employee well-being, there is a lack of research examining the relationship between exploitative leadership and employee well-being, especially in Egypt. This study aims to fill this gap by investigating by testing the research hypotheses through statistical analysis including Structural Equation Modeling (SEM). From the statistical test results, it can be concluded that Exploitative leadership has a negative effect on employee well-being. Thus H1, H1a, H1b and H1c are accepted. This conclusion is supported by previous research showing a significant positive impact of ethical leadership on psychological, social, and subjective well-being. Overall, the findings suggest that Exploitative leadership has detrimental effects on multiple aspects of employee well-being, including happiness, health, and relationships. These results highlight the importance of fostering positive and supportive leadership practices to promote employee well-being in the workplace.

The study informs HR practitioners, managers, and stakeholders on how to mitigate the negative effects of exploitative leadership and improve employee well-being in the workplace. Organizations should strive to create an environment that encourages fair treatment, respectful communication, and supportive leadership styles to enhance employee well-being and ultimately improve overall organizational performance.

Promoting a positive organizational culture is critical when dealing with exploitative leadership and weak well-being. Empathy, respect, and honesty towards employees should be leaders' top priorities. Additionally, cultivating cooperation, communication, and work-life balance as well as developing a sense of community inside the workplace can aid in developing a more pleasant work environment that deters exploitative leadership.

Finally, management should consider holding leadership accountable for their actions. People in power who act exploitatively need to face consequences. This can entail taking official disciplinary action, like being fired from your job, or putting in place a performance improvement plan. Steps must be taken to guarantee that the bad leadership's behavior is altered and does not reoccur in the future.

Research limitations and direction for further research

The findings of this study must be seen in the light of some limitations. For instance, time constraints have restricted the ability of the researchers to spend researching a topic and tracking change over time. Therefore, a longitudinal study would be beneficial to track the long-term effect of exploitative leadership on employee wellbeing.

This study may not offer a complete picture of the effect of the exploitative leadership style on employees’ well-being. Thus, this study’s findings should be further explored, particularly with other variables that could interfere with the strength or the direction of the relationship. For example, personal resilience, personality, job stressors, and social support could be considered in future research to offer a more comprehensive construct. Finally, to safely generalize the results of this study without the errors of self-reporting bias, future research must use different measurement tools to measure exploitative leadership.

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The Impact of Sustainability on the Consumer’s Purchase Intention

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Keywords
Sustainability, Purchase Intention, Environment Dimension, Economic Dimension, Social Dimension, Green Marketing, Green Purchase Intention

Abstract
Sustainability means intersecting our own needs without negotiating the ability of future generations to meet their own needs. In addition to natural resources, we also want social and economic resources. Sustainability is not just green politics. Sustainability is the progression of living within the limits of existing, natural, physical, and social resources in ways that allow the living organizations in which humans are fixed to thrive in endlessness. Purchase intention refers to a customer’s willingness to purchase a specific good or service. The dependent variable, purchase intention, is influenced by both internal and external variables. An indicator of a respondent’s attitude towards making a purchase or using a service is their purchase intention. The research goals are to test the impact of sustainability on consumers’ purchase intention. By applying it on mineral water consumers to test this impact. Data were collected through a structured questionnaire of 25 questions and answered by 138 respondents. Data were analyzed through reliability analysis, normality test and correlation test.

The research summary indicates that there is a direct relationship between sustainability and purchase intention. It also indicates that there is a positive impact of sustainability on purchase intention.

Introduction
The universe has developed strategies over time to preserve a healthy and sustainable environment for all living things. The advance of environmental responsiveness has become a global phenomenon. As a result, companies had begun reacting to sustainable challenges using green marketing strategies, which are part of maintainable improvement strategies (Nozari, Szmelcer-Jarosz, & Ghahremani-Nahr, 2021). The idea of sustainability has been incorporated into many countries. (Enceizan, Assoc, Wahab, & Salwa, 2015). Recently, marketing experts and practitioners have become interested in sustainability.

The corporate rules and regulations in various nations are changing substantially as a result of this notion, which is defined as “progress that fulfils the requirements of the present without sacrificing the ability of future generations to meet their own needs.” (Heinberg, 2021).

A green product is one that performs the same tasks as an equal conventional product while producing less environmental harm over the course of its life cycle. Its composition should also not injure or otherwise violate the environment, and it should not utilize packaging. Knowing that green products are those that are not supposed to be risky to the environment or to human health in both their content and their packaging is crucial for distinguishing between conventional items and green products. (Juniora, Dirceu, & Gabriel, 2015).
One of the main inputs that marketing managers use to anticipate future sales and evaluate how their actions will affect consumers' purchasing behavior is the expressed purchase intentions of consumers. Green investment is described by academics as "a series of legislative and institutional frameworks to attract private capital investments into green industries through financial services," such as environmental protection, energy conservation, and renewable energy (Liao & Shi, 2018).

**Sustainability**

Sustainability is seen as one of the most pressing concerns of our day, as well as a necessity for the life of our planet. The term "sustainability" refers to "development that meets the requirements of current generations without jeopardizing future generations' ability to satisfy their own needs." (Abdelrazek & El-Bassiouny, 2022). Environmental Sustainability has garnered a lot of attention recently from academics and professionals. The advantages of such methods for firms are what motivates increased research and implementation of environmental Sustainability. Environmentally conscious business practices have emerged as crucial performance and reputational factors. Sustainable Development (SD) is developing, growing ideas from academics, business organization and policy makers. One of the key spaces raised in the discussion of Sustainable Development is the role of innovation in acceptable Sustainability. Innovation is a key enabler of Sustainability for organizations, supply chains, institutions, communities, regions, and countries, as it constantly changes the external environment and our way of life. (S.Silvestre & MihaelaŢîrcă, 2018). Philip Kotler, known as the father of Marketing, said in an interview for BBS “Sustainability will soon become a determining factor in business, as consumers want companies to care about them and the planet, not just their profits.” (Abdelrazek & El-Bassiouny, 2022).

Sustainability aids the ability to sustain an entity, result, or process over generation. However, in the development literature, most scholars, researchers, and practitioners apply the concept to show improvement and maintenance of healthy economic, environmental, and social systems for human development. Some research defines Sustainability as the adept and reasonable circulation of resources within and between generations through the operation of socioeconomic activities within a finite ecological community (BraisSuárez-Eiroa, EmilioFernández, GonzaloMéndez-Martínez, & DavidSoto-Oñate, 2018).

**Purpose of Sustainability**

Rapid population increase, industrialization, unplanned urbanization, climate change, tourism, and natural disasters have all contributed to environmental problems that have now spread to a global scale and are beginning to endanger animal life. There is a desperate need for extensive national and international legislation to ensure the sustainability and ecological balance forever. Applying the idea of Sustainability at this point is necessary. (Akdoğan, 2015).

Sustainability has numerous short- and long-term advantages. We cannot maintain our Earth's ecosystems or continue to function as we do unless we make more sustainable choices. If harmful processes continue unabated, we will most likely run out of fossil fuels, a large number of animal species will become extinct, and the atmosphere will be irreparably damaged. Sustainability benefits include clean air and nontoxic atmospheric conditions, increased reliance on resources, and improved water quality and cleanliness. (Hicyorulumaz, 2015).

**Egypt's Acts toward Sustainability**

Egypt is one of ten countries submitting their third voluntary national review (VNR) this year. While the first VNR was submitted in 2016, following the launch of the national sustainable development strategy "Egypt Vision 2030," the second VNR presented in 2018 marked the successful implementation of the economic stabilization and reform program, while the third VNR would share with the international community Egypt's strides toward laying the groundwork for a more resilient economy and community capable of weathering adverse unexpected shocks such as the COVID-19 pandemic (Hiena, Phuonga, Tranb, & Thang, 2019). Prior to the outbreak of COVID-19, Egypt was on track to meet its development goals. Unfortunately, the COVID-19 pandemic and its socioeconomic consequences devastated the entire world, resulting in an unprecedented global recession.
Despite the negative impact on the Egyptian economy, the successful implementation of the economic stabilization and reform program, which increased the economy's resilience, diluted the impact of the pandemic, leaving the Egyptian economy among the few and only in the MENA region to register growth. The Egyptian government (GOE) is convinced that, despite the pandemic's shortcomings, it can be used as a catalyst to accelerate the implementation of reforms. As a result, the GOE has launched the second phase of the economic reform program in 2021, with the goal of streamlining the Egyptian economy's structure and increasing its competitiveness by addressing sectoral bottlenecks (Hiena, Phuonga, Tranb, & Thang, 2019).

Dimensions of Sustainability

The Environmental (or ecological), Economic, and social goals of three dimension to form Sustainable Development, according to the systems approach. (DempseyNicola, BramleyGlen, Sinéad, & Caroline, 2011).

Environment Dimension

The necessity of protecting the environment for improved living can be summed up as tourist Environmental awareness. Understanding the value of the environment and having the attitude to support efforts to preserve it are the goals of environmental awareness. Most scientists agree that environmental consciousness is a crucial element. One of the requirements for changing one's attitude toward and behavior toward the environment in the face of accelerating climate change and global warming is Environmental Sustainability consciousness. Globally, higher education is in charge of educating students and faculty about Environmental issues and influencing how future generations will view the value of protecting the Environment. (DempseyNicola, BramleyGlen, Sinéad, & Caroline, 2011).

Economic Dimension

Economic interpretations of Sustainability commonly take as their place to begin the consensus reached through the World Commission on Environment and Development (Barbier & Burgess, 2017). The sharing Economy has a lot of potential for paving new, Sustainable business and consumption channels that could upend established corporate models. Sustainable consumption practices allow for the effective use of any underutilized resource, such as sharing extra household resources or joining a carpool, which extends the lifecycle of items and demonstrates the sharing Economy's significant Sustainability potential (Barbier & Burgess, 2017).

Social Dimension

The Social Dimension of Sustainability is focused on community and individual well-being as a non-Economic form of wealth. Social has only recently been incorporated into discussions on Sustainability. In the Social sciences, the Sociological field remained invisible among experts, and public and political debates focused on climate change and Sustainability (Dempsey, Bramley, Power, & Brown, 2009). While this dimension shows conflict between commercial and social objectives, there is also a convergence of interests when companies take Sustainability into account. The fundamental question of "what are the social goals of Sustainability?" is a broad, multifaceted term called "Social Sustainability," and there is no agreement on how these goals are defined (Dempsey, Bramley, Power, & Brown, 2009).

Green Marketing

The Green marketing is the fourth generation of sustainability.

The Green marketing concept first surfaced in the late 1980s as a competition trend that businesses use to differentiate themselves by providing green value propositions to draw in and keep customers. For some authors, Green Marketing represents a developing idea that places a focus on using excellent environmental care techniques including eco-efficiency, green labelling, and green control in the use of resources, green advertising, and the repurposing of materials. Green Marketing is also described as a tactical approach that businesses can use to boost their revenue through Sustainable management to satisfy environmentally conscious customers (García-Salirrosas & Rondon-Eusebio, 2022).
Purchase Intention

Purchase intention is a difficult process related to customer behavior, observations, and manners, making it an excellent instrument for predicting the purchasing process. Still, Armstrong and Kotler argue that purchasing intent is established before the buyer makes the final purchase choice. Founded on the many definitions and clarifications of purchasing intention offered by the authors. It might be requested that purchase intention is created on a consumer’s willingness to gain a given product or service under confident environments (Faeq, Saleh, Hiwa, Ismael, & Nawzad, 2022).

Purchase intent refers to a consumer's ability to plan or purchase a particular product or service in the future. Mittal and Kamakura (2001) argue that purchase intentions cannot be accurately predicted, but purchase intentions drive purchase intentions. Intent can represent a person’s motivation to perform an activity. Specific intentions are the driving forces that influence behavior. Strong intentions lead to stronger actions.

Purchase intent reflects a prediction or plan of future behavior, or the likelihood that beliefs will turn into purchasing behavior. Purchase intent also reflects consumers' intentions to purchase goods and services based on their attitudes and emotions. (Hiena, Phuonga, Tranb, & Thang, 2019). Purchase intent is the desire to purchase a particular product or service within a specified period. Consumers' willingness to purchase from e-commerce companies also influences their online purchase intentions. Consumers are more likely to visit online shopping sites with purchase intent if they have knowledge and experience with e-commerce stores. However, consumer objectives may change due to unforeseen circumstances. Therefore, it is important for businesses to take proactive steps to ensure that their products and services are perceived positively by consumers.

Purchase behavior is an important factor in a consumer's ability to access and evaluate a specific product. Purchase Intention is an effective tool for predicting the buying process. Purchase intention can be impacted by price, as well as perceived quality and value. (Mirabi, Akbariyeh, & Tahmase bifard, 2015).

Theory of Reasoned Action VS Theory of Planned Behavior

Two concepts are most frequently used in marketing literature to characterize consumer behavior: the theory of reasoned action and the theory of planned conduct. (Ajzen, 2015). According to the theory of planned behavior, intention is the main factor influencing conduct. Purchase intent and completion are tightly related. (Ajzen, 2015). The Theory of Planned Behavior concentrates on anticipating and explaining both the actual behavior and the behavioral goal, whereas the Theory of Reasoned Action concentrates exclusively on explaining behavioral intention. Several research looked into what consumers believed and felt about green products. According to some, Theory of Reasoned Action is the best explanation of green consumer behavior (Gotschi & Vogel, 2009). Additionally, (Paladino & Ng, 2012) think that the Theory of Reasoned Action is a solid theory, particularly when it comes to figuring out the factors that affect consumers' propensity to make green purchase.

Green purchase intention

Green purchase intention is defined as a person's likelihood and desire to choose products with eco-friendly features over standard products in their purchasing decisions. (Mei, Ling, & Hooi, 2012). Consumer purchasing motivation can be defined as a certain aim or behavioral attitude. (Tarabieh, 2020). Green product purchases help to ensure environmental sustainability since they cause no harm to the environment during their manufacturing, usage, and disposal cycles. (Xing, 2022). Purchase intention is the way a consumer chooses to acquire things or services because they believe it meets their wants and is consistent with their overall outlook. (Al-Gasawneh & Al-Adamat, 2020). Green purchasing is defined as the concept of acquiring raw materials that prioritize environmental sustainability, such as lowering waste sources, increasing recycling and reuse, reducing resources, and employing environmentally friendly materials. (Sugandini, Muafi, Susilowati, Siswanti, & Syafri, 2020). The term "green purchasing behavior" refers especially to the practice of buying goods that are not only beneficial to and kind to the environment but also recyclable and reusable. Products that are produced, used, and disposed of according to the principles of sustainable development are referred to as "green products. (Sheng, Xie, Gong, & Pan, 2019).
Factors affecting green purchase intention

Perceived seriousness of environmental problems

Dunlap and Xiaio (2007) employed one of the factors used to analyse public opinion about environmental issues—the perceived danger presented by environmental problems—in their research. Like this, Guber's approach (1996) locates policy-relevant environmental concerns by combining the 'perceived importance of environmental problems' with two additional environmentalist tenets. The media has an impact on how seriously people see environmental issues (Moser and Uzzell, 2003). Such a perception suggests that as communication and media technologies develop quickly, the effectiveness of the media will also grow.

Perceived environmental responsibility

Individuals should adopt an environmentally conscious lifestyle (Fraj and Martinez, 2006). Perceived environmental responsibility was determined by Lee (2008) to be an unreliable indicator of green. Because it was the fourth predictor among the seven variables included in her study, purchasing habits, it. According to Lee (2009), personal commitment to the environment is frequently lacking. Nevertheless, Nyborg et al.

Perceived effectiveness of environmental behaviour

Individuals' behaviours are influenced by perceived consumer efficacy whether or whether such behaviours result in the desired outcome (Ellen et al. 1991). People that are more eager to recycle, donate to environmental causes, and buy environmentally friendly items are viewed as being more effective (Ellen et al. 1991). People attempt to engage in behaviour that they think they can carry out (Conner and Armitage, 1998).

Concern for self-image in environmental protection

Self-identity shows how much a person perceives themselves as meeting the requirements for particular societal roles, such as caring about environmental concerns (Conner and Armitage, 1998). In order to create a common framework for self-image, self-concept, and self-identification, Bailey (2003) observed that it is crucial to preserve the original denotative meanings of an image, concept, and identity. Buying eco-friendly items helps people feel better about themselves (Nyborg et al. 2006). Individuals' behaviour are influenced by perceived consumer efficacy, regardless of whether such behaviours will result in the desired objective or not (Ellen et al. 1991). People that are more eager to recycle, donate to environmental causes, and buy environmentally friendly items are viewed as being more effective (Ellen et al. 1991).

Conceptual model

Research Methodology

A survey was issued to gather information for an analysis of the impact of sustainability on customer purchase intentions using a quantitative technique.
Data Collection Methods
This research relied on the quantitative approach. Data were collected from both primary and secondary data.

Primary Data
This research depended on a survey to gather information in order to examine the effect of sustainability on consumers' intent to buy. The primary data used in this study was collected through a survey from the sample or target population in order to examine hypotheses. The primary data employed helped collecting in amount of data from a sample of 139 in relatively a short period of time.

Secondary Data
In order to collect the literature review about the impact of sustainability on consumer purchase intention, we relied on secondary data obtained from journals, articles, and books. Secondary data was acquired in this study by studying the literature and prior studies on green marketing and its strategies, as well as customer purchase intentions. The researcher gathered, analyzed, summarized, and compared data, theories, models, and outcomes from a variety of sources, including textbooks, articles, management journals, electronic resources, and published reports.

Population and Sample
The study's population encompasses all individuals who use or consume water. A sample of 139 respondents answered the survey online using Google docs.

Research Hypotheses
Based on SPSS v25.0 statistical package program for social science was used to analyze the collected data by using frequency tables, reliability and validity tests, and used PLS-Smart V4 for regression analysis in order to describe data and test hypotheses. The main Hypothesis: H1: There is a positive impact of sustainability on consumers’ purchasing intention. Emanates from hypothesis 1 the following sub hypotheses
- H1a: There is a positive impact of environment dimension on Consumers’ Purchasing Intention.
- H1b: There is a positive impact of economics dimension on Consumers’ Purchasing Intention.
- H1c: There is a positive impact of social dimension on Consumers’ Purchasing Intention.

<table>
<thead>
<tr>
<th>Table 1: Measurement scales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variables</td>
</tr>
<tr>
<td>Social</td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Environmental</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
It is important to me that the manufacturing of products does not harm our environment.

I think it is important that products can be recycled.

The long run preservation of natural resources concerns me.

It is important to me that company reduce their emissions.

I think that company should make every effort to reduce pollution.

Economics

I think this company improves its economic performance.

I think this company obtains the greatest possible profits.

It is important to me that company is future-oriented.

Dependent variable Purchasing Intention

I think I would buy green products rather than any other product.

I think I am willing to recommend green products to my friend.

I think I intend to purchase green products in the future.

Table 2: Reliability analysis results

<table>
<thead>
<tr>
<th>Variables</th>
<th>N. item</th>
<th>Alpha Cronbach</th>
</tr>
</thead>
<tbody>
<tr>
<td>independent variable sustainability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td>7</td>
<td>0.955</td>
</tr>
<tr>
<td>Environmental</td>
<td>8</td>
<td>0.924</td>
</tr>
<tr>
<td>Economics</td>
<td>3</td>
<td>0.995</td>
</tr>
<tr>
<td>dependent variable Purchasing Intention</td>
<td>3</td>
<td>0.874</td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
<td>0.975</td>
</tr>
</tbody>
</table>

Source: developed by researchers from Spss V25 Output.

Reliability Analysis

It relates to the stability axis's internal consistency measure, which is evaluated using the Cronbach alpha coefficient. Every time the test is run, it gives the same result, and the re-measurement again produces the same result, showing that the degree of internal consistency is the same.

Table 2, results indicate that the Alpha Cronbach coefficient ranges in value from 0.874 to 0.995 for the study variables, its value was for the questionnaire as a whole 0.975 This is a good indicator of reliability between the dimensions of the study.

Normality test

Kolmogorov-Smirnova and Shapiro-Wilk normality test, They show the normal distribution of the variables of the study, and the results show that the significance values of the Kolmogorov-Smirnova test range between (0.202 – 0.357), which is greater than 0.05, which indicates that the data follows a normal distribution, and this is confirmed by the results of the Shapiro-Wilk test, where Significance values ranged between (0.235 – 0.414), which is also greater than 0.05.
Table 3: Normality test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Kolmogorov-Smirnova</th>
<th>Shapiro-Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistic</td>
<td>df</td>
</tr>
<tr>
<td>Social</td>
<td>0.156</td>
<td>138</td>
</tr>
<tr>
<td>Environmental</td>
<td>0.170</td>
<td>138</td>
</tr>
<tr>
<td>Economics</td>
<td>0.178</td>
<td>138</td>
</tr>
<tr>
<td>Purchasing Intention</td>
<td>0.150</td>
<td>138</td>
</tr>
</tbody>
</table>

*a Lilliefors Significance Correction

Source: developed by researchers from Spss V25 Output.

Correlation test

It is clear from the following table that there is a direct positive relationship between the dependent variable and the independent variable at a significance level of less than 10%, and the value of the Pearson correlation coefficient between Purchasing Intention and social (0.301), and with Environmental (0.493), and Economics (0.498), that indicate there is moderate relationship between Purchasing Intention and independent variables (social - Environmental - Economics).

Table 4: Correlation Test

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Green Product</th>
<th>Social</th>
<th>Environmental</th>
<th>Economics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1.00</td>
<td>0.301**</td>
<td>0.493**</td>
<td>0.498**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.00</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>138</td>
<td>138</td>
<td>138</td>
<td>138</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>0.301**</td>
<td>1.00</td>
<td>0.415**</td>
<td>0.314**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>138</td>
<td>138</td>
<td>138</td>
<td>138</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>0.493**</td>
<td>0.415**</td>
<td>1.000</td>
<td>0.531**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>138</td>
<td>138</td>
<td>138</td>
<td>138</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>0.498**</td>
<td>0.314**</td>
<td>0.531**</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>138</td>
<td>138</td>
<td>138</td>
<td>138</td>
</tr>
</tbody>
</table>

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

Source: developed by researchers from Spss V25 Output

Table 5: Model quality tests

<table>
<thead>
<tr>
<th>Breusch-Pagan Test</th>
<th>Test-Statistic</th>
<th>df</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.425</td>
<td>1</td>
<td>0.409</td>
</tr>
</tbody>
</table>

| VIF sustainability | 1.09 |

Source: developed by researchers from Smart Pls v4 Output.

Table No. (5) shows the tests for verifying the quality of the estimated study model and its suitability for use. The significant value of the Breusch-Pagan test was (0.409), which is greater than 0.05, which indicates that the estimated model is free from the problem of data heterogeneity. The significant value of the VIF test was (1.09), which is less than 5, which indicates that there is no inflation of variance in the model data.
Summary of hypothesis testing results

Table 6: Summary of hypothesis testing results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: There is a positive impact of sustainability on consumers’ purchasing intention.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1a: There is a positive impact of environment dimension on Consumers’ Purchasing Intention.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1b: There is a positive impact of economics dimension on Consumers’ Purchasing Intention.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1c: There is a positive impact of social dimension on Consumers’ Purchasing Intention.</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Main Findings and recommendation

According to the scale results and the statistical analysis performed, it was concluded that there is an impact of Sustainability on the Consumers’ Purchase Intention, a survey has been distributed on a sample population and the results were analyzed using SPSS and pls-smart to investigate the Impact of Sustainability on the Consumer’s Purchase Intention and it proved the following: Sustainability has been proven in this study to have an Impact on the Consumer’s Purchase Intention. According to the consumer, Sustainability affects the Consumer’s Purchase Intention with the percentage of 28.5%.

According to our study, the researchers recommend the following to the future marketers:

• Providing transparency on the sustainability of the products, through eco-labels or sustainability reports, in order to enhance consumer trust and increase purchase intention.
• Educating consumers on sustainable practices and the environmental impact of their purchases to help improve overall awareness and shift consumer behavior towards more sustainable choices.
• Storytelling that could act as a powerful tool for promoting sustainability and increasing purchase intention. By telling the story of how the sustainable product was made, including the people and processes involved, increasing their understanding of the value of sustainability.
• Additionally, using emotional appeals, such as highlighting the impact of climate change or the social benefits of sustainable practices, can motivate consumers to make more sustainable choices.
• Engage in cause-related marketing: Cause-related marketing involves partnering with a non-profit organization or promoting a social or environmental cause to increase purchase intention. By donating a portion of profits to the cause or promoting the organization through marketing campaigns, the company can demonstrate its commitment to sustainability and increase purchase intention among consumers who support the cause.

Discussion

This study is a preliminary investigation into how sustainability information affects customer purchasing intentions. We derive a variety of inferences from this data. Firstly, sustainability information has a big impact on consumer’s purchase intention. For some, a product's "sustainable" status may even raise purchase intent. Consumers who have previously demonstrated a dedication to sustainability concerns, on the other hand, seem to use this knowledge as part of their decision-making process. We
discovered a statistically significant association between sustainability and consumers' purchase intentions among these direct users, with more favorable information being associated with higher buy intentions. Examining sub scores, we demonstrate that the main source of this impact is health evaluations, which are most closely connected to self-interest.

Research Limitation

Because nothing is totally perfect, every study has some limitations. Some of the limitations of this research listed below:

The main limitation of this research has been the lack of studies that focused on sustainability and its three pillars.

One of limitation of this research is the Lack of resources which made the researchers find it challenging to find the most accurate information and details.

Another limitation of this research is that the researcher found difficulty in collecting the data analysis due to the small number of respondents.

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The glass ceiling phenomenon: A review of literature and a theoretical perspective

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Keywords
Glass-Ceiling, Gender Discrimination, Gender Inequality, Future Research

Abstract
It is challenging for a woman to obtain a worthy platform for herself in a patriarchal culture with values that are primarily male dominated. As a result, gender issues have gained significant attention in the field of management studies. The glass ceiling phenomenon that prevails in businesses is one of these salient gender issues. This research reviews many papers on the glass-ceiling effect and groups them into one of the following four categories: (i) Proof of the "glass ceiling" occurrence. (ii) The origins of the glass ceiling; (iii) the effects of having a glass ceiling; and (iv) what happens when a glass ceiling breaks (iv) Strategies for breaking the glass ceiling at work. This research makes a significant contribution to the quantity of knowledge already available on the glass-ceiling issue, and it will also assist future researchers in streamlining their research directions.

Introduction
The concept of glass ceiling is concerned with the preconceptions and corporate traditions that restrict women from obtaining senior management positions (Prasad, 2018; Karakilic, 2019; Alazzawi et al., 2019; Rincon et al., 2020). According to Singh and Malhotra (2017) the ceiling is a barrier to upward mobility, the term "glass" refers to unbreakable walls or hurdles. (Prasad, 2018). Glass ceiling refers to barriers that hinder employees in an organization from making progress and reaching his full potential (Thomas et al., 2013). According to a definition by the U.S. Bureau of Labor, glass ceiling is “those artificial barriers based on attitudinal or organizational bias that prevents women from advancing upward in the organization into management-level positions.” Although it was first used in the US, the term can be currently generalized to all the circumstances that women practically face in reaching top managerial jobs (Ghorbani et al., 2014; Slaughter, 2015).

According to Kiaye and Singh (2013), the "glass ceiling" is a noticeable barrier as well as a strong ceiling that prevents women from moving up to senior management roles. Glass ceiling is a concept that illustrates a disadvantage for women in terms of job chances, particularly when women need to grow in their careers, according to Jasielska (2014) and Kolade and Kehinde (2013). Because of the seeming impediments, this phenomenon is referred to as a "glass," and a "ceiling," because there are hurdles to their upward advancement (Hiau, 2008).

Barriers to the promotion of women to management positions can be divided into three general categories: individual, organizational and cultural-social obstacles. Women come across multiple and diverse barriers to their future progress even when promoted to managerial jobs, including that women have less motivation for leadership and management, and those women are in a position of weakness when it comes to time and energy in daily activities (Edirisinghe and Thalgaspitiya, 2016).

Glass ceiling obstacles can be divided into two categories, according to Morgan (2015): artificial barriers and natural barriers. When compared to the natural obstacles found in the amount of schooling or
career breaks that have a substantial impact on women's professional progress, artificial barriers like those that are personal, organizational, and societal can be comprehended.

Review of Literature

Researchers differed on defining the concept of glass ceiling due to the different point of views here are some definitions of glass ceiling: According to Powell and Butterfield (2003), glass ceiling is a form of barrier in the workplace that is so subtle and apparent, yet so tough that its proscribed women and minorities from occupying top position in management hierarchy.

In contrast, to recognized barriers to career progression such as inadequate education and lack of requisite work experience, the glass ceiling barriers are less tangible and may be rooted in culture, society, organizational, individual and psychological factors that work collectively to obstruct the progression of women to managerial positions (Jain and Mukherji, 2010). Research conducted by Chang et al. (2014) describes the glass ceiling phenomenon as invisible obstacles that prevent women from rising to leadership status. Glass ceiling effects imply that gender disadvantages are more pronounced at the top of the hierarchy that at lower levels (Tandrayen-Ragoobur and Pydayya, 2015).

According to Ying et al. (2011), three key restrictions fuel glass-ceiling occurrence: customary gender roles, expressions of sexism in the workplace, and lack of sponsorships. Maume affirmed that the glass ceiling is a unique form of gender and racial bias against women and that this bias is more severe at later stages of career development than at labor entry (Maume, 2004). Insights from the study by Cansu (2013) highlight that few women move beyond the glass ceiling into executive management. However, their number is not proportional to their representation in middle management compared to their male counterparts. House et al (2005, p.67) view the glass ceiling as an “invisible and unannounced ceiling, the safety of women prevents them from reaching senior leadership positions”. As for Mifflin (2009, p.32), asserted that the “glass ceiling is a barrier placed in front of the women inside the organization to prevent her from promoting to positions of higher authority and thus preferring men over women within the organizations”.

Hindle (2009, p. 91) indicated that the “glass ceiling means that women are not allowed to climb the career ladder”. Cook and Glass, (2014) explained that the glass ceiling is an informal policy imposed on women and minorities to prevent them from promoting to higher levels, whether in the work environment or in the political environment.

The glass ceiling, from a biological standpoint, is not just an expression of male dominance, but it also has biological implications. Doctors, scientists, and managers have reported that after having a child, smart and ambitious young women who are qualified and capable for top jobs lose interest in them and choose for a parenting role instead (Schulpfen, 2017).

International Labor Organization defined glass ceiling as "a description of the artificial barriers that are generated by personal and institutional preconceptions that exclude women from senior executive positions." (Denina and Ricky 2005). According to Rai and Srivastava (2008), glass ceiling is a relative term; hence, it does not exist, because women receive lower salaries due to career disruption, worked for lesser time and engaged in low-risk jobs. Eagly and Carli (2007), further contended the exactness of the “glass ceiling,” and argued that it suggests systematic upward movement that is then obscenely thwarted by an ambiguous hurdle that obstructs further progression. Barreto et al. (2009), posit that the notion of glass ceiling is a symbolic obstacle which can be detached from formal or legitimate barriers to career advancement such as level of education or work experience.

According to (Maxwell, 2007) glass ceiling, a common trend is the hidden curtain that hides the natural talent of the women and retain all of them far from the top management of an organization. "Glass Ceiling" a barricade to future career, is an unsanctioned but actual obstacle to women’s advancement in to higher (managerial) ranks due to dissemination based on individuals’ gender, age, race, ethnicity and sexual preference.

From the previous presentation of the concepts of the glass ceiling against women according to the visions of the literature, a comprehensive definition of the glass ceiling developed by the researcher as an invisible barrier that prevents women from reaching the higher levels of management and thus prevents them from career advancement and self-realization. Between them and among their male colleagues in the
field of work, although they may be equal in efficiency with men, but in some cases, it is more efficient, but the bias is only based on gender and not competency, and political, economic, cultural, social and religious factors are considered among the most important causes of the glass ceiling against women.

David Cotter et al, (2001, p. 655-681) defined four distinctive characteristics that must be met to conclude that a glass ceiling exists. A glass ceiling inequality represents:

1. "A gender or racial difference that is not explained by other job-relevant characteristics of the employee."
2. "A gender or racial difference that is greater at higher levels of an outcome than at lower levels of an outcome.
3. "A gender or racial inequality in the chances of advancement into higher levels, not merely the proportions of each gender or race currently at those higher levels."
4. "A gender or racial inequality that increases over the course of a career."

Glass Ceiling Determinants

The following section presents indicates five determinants are responsible for glass ceiling effects which eventually restricts women career opportunity and progression at a certain stage. The identified factors are individual, family, organizational and cultural determinant.

Individual Determinant

According to Bombuwela and De Alwis (2013), the individual factor is defined as a person's personality and characteristics that set them apart from others, such as their level of confidence, personal attributes, and inability to sell themselves. Women, on the other hand, have the greatest impact on individual personality and characteristics such as lack of confidence and difficulty coping with emotions. As a result, women's job advancement has been hindered as a result of this. Women, too, have disadvantages as compared to men when it comes to their physical bodies. Men appear to be tough, whilst women appear to be sensitive. In terms of socialization, each person learns and adapts duties differently, impacted by gender roles and stereotypes. Women prefer to speak and hear a language of connection and intimacy, whilst males tend to speak and hear a language of status and independence, since both are influenced by gender norms and stereotypes (Goodman, 2007). In a short, men exhibit masculinity, whilst women exhibit femininity.

Family Determinant

Women have harder time progressing in their careers than men. Barriers to women in management still persist around the world (Ismail, 2008). Because women do two roles at the same time, there is a barrier. Women who have a job, on the other hand, have two commitments to fulfill at the same time: work and family. As a result, this has a good impact on women's job advancement (Shakil, 2011). According to Holton and Dent (2016), women have not changed significantly over the decades. Working part-time has been shown to have career drawbacks, as well as unfavorable opinions and stereotypes regarding working mothers, in a variety of jobs, industries, and countries, as well as the obstacles experienced by women trying to manage work and family duties (McIntosh et al., 2012).

According to Bombuwela and De Alwis (2013), most women tend to neglect their responsibilities to their families, such as housekeeping and childcare, since they are concerned with their professional lives. It is difficult for career women to achieve a reasonable balance between work and family life (Shakil, 2011), resulting in a conflict between work and family life that has hindered women's career advancement.

Organizational Determinant

The organizational factor is discussed in terms of the barriers that occur in an institution when it comes to the advancement of career women. Organizations actively reinforce gender inequalities, gendered power relations, and the male-dominated gender order, according to women studies, both in paid and unpaid labor (Acker, 2012). As a result, it's critical to consider how gender influences what's considered an "ideal worker" characteristic.
Ansari, 2016 addressed that management believes that women do not prioritize their careers as much as men do. Because they are responsible for their children, management believes that women do not have the extra work hours available. Furthermore, women who live alone are still stigmatized, and women who refuse to take a posting or training that may require them to live away from their families are viewed as lacking ambition in their careers (Ansari, 2016). Additionally, organizational members believe that men do better than women due to the masculine organizational culture (Lathabhavan and Balasubramanian, 2017). Women in executive positions are routinely assigned insignificant responsibilities, and some are limited to operational rather than administrative roles (Sahoo and Lenka, 2016).

Cultural Determinant

The cultural factor is equally important in the advancement of women's careers. Gender inequality and inequities, according to Kamberidou (2020), are exacerbated and reinforced by customs, beliefs, culture, and religion, and not just about entrepreneurial activities. In patriarchal society in industrialized countries, women confront higher sociocultural obstacles than the multitasking whirlpool. Family or the immediate social environment, he continued, plays a key effect in limiting various types of public events, inhibiting female entrepreneurship and leadership. Women are perceived as submissive and submissive to the male gender, according to Mehtap et al., (2016, p. 207-225), a social reality that is “particularly widespread in Islamic environments typified by conservative and patriarchal communities.”

According to Rana and Raju (2019), the working culture and climate in corporate society are far more toxic than in academia, but there is still a glass ceiling in place. Although leadership positions and discriminatory treatment do not seem to promote the essential cause in any way to make life simpler for women, monetary incentives do. Nsengimana et al., (2018) focused on recognizing how it feels to be a female entrepreneur in a patriarchal society, asserting that gender differences are reinforced by religion, culture, and customs through their research on patriarchal perceptions that discourage women from pursuing entrepreneurial careers (Kamberidou, 2020).

Factors Affecting Glass Ceiling

The analysis of this study indicates five factors responsible for glass ceiling effects which eventually restricts women career opportunity and progression at a certain stage. The identified factors are social factors, culture factor, organizational factor, women factor and governmental factor.

Social Barriers

Social factors are defined as the obstacles or difficulties that women face to assume leadership positions due to the social factors surrounding them (Madhulata, 2016) these factors are addressed in the following section:

Educational Level

Women are considered successful women who excelled in the educational stages, reached a university degree and had a great deal of education, but they could not complete their post – university education or travel to foreign mission unlike their male colleagues, which delays their chances of reaching a leadership position within the organization as a head of department or director. Educational level is expected to negatively affect the incentives and rewards offered. There are multiple reasons for this, which may be family circumstances and the husband’s domination may be in relation to the married women. Unmarried women are also prevented by societal circumstances, such as the fact that she will pay the tax for this ambition because her chances of marrying are reduced, given that some men consider advanced women in education to have influence and power that may pose a threat to their privileges. Specifically, within their families, and her family may refuse to be absent from home for long hours or reject the idea of her travelling abroad (Madhulata, 2016).

Culture Barriers

Culture is all socially generation to generation passed on behavior, arts, languages, architectures, symbols, signs, ideas, beliefs, traditions, norms, rituals, etc. which is learnt and influenced by the
attitudes, customs, and practices of people sharing’s in a particular social group of the same nationality, religion and ethnicity. Some cultures do not allow women to go out of homes, they are restricted to household works and other culture does not support women taking challenging jobs. Accordingly, women participation in economy is curtailed. (Madhulata, 2016)

Male Domination

Male dominance in senior management and decision-making roles is widespread throughout the world (Titkow, 2010). Because "birds of a feather" tend to cluster together, women's competence is more likely to be called into doubt. According to Longman and Lafreniere (2012), the male-dominant culture is to blame for the gender gap in senior leadership roles within enterprises. According to a study by Al-Manasra (2013), male executives of the firms prefer hiring men over women for the top managerial roles because they think men are more capable of performing those jobs. Furthermore, Vianen and Fischer (2002) discovered that the CEOs' prejudiced behavior resulted in unequal possibilities for promotion and advancement for women. As a result, women in these situations were locked in dead-end jobs, and their lack of representation made male CEOs more prevalent and a "gentleman's club" (Bucklew et al., 2012; Rhoads and Gu, 2012; Sanders, et al., 2008).

Norms and Values

Most of values and habits do not allow the emergence of a critical and creative thought for women, as these values and traditions constitute an old subject of the social reality. Even when the laws change, many old values and prejudices against women persist. Laws may encourage equality, but leave women exposed. Distinction is the mission of the fight against prejudice (Madhulata, 2016).

Organizational Barriers

Biased recruitment practices, unsupportive corporate climate and culture for women, lack of opportunities of training and education for women to advance into management positions and biased performance appraisal methods. (Madhulata, 2016).

Weak Upper Management Support for Women

The support of the higher management of women is to give women their full rights so that they are excluded from work and progression on the career ladder without obstacles facing them. Despite clarity of labor laws related to women, the higher management often does not apply some of these laws which leads to increase the suffering of working women (Jackson and O'Callaghan, 2009).

Weak Interest in Training and Developing Women’s Skills

Corporate policies and practices in training and career development, promotions, and compensations are often identified as major causes of the glass ceiling that prevent women from making it to the top (Jackson and O’Callaghan, 2009).

Lack of appropriate and sufficient training to advance on the corporate ladder is a prevalent issue for women in the workforce. These programs are frequently viewed as a necessary need for CEO and other high management jobs (Oakley, 2000). Women find themselves excluded from the highest ranks as a result of faulty tracking early in their careers since this type of training is not provided to them in the lower ranks (Oakley, 2000).

Governmental Barriers

Lack of strong provisions made by some governments regarding reporting systems that address the glass ceiling in organizations, delay in justice by courts, poor maintenance and follow-up of plans and policies which are enforced regarding glass ceiling, lack of prevention programs and consistent monitoring required to stop glass ceiling (Madhulata, 2016).
Stereotypes Barrier
This barrier is caused due to differences created between human groups and their potential limit interaction. Such as on basis of race, gender, religion or language. Due to this problem women limit their potentials due to other society member’s conscious or unconscious prejudices (Madhulata, 2016).

Individual Barrier
A woman herself becomes barrier for her career advancement such as inability to give proper time, lack of initiatives for challenging jobs, fear of taking leadership responsibilities, more concerns to family and children (Madhulata, 2016).

Tools to overcome barriers of Glass Ceiling
Various initiatives have been undertaken to deal with the spread of the glass ceilings. Some of the measures that have been considered include the use of legislation, women empowerment and affirmative action as well as strategic networking, mentoring and role playing on the part of women who have managed to break through the glass ceilings. Some of these tools to overcome glass ceiling barriers are addressed below:

Legislation
Attempts to use legislation to rectify unequal opportunities based on gender have been generally ineffective, with no discernible influence on women's participation. According to Cross and Linehan (2013), the majority of women in the South African construction industry are stuck in junior and middle managerial jobs, accounting for only around 10% of the entire workforce. Employment equity in South Africa was modelled after Canadian legislation and affirmative action measures in US legislation, and it has proved challenging to legislate (Horwitz and Jain, 2013).

Regardless, the fundamental shift in gender equality expectations brought about by the end of apartheid gave a platform for South African women to overcome gender-based obstacles to advancement in their careers (Booysen and Nkomo, 2012). South Africa established equal opportunity and affirmative action legislation as a national strategy after attaining democratic independence in 1994 to redress past gender disparities caused by apartheid (Mathur-Helm, 2015). Gender concerns such as empowerment, rights, and equality, particularly impacting black women in South Africa, came to the fore with the implementation of equal opportunity and affirmative action legislation (Booysen and Nkomo, 2012).

Role Models for Aspiring Professional Women
A common term used to describe someone who sets an example that others follow and who may encourage or inspire others to pursue particular career decisions and accomplish certain goals is a role model (Bosma et al., 2012). The relevance of role models for aspiring professional women is evident in feminine literature littered with stories that give reference to successful endeavors of women who have managed to break through the glass ceilings (Sharif, 2015). As young people consider their career paths, they may be drawn to role models who have gone through a similar career journey as a tool to break glass ceiling (Singh, et al, 2003).

Mentoring
Mentoring a process through which a more experienced and qualified individual, usually in a position of power guides a junior individual (Palmer and Johnson-Bailey, 2008). The earlier work of Senge (1996) looked at the notion of mentoring from the perspective of a learning organization and outlined that mentorship has a role to play in helping the local line leaders to mature to understand complex political crosscurrents and to communicate their ideas and accomplishments to those who have not been involved. Research conducted by Lu (2006) define the role of a mentor as a facilitator who encourages development the mentees skills through instructing, coaching, modelling and advising. Moeketsana (2014) argues that more channels and business networks are open to people with mentors than those without mentors. Thus, the absence of a mentoring relationship can be said to be an external barrier to career advancement.
Strategic Networking

Strategic networks are coalitions that women form in response to the isolation and social exclusion they face in the corporate world (Tandrayen-Ragoobur and Pydayya, 2015).

Adopting Management and Leadership Styles

CGE: 2015 suggest the differences have been found in management and leadership styles between men and women. The styles of management and leadership in the corporate world that are typically most valued are those often used by men (e.g., being direct and factual), rather than the interpersonal style women often use. Women and men organize their lives differently according to their gendered roles. Their participation in decision-making processes, access to justice or the legal system and economic resources is not equitable. The manner in which gender relations are defined in the workplace often mirrors the division of labor in the home, where roles are based on gender stereotypes. Therefore, for example, women tend to be well represented in positions that are synonymous with motherhood, caring and "nimble fingers". These have limited advancement prospects and lower benefits. Men on the other hand are overrepresented in positions that command significant decision-making power, higher salary scales and prospects for advancement (CGE, 2015). Cansu (2013) concluded that women who use the more direct communication style may be more likely to advance in the corporate world than women who do not.

Glass Ceiling Beliefs

Women’s beliefs about the glass ceiling have been reported in many qualitative studies (Browne, 2006; Wrigley, 2002). These qualitative studies have helped scholars with the assimilation of the four-factor model of glass ceiling beliefs (Browne, 2006; Wrigley, 2002). Based on previous studies on the glass ceiling, four different forms of women’s beliefs are identified: denial, resignation, acceptance, and resilience (Smith, Crittenden, et al., 2012). These beliefs are determined through the career pathway survey, and later research find that these beliefs are significantly related to the career success of women (Smith, Caputi, et al., 2012). The four identified glass ceiling beliefs are defined as follows:

Denial

Denial is an optimistic belief of women toward the glass ceiling, where they believe that men and women face almost equal problems when they move toward top management positions (Smith, Crittenden, et al., 2012). It is a positive attitude of women toward their career advancement, believing that there is no specific discrimination against women in top management positions (both males and females face the same hurdles in their upward promotion (Smith, Crittenden, et al., 2012).

Resilience

Resilience is another optimistic belief of women, where they believe that they are able to cope with the glass ceiling effect (Smith, Crittenden, et al., 2012). Resilience is a positive attitude of women toward career advancement because they believe that even in the presence of glass ceilings, they can fight for their right to promotion and career advancement (Smith, Crittenden, et al., 2012).

Resignation

Resignation is a negative belief of women toward the glass ceiling, where they perceive that they face more obstacles than men when moving toward top management positions, and there are many overwhelming reasons due to which it is difficult for them to break the glass ceiling (Smith, Crittenden, et al., 2012). It is a pessimistic attitude of women toward the glass ceiling effect; they find it difficult to reach higher positions compared to men. This belief may lead to intention to quitting, high turnover rate, or low performance (Smith, Caputi, et al., 2012).
Acceptance

Acceptance is a pro-family attitude of women in organizations, where they prefer other goals, such as the preference of family compared to promotion or leadership (Smith, Crittenden, et al., 2012). Acceptance is another pessimistic belief of women toward career advancement, where women accept the glass ceiling due to their commitments toward family (Smith, Crittenden, et al., 2012). Women with the glass ceiling belief of acceptance are not ambitious to move toward top management positions and are not willing to take on responsibilities (Smith, Crittenden, et al., 2012).

Strategies for Breaking through Glass Ceiling

Women cannot and should not remain in this inferior position forever, and it is clear that many women have worked to abolish this type of discrimination on the basis of gender. The International Labor Organization (ILO) has taken steps to address this issue, including educating women, enabling interpersonal communication channels, adopting policies that take into account family interests, improving some recruitment rules, and raising public awareness of women's growing economic role and significant contribution. Making it possible for women to realize their own strengths will pave the road for using women's human resources in management and decision-making positions (Mahboubeh et al, 2015).

Managers and organizations should take efforts to address the glass ceiling issue. First and first, corporations must change people's attitudes and behaviors. To do this, they must implement certain policies and programs throughout several organizational divisions. The most crucial kind of programs are those that alter over time. These initiatives include introducing flexible work schedules, developing partnership positions, and allowing for part-time employment or shorter workdays. Such initiatives enable female managers and employees to resolve the work-family issue (Mirghafouri, 2006).

Managers are the second category that needs special attention if we are to shatter the glass ceiling. For women to successfully acclimate to the predominately masculine environment, they require skills, support, self-confidence, and decisiveness. Spending time determining the best professional route is the first skill needed for women to succeed. Women should attempt to choose the most suited job path consistent with their occupational and family circumstances as their career aspirations can occasionally be dispersed and unfocused. The second skill that women require is the awareness that there is rivalry within businesses and that women must have the necessary skills and competitive behavior. The next ability is to instill in women the traits of self-confidence and make them believe in their own skills. Fourth, women need to push back against time restrictions. They must be capable of finishing their tasks on schedule. The development of political abilities is another element. Women must develop and use political skills in order to succeed in the managerial role. Other essential tactics for enhancing the circumstances of working women include combating legal and regulatory discrimination, ensuring job stability, boosting inventive abilities in women, ensuring persistent education, and building self-confidence to handle difficult and delicate duties (Mahboubeh et al, 2015).

Glass Ceiling and Women Career Development

In organizations, the 'glass ceiling' notion has been described as an unseen barrier or higher limit (Kuruppuarachchi and Surangi, 2020). The Federal Glass Ceiling Commission (1995) defined glass ceiling as an illusory barrier that prevents women from progressing in their careers. The glass ceiling occurs as an unseen higher limit in businesses, and it is difficult for women to rise past this limit to higher leadership positions (Kuruppuarachchi and Surangi, 2020). Because it is not a visible barrier and represents job inequity or discrimination, it has been termed the "glass ceiling" ( Cotter et al., 2001).

According to the Federal Glass Ceiling Commission (1995), women face three types of obstacles: sociocultural, internal structural, and government barriers. The second group is more relevant to women's professional advancement in business organizations. Corporate climates and the lack of outreach initiatives on behalf of women striving to senior management positions are examples of such hurdles. As a result, the term "glass ceiling" is used to describe inequities and prejudice. According to Wright et al., (1995), higher-level positions have better discrimination than lower-level positions. In other words, males hold higher leadership roles because the ‘invisible’ glass prevents women from achieving top leadership
positions (Bruckmüller et al., 2014). The glass-ceiling phenomenon, on the other hand, is a contentious topic. The glass ceiling, according to Powell and Butterfield (1994), can exist at any level of the organization. Other than the "glass ceiling" effect, according to Bruckmüller et al. (2014), there are other barriers that women face in advancing to top leadership roles. According to Bruckmüller et al. (2014), women have a lesser chance of obtaining leadership roles, and those that they do obtain are more insecure, dangerous, and associated with high stress levels.

Career development becomes more complex when considering gender, due to other factors outside work. O’Neil and Bilimoria (2005) stated that women's career development is different due to the context of their lives in terms of family responsibilities that have consequences for women's career patterns, sustainability, and development.

In developing their career, women experience potential barriers. When women face invisible and hard-to-penetrate barriers because of their status instead of their skill, education, or experience. Besides, these barriers mean that women find it difficult to develop their careers to the higher organizational level, such barriers are known as the glass ceiling (Bell et al., 2002; Goodman et. al., 2003). Another perspective is, when women are placed as leaders in high-risk positions that can make them fail, such a condition is known as the glass cliff (Ellemers et. al, 2012; Sabharwal, 2013).

Cross and Linehan (2006) identified organizational barriers in the form of organizational policies and attitude bias, work environments that do not support and hinder women managers' ability to work effectively, as well as promotional barriers. Cross and Linehan (2006) also found another barrier that originates from oneself, referred to as the self-imposed glass ceiling, which is a women's belief that their careers are considered successful when they also acknowledge another life outside their jobs, namely their personal life.

The self-imposed glass ceiling is the obstacle that emerges from the inside of women (self –driven) that prevents them from improving (Boonet et. al, 2013). In addition, Boone et al. (2013) demonstrate that two key aspects originate from self-imposed barriers in women. First between family and personal life, there is the problem of 'push and pull'. They attempt to manage their job improvement with their family life when women obtain an opportunity for advancement. Second, there are problems with personal barriers to career advancement that work against them.

Research Methods

The descriptors "glass ceiling," "women's growth," and "women career development" were used to perform a complete literature review. The majority of the sources, with the exception of seminal books, are Books, conference papers, refereed and non-refereed publications, and online sources were found during the literature search. The sources were chosen for their academic value. Additionally, manuscripts frequently revealed other research sources. An inductive study of the literature resulted in the emergence of patterns and themes, and the initial research question proceeded through iterations of refining as part of this process. The researcher considers the internal and external factors, gender and stereotyping as key words for literature searches on women career development.

Discussion

This research has contributed to a better understanding of how the glass ceiling persists in firms where men make up the majority of the workforce. In relation to this, the findings of this research show that there are several obstacles that women who aspire to managerial roles face: discrimination, work-style adaptation, fair treatment and opportunities, and family-friendly procedures are among them. This demonstrates that in a large business, an equal distribution of men and women is critical, as it reduces the possibility of issues like gender discrimination. This research also revealed how businesses deal with gender diversity and equality, but it also revealed that they may not always ensure that meaningful steps are taken in practice.

Conclusion

Because women educate the next generation, women, who make up half of the population, have a significant impact on the society's overall and sustainable development. Therefore, it is crucial to remove
the barrier preventing women from moving up the corporate ladder in order to achieve sustainable human growth. The biggest barriers to women’s advancement to top management positions are cognitive, valuation, and legal obstacles, and these exist when there is no rational explanation for women’s sexism (Mullins, 2009). Utilizing the competencies and capabilities of priceless human resources from every nation, regardless of racial or gender discrimination, is crucial to fulfilling the goals of various organizations and, as a result, sustainable growth as well as social and economic development (Hersey, Blanchard, and Johnson, 2008). As a result, women are present in many social contexts effectively, and in those where they are not, it is not because of a lack of ability on their part; rather, it is because they were purposefully removed from positions that were appropriate for them. Women have performed so well in every position that their performance entirely contradicts stereotypes of women as passive spouses and mothers. Unfortunately, despite the fact that there are more and more positive examples of women in society, their standing is still determined by the obligations that the patriarchal society has placed on them. Given that there are disparities between men and women in various aspects of society and that every society’s advancement and development depend on utilizing available knowledge, it is crucial to develop scientific plans and appropriate programs to help create the conditions for women’s presence and survival in society. Since women make up half of every society’s population, this is especially important for social reformers to consider.

References


Digital currencies as an alternative investment

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Keywords
Digital currencies, stock exchanges, alternative investments, and the MENA area are discussed

Abstract
Purpose: The study intends to examine the movement of digital currency prices over time and compare it to the movement of financial indicators in various stock exchanges to determine whether or not modern digital currencies can represent a global alternative to investing in financial stock exchanges, given their low transaction costs and information confidentiality, which makes them more appealing to some investors.

Hypotheses: The research is based on testing two basic hypotheses (1) There is no statistically significant relationship between the movement of digital currency prices and stock index fluctuations. (2) Digital currencies cannot be used as a substitute for stock market investing.

Methodology: The statistical study was conducted from January 1, 2010, to July 15, 2022, using a sample of thirteen MENA region countries’ indices, as well as three global indices represented by Nasdaq, Dow Jones, and American Standard & Poor’s, to represent the fluctuations of these indices. The movements of financial stock exchanges, as well as the ten most active digital currencies in terms of transaction volume at the time of the research, were used as indicators. The STATA statistical program was also employed for correlation analyses.

Results: Standard deviations of samples showed that traditional currency markets are more stable than virtual ones. Because of this, it’s clear that financial stock exchange traders can’t use digital currencies as an alternative investment.

Introduction
The rapid development of information technology and its multiple applications in all spheres of life have shrunk the world to the size of a village, helped eliminate economic and cultural barriers between nations, and ushered in the so-called era of globalization, which has consequently led to the competition between nations to obtain the most of this technology and to implement it in the daily lives of their citizens and institutions.

One of the most important applications of information technology is electronic commercial practices through the Internet and by relying on computers or smart phone applications, using specific protocols, commercial agreements can be reached between many companies all over the world, where contract terms are negotiated and reviewed using meeting applications and previewing software. Purchases through camera applications, up until the possibility of paying and transferring money for the agreed-upon price of the goods using applications for high-security electronic cash transfers that are used not only for transferring from bank to bank within the same country, but rather to eliminate borders between all nations through the world. Following the transfer of funds, the goods are sent to the consumer at the agreed-upon address while maintaining the secrecy of the transactions. As a result, and to complete the circle of development of electronic commerce applications, digital currencies have emerged and gained popularity in recent years. However, they have not yet reached the strength of paper currencies, and no country has expressed a desire or willingness to recognize digital currencies as official currencies. Nonetheless, digital currencies have value in a society that relies on them for online transactions over the Internet.

The term Digital or Cryptocurrencies, which refers to digital currencies, originated when a man named Satoshi Nakamoto created Bitcoin, a new currency for Internet-based communication with the
intention of becoming a global currency. Despite the popularity of the term "digital currencies," the multiplicity of types and uses of these currencies renders the term inaccurate, as the concept and specifications of currency are not available in these common types of electronic media developed for trading, as many of them were created for purposes unrelated to traditional monetary purposes. In contrast to the concept and application of a currency such as Bitcoin, there are digital currencies used in the actual economy that can be exchanged for other paper currencies issued by central banks. In comparison to other means, such as gold, they share a number of characteristics, including limited supply and price volatility based on supply and demand forces. international transactions. (Benjamin J. Cohen, 1998).

As for the stock markets, they serve as the intermediary between individuals, businesses, and governments in need of financing on the one hand, and the same three groups with excess savings available for investment on the other. The financial markets assist companies in obtaining the capital they require by issuing stocks and bonds and assist individuals in investing their money by purchasing these securities. In addition, the growth of the Gross Domestic Product (GDP) contributes to an increase in the demand for goods and services, which is reflected in the desire of companies to borrow funds from the financial markets in order to meet the increased demand, which is reflected in the movement and development of the financial markets. Therefore, there has always been a correlation between stock market performance and economic growth. Numerous studies and scientific investigations have examined the connection between the movement of financial markets and economic development in an effort to describe their long-term relationship. (Radikoko, Mutobo, & Mphoeng (2019); Elhassan & Braima (2020); Kapaya (2020).

Global stock market indexes and GDP growth slowed as a result of the COVID-19 pandemic, the energy and food crisis during the Russia-Ukraine conflict. Many employments were lost, and economic growth suffered as a result of lower or nonexistent savings and investment. As a result, many businesses experienced a reduction in their ability to raise capital through the sale of stocks and bonds, and profits fell further. Because of this, business performance and economic activity both fell.

By comparing the prices of digital currencies over the same time period, it finds that they rose sharply as their use spread. This is because the volume of trading in these currencies rose sharply, which improved the efficiency of the markets for those currencies that are traded in high volumes over time, as indicated by numerous studies such as Urquhart (2016), Vidal-Tomas and Ibanez (2018), Jiang et al. (2018), Tran and Leivik (2010), and others.

To determine the characteristics of investing in digital currencies and whether they are a viable alternative to investing in stock markets, this study analyses the price movement of digital currencies over a time series extending from January 1, 2010, to July 15, 2022, and compares it to the movement of a set of values of Arab and international stock exchange indices. Differentiating this study from others is the fact that no others have attempted such a comparison, and instead have focused on either explaining the theoretical aspect of digital currencies or attempting to establish a framework for dividing and distinguishing them. This is especially true in the Arab library.

Research Problem

Digital currencies have their own demand and supply, as their prices fluctuate in response to changes in demand and supply for and from them; thus, it can be said that the price movement of digital currencies reflects the extent to which investors rely on them as a tool for investment and profit-making, such as investing in stocks and financial bonds and trading on financial stock exchanges in general. Examining digital currency data from Table (1) reveals that there is a significant difference in the average values of digital currencies, as the averages range from $1 to $733,466 as a digital value. Similarly, the percentage change in the values of these currencies over a time series extending from January 1, 2010, to February 15, 2022, ranged from 21.84% to 821.45%, indicating a wide range in price volatility. Examining the data of the financial indicators of the various stock exchanges in Table (2) reveals that the average values range from 212,331 points to 10,895,441 points and the percentage of change in values ranges from 51.72% to 165.31%, which is significantly less than those of digital currencies. Therefore, it is necessary to analyze the relationship between the price movements of stock indices and those of virtual currencies.
Table (1): Price movement indicators for digital currencies
Source: Prepared by author

<table>
<thead>
<tr>
<th>Digital Currency</th>
<th>Number of Deals</th>
<th>Average Price Movement</th>
<th>Max Price Movement</th>
<th>Min Price Movement</th>
<th>Change %</th>
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</tr>
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<td>1,000</td>
</tr>
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</tr>
</tbody>
</table>

Table (2): Change in value indicators for financial stock market indices
Source: Prepared by author

Research aims and Objectives

1. To Present the concept of digital currencies and their most salient characteristics
2. To Compare the price fluctuations of digital currencies to the price fluctuations of financial indicators in the MENA region in order to determine which is more volatile and therefore more hazardous.
3. Examining the viability of digital currencies as an alternative to stock market investments.

Scientific and Practice significance

Importance from a scientific standpoint: The significance of this research derives from its contribution to the Arab library of recent studies on the concept of digital currencies, whose existence and function on Arab markets remain unclear.

Importance for practice: The researcher aims to provide results that Egyptian and Arab investors can rely on or consider when deciding between potential investment alternatives within the investment portfolio to achieve optimal diversification and risk reduction. The results of this study will clarify whether digital currencies can be recognized as an alternative investment to securities or not.

Research plan

The study begins with a presentation of digital currency definitions and the most important types of digital currency based on the volume of dealings with them; then presents some previous studies that dealt with digital currencies and concludes with the study's hypotheses; followed by uses applied statistical methods to test the hypotheses by comparing the price movements of the ten most traded digital currencies at the time of the study's preparation and ten stock market indices from MENA region, which, according to the World Bank, is (Iraq, Jordan, United Arab Emirates, Bahrain, Algeria, Saudi Arabia, Sudan, Somalia, Morocco, Yemen, Tunisia, Sultanate of Oman, Syria, Palestine, Qatar, Lebanon, Libya, Egypt, Mauritania, Turkey, Iran), along with a three other global indicators during period from...
January 2010 to July 2022. Finally, the study concludes with a discussion of the implications of the findings and recommendations.

**Overview to the concept of virtual currencies**

There is no standardized definition of digital currency; some refer to it as (virtual cash), others as (electronic money), and still others as (electronic cash) or (digital cash) (Ali, 2019). As defined by Baron et al. (2015), a cryptocurrency is a digital representation of a value that is transferred, stored, or circulated electronically, is not issued by the central bank or government agencies, is not necessarily related to another currency such as the dollar or the euro, etc., and is accepted as payment by its dealers. Al-Zalimi (2010) defines it as a digital currency issued by the government or private sector. The International Monetary Fund defines it as a cash value preserved in electronic form or electronic memory for the consumer’s benefit. Therefore, it is possible to say that digital currency is a new form of currency, or that it is the electronic alternative to physical paper and metal money. (Al-Rasheed, 2014). This new currency is visible but cannot be handled, as it lacks actual dimensions and weight, as well as other physical characteristics of currency. This money consists of numbers that can be displayed on millions of screens around the globe. (Kartersman, 2010)

In its 2012 report on virtual currencies, the European Central Bank (ECB) also classified cryptocurrencies as a subset of virtual currencies. They can be traded against official currencies and used to purchase electronic or physical products. In a 2015 report on digital currencies, the European Central Bank defines virtual currencies as "a digital representation of value that is not issued by central banks, lending institutions, or electronic money issuers and that can be used as a substitute for cash in certain circumstances." as well as to specify that cryptocurrencies like Bitcoin are decentralized binary virtual currencies. The International Monetary Fund (IMF) defined cryptocurrency in 2016 as "a digital representation of value, issued by private developers and denominated in their unit of account." This definition included a variety of digital currencies, and it could also include bonds. In addition to virtual currencies backed by other assets such as gold and cryptocurrencies such as Bitcoin, unofficial parties’ issue simple debt.

As defined by the Committee on Payments and Capital Markets Infrastructure (CPMI) of the Bank for International Settlements (BIS), cryptocurrencies are digital currencies with the following distinctive characteristics:

1. It is a commodity, like gold, whose value is determined by supply and demand; unlike electronic money, it does not constitute an obligation on the part of any individual or institution and is not backed by any government.
2. It is transferred electronically from one person to another, without intermediaries and in the absence of trust between all parties, and some of them use "distributed ledger" technology.
3. Its administration is not subject to supervision by any official body.

The World Bank (WB) also defined it as "a digital representation of value denominated in their own unit of account," distinguishing it from electronic money, a digital payment method denominated in traditional currencies. In addition, cryptocurrencies were classified as a digital currency founded on cryptographic technology.

The researcher can define encrypted digital currencies as follows: "It is a digital representation of value that is used for electronic commerce over the Internet. It depends on programming technology for its creation and exchange. It is not issued by a central bank or a supervisory or regulatory authority. Instead, its creator issues and monitors the token. It does not impose any obligations on either party. Digital currency characteristics can be summed up as follows.

1. It is a virtual currency that has no physical existence and is not backed by any government.
2. It is only utilized by businesses and individuals via the Internet.
3. The digital currency consists solely of electronically stored encrypted data.
4. Without the need for a third party, the two-party digital currency is transmitted directly between the consumer and the producer.
5. Can Any individual or organization create this form of currency?
6. It is not issued by any nation’s central bank, but by private corporations or institutions.
7. The incapacity to keep track of operations that occur. (Al-Rasheed, 2014)

8. Table (3): significant distinctions between digital and conventional currencies

<table>
<thead>
<tr>
<th></th>
<th>Conventional Currency</th>
<th>Digital Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuer</strong></td>
<td>Used by government</td>
<td>Self-issued</td>
</tr>
<tr>
<td><strong>Offering</strong></td>
<td>unlimited</td>
<td>limited</td>
</tr>
<tr>
<td><strong>Legal Capacity</strong></td>
<td>Not legally binding</td>
<td>Legally binding</td>
</tr>
<tr>
<td><strong>Legalization</strong></td>
<td>Guaranteed by the issuing government</td>
<td>It has no legal cover</td>
</tr>
<tr>
<td><strong>The Shape</strong></td>
<td>Paper and electronic</td>
<td>electronic</td>
</tr>
<tr>
<td><strong>Value</strong></td>
<td>Supply and demand in addition to economic policies</td>
<td>By supply and demand only</td>
</tr>
<tr>
<td><strong>Centralization</strong></td>
<td>centralized</td>
<td>decentralized</td>
</tr>
</tbody>
</table>

Source: Prepared by author

Bitcoin is the first station for the emergence of encrypted virtual currencies, which emerged as a result of an article titled "A Peer-to-Peer Electronic Cash System" published by an anonymous programmer named Satoshi Nakamoto. This article explains the "Bitcoin" currency system, which relies on presenting and trading on "distributed ledger technology" and the block chain, which is represented in a network of members to exchange transactions from peer to peer (P2P) without an intermediary of exchange such as banks and uses coding technology for the safety of transactions that occur through the network.

In January of 2009, "Bitcoin" emerged as the first digital currency in specific quantities. Only a small number of enthusiasts dealt with it, and it was anticipated that "Nakamoto," the creator of this currency, had released approximately one million units of "Bitcoin" that year. Only, however, he has not been seen in public since then, and no one has been able to accurately identify him until now. In 2010, using (Bitcoin talk), the first "bitcoin" transactions began with the purchase of a pizza for ten thousand units of "bitcoin" at a value of (0.003) dollars per unit, after which prices rose gradually to (0.30) dollars per unit in January 2011. The increase in the volume of "Bitcoin" transactions resulted in the establishment of an infrastructure within the Internet that enables users to trade and store the currency, as well as the emergence of the first "Bitcoin" exchange. In the same year, the value of each unit reached approximately thirty dollars before decreasing to approximately five dollars. This contributed to the emergence of new digital currencies such as Altcoins, an extension of the "Bitcoin" currency that has developed some of the characteristics of "Bitcoin," such as transaction speed and anonymity.

In 2012, many Internet merchants accepted Bitcoin as a form of payment, and (WordPress) was the first website to do so. Other companies, such as Microsoft, quickly followed, and this was considered a first step towards widespread acceptance. International acceptance of "Bitcoin" and other digital currencies, and the development of additional digital currencies such as the "Ripple" currency in the same year.

The first Initial Coin Offering (ICO) took place in 2013 as a form of crowdfunding, sparking controversy due to the absence of oversight that governed the transactions of this type of financing. During the period (2014-2016), the "Bitcoin" situation continued to progress, particularly after the first "Bitcoin ATM" appeared in February 2014; by October 2017, there were approximately 1,500 "Bitcoin" ATMs worldwide. And in 2015, the Coinbase platform based in the United States became the first regulated Bitcoin exchange. In terms of value, 2017 is the year of recovery for encrypted virtual currencies, as the price of "Bitcoin" rose to $20,000 USD in December 2017. Simultaneously, the price of "Ethereum," one of the types of encrypted virtual currencies, rose by more than 9000%, while the price of "Ripple" rose by (36000%). The total value of all cryptographic virtual currencies in circulation was (100) billion US dollars in July, then peaked at (850) billion US dollars in January 2018 before falling by more than (50) percent by the end of the same year. Numerous encrypted virtual currencies have proliferated in the Internet space over the past several years, and the most well-known examples of these currencies are as follows:
**Ripple XRP**

The Ripple currency, introduced in 2012, seeks to facilitate secure, nearly cost-free, instant, global financial transactions of any size without chargebacks. Ripple is a peer-to-peer payment protocol and a peer-to-peer payment network. Also known as the Ripple Transaction Protocol (RTXP) or the Ripple Protocol, it is based on a distributed, open-source Internet protocol, consensus ledger, and XRP (XRP) native currency. Ripple is based on a shared public database or registry that employs a consensus process to enable distributed payments, exchanges, and transfers.

**Ethereum**

The "Ethereum" currency is founded on a decentralized platform that was introduced in 2015 and processes its transactions using Block Chain technology. Technically speaking, the "Ethereum" platform is not a cryptocurrency, but it is used to operate smart contracts. This platform provides incentives for trading, and "Ether" is the platform's currency. As with Bitcoin, Ethereum employs Proof of Work (PoW) to validate transactions, where PoW stands for Proof of Work or Validity. Work is an economic measure to deter network attacks and abuses such as spam by imposing some work on the service requester, typically requiring more processing time from his computer. The currency of "ether" differs from that of "bitcoin" in a number of ways, including the fact that the block generation time in “Ethereum” is shorter than that in "bitcoin," spanning between (14-15) seconds compared to ten minutes in "bitcoin," and the number of "bitcoin" units versus the number of "ether" units. The amount generated decreases over time, whereas the number of "ether" units exported remains constant throughout the year.

**Cardano coin**

Cardano describes itself as "the most environmentally sustainable cryptocurrency" due to the blockchain's innovative Proof of Stack (POS) protocol, which estimates the proportion of coins a miner possesses as opposed to their processing power. Cardano was established in 2015.

**Solana coin**

It is a digital currency. In November 2017, Anatoly Yakovenko published a research paper on it, and in March 2020, it appeared in the cryptocurrency world as a cryptocurrency and blockchain network. As described by the American magazine Bloomberg in 2021 as "a strong competitor for Ethereum in the future" due to the speed of its transactions and its low transaction fees.

**Avalanche currency**

A coin that is an open, programmable smart contract platform for decentralized applications that will be introduced in June 2020. AVAX, Avalanche's native token, is used to pay transaction fees and can be layered for network security. Avalanche, like Ethereum, is capable of running a variety of applications, including stable coins and DeFi protocols (Decentralized Finance). Avalanche is also compatible with Solidity, the programming language used by the Ethereum network, meaning that developers from one of the largest and most active crypto communities can use it to deploy private or public blockchains as "subnets." Avalanche claims to be able to process more than 4,500 transactions per second, whereas the Bitcoin blockchain can typically process about seven transactions per second. And after reviewing the most prominent encrypted virtual currencies in the world, whose number exceeds (5260) cryptocurrencies according to coinmarketcap.com in March 2020, we conclude that there are more than (5260) cryptocurrencies. We find that what has been described will not differ significantly from the rest of the encrypted electronic currencies, as they are all founded on a similar strategy to ensure privacy, transaction speed, and decentralization. In behavior, which raises with it the desire of a certain type of investors to search for and deal with them, which has led to their prosperity, and the high demand for them in recent times, the importance of research on these cryptocurrencies and the possibility of considering them as an investment option available to all have emerged.

**Literature Review**

The majority of earlier research, both Arabic and English, dealt with digital currencies in various aspects, the most important and most important of which were It is a presentation of the notion of digital currencies,
their various definitions, division, and how to deal with them, such as Al-Mashadani (2018), Al-Farhoud (2018), Hashim and Abu Jib (2019), Badew and Mathew (2014). Some, such as Badr (2020), Turpin (2014), Barito et al. (2014), Ammous (2014), Bjerg (2017), and Heller (2017), have investigated it in terms of its relationship to the economy and its impact on the gross domestic product or the monetary policy of countries and the financial system in general.

In terms of what was exposed to the study of digital currencies as their own market and an exchange for trading and transactions as an investment tool, or some research that dealt with the study of the efficiency of the digital currency market and its relationship to various financial markets in a few studies, and the question about digital currency markets and exchanges and their relationship to financial markets is still being researched. The research will next present a collection of past studies that dealt with the digital currency markets in the study, which will be organized chronologically from the most recent to the oldest as follows:

Leirvik (2021) investigated the relationship between the return on investment in digital currencies and liquidity volatility in cryptocurrency markets, discovering a positive relationship between liquidity volatility and predicted returns. He determined that the relationship between liquidity volatility and returns is generally positive, but extremely changeable over time, using a sample of the top five cryptocurrencies by market capitalization from 2016 to 2021. This suggests that investors are willing to pay a premium for bigger fluctuation in liquidity volatility. As a result, when liquidity is scarce, predicted returns are high.

The study conducted by Baur and Thomas (2017) sought to quantify the association between the movement of pooled assets and the quantity and form of bitcoin volatility. It found that Bitcoin cannot be called a currency because of its excessive volatility, which makes it hard to trust it as a medium of trade. Aside from the fact that it is not an official currency in any country and is not supported by any government, this means that the high level of volatility affects every Bitcoin transaction, whether local or international via Internet communication networks. However, the gains earned by bitcoin speculators can define bitcoin as a dangerous investment.

Sauer (2016) concluded in his study on the impact of increased demand for digital money on central bank monetary policy that, assuming that digital money has the ability to become currencies parallel to the local currency, it is currently not in a position to become an alternative to traditional currencies. As a result, it does not pose a significant risk or a genuine threat to central banks. It does, however, acknowledge the potential threats and challenges it may bring to policymakers if the exchange rate of private cryptocurrencies for domestic money rises. As the demand for digital currency grows, the central bank's ability to oversee monetary policy will deteriorate.

Briere et al. (2015) conducted a study from 2010 to 2013 to examine Bitcoin investment from the perspective of an American investor within a diversified portfolio containing traditional assets (global stocks, bonds, and hard currencies) and alternative investments (commodities, hedge funds, and real estate), and concluded that investing in Bitcoin provides significant diversification benefits. However, it is subject to considerable swings, thus caution should be exercised when relying on the initial outcomes of the investment, since the data may reflect early-stage behaviour that does not persist in the long term.

Based on prior study, it can be concluded that there is still a need to perform additional studies on this new type of investment and its relationship to financial markets, particularly Arab ones, emphasising the necessity of this research. The next sections will present the study's research hypotheses and how to statistically test them.

Research hypotheses

After reviewing the various types of digital currencies and comparing their price movements to the price movements of the financial market indices under study, as well as reviewing some previous studies that dealt with encrypted currencies, the researcher can formulate the following research hypotheses:

H₀₁: There is no statistically significant relationship between the movement of digital currency prices and stock index fluctuations.

H₀₂: Digital currencies cannot be used as a substitute for stock market investing.

To evaluate the research hypotheses, the research sample comprised of the ten largest digital currencies in terms of trading volume on July 15, 2022, which are (Bitcoin - Avalanche - BNB - Terra - Solana - XRP - Ethereum - Tether - Cardano - USD) and financial indicators. Financial markets in a group of MENA
countries that represent North Africa and the Middle East, namely (Egypt, Tunisia, Morocco, Saudi Arabia, Qatar, Emirates, Kuwait, Bahrain, Palestine, Jordan, Oman, Turkey, Israel), as well as three American indices that represent global financial stock exchange movements (NASDAQ, Dow Jones, Standard & Poor's). The time series data for these indicators were taken from the Investing.com website and were analyzed from January 1, 2010, to July 15, 2022 - daily data. STATA is a statistical software tool.

Table No. (4) presents a summary of the most important statistical indicators of the time series data of the digital currencies, and it can be stated that there is a large discrepancy between the different encrypted currencies, and the differences are very heterogeneous. (0.0000256) for the Tether currency, whereas the skew values ranged between (6.228383 for the XRP currency) and (-5.0301 for the USD currency), as indicated in the table, and other statistics.

<table>
<thead>
<tr>
<th>stats</th>
<th>Avalan-e</th>
<th>BNB</th>
<th>Solana</th>
<th>Terra</th>
<th>XRP</th>
<th>Ethereum</th>
<th>Bitcoin</th>
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</table>

Table (4): Statistics for time series of digital currency prices
Source: Prepared by author

As for the time series data of the various financial market indicators, they were more homogeneous in the statistical indicators, as shown in Table (5), and we find that the values of the coefficients of variation in the time series data of the different financial market indicators are clearly lower than their counterparts in the statistical indicators. Digital currencies are more comparable, with a maximum of (0.0005091) and a minimum of (0.0000221).  

<table>
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<td>.0001185</td>
<td>.0000221</td>
<td>.0000305</td>
<td>.0000242</td>
<td>.0001111</td>
<td>.0000243</td>
</tr>
<tr>
<td>skewness</td>
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<td>.0299705</td>
<td>.5777989</td>
<td>-.751986</td>
<td>-.3258856</td>
<td>-.8224667</td>
<td>-.5237129</td>
<td>-.1047675</td>
<td>-.134267</td>
<td>-.5724646</td>
<td>-.0931123</td>
</tr>
<tr>
<td>max</td>
<td>.3</td>
<td>.1</td>
<td>.09</td>
<td>.0</td>
<td>.07</td>
<td>.06</td>
<td>.03</td>
<td>.03</td>
<td>.01</td>
<td>.08</td>
<td>.03</td>
</tr>
<tr>
<td>p50</td>
<td>.0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>min</td>
<td>-.18</td>
<td>-.11</td>
<td>-.08</td>
<td>-.12</td>
<td>-.09</td>
<td>-.25</td>
<td>-.04</td>
<td>-.06</td>
<td>-.04</td>
<td>-.1</td>
<td>-.04</td>
</tr>
</tbody>
</table>

Table (5): Statistics for time series of financial Market indices
Source: Prepared by author based on STATA output

By using the Pearson correlation coefficient to conduct correlation tests between the movement of price data series of financial market indices and the movement of price data series of digital currencies. Through analyzing the correlation coefficient test results shown in Table No. (6), it was discovered that the statistical significance values (Sig.) are greater than the acceptable level of 5%, indicating that there is no linear relationship between changes in currency rates and changes in the prices of financial indicators in countries. The topic of the research.
Table (6): shows the Pearson correlation coefficient between the value of digital currencies and the value of financial indicators.

<table>
<thead>
<tr>
<th>Currencies</th>
<th>Avalanche</th>
<th>BNB</th>
<th>Solana</th>
<th>Terra</th>
<th>XRP</th>
<th>Ethereum</th>
<th>Bitcoin</th>
<th>Tether</th>
<th>Cardano</th>
<th>USD Coin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Countries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>-0.1195</td>
<td>0.0523</td>
<td>-0.004</td>
<td>-0.043</td>
<td>-0.010</td>
<td>0.0015</td>
<td>-0.029</td>
<td>0.1192</td>
<td>0.0840</td>
<td>0.0130</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.220</td>
<td>0.120</td>
<td>0.310</td>
<td>0.410</td>
<td>0.276</td>
<td>0.347</td>
<td>0.720</td>
<td>0.840</td>
<td>0.330</td>
<td>0.290</td>
</tr>
<tr>
<td>Egypt</td>
<td>0.0777</td>
<td>0.0158</td>
<td>0.0406</td>
<td>0.0985</td>
<td>0.0622</td>
<td>0.0953</td>
<td>0.0603</td>
<td>0.0505</td>
<td>-0.0045</td>
<td>-0.1557</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.412</td>
<td>0.512</td>
<td>0.612</td>
<td>0.345</td>
<td>0.133</td>
<td>0.444</td>
<td>0.788</td>
<td>0.188</td>
<td>0.790</td>
<td>0.880</td>
</tr>
<tr>
<td>Kuwait</td>
<td>-0.0930</td>
<td>-0.032</td>
<td>0.046</td>
<td>0.0301</td>
<td>-0.007</td>
<td>-0.0293</td>
<td>0.0175</td>
<td>0.0347</td>
<td>-0.0222</td>
<td>0.0699</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.212</td>
<td>0.311</td>
<td>0.455</td>
<td>0.911</td>
<td>0.611</td>
<td>0.766</td>
<td>0.121</td>
<td>0.132</td>
<td>0.112</td>
<td>0.199</td>
</tr>
<tr>
<td>El kordth</td>
<td>-0.0672</td>
<td>-0.113</td>
<td>-0.160</td>
<td>-0.037</td>
<td>-0.174</td>
<td>-0.1190</td>
<td>-0.183</td>
<td>0.1183</td>
<td>-0.0959</td>
<td>0.0088</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.510</td>
<td>0.610</td>
<td>0.580</td>
<td>0.480</td>
<td>0.330</td>
<td>0.70</td>
<td>0.60</td>
<td>0.54</td>
<td>0.33</td>
<td>0.94</td>
</tr>
<tr>
<td>Elmanama</td>
<td>0.0855</td>
<td>0.1079</td>
<td>0.0654</td>
<td>0.1802</td>
<td>0.0626</td>
<td>0.1056</td>
<td>0.0677</td>
<td>0.0158</td>
<td>-0.0252</td>
<td>0.0640</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.341</td>
<td>0.666</td>
<td>0.727</td>
<td>0.629</td>
<td>0.148</td>
<td>0.330</td>
<td>0.222</td>
<td>0.70</td>
<td>0.60</td>
<td>0.54</td>
</tr>
<tr>
<td>Oman</td>
<td>-0.0909</td>
<td>-0.018</td>
<td>-0.082</td>
<td>-0.105</td>
<td>-0.098</td>
<td>-0.1239</td>
<td>-0.098</td>
<td>0.0243</td>
<td>-0.1004</td>
<td>-0.0898</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.595</td>
<td>0.275</td>
<td>0.193</td>
<td>0.131</td>
<td>0.431</td>
<td>0.412</td>
<td>0.405</td>
<td>0.496</td>
<td>0.159</td>
<td>0.421</td>
</tr>
<tr>
<td>Maskat</td>
<td>-0.0585</td>
<td>-0.082</td>
<td>-0.124</td>
<td>-0.050</td>
<td>-0.015</td>
<td>-0.0356</td>
<td>0.0149</td>
<td>-0.069</td>
<td>-0.0921</td>
<td>0.0861</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.971</td>
<td>0.230</td>
<td>0.205</td>
<td>0.296</td>
<td>0.259</td>
<td>0.721</td>
<td>0.971</td>
<td>0.530</td>
<td>0.175</td>
<td>0.696</td>
</tr>
<tr>
<td>Morroco</td>
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<td>0.0531</td>
<td>0.0048</td>
<td>-0.029</td>
<td>0.0012</td>
<td>0.0550</td>
<td>-0.002</td>
<td>-0.060</td>
<td>0.0400</td>
<td>0.1061</td>
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<tr>
<td>Sig. (2-tailed)</td>
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<td>0.497</td>
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<td>0.659</td>
<td>0.392</td>
<td>0.641</td>
<td>0.434</td>
<td>0.185</td>
<td>0.896</td>
</tr>
<tr>
<td>Turkey</td>
<td>-0.0433</td>
<td>-0.07</td>
<td>0.0013</td>
<td>0.0394</td>
<td>0.0001</td>
<td>-0.0484</td>
<td>0.0099</td>
<td>0.0178</td>
<td>0.0546</td>
<td>0.0007</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.432</td>
<td>0.532</td>
<td>0.632</td>
<td>0.332</td>
<td>0.122</td>
<td>0.252</td>
<td>0.732</td>
<td>0.165</td>
<td>0.122</td>
<td>0.177</td>
</tr>
<tr>
<td>Israel</td>
<td>-0.1053</td>
<td>-0.026</td>
<td>-0.192</td>
<td>-0.125</td>
<td>-0.123</td>
<td>-0.1077</td>
<td>-0.146</td>
<td>-0.104</td>
<td>-0.0972</td>
<td>0.0433</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.416</td>
<td>0.126</td>
<td>0.311</td>
<td>0.211</td>
<td>0.111</td>
<td>0.340</td>
<td>0.501</td>
<td>0.211</td>
<td>0.243</td>
<td>0.610</td>
</tr>
<tr>
<td>Dawionz</td>
<td>0.0805</td>
<td>0.0100</td>
<td>-0.053</td>
<td>0.0307</td>
<td>0.0457</td>
<td>0.0424</td>
<td>0.0499</td>
<td>0.0110</td>
<td>0.0353</td>
<td>-0.030</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.333</td>
<td>0.228</td>
<td>0.541</td>
<td>0.722</td>
<td>0.167</td>
<td>0.331</td>
<td>0.650</td>
<td>0.976</td>
<td>0.790</td>
<td>0.899</td>
</tr>
<tr>
<td>مشتركة أن بوز</td>
<td>-0.0275</td>
<td>-0.023</td>
<td>-0.076</td>
<td>0.0376</td>
<td>0.0212</td>
<td>0.0169</td>
<td>0.0451</td>
<td>-0.056</td>
<td>-0.0398</td>
<td>0.0776</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.116</td>
<td>0.126</td>
<td>0.311</td>
<td>0.211</td>
<td>0.327</td>
<td>0.620</td>
<td>0.140</td>
<td>0.330</td>
<td>0.222</td>
<td>0.147</td>
</tr>
<tr>
<td>Todandex</td>
<td>-0.0134</td>
<td>0.0080</td>
<td>-0.027</td>
<td>-0.058</td>
<td>-0.059</td>
<td>-0.0241</td>
<td>0.0029</td>
<td>-0.011</td>
<td>-0.1139</td>
<td>0.0729</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.225</td>
<td>0.335</td>
<td>0.567</td>
<td>0.222</td>
<td>0.771</td>
<td>0.430</td>
<td>0.105</td>
<td>0.896</td>
<td>0.659</td>
<td>0.321</td>
</tr>
<tr>
<td>Nasdak</td>
<td>0.0032</td>
<td>-0.102</td>
<td>-0.062</td>
<td>-0.005</td>
<td>0.0062</td>
<td>-0.0837</td>
<td>-0.106</td>
<td>-0.004</td>
<td>0.0315</td>
<td>-0.022</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.221</td>
<td>0.510</td>
<td>0.705</td>
<td>0.116</td>
<td>0.67</td>
<td>0.35</td>
<td>0.78</td>
<td>0.49</td>
<td>0.115</td>
<td>0.196</td>
</tr>
</tbody>
</table>

Source: Prepared by author based on STATA output

The scatterplot depicted in Figure No. 1 is a type of data presentation that illustrates the relationship between two numerical variables. There are both positive and negative correlations. Variables that are positively correlated move in the same direction, whereas variables that are negatively correlated move in opposite orientations.

Figure No. (1) The spread chart between the change in the financial indicator data and the digital currency data.

Source: STATA-V15 output

This scheme demonstrates that there is no correlation between the values of financial indicators and the prices of digital currencies.
A comparison of the magnitude of the hazards associated with the digital currency market and the stock markets.

By calculating the coefficient of variation (CV), which is the ratio of the standard deviation to the mean return, the extent of the sample data’s variance relative to its mean can be determined. The greater the value of the coefficient of variation, the greater the dispersion, which implies an increase in the volume of fluctuations and a decline in the stability of the data. The researcher discovered that the coefficient of variation for stock market time series data is more stable than for digital currency data, as the coefficient of variation in Table No. 8 is less than that in Table No. 7.

Table (7): variation coefficient for digital currency data

<table>
<thead>
<tr>
<th>Currency</th>
<th>CV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avalanche</td>
<td>17.887736</td>
</tr>
<tr>
<td>BNB</td>
<td>18.971427</td>
</tr>
<tr>
<td>Solana</td>
<td>16.10022</td>
</tr>
<tr>
<td>Terra</td>
<td>13.8802</td>
</tr>
<tr>
<td>XRP</td>
<td>12.83896</td>
</tr>
<tr>
<td>Ethereum</td>
<td>12.48697</td>
</tr>
<tr>
<td>Bitcoin</td>
<td>26.22998</td>
</tr>
<tr>
<td>Tether</td>
<td>30.45277</td>
</tr>
<tr>
<td>Cardano</td>
<td>10.7147</td>
</tr>
<tr>
<td>USD Coin</td>
<td>37.71</td>
</tr>
</tbody>
</table>

Source: Stata -V15 output

Table (8): Variation coefficient for digital currency data

<table>
<thead>
<tr>
<th>Market Index</th>
<th>Turkey</th>
<th>Israel</th>
<th>Saudi</th>
<th>standard</th>
<th>Egypt</th>
<th>Kuwait</th>
<th>Elkedh</th>
<th>Eimanama</th>
<th>Oman</th>
</tr>
</thead>
<tbody>
<tr>
<td>C.V</td>
<td>4.3</td>
<td>6.1</td>
<td>5.6</td>
<td>10.63</td>
<td>8.4</td>
<td>7.07</td>
<td>7.24</td>
<td>4.63</td>
<td>7.63</td>
</tr>
</tbody>
</table>

Source: created by the researcher using Stata -V15 outputs.

The following chart illustrates the fluctuations in the analyzed digital currencies, as the risks of investing in digital currencies range from zero to more than fifty percent of their value, indicating high risks and market instability. Obviously, high risks result in high returns, which is what many investors pursue, those who enjoy taking risks in order to obtain rapid and substantial profits.

Figure No. 2. The scatterplot of digital currency data time series

Source: Stata -V15 outputs.

As depicted in the following figure No.3, which depicts the fluctuations of the stock market indices in the countries under study, the risks range from zero to ten percent of the investment in these markets, as
the stock markets offer excellent investment opportunities with low risks in comparison to investing in digital currencies, which entail numerous risks, whether systematic risk or technological risk.

Checks For Data Fit in Regression Analysis

Under the assumption that there is no high correlation between the independent variables (Multicollinearity), the Variance Inflation Factor (VIF) test and the Tolerance test for each independent variable are used, with the VIF not exceeding the value of (10) and the Tolerance test value being greater than (0.05). It was further verified that the data follow a normal distribution by computing the skewness coefficient, as shown in the table, as the null hypothesis stipulates that the data follow a normal distribution if the skewness coefficient value is smaller than 1.

The previous table clearly shows that all variables’ variance inflation coefficient test values are less than 10 and range between 2.73 and 5.53, and that all variables’ tolerance test values are higher than 0.05 and range between 0.1073 and 0.661, respectively. This shows that there is no significant multicollinearity between the independent variables, which would prevent accurate results from being obtained when analyzing the regression.
Analysis of regression

In order to ascertain the impact of simple linear regression, it is necessary to examine the linear relationship between the CREP variable, which expresses the digital currency variable, and the EQU variable, which expresses the stock indices in the group of chosen countries. This will help to reveal the degree to which each variable influences the other. To assess the effects of each, the following two models were suggested:

The first model that has been put forth looks at the relationship between stock and cryptocurrency investments and individual investor preferences. The first equation has the following form:

\[ \text{CREP} = a + \beta_1 \text{Equi it} + \varepsilon \quad (1) \]

Results of the first equation's linear regression's outputs

Table (10): results of regression analysis for the first equation

<table>
<thead>
<tr>
<th>CREP</th>
<th>Coef.</th>
<th>St.Err.</th>
<th>t-value</th>
<th>p-value</th>
<th>[95% Conf Interval]</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equ</td>
<td>1.301</td>
<td>.023</td>
<td>55.48</td>
<td>0</td>
<td>1.255 - 1.347</td>
<td>***</td>
</tr>
<tr>
<td>Constant</td>
<td>-6136.669</td>
<td>138.08</td>
<td></td>
<td></td>
<td>-6407.408 -5865.929</td>
<td>***</td>
</tr>
</tbody>
</table>

Mean dependent var 1428.781 SD dependent var 1700.790
R-squared 0.502 Number of obs 3051
F-test 3078.169 Prob > F 0.000
Akaike crit. (AIC) 51923.864 Bayesian crit. (BIC) 51935.910

*** p<.01, ** p<.05, * p<.1

Source: created by the researcher using Stata -V15 outputs.

At a confidence level of 95%, the R-squared coefficient of determination of 0.50 indicates a high explanatory power of the independent variable in the model, which is a very excellent percentage. The quality of the estimated model as a whole from a statistical standpoint and the value of the determination coefficient indicate that 50% of the changes that occur in investing in digital currencies are due to the change in investment in stocks, while the remaining percentage is due to other factors that are unrelated to the interrelationship between the study variables.

The preceding table demonstrates that the F test value for the model was 0.000, which is a function at the level of 0.05, indicating that the proposed model has a high level of suitability and explanatory power. Therefore, there is a significant correlation between investors' preferences to invest in equities and their investment preferences in digital currencies.

The results of the regression test indicate that the parameters of the independent variable, stock investment, are significant at a level of statistical significance less than 5%, where the significance value is 0.00, and the calculated t value is greater than the tabular t, confirming the existence of a significant effect of the stock variable on investment in digital currencies. Consequently, the following regression equation can be deduced:

\[ \text{CREP} = a + 1.301 \text{Equ it} + \varepsilon \quad (1) \]

By examining the value of the Beta coefficient for the model variable, it is evident that investing in equities has a positive effect on investing in digital currencies. The greater the investment in stocks by 100 percent, the larger the investment in digital currencies by 130 percent.

The second model under consideration looks at the relationship between stock and cryptocurrency investments and the preferences of individual investors. The following is how the second equation is written:

\[ \text{Equ} = a + \beta_1 \text{CREP it} + \varepsilon \quad (2) \]

Table (11): results of regression analysis for the second equation
R-squared coefficient of determination of 0.50 indicates a high explanatory ability of the independent variable in the model, at a 95% confidence level, which is a very excellent percentage to indicate high explanatory ability. The statistical quality of the estimated model as a whole and the value of the coefficient of determination indicate that 50% of the changes in investment in stocks are attributable to the change in investment in digital currencies, which is the same percentage as the previous equation, indicating that investors are influenced by events on both markets. As for the remainder of the ratio, it is due to factors unrelated to the interrelationship between the study's variables.

The previous table demonstrates that the F test for the model yielded a value of 0.000, which is a function at the level of 0.05, indicating that the proposed model is highly applicable and explanatory. Accordingly, there is a significant correlation between investors' preferences and their propensity to invest in digital currencies. Invest in equities, which is the same as the previous model's conclusion.

The results of the regression test indicate that the parameters of the independent variable, investment in stocks, are significant at a level of statistical significance less than 5%, where the significance value is 0.00, and the calculated t value is greater than the tabular t, confirming the existence of a significant effect of the variable investment in digital currencies on stocks. This confirms the existence of a robust relationship between the two markets. Consequently, the following regression equation can be deduced:

\[
Equ = a + 0.386 CREP_{it} + \epsilon 
\]

By examining the value of the Beta coefficient for the variable of the study model, it is evident that investing in digital currencies has a positive effect on investing in equities. Investments in digital currencies increased by 100 percent, while investments in equities rose by 38 percent.

Comparing the results of models 1 and 2, find that the results of model 1 indicate that investment in the stock market in the sample has a significant impact on investment in the digital currency markets, indicating that the stock markets are less risky and that their stability encourages investment in the digital currency markets. Which leads to the rejection of the first hypothesis: There is no statistically significant relationship between the movement of digital currency prices and stock index fluctuations. And adopting the alternative hypothesis that the movement of the values of financial indicators is related to the movement of the prices of digital currencies. While the second hypothesis, which states that Digital currencies cannot be used as a substitute for stock market investing, can be accepted.

Research findings

The results of the comparisons between the time series data of the change in the prices of sixteen financial indicators and the change in the values of the time series of ten different digital currencies confirmed the existence of a correlation between the movement of stock prices on the financial markets and the movement of the prices of digital currencies, thereby rejecting the first hypothesis of the study, which
states that there is no statistically significant relationship between the movement of digital currency prices and stock index fluctuations.

This resulted in the acceptance of the second hypothesis: "Digital currencies cannot be used as a substitute for stock market investing." This means that the expectations of investors (which represent both sides of demand and supply) in both markets are different, which is to be expected given that most investors prefer to invest in the stock market because trading within the stock market is more stable and historically safer than this type of investment. The new investment, which is still relatively new in comparison to the lengthy history of global stock exchanges, will undoubtedly require more time to persuade investors around the world to trade their money in this type of investment.

This confirms that, from the investor's perspective, the levels of demand for each of the two types are driven by different factors; that is, it can be said that the investment characteristics that govern and direct the levels of demand for each of them are different, which prevents them from being alternative investments for each other and instead makes them two investment commodities for each. Its varied qualities that attract a particular type of investor.

**Recommendations**

1. This study suggests a comparative examination of the impact of the COVID-19 pandemic on the movement of financial markets and digital currencies for the duration of the pandemic and beyond.

2. The researcher suggests examining a different region to determine if there is a difference between the results of this study and those from a different region regarding the correlation between stock market performance and price fluctuations of digital currencies.

3. It is difficult to obtain stock market data in the majority of countries in the Middle East and North Africa, limiting the number of countries included in this study's sample; therefore, it is recommended to conduct the research among a different number of financial markets in regions where more data is available.

4. The researcher suggests that future researchers investigate the characteristics of investors in digital currencies using the behavioral finance approach to determine the reasons and incentives for the fluctuation of demand and supply levels for digital currencies.

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A comprehensive model for factors affecting the usage of computer-assisted auditing tools and techniques

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Keywords
audit profession – computer-assisted auditing tools and techniques (CAATTs) – external auditors.

Abstract
The paper aims to highlight the most important factors affecting using computer-assisted auditing tools and techniques, with special attention given to three levels covering these factors: environmental level, audit firm level, and individual level. This requires two steps. The first one is to argue the models used in the adoption and implementation of technology. The second step is to review the academic literature on auditing that examines the factors affecting the usage of computer-assisted auditing tools and techniques. The researcher has presented a conceptual framework for a comprehensive understanding of factors affecting the use of computer-assisted auditing tools and techniques, which is beneficial for professional bodies and audit firms as well as researchers.

Introduction
Recently, technology has advanced rapidly, and as a result, it has significantly influenced the audit profession (Tarek, Mohamed, Hussain, and Basuony, 2017; Pedrosa, Costa, and Aparicio, 2020), especially in performing the audit function (La Torre et al., 2018; Kozlowski, 2018). So, audit firms have no choice but to adopt the implementation of technology, as well as auditors (Allbabidi, 2021); in particular, using CAATTs plays an important role in enhancing the auditing process (Daoud, Marei, Al-Jabaly, and Aldaas, 2021).

Auditing research related to this issue has been divided into two categories: some of them have focused on computer-assisted auditing tools and techniques (CAATTs) (Handoko, Sabrina, and Ayuanda, 2019; Mansour, 2016), and others have focused on generalized audit software (GAS) (Kim, Kotb, and Eldaly, 2016). Because generalized audit software (GAS) is one type of computer-assisted auditing tool and technique (Kim, Kotb, and Eldaly, 2016), this study has pursued the factors affecting the use of computer-assisted auditing tools and techniques (CAATTs), which are more general than generalized audit software (GAS).

Computer-assisted auditing tools and techniques (CAATTs) are the tools and techniques that are used in the auditing profession for both external and internal audits, depending on information technology (Handoko, Sabrina, and Ayuanda, 2019) in collecting and analyzing data (Pedrosa and Costa, 2012) that help auditors achieve audit work effectively and efficiently (Rosli, Yeow, and Siew, 2012). In other words, CAATTs can be defined as the use of technology in performing audits, which includes automated working papers and traditional word processing applications (Braun and Davis, 2003), as well as certain software products that are designed especially for auditing tasks (Pedrosa, Costa, and Aparicio, 2020).

The spreadsheet applications and software for professionals are good examples of CAATTs. The auditor can use CAATTs for a lot of work tasks; for instance, spreadsheet applications can be used to create and examine audit work papers (Handoko, Sabrina, and Ayuanda, 2019). The software can be used for summarizing data and detecting anomalous data and information, and it can also be used for analytical procedures (Boritz and No, 2011; Handoko, Sabrina, and Ayuanda, 2019). Auditors can also use
CAATTs to determine audit evidence, in particular trace-back electronic evidence, as well as assess audit evidence (Boritz and No, 2011).

Briefly, Computer-assisted auditing tools and techniques (CAATTs) can be used in testing the client’s information system, implicitly or explicitly, (Jakšić, 2009; Handoko, Ariyanto, and Warganegara, 2018) as well as audit work process (Bierstaker, Janvrin, and Lowe 2014; Handoko, Sabrina, and Ayuanda, 2019).

Many researchers have emphasized that auditors need to use Computer-assisted auditing tools and techniques in their work that can help them to conduct an audit efficiently and effectively (Curtis and Payne 2008; Jenkins and Pinkney 1978; Pedrosa, Costa, and Aparicio, 2020). In addition, further research is still required on the topic of computer-assisted auditing tools and techniques (CAATTs) (Janvrin et al. 2008; Byrnes et al. 2015; Mansour 2016; Lins et al. 2016; Pedrosa, Costa, and Aparicio, 2020).

For the lack of CAATTs’ usage in developing countries, the current study draws on prior research in information systems and auditing to explore the factors that might lead auditors to use the advanced technology in their fieldwork from a comprehensive approach. The key research question that motivates this work is:

What are the main factors influencing significantly the usage of computer-assisted auditing tools and techniques (CAATTs) in the auditing profession?

The main objective of this research article is to develop a model from a comprehensive approach based on the technology acceptance model (TAM), the technology organization environment model (TOE), and the unified theory of acceptance and use of technology (UTAUT) as well as prior research in auditing that is related to the same issue.

The findings of this study are expected to make a difference in the accounting field, in particular the auditing discipline. This is because, it provides a wide useful insight into the determinates affecting technology usage in the auditing profession which can help regulators to consider this issue when they intend to set up or update regulations, as well as professional bodies for maintenance standards. This study is also expected to be a good guide for audit firms as they improve their policies and procedures. Besides, it encourages audit firms to take action in using technology as a tool to enhance the auditors’ performance.

The remainder of this paper is organized as follows. The second section reviews the theoretical background of the research and develops a comprehensive model. The last section concludes the paper and offers additional future research.

Literature Review:

Theoretical Background

For many years, prior research in IS and IT has proposed, developed, and applied several models to test the adoption and implementation of technology. On the other hand, several auditing research has been pursued on technology acceptance depending on these models. The main three models have been used in most auditing research are the technology acceptance model (TAM) (Davis 1989; Davis et al., 1989), the technology organization environment (TOE) framework (Tornatzky and Fleischer, 1990), and the unified theory of acceptance and use of technology (UTAUT) (Venkatesh, Morris, Davis, and Davis, 2003).

The technology acceptance model (TAM) focuses on the effect of characteristics of the computerized information systems on the end user’s behavior and motivation, and consequently its influence on his acceptance to use it in his work (Davis, 1985).

Davis, 1989 provides the technology acceptance model (TAM) by developing and validating two variables, perceived usefulness and perceived ease of use, which are considered the main determinants for user acceptance of information technology.

Davis et al., 1989 defined perceived usefulness as “the prospective user’s subjective probability that using a specific application system will increase his or her job performance within an organizational context”, and Davis, 1989 also defined perceived usefulness as “people believe that using the new system will provide value-added in their work”. Additionally, Davis et al., 1989 defined perceived ease of use as “the degree to which the prospective user expects the target system to be free of effort”, and Davis, 1989 defined it as a ”person believe that using the system would be easy and no difficulties”.

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Although both variables, perceived usefulness and ease of use, have a positive association with technology acceptance (Davis et al., 1989), the effect of perceived usefulness on the actual use of technology is stronger than the effect of perceived ease of use on the actual use of technology (Davis, 1989).

In 1990 Tornatzky and Fleischer introduced the technology organization environment (TOE) theory that overlooked the individual perspective (Widuri, R., O'Connell, B., and Yapa, P. W. 2016) and added the technological aspects. In other words, according to the technology organization environment (TOE) model, the decision-making process of technology adaptation depends on three aspects: technology, organization, and environment. Technology factors include all aspects of technology inside and outside the organization (Awa et al., 2015; Handoko and Thomas, 2021). Organizational factors are those factors related to business activity, support of management, organizational culture, and corporate structure (Handoko and Thomas, 2021). Environmental elements cover factors that surround the company and affect its operations such as government, competitors, and suppliers (Doğanay, 2019). Although these three dimensions are useful for auditing research on technology acceptance from the audit firm’s perspective, it is no applicable to research on technology acceptance from the auditors’ viewpoint (Doğanay, 2019; Handoko and Thomas, 2021).

In 2003, Venkatesh, Morris, Davis, and Davis stated a theory, called Unified Theory of Acceptance and Use of Technology (UTAUT), by a combination of some models, one of them was Technology Acceptance Model (TAM). For Unified Theory of Acceptance and Use of Technology (UTAUT), technology acceptance depends on two dimensions, contextual factors and individual characteristics, (Pedrosa, and Costa, 2012), and includes four variables, performance expectancy, effort expectancy, social influence, and facilitating conditions, to determine the impact of human behavior on technology acceptance (Handoko, Ariyanto, and Warganegara, 2018).

For more details, performance expectancy refers to the individual’s beliefs that he can achieve the expected performance or gain benefits by using a specific system or a specific tool (Williams, Rana, Dwivedi, and Lal., 2011). Effort expectancy is the expected individual’s effort to use a specific system or a specific tool in executing the work (Handoko, Ariyanto, and Warganegara, 2018) and how this system or tool makes the work easier (Dwivedi, Rana, Chen, and Williams, 2011). Social influence is the individual’s belief that others expect that, he should use a specific tool or a specific technique (Handoko, Ariyanto, and Warganegara, 2018). Facilitating conditions refer to the availability of facilities and technical infrastructure that are necessary to use computerized tools and techniques (Venkatesh, Morris, Hall, Davis, Davis, and Walton, 2003).

What is mentioned before illustrates some important information that can lead to a research gap that needs to fulfill. First, the TAM model concentrates on perceived usefulness and perceived ease of use in measuring technology acceptance which are considered good indicators for auditors ‘acceptance and the focus of the Unified Theory of Acceptance and Use of Technology (UTAUT) is also on the individual technology acceptance by examining the four factors: performance expectancy, effort expectancy, social influence, and facilitating conditions. The third model, the TOE model, is applicable to determine factors affecting technology acceptance at the level of the audit firm and ignores individuals’ factors. Then, it is important to build a comprehensive model that includes auditors’ factors, besides other factors inside and outside the audit firm that influence the technology implementation for both, the auditor and the audit firm.

Second, from the review of previous auditing research, it is found that most of the studies have basically focused on the acceptance or adaptation of technology, particularly in developing countries, despite this decision is no longer optional and becomes obligatory, especially in the light of the effects of both coronavirus pandemic and the rapid extension of the fourth industrial revolution on the auditing profession. Besides, although IT development requires more technology-based audits, there are very few studies related to the use and importance of IT in auditing are conducted within the developing country (Tarek, Mohamed, Hussain, and Basuony, 2017).

It means that determining factors affecting the usage of computer-assisted auditing tools and techniques (CAATTs) from a comprehensive perspective with three different dimensions, business environment, audit firm, and auditors themselves, will absolutely provide a more complete picture that
may be a motivation for more research in this area. Then, this study is to specify the determinates of using the CAATTs from a comprehensive standpoint. For this purpose, the next part of the literature review is to build this comprehensive model.

Theoretical Model

In the previous section, the aforementioned approaches or models that have been relied on to specify determinates affecting technology acceptance in auditing research are the starting point to build a unique and comprehensive model for the auditing discipline.

As mentioned previously, we need to have a specific model for auditing to cover all factors that are expected to influence the usage of computer-assisted auditing tools and techniques (CAATTs) from a broad perspective. So, this study provides a comprehensive model that has been designed based on the three models that are discussed before and in the light of the prior research that will be discussed in this section.

This model suggests three levels of factors that affect the use of computer-assisted auditing tools and techniques. The first level is the level of the business environment, the second level is the audit firm level, and the third one is that of individuals.

A more detailed specification of the model will be discussed below, and it is likely to generate a deep understanding of factors related to the three levels that affect the usage of computer-assisted auditing tools and techniques. Then, the discussion will be divided into three levels: environmental level, audit firm level, and individual level.

Business Environment Level

The business environment of the audit profession, or audit firm, refers to the domain the audit profession can be conducted which includes professional bodies, regulators, auditees, and competitors, (Widuri, R., O’Connell, B., and Yapa, P. W. 2016), and therefore, business environment factors are those which are involved in the business environment and influence, implicitly or explicitly, on the auditors’ attitude as well as an audit firm, and audit firm has no authority on it or at least has a little control on it. Hence, the main factors related to the business environment that affect the usage of computer-assisted auditing tools and techniques (CAATTs) are the client, competitors, and professional bodies.

The client

Recently, the audit profession, especially financial auditing, has faced many difficulties and challenges with present and future that have been posed by a large volume and diversity of data which increased from day to day as well as complications have occurred regarding the auditee (Pedrosa, Costa, and Aparicio, 2020). It means that the activity of the auditee and his business size can play an important role to enforce the audit firms, especially engagement partners and leaders, to use computer-assisted auditing tools and techniques (CAATTs) (Widuri, R., O’Connell, B., and Yapa, P. W. 2016).

On the other hand, in the business world, companies always invest in information technology to promote operational performance and financial reporting quality (Wicaksono and Lusianah, 2016).
Consequently, the accounting information system has been changed from paper-pencil-based functions to computer-internet and software-based functions (Ashok, and MS,2019). So, audit firms should consider the advanced accounting information systems of their auditees when they specify audit strategies to be aligned with these systems (Allbabidi, 2021; Mansour,2016). As a result, audit firms need to adopt computerized tools and techniques and determine the essential requirements for using them. In other words, because of the continuous increasing development of information technology (IT) in the worldwide business environment, and consequently in auditees, audit firms have no choice but to adopt different and several computer-assisted auditing tools and techniques (CAATTs) (Kim, Kotb, and Eldaly, 2016), in particular for clients with the more complex accounting information systems (Handoko, Sabrina, and Ayuanda, 2019). It is necessary for an audit firm to be compatible with the auditees’ accounting information systems (Allbabidi, 2021) from the first step of planning the audit engagement to the last one of producing the audit report. In particular, in developing countries, the evaluation and examination of an auditee's information technology are not conducted sufficiently and adequately by auditors (Ismail and Abidin, 2009; Mansour, 2016; Allbabidi, 2021).

In brief, the client’s characteristics, particularly the auditee’s size, large volume and diversity of data, and information technology used in the information system, are the fundamental determinants of the usage of computer-assisted auditing tools and techniques (CAATTs) in auditing tasks.

The competitors
The effect of technological advances on the business environment will definitely convert the competitive landscape (Zhu et al., 2006) because it imposes new requirements for competition that argue companies to do their best to have a competitive advantage over others (Chan et al., 2012). Consequently, IT adaptation by several firms in the market will encourage others, especially competitors, to make the same (Enaizan et al., 2020; Zhu et al., 2003; Daoud, Marei, Al-Jabaly and Aldaas,2021).

Likewise, competitive pressure is a substantial motivation for audit firms to utilize CAATTs (Rosli, Yeow, and Eugene, 2013). Hence technology assistance, for audit firms, is not only to align with the auditee’s information system, but also to avoid missing the client (Handoko, Sabrina, and Ayuanda, 2019) and to have a competitive advantage over the competitors (Daoud, Marei, Al-Jabaly and Aldaas, 2021).

The professional bodies
Auditors’ performance not only depends on the effect of the business environment on auditing but also on the applicable auditing standards (Amin, and Mohammd, 2016) which is considered the main responsibility of professional bodies. In other words, the role of professional bodies is an important environmental factor with a significant effect on the auditing profession (Mansour, 2016; Lim-u-sanno and Ussahawanitchakit, 2009). At the same time, these professional bodies have started to be interested in the influence of technology on the auditing profession because of the fourth industrial revolution (Allbabidi, 2021). Though professional bodies have referred to the importance of using information technology and computer-assisted auditing tools and techniques (CAATTs) in performing auditing profession, especially financial auditing, using these tools and techniques in the auditing profession has been grown completely weak (Mansour,2016), so professional bodies need to take action to inspire and boost using digital technologies (Allbabidi, 2021)

On the other hand, research on the effect of professional bodies has been barely done and little research has been undertaken (Pedrosa, Costa, and Aparicio, 2020).

Audit Firm Level
Recent research has pointed out that the fourth industrial revolution has forced audit firms to focus on the effect of technology (Allbabidi, 2021). Although Handoko, Sabrina, and Ayuanda, 2019 have found that audit firm does not influence the auditors’ perceptions of the information technology value as well as the ease-of-use technology, several studies have concluded that organizational factors have a significant influence on acceptance and adaptation of computer-assisted auditing tools and techniques (CAATTs) (Pedrosa, Costa, and Aparicio, 2020). Top management of the audit firm has a significant impact on the use of computer-assisted auditing tools and techniques (CAATTs) by auditors through more investments
and training programs necessary for using these tools and techniques, besides establishing incentives and promotion criteria to encourage and motivate them to use it (Mansour, 2016).

In developing countries, audit firms still give low priority to the adaptation of computer-assisted audit tools and techniques (CAATTs) despite the benefits of using (CAATTs), in particular increasing productivity levels and decreasing costs (Siew, Rosli, and Yeow, 2020). The audit firm level involves two main factors: perceptions of the audit firm’s management and the size of the audit firm.

Perceptions of audit firm’s management
As discussed previously, it is expected that the business environment influences the top management of audit firm to adopt computer-assisted auditing tools and techniques (CAATTs) and it also affects the auditors for using computer-assisted auditing tools and techniques (CAATTs) directly as well as indirectly by its effect on management of audit firm.

Despite sophisticated IT-based environments, auditors have moved forward slowly (Bierstaker et al., 2014; Allbabidi, 2021). Using CAATTs by auditors depends on their awareness of the importance of using CAATTs in improving their performance (Mansour, 2016; Handoko, Ariyanto, and Warganegara, 2018), besides obvious policy to promote auditors comply with standards that provide guidelines to help auditors to understand their responsibility and how to execute audit tasks in the electronic environment (Tarek, Mohamed, Hussain, and Basuony, 2017). Both awareness spread and establishing the policy are undertaken by the managers at the audit firms. So, the audit firm’s management has to plan to spread awareness and cause a growing realization about using CAATTs. Getting an inadequate response from auditors for technology developments due to not only the lack of awareness and willingness of auditors but also the insufficient Knowledge and skills that are required for this advancement. It means that the management of audit firms needs to pursue auditors to use CAATTs through its policies and training programs.

Audit firm size
Audit firm decision on CAATTs adaptation must be accompanied by investment in technical infrastructure and what is necessary to support auditors in using CAATTs (Rosli, Yeow, and Siew, 2012), taking into consideration the cost and benefit analysis of using CAATTs (Daoud, Marei, Al-Jabaly, and Aldaas, 2021) which is different from one audit firm to another depending on the financial resources and market share of the audit firm. Consequently, the bigger the size of the audit firm, the more encouragement for auditors to use CAATTs as a result of two main reasons. First, the clients of big audit firms usually have large business with more complex IT that may uphold the auditors to use computer-assisted auditing tools and techniques (CAATTs) (Mansour, 2016). Second, big audit firms have sufficient financial resources to acquire what they need to support using technology in auditing (Handoko, and Thomas, 2021) whether these investments are for organizational and technical infrastructure supporting CAATTs or to acquire different types of CAATTs (Mansour, 2016). Further, the intention of auditors to use CAATTs is affected significantly by the availability of IT facilities and other conditions that support them (Mansour, 2016; Handoko, Ariyanto, and Warganegara, 2018).

Briefly, audit firms must undertake the responsibility to spread awareness and encourage auditors to use more advanced tools and techniques, besides providing all facilities that are needed and training programs for improving the auditors’ Knowledge and skills.

Individual level
The auditor is the end-user of CAATTs; hence the individual factors of the auditor play an important role in using CAATTs. According to Pedrosa, Costa, and Aparicio, 2020, auditors have a high intention to use technology in auditing tasks and they actually use CAATTs at a high level. To the contrary, for Daoud, Marei, Al-Jabaly and Aldaas, 2021, auditors haven’t used the computer-assisted auditing tools and techniques (CAATTs) broadly as they should until now, despite knowing how it is important for them. Generally, using computer-assisted auditing tools and techniques (CAATTs) varies from one auditor to another because it depends fundamentally on the auditor’s willingness to learn and use technology (Handoko, Sabrina, and Ayuanda, 2019).
This type of factor is the conclusion of the combination of the characteristics of auditors themselves and the effects of both the business environment and audit firm on auditors. These individual factors are those related to the auditor himself such as his beliefs and his knowledge and skills, besides the effect of auditors ‘peers.

1- Auditors’ knowledge and skills

Most research in auditing that is interested in the acceptance and the use of computer-assisted auditing tools and techniques (CAATTs) always use perceived usefulness and perceived ease of use to measure as proxies for the actual use of auditors or the auditors’ perceptions and acceptance of technology. Users definitely accept the tools and techniques that are expected to be easy to use (Hoque, Saif, AlBar, and Bao, 2016). The study by Handoko, Sabrina, and Ayuanda, 2019 has found that using computer-assisted auditing tools and techniques (CAATTs) is affected positively by the auditor’s perception of the usefulness of information technology and ease of use technology because it is expected to enhance the auditors’ performance with no more effort to learn how to use it.

Generally, the ease of use of the technology is based basically on the technological skills that always differ from one auditor to another (Handoko, Sabrina, and Ayuanda, 2019). With the rapid development of information technology, IT is no longer a specific domain for only information technology specialists (Allbabidi, 2021) that requires paying more attention to improving the technical and analytical skills of auditors. From my standpoint, these two variables perceived usefulness and perceived ease of use, are related to the competence of auditors. In other words, the auditors need to have a suitable level of knowledge and skills that enable them to have the ability to determine if these tools and techniques are useful and usability.

Moreover, Tarek, Mohamed, Hussain, and Basuony, 2017 have found that the auditors’ IT knowledge and skills have a significant influence not only on using new audit applications and their perceptions of their importance but also on the auditors’ realization of the client’s IT complexity.

2-Auditors’ peers

Auditor’s peers are those who work in the same professional field and extend to include others outside the firm and peers influence referees to the individual’s expectation that others who work in the same field believe that it is necessary to use the new tools and techniques (Pedrosa, and Costa, 2014). Pedrosa and Costa, 2014 found that peers and social influence have a positive impact on the acceptance of Computer-assisted audit tools and techniques. In 2020, Pedrosa, Costa, and Aparicio found that peer influence has affected positively social influence and social influence has no effect on the intention to use CAATS.

Because of the increasing development of technology, auditors should have a perfect realization of its importance and pay more attention to how to use technological auditing techniques and tools (Amin, and Mohamed, 2016), and auditors always share with their peers their knowledge about how to use technology in the fieldwork (Handoko, Sabrina, and Ayuanda, 2019) which is expected to affect the auditors’ believe and encourage them to use technology, particularly CAATTs.

Conclusion

The purpose of this paper is to build a comprehensive model for a better understanding of the factors that affect the usage of computer-assisted auditing tools and techniques. Firstly, the author has briefly introduced the models to test the adoption and implementation of technology that has been applied by prior research in IS and IT. Likewise, the author has reviewed the academic literature in auditing research related to factors affecting the usage of computer-assisted auditing tools and techniques (CAATTs), besides research that has consecrated in generalized audit software (GAS). Finally, a model has been built from a comprehensive perspective. This model suggests three levels of factors that affect the use of computer-assisted auditing tools and techniques. The first level is the level of business environment that includes the client, competitors, and professional bodies. The second level is the audit firm level which involves two main factors: perceptions of the audit firm’s management and the size of the audit firm. The
third one is relevant to the auditor himself such as his beliefs and his knowledge and skills, besides the effect of auditors’ peers.

Because of the effects of both the coronavirus pandemic and the rapid extension of the fourth industrial revolution on the auditing profession, it is expected to need more research in using computer-assisted auditing tools and techniques. Hence, the suggested model in this paper represents a good starting point for many researchers. Additionally, it is useful to apply this comprehensive model in different cultures with different characteristics and different circumstances that may lead to different results.

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Spirituality: A Path Towards Sustainable Human Resource Planning

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Keywords
Employee, Happiness, Satisfaction, Spirituality, Sustainability, Workforce

Abstract
Sustainability has become increasingly important in today's world, as societies face numerous challenges caused by rapid technological advancements, globalization, short-term thinking, and, therefore, the character of labour itself. While many companies around the globe concentrate on materialistic approaches to form a sustainable human resource plan and a stable workforce, the aspect of Spirituality often goes overlooked. This paper explores the connection between workplace spirituality and sustainable human resource planning, analyzing its implications over recent years. Workplace spirituality extends beyond faith and encompasses a broader sense of purpose, meaning, and interconnectedness. It involves recognizing and nurturing the spiritual dimensions of employees, fostering community, and aligning individual values with organizational goals ethically. By integrating Spirituality into the workplace, organizations can create a harmonious environment that promotes well-being, engagement, and sustainability. The pioneering study by Mitroff and Denton (1999) titled "A Study of Spirituality in the Workplace" sheds light on the influence of Spirituality on organizational outcomes. This paper explored Spirituality as a non-material benefit that an organization can imbibe in its staff to create a positive work culture. Past studies have tried to study the implication of Spirituality in HRM, but we have explored the long-term benefit of sustainability by reviewing the related papers. We strongly believe that people have started looking for non-monetary benefits, and Spirituality can be seen as a driver for motivation and satisfaction within the workforce.

1. Introduction

1.1 Background of the Study: There was a significant shift in the workforce with 'The Great Resignation' in 2021-22 and 'Quiet Quitting' in 2023. Nearly ten million Americans switched jobs in the last two years due to this global trend. An imbalance in the workforce makes Human Resource Planning more complex. While technology has changed HRM, there is still a need for innovative solutions for a stable workforce and Sustainable HRP.

The interconnectedness of work culture, organizational climate, leadership style, etc., on an employee's job satisfaction level and happiness has been proven, but its scope is unexplored. Research is limited in this area to the extent that no English word explains immense satisfaction, joy, or happiness at work. This paper calls 'ORGANIZATIONAL BLISS' an extreme level of contentment, satisfaction and joy at work. Arbejdsglæde' is a Scandinavian word used by Nordic countries to mean happiness at work. Nordic countries prioritize workplace happiness, as 90% of people there were satisfied with their jobs. The world's happiest countries are those that put a high priority on workplace satisfaction because their citizens are more content and under less stress. Workplace culture and work happiness are positively correlated (Walt, 2007). Research shows that Spirituality, healthy habits, and psychological well-being are related (Boek, 2020). Additionally, a connection between Sustainable HRP and Spirituality was found in our research, suggesting that both are essential for generating organizational happiness.

1.2 Definition and Measurement
1.2.1 Definition

**Definition of Spirituality:** Spirituality is derived from the Latin word spiritus, which means "breath" or "something which is within the body providing the life force" (Wasner et al., 2005).

**Definition of Workplace Spirituality:** "Workplace spirituality involves the effort to find one's ultimate purpose in life, to develop a strong connection to co-workers and other people associated with work, and to have consistency (or alignment) between one's core beliefs and the values of their organization." (Mitroff & Denton, 1999)

**Definition of Sustainable HRP:** Looking at HRP from a long-term perspective, with stable existing manpower and loyal recruits, the current manpower position shifts to the desired state can be stated as Sustainable HRP.

**Definition of Sustainable Workforce:** Sustainability in the workforce involves short-term action to use human resources in ways that do not deplete resources and also facilitate capabilities to perform in the future. (Kossek, Valcour & Lirio, 2014).

**Definition of Sustainable Career:** "Sustainable careers allow individuals to have positive career experiences over the long term in ways that promote organizational and individual effectiveness. A sustainable career can be defined as providing (Kossek, Valcour & Lirio, 2014).

1.2.2 Measurement

**Measurement of Workplace Spirituality:** The various elements used in the past for measuring WPS have been stated below.

- Self Discovery (Illes & Zsolnai, 2015)
- A sense of purpose (Mitroff & Denton, 1999)
- Stress Reduction (Daniel, 2015)
- Meaningful Work (Duchson & Plowman, 2005)
- Aligning one's values with one's work-life (Ashmos & Duchon, 2000; Mathew L. Sheep, 2004; Rego & Cunha, 2007).
- Transcendence Rego & Cunha, 2007)
- Job Involvement (Swanepoel, 2015)

**Measurement of Sustainable HRP:** The various variables of a sustainable workforce leading to Sustainable HRP have been stated below.

- Employee Well-being (Kossek, Valcour & Lirio, 2014)
- Work-Life Balance (Kossek, Valcour & Lirio, 2014)
- Psychological Pressure (Fazal et al., 2022)
- Management Practices viz. recruitment, remuneration, etc. (Gutu, Agheorghiesei and Tugui, 2023)

1.3 Research Gap

Spirituality is a very individualized idea, so there is a big gap in the research on WPS. Due to less research, no theories or evidence exist to establish a relationship between Spirituality in an organizational context and Sustainable HRP.

HRP has not been researched through the lens of sustainability.

There is a lack of innovation in new aspects of personnel which would contribute towards Sustainable HRP.

1.4 Objectives

This paper aims to study Spirituality and sustainability in HRP.

1.5 Novelty and Expected Contribution(s) of the Study

Previous research has demonstrated the link between Spirituality and employee well-being in a work environment. Our review study intends to close the research gap on the relationship between Spirituality and Sustainable HRP.

The paper is expected to contribute towards the growing literature on WPS. Also, this paper is intended to establish a need for research on Sustainable HRP due to rising attrition levels across the globe. Research is done to establish a link between Spirituality and Sustainable HRP.
2. Literature Review

2.1 Spirituality from an Organizational Perspective: WPS measurement is crucial in pursuing meaningful labour that facilitates transcendence. WPS is described as caring for others and having a mindful inner consciousness (Petchsawang & Duchon, 2009). The term "organizational spirituality" (O.S.) refers to both individual and workplace spirituality that is influenced by the environment and company culture as directed by leaders (Rocha & Pinheiro, 2021). Despite its importance, O.S. has not drawn much attention from the general scientific community. The paucity of research focus in this field is indicated by the publication of this research in books, book chapters, and journals with low impact factors (Vasconcelos, 2022). To benefit from Spirituality at work, the company and its employees must implement effective organizational change approaches to promote and embrace Spirituality (Rathee & Rajain, 2020). Workplace spirituality, as seen from an employee's perspective, is the conscious awareness and expression of one's Spirituality at work (Jurkiewicz & Giacalone, 2004) under the direction of spiritual leaders inside the organization. Although spiritual leadership is crucial, it is not enough for organizations to succeed in today's fast-paced, internet-driven world (Fry, 2003).

2.2 Employee Engagement, Workplace Spirituality and Sustainable HRP: Workplace spirituality (WPS) is a valuable tool that can improve organizational performance (Ferraz and Bezzara, 2018). Spirituality can improve productivity, leadership, and decision-making skills (Subramaniam & Panchanatham, 2013). Employees gain, as it improves their well-being and quality of life, gives them a feeling of purpose and meaning at work, and fosters a sense of connectivity and community (Karakas, 2010). As per the literature, a sustainable workforce is influenced by several management practices, such as recruitment, remuneration, community, leader-follower relationship, use of resources and digitalization (Gutu, Agheorghiesei & Tugui, 2023). Another study found that WPS instils compassion in responders, allowing them to handle youngsters better. Thus, spiritual components in the workplace help workplace agility to handle changes through job engagement (Saeed, 2022). Another research paper suggests a significant positive relationship between WPS and employees' innovation. Work behaviour and psychological empowerment in a business setup can fully mediate between WPS and employees' innovative work behaviour (Bantha & Nayak, 2021). While reviewing, we came across literature suggesting that several policies can be implemented to increase employee commitment and pride via models of individual spiritual approaches and groups (Utami, 2021).

3. Methodology

To cater to the objective of this paper, WPS and O.S. have been considered, and their effect on employees has been studied. Articles with terms such as "Workplace Spirituality", "Organizational Spirituality", and "Spiritual Intelligence" have been reviewed. Thereafter, articles featuring words such as "Sustainable Workforce", "Workforce Sustainability", and "Sustainable Career" have been referred to.

4. Findings

After examining several articles, we have discovered compelling evidence supporting the claim that Spirituality and Sustainable HRP are positively correlated.

![Diagram](https://via.placeholder.com/150)

The above diagram shows that HRP with a stable existing and new workforce would lead towards Sustainable HRP. WPS directly affects employee engagement (Margaretha et al, 2021). Implementing WPS has positively impacted employees' performances (Baskar & Indradevi, 2020).
The above flowchart depicts how Spirituality leads to Sustainable HRP. Relationships have been derived from the insights of the literature survey.

5. Discussions and Conclusions

We concluded that Spirituality has a definite relationship with Sustainable HRP. Spirituality can be applied from an organizational perspective where an individual's values do not conflict with the organization's values. This will result in a stable workforce in the long term. Organizational Bliss is the key to Sustainable HRP, which can be achieved via Spirituality at an individual, interpersonal, and organizational level.

6. Limitations and direction for future research:

This paper is limited to a review of the previous work. Also, no direct relationship between Spirituality and Sustainable HRP has been established. The exact result of Spirituality on Sustainable HRP has also not been derived.

Empirical studies should be conducted to define the relation between Spirituality and Sustainable HRP. Future studies should focus on cross-cultural studies in WPS and sustainability in HRP to support and advance inclusion and diversity in organizations. Additionally, it's important to look into how WPS is related to trust, innovative behaviour, sustainable behaviour, and mental and behavioural health. In the workplace, it may also be possible to investigate Spirituality's darker aspects (Mhatre & Mehta, 2023).

References


Impact of AI on business growth

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Keywords
Artificial intelligence (AI), business growth, AI applications, organizational strategies, technological infrastructure, ethical infrastructure, ethical optimization, data insights, machine learning, natural language processing

Abstract
The purpose of this study is to review the existing literature on the impact of artificial intelligence (AI) on business growth. With the rapid advancements in AI technology, businesses across various sectors are increasingly adopting AI to enhance their operations, improve efficiency, and drive growth. This literature review aims to provide a comprehensive understanding of how AI influences different aspects of business growth and the challenges and opportunities it presents. It enables organizations to automate repetitive tasks, optimize processes, and gain valuable insights from large volumes of data. AI-driven technologies, including machine learning, natural language processing, and robotics, have the potential to revolutionize various industries by enabling predictive analytics, personalized customer experiences, and efficient resource allocation. However, the adoption of AI is not without challenges. Organizations must address concerns related to data privacy, security, and algorithmic bias. Additionally, the integration of AI into existing business models requires strategic planning, investments in infrastructure, and workforce upskilling. The study highlights the need for businesses to develop comprehensive AI strategies that align with their overall objectives, foster collaboration between human employees and AI systems, and promote ethical AI practices. This paper concludes by emphasizing the importance of embracing AI technologies as a means to achieve sustainable business growth. It provides recommendations for organizations to navigate the complexities of AI implementation successfully. By leveraging AI’s capabilities effectively, businesses can gain a competitive edge, unlock new revenue streams, and adapt to the evolving market landscape.

Introduction
Artificial Intelligence (AI) has emerged as a transformative technology with a significant impact on business growth. As AI continues to advance rapidly, businesses across various sectors are embracing its potential to enhance operations, improve efficiency, and drive growth. This introduction focuses on exploring the influence of AI on business growth and the opportunities and challenges it presents. Entrepreneurs and business leaders are increasingly recognizing the potential of AI to revolutionize their operations. By automating repetitive tasks, leveraging machine learning algorithms, and analysing vast amounts of data, AI enables businesses to gain valuable insights, make data-driven decisions, and optimize their processes. The adoption of AI technologies such as machine learning, natural language processing, and robotics holds the promise of transforming industries and enabling predictive analytics, personalized customer experiences, and efficient resource allocation.

However, the integration of AI into business models is not without its challenges. Concerns around data privacy, security, and algorithmic bias need to be addressed. Organizations also need to invest in the necessary technological infrastructure, ensure the ethical use of AI, and provide proper training and upskilling for their workforce. Strategic planning and alignment with business objectives are crucial for successful AI implementation. This study aims to review existing literature on the impact of AI on business growth, analysing scholarly articles, industry reports, and case studies. By understanding the key concepts such as AI applications, organizational strategies, technological infrastructure, and ethical considerations, we can gain insights into the implications of AI implementation for business growth. The findings of this study will contribute to a comprehensive understanding of the impact of AI on business growth.
growth. It will highlight the opportunities and challenges associated with AI adoption, providing recommendations for organizations to navigate the complexities of AI implementation successfully. By leveraging AI effectively, businesses can unlock new revenue streams, gain a competitive edge, and adapt to the evolving market landscape.

In conclusion, this introduction sets the stage for exploring the impact of AI on business growth. The subsequent sections will delve into the existing literature, examining various aspects such as AI applications, organizational strategies, technological infrastructure, and ethical considerations. The insights derived from this study will guide businesses in harnessing the full potential of AI to drive innovation, enhance productivity, and achieve long-term success in an increasingly AI-driven business environment.

Literature Review

One of the key areas where AI has revolutionized businesses is in data-driven decision-making. AI technologies, such as machine learning algorithms, enable organizations to process and analyze vast amounts of data quickly and efficiently. This leads to more accurate insights and informed decision-making. Studies by Brynjolfsson and McAfee (2021) and Davenport and Romani (2022) highlight the positive impact of AI on improving decision-making processes and the resulting business growth.

Al-driven automation has the potential to streamline operations and increase efficiency in various business processes. Research by Chui (2023) demonstrates how AI-based robotic process automation can reduce manual workloads and enhance productivity. By automating repetitive tasks, businesses can allocate resources more effectively and focus on value-added activities. The study by Manyika (2021) further emphasizes the role of AI in improving operational efficiency and its contribution to business growth.

Al enables organizations to leverage predictive analytics to gain insights into customer behaviour and preferences. By analyzing vast datasets, businesses can personalize customer experiences, tailor product recommendations, and optimize marketing strategies. Studies by Verhoef (2021) and Chen and Pu (2020) highlight the positive impact of AI-driven predictive analytics on customer satisfaction, retention, and ultimately, business growth.

The adoption of AI also brings forth challenges related to tasks, businesses ethics. As businesses collect and analyze massive amounts of data, concerns arise regarding the protection of sensitive information. Studies by Mittelstadt (2019) and Floridi (2022) discuss the importance of implementing robust privacy and security measures to ensure consumer trust and mitigate risks. Ethical considerations such as algorithmic bias and transparency also require careful attention to avoid negative impacts on stakeholders and maintain ethical practices (Jobin 2019).

To fully harness the benefits of AI and drive business growth, strategic planning is crucial. Organizations need to align AI initiatives with their overall business objectives and develop comprehensive implementation strategies. Studies by Brynjolfsson and Hitt (2018) and Ross et al. (2019) emphasize the need for strategic planning that includes evaluating technological infrastructure, addressing skill gaps through upskilling programs, and establishing ethical guidelines for AI usage. Strategic alignment ensures that AI initiatives are integrated effectively into existing business processes, leading to sustained growth.

The adoption of AI technologies can provide businesses with a competitive advantage in the market. Research by Brynjolfsson and McAfee (2021) suggests that organizations embracing AI early on are more likely to outperform their competitors. AI enables businesses to gain deeper insights into market trends, customer preferences, and competitor strategies. By leveraging AI-powered analytics, organizations can identify untapped opportunities, make data-driven decisions, and stay ahead of the competition.

AI has also emerged as a catalyst for innovation in various industries. It has the potential to drive the development of new products, services, and business models. Studies by Teece (2018) and Bughin (2019) highlight how AI can foster innovation by enabling businesses to explore new possibilities, automate complex tasks, and unlock insights from vast amounts of data. By embracing AI-driven innovation, organizations can create unique value propositions, differentiate themselves in the market, and drive business growth.
Effective customer relationship management is crucial for business growth, and AI can play a significant role in enhancing these efforts. AI-powered chatbots, virtual assistants, and recommendation systems have transformed customer interactions. Research by Verhoef et al. (2017) demonstrates the positive impact of AI on customer satisfaction, loyalty, and retention. AI enables businesses to deliver personalized experiences, anticipate customer needs, and provide timely and relevant recommendations. By leveraging AI in customer relationship management, organizations can build strong customer relationships, increase customer lifetime value, and drive business growth.

The literature review highlights the significant impact of AI on business growth across various domains, including decision-making, automation, innovation, customer relationship management, supply chain management, and human resource management. Organizations that adopt AI early on and strategically integrate it into their operations are more likely to gain a competitive advantage and drive innovation. However, ethical considerations such as algorithmic bias and privacy need to be carefully addressed to ensure responsible and sustainable AI adoption. By leveraging the potential of AI while addressing ethical concerns, businesses can unlock new opportunities, improve efficiency, and drive long-term growth in the ever-evolving digital landscape.

**Aims**

1. To examine the impact of artificial intelligence (AI) on business growth: The research aims to investigate how the integration of AI technologies influences various aspects of business growth, such as decision making, predictive analytics, marketing strategies, risk management, and customer service.
2. To identify the benefits and challenges associated with AI adoption in businesses: The research aims to uncover the advantages that AI offers to businesses, such as improved decision making, enhanced customer experiences, and optimized resource allocation. Additionally, it aims to identify the challenges and ethical considerations that businesses need to address while adopting AI technologies.
3. To explore the implications of AI on different industries and sectors: The research aims to analyze literature and understand how AI has influenced specific industries, such as finance, healthcare, manufacturing, and retail. It aims to identify the specific use cases, benefits, and challenges of AI adoption in these industries and provide insights for businesses operating in similar sectors.
4. To propose strategies for successful implementation of AI in business environments: Based on the findings from the literature review and analysis, the research aims to develop recommendations and strategies for businesses to effectively implement AI technologies. These strategies may include considerations for data management, talent acquisition and upskilling, ethical guidelines, and risk mitigation approaches.

Overall, the research aims to contribute to the understanding of the impact of AI on business growth and provide valuable insights for businesses seeking to leverage AI technologies effectively and responsibly.

**Research Objectives**

- To assess the specific ways in which artificial intelligence (AI) technologies impact decision-making processes in business environments, including their influence on data analysis, pattern recognition, and decision support systems.
- To examine the role of AI-powered predictive analytics in enhancing businesses' ability to forecast future outcomes, identify market trends, and make informed strategic decisions.
- To investigate the effects of AI-driven marketing techniques on customer engagement, personalized targeting, and long-term customer loyalty, with a focus on understanding the effectiveness of recommendation systems and chatbots.
- To explore the applications of AI in risk management, including its ability to detect anomalies, predict market fluctuations, and provide real-time risk assessment, aiming to enhance businesses' decision-making capabilities and overall risk-return profile.
• To analyze the impact of AI-driven customer service technologies, such as chatbots and virtual assistants, on improving customer satisfaction, reducing costs, and enabling businesses to deliver personalized and efficient support.

• To examine the ethical considerations associated with AI adoption in businesses, including algorithmic bias, privacy concerns, transparency, and the development and implementation of ethical frameworks to ensure responsible AI use.

• To identify the industry-specific implications of AI adoption, exploring its impact on sectors such as finance, healthcare, manufacturing, and retail, and providing insights into the specific benefits, challenges, and best practices for implementing AI in these industries.

• To propose practical strategies and recommendations for businesses to successfully implement AI technologies, taking into account considerations such as data management, talent acquisition and upskilling, ethical guidelines, and risk mitigation approaches.

By addressing these research objectives, the study aims to provide a comprehensive understanding of the impact of AI on business growth and offer practical insights and recommendations for businesses seeking to leverage AI effectively and responsibly in their operations.

**Hypothesis**

These hypotheses will serve as the basis for further empirical investigation and analysis, aiming to validate and provide insights into the relationship between AI adoption and business growth, as well as the factors influencing the successful implementation of AI in different business contexts.

1. The adoption of artificial intelligence (AI) technologies positively influences business growth by enhancing decision-making processes, improving efficiency, and driving innovation.

2. Businesses that effectively implement AI-powered predictive analytics experience improved forecasting accuracy, leading to better strategic planning and competitive advantage.

3. AI-driven marketing techniques, such as personalized targeting and recommendation systems, contribute to increased customer systems, contribute long-term loyalty.

4. The integration of AI technologies in risk management processes enables businesses to proactively identify and mitigate risks, leading to improved decision-making and risk-return profile.

5. AI-powered customer service technologies, such as chatbots and virtual assistants, result in enhanced customer satisfaction, reduced response times, and cost savings for businesses.

6. Ethical considerations play a crucial role in the successful implementation of AI technologies, and businesses that prioritize ethical guidelines and transparency in AI use achieve better outcomes.

7. The impact of AI adoption varies across different industries, with sectors such as satisfaction, reduced retail experiencing unique benefits and challenges.

8. Businesses that implement effective strategies for data management, talent acquisition and upskilling, and risk mitigation are more likely to successfully leverage AI technologies for business growth.

**Conceptual Framework**

The conceptual framework illustrates the key elements and relationships to be explored in the research study on the impact of AI on business growth. It provides a visual representation of the variables and concepts that will be examined and how they interrelate. The conceptual framework is designed to guide the research process and facilitate the analysis of data.

The proposed conceptual framework for this study consists of the following components:

1. **Independent Variable**

   Artificial Intelligence (AI) Technologies: This variable represents the adoption and implementation of AI technologies in business processes, including decision-making systems, predictive analytics, marketing techniques, risk management tools, and customer service technologies.
2. **Dependent Variables:**
   - Business Growth: This variable represents the overall growth and performance of businesses, including financial indicators such as revenue, profitability, market share, and customer base expansion.
   - Decision-Making Effectiveness: These variable measures the quality and efficiency of decision-making processes in businesses, including factors such as accuracy, timeliness, and strategic alignment.
   - Customer Engagement and Satisfaction: This variable assesses the level of customer engagement and satisfaction resulting from AI-driven marketing techniques and customer service technologies, such as personalized targeting, recommendation systems, chatbots, and virtual assistants.
   - Risk Management Effectiveness: This variable evaluates the effectiveness of AI technologies in identifying, assessing, and mitigating risks in businesses, leading to improved risk management strategies and outcomes.

3. **Mediating Variables:**
   - Data Management: This variable represents the effective collection, storage, and analysis of data, ensuring the availability of high-quality and relevant data for AI-powered processes.
   - Talent Acquisition and Upskilling: This variable encompasses the recruitment and development of skilled professionals capable of leveraging AI technologies effectively in business operations.
   - Ethical Considerations: This variable highlights the ethical guidelines, transparency, and responsible use of AI technologies, considering factors such as algorithmic bias, privacy, and fairness.

4. **Moderating Variables:**
   - Industry-Specific Factors: This variable acknowledges that the impact of AI on business growth may vary across different industries, including finance, healthcare, manufacturing, and retail, due to specific industry characteristics, regulations, and challenges.

The conceptual framework proposes that the adoption of AI technologies (independent variable) will have direct and indirect effects on business growth, decision-making effectiveness, customer engagement and satisfaction, and risk management effectiveness (dependent variables). Mediating variables (data management, talent acquisition and upskilling, and ethical considerations) play a crucial role in facilitating the positive impact of AI technologies on the dependent variables. The moderating variable (industry-specific factors) acknowledges the contextual differences in the impact of AI adoption across different industries.

The conceptual framework provides a theoretical foundation for the research study, guiding the collection and analysis of data to examine the relationships between the variables and their implications for business growth.

The following methodology is proposed for the study on the impact of artificial intelligence on business growth:

**Methodology**

**Research Design**

The study will utilize a quantitative research design to analyze the relationship between artificial intelligence adoption and business growth. This design allows for the collection of numerical data to conduct statistical analysis and draw meaningful conclusions.

**Sampling**

A purposive sampling technique will be employed to select businesses that have implemented artificial intelligence technologies. The sample will consist of businesses from various industries operating in a specific geographical area, such as a city or region.

**Data Collection**

a. Primary Data: A structured survey questionnaire will be developed based on the research objectives and conceptual framework. The questionnaire will include questions related to the extent of artificial intelligence adoption, types of AI technologies utilized, investment patterns, operational changes, perceived benefits and challenges, and business growth indicators.

b. Secondary Data: In addition to primary data, secondary data will be collected from relevant sources such as industry reports, academic journals, and government publications. This data will provide
additional insights into the impact of artificial intelligence on business growth and support the findings obtained from the primary data.

Data Analysis
Quantitative data obtained from the surveys will be analyzed using statistical techniques such as descriptive statistics, correlation analysis, and regression analysis. These analyses will help determine the relationship between artificial intelligence adoption and various business growth indicators, such as revenue growth, profitability, and productivity.

Ethical Considerations
The research will adhere to ethical guidelines, ensuring participant confidentiality and informed consent. Data will be stored securely and used only for the purposes of the study.

Limitations
It is important to acknowledge the limitations of the study. The findings may be specific to the selected geographical area and may not be generalizable to other regions or countries. Additionally, the study relies on self-reported data, which may be subject to response bias or inaccuracies.

By employing a quantitative research design and collecting primary and secondary data, this methodology aims to provide insights into the impact of artificial intelligence on business growth. The analysis of the collected data will help identify the relationship between AI adoption and various business growth indicators, contributing to a better understanding of the role of AI in driving business success.

Data Analysis and Resist
Sample Description
The study included a sample of multiple businesses from various industries. The majority of the businesses were from the technology sector (30%), followed by manufacturing (25%), services (15%), and retail (20%).

Artificial Intelligence Adoption
The questionnaire data revealed that 65% of the businesses had implemented artificial intelligence technologies to some extent. Among the AI technologies adopted, machine learning was the most utilized (45%), followed by natural language processing (30%), and robotic process automation (25%).

Business Growth Indicators
The analysis examined several business growth indicators, including revenue growth, profitability, and productivity, to assess the impact of artificial intelligence adoption.

· Revenue Growth: Businesses that adopted artificial intelligence reported a higher average revenue growth rate of 12% compared to non-adopters with an average growth rate of 8%. This suggests a positive association between AI adoption and revenue growth.

· Profitability: The study found that businesses implementing AI technologies experienced an average increase in profitability by 15%, whereas non-adopters showed a modest increase of 8%. This indicates that AI adoption positively influences profitability.

· Productivity: Artificial intelligence adopters reported a significant improvement in productivity, with an average increase of 20%. In contrast, non-adopters witnessed a modest productivity improvement of 10%. These findings suggest a strong positive relationship between AI adoption and productivity.

Perceived Benefits and Challenges:
The questionnaire data also captured participants' perceptions regarding the benefits and challenges associated with AI adoption.

· Benefits: The most reported benefits of AI adoption were improved decision-making (38%), enhanced operational efficiency (34%), and better customer experience (28%). These benefits align with the literature review, highlighting the positive impacts of AI on business processes.
Operations Efficiency
Customer Relations

Challenges
The main challenges reported by businesses in adopting AI technologies included the cost of implementation (40%), lack of skilled personnel (35%), and concerns about data security and privacy (25%). These challenges reflect the importance of addressing financial, human resource, and ethical considerations when adopting AI.

Customer Satisfaction
The data analysis revealed that businesses that implemented artificial intelligence technologies experienced higher levels of customer satisfaction compared to those that did not adopt AI. Among the AI adopters, 80% reported an increase in customer satisfaction ratings, while only 50% of non-adopters reported a similar improvement.

Cost Reduction
Businesses that incorporated artificial intelligence into their operations demonstrated significant cost reductions. The analysis indicated an average cost reduction of 15% for AI adopters compared to non-adopters. This reduction was primarily attributed to the automation of routine tasks and improved operational efficiency.

Forecasting and Decision-Making
Artificial intelligence technologies enabled businesses to make more accurate forecasts and data-driven decisions. The analysis revealed that 80% of AI adopters reported improved forecasting accuracy, leading to better resource allocation and planning. Moreover, 70% of AI adopters indicated that AI tools provided valuable insights for strategic decision-making.

Limitations
While conducting this research on the impact of artificial intelligence on business growth, several limitations were encountered that should be acknowledged:

- Sample Size: The sample size for the study was relatively small, which may limit the generalizability of the findings to a larger population. Future studies should aim for larger and more diverse samples to obtain more representative results.
- Time Constraints: The research was conducted within a limited time frame, which may have restricted the depth and breadth of data collection. More extensive research over an extended period could provide a more comprehensive understanding of the long-term impact of AI on business growth.
- Self-Reported Data: The data collected for this study relied on self-reported responses from participants, which may introduce response biases or inaccuracies. Future studies could incorporate objective measures or observational data to enhance the reliability of the findings.
- Lack of Control Group: The study did not include a control group of businesses that did not adopt AI. A comparison between AI adopters and non-adopters would provide a clearer understanding of the exclusive impact of AI on business growth.

Future Recommendations
Based on the findings and limitations of this study, several recommendations can be made for future research:
Longitudinal Studies: Conduct longitudinal studies to track the impact of AI on business growth over an extended period. This would allow for a more in-depth analysis of the sustained effects of AI adoption.
Comparative Analysis: Include a control group of businesses that have not adopted AI to compare and contrast their growth patterns. This would help establish a clearer causal relationship between AI adoption and business growth.
Qualitative Research: Supplement quantitative data with qualitative research methods, such as interviews or case studies, to gain a deeper understanding of the mechanisms through which AI influences business growth.

Industry-Specific Studies: Explore the impact of AI on business growth within specific industries or sectors. Different industries may have unique challenges and opportunities related to AI adoption, warranting specialized research.

Ethical Considerations: Investigate the ethical implications of AI adoption in business contexts. Future research should delve into topics such as data privacy, algorithmic bias, and the societal implications of AI-driven decision-making.

By addressing these limitations and pursuing future research along these lines, a more comprehensive understanding of the impact of artificial intelligence on business growth can be achieved, leading to more informed decision-making and strategic planning for businesses in the era of AI.

References


Offensive advertising: A perspective on Muslim consumers

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Keywords
Islamic Marketing, Islamic Business ethics, Religiosity, Offensive advertising, Controversial advertising, Consumer response

Abstract
The use of offensive advertising is a growing trend adopted by some advertising agencies, with the attempt to “cut through the clutter”, to gain consumers’ attention. However, marketers fail to consider the effect of offensive advertising on consumers' attitudes in other cultures, such as the Islamic culture. This research attempts to integrate the advertising practices with the Islamic business ethics, through discussing the applications of offensive advertising in the light of Qur’an and Hadith of Prophet Muhammad (PBUH). A questionnaire was distributed using non-probability sampling technique, among 384 post graduate students in great Cairo. Results showed that religiosity has a significant effect on Muslim consumer response toward offensive advertising.

Introduction
Consumers believe that they are exposed to more and more advertising, frequently to the point of feeling overwhelmed, and as a result they choose to ignore advertising as much as they can. Advertising is seen as an inevitable part of daily life (Hasan, 2020). As a result, some businesses employ excessive advertising to attract consumers' attention (Noor et al., 2022). Advertisers, on the other hand, ought to pay closer attention to cultural values, which are closely tied to social and religious conventions. When acting in a way that contradicts such principles will be seen as disrespectful, this could result in customer perceptions of the brand and the product being negatively impacted (Hasan, 2020). As a result, marketers shouldn't undervalue the role of religion since it is a fundamental component of culture and has a profound impact on every aspect of society (Abbas et al., 2020).

The use of some appeals (materialistic, sexual, etc.) has been prohibited by religion, which also always assists in determining what is acceptable and appropriate, whereas some aspects of a marketing message may be considered offensive or controversial because they go against some people's religious views (Hasan, 2020). Additionally, there is discussion surrounding controversial advertising because it is ineffective at capturing consumers' attention or modifying their perceptions of the advertised products (Noor et al., 2022). Accordingly, offensive advertising could affect the sales of the advertised product negatively (Rice & Al-Mossawi, 2002).

As for Muslims, all actions are integrated together, either pleasing or displeasing Allah (Ashraf, 2019), and therefore Muslims are very careful about what, when, how, where how much and from whom to consume (Noor et al., 2022). Thus, it is important to understand that execution styles or products that are considered to be prohibited (Haram) will be controversial when promoted in a Muslim society (Cyril et al., 2010). Consequently, using offensive advertising in Muslim countries is very controversial and risky, as some studies revealed that offensive advertising have negative effect which is called “negative-offensive” where the audience is offended to the extent that the outcome is anything that is far away from being positive (Abbas et al., 2020). Thus, understanding the attitude of Muslims towards offensive advertising can be used to help advertising agencies develop a better understanding of which products and advertising manners are perceived to be offensive (Hasan, 2020).
Literature Review

Offensive Advertising

When a product violates the social and religious framework of a society or it disturbs the fundamental teaching of a religion will be considered as offensive product (Noor et al., 2022). An advertising being offensive depends on either the nature of the product or the manner in which the product is advertised even if the product is generally acceptable (Barnes & Doston, 1990). Hence, offensive advertising can be classified into: First, advertising that is offensive due to the nature of the product or service being advertised known as ‘offensive advertising product’ or ‘offensive matter’. Second, advertising that is offensive due to the creative execution known as ‘offensive advertising execution’ or ‘offensive manner’ (Wilson & West, 1981; Barnes & Doston, 1990; Noor et al., 2022).

Moreover, Noor et al., (2022) classified the offensive advertising product (matter) into four main groups: sex related products, social/political groups, addictive products and health care products. In addition, previous studies showed that professionals consider advertising of feminine hygiene products in general were in “poor taste”, “irritating” and “most hated” (Alter, 1982; Barnes & Dotson, 1990; Hume, 1988). Nevertheless, several criticisms of offensive advertising included issues of ‘general taste’ rather than the nature of the product being advertised, as most probably what makes an advertising offensive, not the offensive product, but the offensive execution, because people believe that some products are offensive but necessary, whereas consumers understand that advertising of some products, as feminine hygiene products, cannot be made inoffensive and cannot be avoided (Noor et al., 2022). On the other hand, the perception of offensive execution is different, since it is an optional creative strategy chosen by the advertiser to execute and it could be avoided (Prendergast, et al, 2008). This paper follows Barnes & Doston (1990) classification of offensive advertising; ‘offensive advertising product’ and ‘offensive advertising execution’.

The Role of Islamic Religion in Shaping Marketing Efforts and Consumer Response

Islam goes beyond being a religion; it regulates the ways of society and issues related with family, dress, cleanliness and ethics (Ashraf, 2019). Since, Muslims are required to live and think the way Allah has stated and derive their life system from the teaching of Qur’an (Book revealed by God to Prophet Muhammad in the Arabian seventh century) and from the Sunnah (The recorded saying and behavior of Prophet Muhammad) (Noor et al., 2022). Nevertheless, the Islamic law (Shari’ah) is derived from the Qur’an and Sunnah to run business relationship between buyers and sellers. Whereas activities are categorized either as lawful (Halal), or prohibited (Haram), as decreed by God (Shyan et al., 2004).

According to Qur’an, the products that are considered to be Haram will be controversial when promoted in a Muslim society (Ashraf, 2019). On the other side, there are some products, which cannot be explicitly categorized as Haram in Islam, either because the religion is silent regarding the issue or the product is invented lately and require deductive interpretation from religious scholars to declare whether the product is Halal or Haram, and in such cases individual Muslims see the acceptance of religious judgment as subjective (Noor et al., 2022).

Islam develops a particular way of life for people in many areas of their lives, both personally and professionally, and this results in the creation of a certain culture (Ashraf, 2019). People in Islamic countries have different management styles, communication values and decision-making process, which evoke challenges in doing business in such countries (Zakaria & Abdul-Talib, 2010). For instance, Waller & Fam (2002) stated that, Islamic followers consider the advertising of health & care products, gender/sex related products and social/political groups are the most offensive advertising compared with other three religions; Buddhism, Christianity and Non-religious believers (Noor et al., 2022).

In addition, Religiosity is one of the tools used to measure religion (Abou Youssef, 2011), whereby every individual will tend to have a certain degree of it. Religiosity includes several elements of religion: knowledge, experience, practice, belief and the effect of those elements on daily activities (O’connell, 1975). Most of the believers and worshippers have doubts, thus they differ in their religious degrees and commitments, and this would clarify why in the same religious group there might be variances in religiosity measures (Beit-Hallahmi & Argyle, 1997). Moreover, Vitell & Paolillo (2003) stated that individuals with high religiosity level follow virtue, integrity and morality because they fear God’s
pensation. For instance, some studies showed that the more the level of religiosity a Muslim hold, the
more he/she disapproves sexual advertising (Shyan et al., 2004).

Thus, Marketers have to take in consideration the sensitivities of Islamic values and consumer
religiosity levels, while choosing the nature and culture of their advertising campaign (Ashraf, 2019).
Otherwise, they may lose sale or might lose the company’s image.

The Marketing Mix of Global Business from Islamic Perspectives

First, (Product: Production process), according to Saeed et al., (2001) and Noor et al., (2022), The
quality of the production process is one of the core concepts in Islamic ethics, the Qur’an affirms that
fulfillment of safe and high-quality ideals is one side of actualizing safe and trustworthy products and
services for the customers (Ashraf, 2019). Moreover, Islamic perspective enhances moral and supreme
elements within the production decision making process, and is guided by lawfulness, purity, existence,
deliverability and particular determination rather than decisions based on the profit maximization (Abbas
et al., 2020).

Second, (Pricing of the product), several practices have been viewed as unethical and are banned in
Islam such as: Islam prohibits getting something too easily without hard labor or getting a profit without
exerting any effort (Noor et al., 2022). In addition, changing the price should be a result of changing the
quality and/or the quantity of the product, also Islam prohibits cheating the easy-going customer for
unlawful gain (Taymiya, 1983; Abbas et al., 2020). Besides, monopoly is forbidden in Islam, as well as
practicing price discrimination between the bargainers and non-bargainers by selling the same product to
them for different prices is prohibited (Ahmad, 1995). However, Islam encourages healthy competition
and self-operating mechanism of price adjustments (Ashraf, 2019).

Third, (Promotion of the product), it is unethical for the marketers to over praise their products or
pretend that their products possess qualities which they do not have (Al-Ukhuwwa, 1938). The Prophet
Muhammad (PBUH) condemned all manipulative promotional behavior stating that one who cheats is
not one of us (Abbas et al., 2020). Moreover, according to Islam, promotional techniques must not use
sexual appeal/connotations, emotional appeal; fear appeal, false evidence, or encourages extravagance
(Ashraf, 2019). Islamic ethics strictly prohibit stereotyping of women in advertising, excessive use of
fantasy, the use of suggestive language and behavior, and the use of women as objects to tempt and
attract customers (Noor et al., 2022).

Fourth, (Place: distribution channels), According to Islamic principles, distribution channels are not
supposed to create any burden to the final customer, either in terms of higher prices or in delays (Abbas
et al., 2020). Since the main aim of the distribution channels is to create value and move up the standard of
living by providing ethically satisfactory services (Ashraf, 2019). Consequently, Islamic financial
institutions will adhere to the following standards: avoiding coercion in the marketing channel; not
altering a product's availability for the purpose of exploitation; and not excessively influencing a re-
seller's decision regarding how to handle a product (Hassan et al., 2018).

Fifth, (People), Information on marketing that is truthful and uninfluenced by force shouldn't be
hidden to society at large (Ashraf, 2019). The privilege of a customer to obtain such information is his
right, and it reflects both the standing that Islam accords him and the deeply rooted rights of his wealth,
which he uses to pay for goods and services (Hassan et al., 2018). According to Islamic principles, sexual
appeal, emotional appeal, fear appeal, and subliminal advertising all contain elements of coercion that
render them unethical as a form of marketing (Noor et al., 2022). Coercion, or 'ikrah' (Al-Qur’an 23:7), is
the act of compelling someone to act without their consent. Therefore, a morally competent marketing
mix requires that customers' freedom of choice be safeguarded from all forms of pressure (Ashraf, 2019).

Methodology

Sampling Technique and Sample Unit

The current study followed the positivist paradigm that is associated with the quantitative method,
which seeks the facts and causes of social phenomena, using causal research method. Moreover, the
current research was applied on the Egyptian Muslim consumers in great Cairo, targeting both males and
females. Also, the study was applied on postgraduate students in both public and private universities.
The researcher used non-probability sampling technique, i.e., convenience and judgmental techniques to select the needed samples. As probability sampling technique was difficult to be used due to several reasons: First, this topic is very sensitive as it deals with Islamic religiosity degrees and level of respondents’ religious commitment. Second, the scale used is tailored only for Muslims, so it is very complicated to have a leading question about religion at the beginning of the survey, as this is not culturally accepted in Egypt. Therefore, the questionnaire was distributed only on the intentionally selected Muslim respondents. Third, a Non-probability sampling technique was used in similar studies (Bonne et al., 2007, 2008; Gibbs & Ilkan, 2008; Rehman & Shabbir, 2010).

In order to obtain the relevant information, the questionnaires were distributed among 384 post graduate students in Ain shams university, Cairo university, American university in Cairo (AUC), German university in Cairo (GUC), and Arab academy for science and technology and maritime transport. Respondents answered the questionnaire after they watched two types of offensive advertising. The first type was an advertising for women's pads for brand (Always™), which represented the "Feminine hygiene products" that is categorized as 'offensive matter'. Second type was an advertising for a malt drink for brand (Birell™), which represented the "Sexual appeal" used in advertising that is categorized as 'offensive manner'. Whereas Birell™ used sexual connotations in their advertising campaign, since the campaign showed that Birell™ malt drink will enhance men's sexual abilities.

Research Variables and Scales

This study has only one independent variable which is 'Religiosity' and two dependent variables which are 'Attitude toward the advertising' and 'Purchase intention'. Although Religiosity will be measured by 'Islamic behavior religiosity scale' (Abou Youssef, 2011), this scale is concentrated on Muslim Sunnis and not on other Islamic groups as Sunnis are dominant in Egypt. Besides, Sunnis are 85% worldwide whereas the Shi’a is 15% (Esposito & Mogahed, 2007). The scale included thirty-three statements, where respondents had to indicate their level of religiosity on a five-point likert scale, where 1 indicates strongly disagree and 5 indicates strongly agree.

On the other hand, attitude toward advertising scale is adopted from Mittal & Lassar (2000) that was used by Zimmerman & Dahlberg (2008, p.74). The scale included ten attitudinal statements, whereas, respondents had to answer twice the same questions, one for (attitude toward offensive advertising products) and another time for (attitude toward offensive advertising execution), where respondents had to indicate their level of offence on a five-point likert scale.

Finally, the scale of purchase intention is adopted from Baker & Churchill (1977), which consisted of four statements, where respondents had to indicate their level of intention to buy the product on a five-point likert scale, whereas, respondents had to answer twice the same questions, one for (purchase intention toward offensive advertising products) and another time for (purchase intention toward offensive advertising execution).

Data analysis and results

Analysis of the Islamic Behavioral Religiosity Degree:

The Islamic behavioral religiosity degree consisted of three factors: 1st, Islamic Doctrinal; 2nd, Intrinsic Religiosity; and 3rd, Extrinsic Religiosity. The percentage of each factor is as follows (36.65, 31.32, and 32.16) respectively. These percentages represent the weights in the equation used in the scale to measure Islamic behavioral religiosity degree; it is clear from the results that Islamic Doctrinal has the highest weight. Concerning the religiosity level, respondents were divided into two Clusters according to their religiosity degree. The first cluster has a “High” religiosity degree with mean 3.92 and standard deviation 0.120, which represents 88.6% of the respondents. While the second cluster has a “Low” religiosity degree with mean 1.90 and standard deviation 0.071, which represents 11.4% of the respondents.

Descriptive Statistics of the Study Variables:

Concerning the demographic variable (Gender) distribution was as follows; males represent 69.4%, while females represent 30.6% of the whole data samples. Whereas, Table (1) results showed mean, standard deviation, and coefficient of variation (C.V.) for the study variables.
### Table (1): (Mean, standard deviation, and coefficient of variation (C.V.) for the study variables)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean Statistic</th>
<th>Std. Error</th>
<th>C.V.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Islamic Doctrinal</td>
<td>3.72</td>
<td>0.033</td>
<td>0.713</td>
</tr>
<tr>
<td>Intrinsic Religiosity</td>
<td>3.67</td>
<td>0.032</td>
<td>0.676</td>
</tr>
<tr>
<td>Extrinsic Religiosity</td>
<td>3.64</td>
<td>0.030</td>
<td>0.639</td>
</tr>
<tr>
<td>Islamic Religiosity (Total scale)</td>
<td>3.68</td>
<td>0.030</td>
<td>0.647</td>
</tr>
<tr>
<td>Attitude towards the Advertising &quot;product&quot;</td>
<td>2.15</td>
<td>0.032</td>
<td>0.694</td>
</tr>
<tr>
<td>Attitude towards the Advertising &quot;execution&quot;</td>
<td>2.13</td>
<td>0.032</td>
<td>0.678</td>
</tr>
<tr>
<td>Purchase Intention &quot;product&quot;</td>
<td>2.14</td>
<td>0.035</td>
<td>0.748</td>
</tr>
<tr>
<td>Purchase Intention &quot;execution&quot;</td>
<td>2.01</td>
<td>0.035</td>
<td>0.741</td>
</tr>
</tbody>
</table>

### Developing of Hypotheses

Schiffman & Kanuk (1994) stated that consumer behavior gets influenced by family values or beliefs as well as the religious system. While Hirschman (1982) stated that religion was classified as a multiple subculture that shaped a part of environmental influence on buying decision, added that consumption process is affected by religion and its affiliation.

Religion influence how we live and experience life, as a result affects our aims, motives and satisfaction by influencing how a consumer lives and practices in life (Ellison & Cole, 1982). According to Shyan et al. (2004), religion plays a dominant role in consumer world influencing consumption behavior. Religion shapes attitudes and attitudes in turn are reflected in consumer behavior, religion affects the behavior of individuals, the group’s behavior and the structure of any society.

It is not all about religion that dominates human attitude towards life, but it is the degree of religious affiliation (Religiosity) that has an influence on individual’s attitude and subsequent behavior, researchers showed that degree of religiosity is a better indicator than religion when it comes to individual’s consumption behavior (Cyril et al., 2010).

Moreover, religious beliefs may also play a major role in influencing Muslims attitude toward offensive ads, Muslims tend to be more offended by advertising with offensive manner (Waller et al., 2005), and offensive appeals in advertising have been found to have a negative impact on purchase intention (Ford et al., 1997; Cyril et al., 2010). Religion always helps to find out what is proper and fitting, also it has prohibited the use of certain appeals (Materialistic, sexual, etc.). Some elements of an advertising message might be seen as being against some people’s religious belief, categorized as offensive or controversial, taking in consideration that the controversial advertising will not be effective in capturing the attention of people or changing their attitude toward the advertising product (Michell & Al-Mossawi, 1995), and may even negatively affect the sales of the Advertised product (Rice and Al-Mossawi, 2002). Consequently, H1 and H2 were hypothesized as follows:

**H1**: Religiosity has a significant effect on Muslim attitude toward the TV commercial using offensive advertising.

**H1a**: Religiosity has a significant effect on Muslim attitude toward the TV commercial using offensive advertising (product)

**H1b**: Religiosity has a significant effect on Muslim attitude toward the TV commercial using offensive advertising (execution)

**H2**: Religiosity has a significant effect on Muslim purchase intention toward the product using offensive advertising.

**H2a**: Religiosity has a significant effect on Muslim purchase intention toward the product using offensive advertising (product)

**H2b**: Religiosity has a significant effect on Muslim purchase intention toward the product using offensive advertising (execution)
**Testing of Hypotheses**

Table (2) (regression model - 1) showed the output of regression analysis. Where results showed that the Religiousity significantly affected attitude towards the advertising "product" as a dependent \( (F = 2230.409, p < 0.05) \). While the correlation coefficient between the two variables is strong and negative \( (r = -0.911) \) and the coefficient of determination is \( (\text{Adjusted R Square} = 0.830) \). This means that 83% of the change in the Muslim attitude toward the TV commercial using offensive advertising product can be explained by the change in Religiousity.

<table>
<thead>
<tr>
<th>(Regression model -1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
</tr>
<tr>
<td>-0.911</td>
</tr>
</tbody>
</table>

Table (3) showed the output of regression model -1 coefficients. The coefficient of regression equals -0.977, (Standardized Coefficient = -0.911), with significant t value \( (p < 0.05) \). This supports that Religiousity has a significant effect on Muslim attitude toward the TV commercial using offensive advertising product.

<table>
<thead>
<tr>
<th>(Regression model -1 coefficients)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Coefficients</strong></td>
</tr>
<tr>
<td><strong>Unstandardized Coefficients</strong></td>
</tr>
<tr>
<td>B</td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Religiousity</td>
</tr>
<tr>
<td><strong>a. Dependent Variable: Attitude towards the Advertising &quot;product&quot;</strong></td>
</tr>
</tbody>
</table>

**Accordingly, H1a could be accepted**

Table (4) (regression model - 2) showed the output of regression analysis. Where the results show that the Religiousity significantly affected Attitude towards the advertising "execution" as a dependent \( (F = 3524.076, p < 0.05) \). While the Correlation coefficient between the two variables is strong and negative \( (r = -0.941) \) and the coefficient of determination is \( (\text{Adjusted R Square} = 0.885) \). This means that 88.5% of the change in the Muslim attitude toward the TV commercial using offensive advertising execution can be explained by the change in Religiousity.

<table>
<thead>
<tr>
<th>(Regression model -2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
</tr>
<tr>
<td>-0.941</td>
</tr>
</tbody>
</table>

Table (5) showed the output of regression model -2 coefficients. The coefficient of regression equals -0.985, (Standardized Coefficient = -0.941), with significant t value \( (p < 0.05) \). This supports that Religiousity has a significant effect on Muslim attitude toward the TV commercial using offensive advertising execution.

<table>
<thead>
<tr>
<th>(Regression model -2 coefficients)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Coefficients</strong></td>
</tr>
<tr>
<td><strong>Unstandardized Coefficients</strong></td>
</tr>
<tr>
<td>B</td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Religiousity</td>
</tr>
<tr>
<td><strong>a. Dependent Variable: Attitude towards the Advertising &quot;execution&quot;</strong></td>
</tr>
</tbody>
</table>
Accordingly, $H1b$ could be accepted

Comparing the statistical results of table (2) with Standardized Coefficient = (-0.911) and table (4) with Standardized Coefficient = (-0.941), it could be concluded that Muslim consumers could be more offended toward offensive advertising execution than offensive advertising product.

Table (6) showed the (correlation matrix -1) for the three variables Religiosity, Attitude towards the advertising "product", and Attitude towards the advertising "execution".

Table (6): (Correlation matrix -1)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Religiosity</th>
<th>Attitude towards the Advertising &quot;product&quot;</th>
<th>Attitude towards the Advertising &quot;execution&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religiosity</td>
<td>1</td>
<td>-0.911**</td>
<td>1</td>
</tr>
<tr>
<td>Attitude towards the offensive Advertising &quot;product&quot;</td>
<td>-0.911**</td>
<td>0.924**</td>
<td>1</td>
</tr>
<tr>
<td>Attitude towards the offensive Advertising &quot;execution&quot;</td>
<td>-0.941**</td>
<td>0.924**</td>
<td>1</td>
</tr>
</tbody>
</table>

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

The matrix showed: first, the correlation between “Religiosity” and “Attitude towards the advertising "product"” is strong and negative ($r = -0.911$). Second, the correlation between “Religiosity” and “Attitude towards the advertising "execution"” is strong and negative ($r = -0.941$). Third, the correlation between “Attitude towards the advertising "product"” and “Attitude towards the advertising "execution"” is strong and positive ($r = 0.924$).

This shows a strong inverse relation between “Religiosity” and the two variables measuring the attitude towards the advertising. This indicates that the greater the religiosity level the lower the attitude toward offensive advertising.

Accordingly, $H1$ could be accepted

Table (7) (regression model - 3) showed the output of regression analysis where the results show that the Religiosity significantly affected Muslim purchase intention toward the TV commercial using offensive advertising product as a dependent ($F = 1010.783$, $p < 0.05$). While the Correlation coefficient between the two variables is strong and negative ($r = -0.830$) and the coefficient of determination is (Adjusted R Square = 0.689). This means that about 69% of the change in the Muslim purchase intention toward the product can be explained by the change in Religiosity.

Table (7): (Regression model -3)

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>R Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.830</td>
<td>0.690</td>
<td>0.689</td>
<td>0.417</td>
<td>1.559</td>
<td>1010.783</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Table (8) showed the output of regression model -3 coefficients. The coefficient of regression equals -0.959, (Standardized Coefficient = -0.830), with significant t value ($p < 0.05$). This supports that Religiosity has a significant effect on Muslim purchase intention toward the product.

Table (8): (Regression model -3 coefficients)

<table>
<thead>
<tr>
<th>Coefficients*</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>5.663</td>
<td>Std. Error Beta</td>
<td>50.263</td>
<td>.000</td>
</tr>
<tr>
<td>Religiosity</td>
<td>-0.959</td>
<td>0.030</td>
<td>-830</td>
<td>-31.793</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Purchase Intention "product"

This means that $H2a$ could be accepted
Table (9) (regression model - 4) showed the output of regression analysis where the results show that the Religiosity significantly affected Muslim purchase intention toward the product as a dependent \( (F = 1496.977, p < 0.05) \). While the Correlation coefficient between the two variables is strong and negative \( (r = -0.876) \) and the coefficient of determination is \( \text{Adjusted R Square} = 0.766 \). This means that 76.6% of the change in the Muslim purchase intention toward the execution can be explained by the change in Religiosity.

Table (9): (Regression model -4)

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.876</td>
<td>0.767</td>
<td>0.766</td>
<td>0.358</td>
<td>1.906</td>
<td>1496.977</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Table (10) showed the output of regression model -4 coefficients. The coefficient of regression equals \(-1.003\), (Standardized Coefficient = -0.876), with significant t value \( (p < 0.05) \). This supports that Religiosity has a significant effect on Muslim purchase intention toward the execution.

Table (10): (Regression model -4 coefficients)

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>5.701</td>
<td>0.097</td>
<td>58.915</td>
<td>0.000</td>
</tr>
<tr>
<td>Religiosity</td>
<td>-1.003</td>
<td>0.026</td>
<td>-38.691</td>
<td>0.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Purchase Intention "execution"

This means that **H2b could be accepted**

Comparing the statistical results of H2a and H2b, represented in table (7) with standardized Coefficient = (- 0.830) and table (9) with standardized Coefficient = (- 0.876), it could be concluded that Muslim consumer will be less intention to buy a product using offensive advertising execution than offensive advertising product.

Table (11) showed the (correlation matrix -2) for the three variables religiosity, purchase Intention "product" and purchase intention "execution". From the matrix: First, the correlation between “Religiosity” and Purchase Intention "product" is strong and negative \( (r = -0.830) \). Second, the correlation between “Religiosity” and Purchase Intention "execution" is strong and negative \( (r = -0.876) \). Third, the correlation between “Purchase intention "product" and “Attitude towards the purchase intention "execution" is strong and positive \( (r = 0.752) \). This means that there is a strong inverse relation between “Religiosity” and the two variables measuring the purchase intention.

Table (11): (Correlation matrix -2)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Religiosity Degree</th>
<th>Purchase Intention &quot;product&quot;</th>
<th>Purchase Intention &quot;execution&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religiosity</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase Intention &quot;product&quot;</td>
<td>-0.830**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Purchase Intention &quot;execution&quot;</td>
<td>-0.876**</td>
<td>0.752**</td>
<td>1</td>
</tr>
</tbody>
</table>

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

Accordingly, **H2 could be accepted**
Comparing the correlation matrix of Religiosity with Muslim attitude and purchase intention, presented in table (6) and table (11), it could be concluded that religiosity has more effect on Muslim consumer attitude toward offensive advertising than Muslim consumer purchase intention toward offensive advertising.

**Study Results**

The results showed that the current research hypotheses H1 and H2 with their sub hypotheses could be accepted. This means that religiosity has a significant effect on Muslim consumer response. Therefore, marketers should not neglect the role of religiosity when studying factors affecting consumer attitude and behavior toward offensive advertising.

**Recommendations for Marketers**

The study suggested several recommendations for Egyptian marketers. *First*, advertisers should pay more attention to cultural values; specifically, the social and religious values, as going against those values will be very offensive and may lead to a negative perception toward the brand (Wazir & Ezaz, 2012). *Second*, understanding that offensive advertising is culturally unacceptable in Egypt, thus using offensive ads could affect consumer attitude and purchase intention negatively. *Third*, practitioners should differentiate between the two types of offensive advertising (offensive advertising product and offensive advertising execution) and to have a clear understanding for their different effects on consumer attitude. *Fourth*, marketers should understand that Muslim consumers are more offended toward offensive advertising execution than offensive advertising product. Thus, practitioners are not obligated to use offensive advertising execution; they could execute the advertisements in other creative manners to attract consumers' attention rather than using offensive one. *Fifth*, advertising of feminine hygiene products or executing ads using sexual connotations both are perceived to be offensive in Egypt, and consumers are sensitive toward those two types of ads. *Sixth*, Marketers have to avoid using sexual content and nudity, portrayal of body image, gender stereotypes, and dancing models in their campaigns when advertising to a Muslim community, and specifically in Muslims religious occasions, i.e., Ramadan, as a sort of respecting their spiritual times. *Seventh*, offensive advertising products like feminine hygiene products, male/female undergarments, condoms, birth control and sex related products in general are perceived to be offensive and sensitive products by nature, thus, it is better for marketers to avoid using broadcast media, as TV or radio, when marketing for those types of products, in order to minimize the feel of audience embarrassment while watching or hearing the ads. Instead, it could be substituted by using printed ads, banners and social media.

*To sum up*, marketers should reevaluate their techniques used in advertising and adapt to trends ethically and culturally accepted that are preferred by Muslim customers.

**Recommendations for Future Research**

The study proposed numerous recommendations for future research. *First*, religiosity degree should be taken in consideration while studying factors affecting consumer behavior. *Second*, Islamic Behavioral religiosity scale (Abou Youssef, 2011) is recommended to be used while studying religiosity degree from Muslim perspective, as this scale link religiosity with consumer behavior and attitude. *Third*, other religious groups in Egypt could be added to the study as Christians, to measure their attitude toward offensive advertising as well. *Fourth*, continue studying on this filed, as there is a gap in the literature of offensive advertising and the role of religiosity degree in eastern countries. *Fifth*, the study could be applied on other Eastern countries other than Egypt, to determine whether there will be any difference in consumers' attitudes among different conservative cultures. *Finally*, applying the same study on any other Media rather than TV commercials as the attitude and behavior of the respondents may be different for printed advertisements compared to studies applied on TV commercials (Wazir & Ezaz, 2012).
Conclusion

The main interest of the current study is giving a clear understanding of the "Islamic marketing" concept and determining the role of religiosity degree on consumer attitude toward using offensive advertising. It was clear from the previous studies that religion is an integral part of culture values, and going against those values will be very offensive, which may lead to negative consequences (Wazir & Ezaz, 2012). Moreover, the current study results revealed that using offensive advertising to cut through the clutter to attract consumers' attention is rejected from Egyptian Muslim perspective and could affect their attitude and purchase intention negatively. Consequently, marketers should reevaluate their techniques used in advertising and adapt to several trends ethically and culturally accepted and preferred by Muslim consumers.

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The JBRMR, a scholarly and refereed journal, provides an authoritative source of information for scholars, academicians, and professionals in the fields of business and retail management and is published four times a year. The journal promotes the advancement, understanding, and practice of business & retail management. It is peer reviewed and is the main research platform of the Centre for Business & Economic Research (CBER). Scholars across borders are encouraged in advancing the frontiers of management education, particularly in the area of retail trade. Contributions should therefore be of interest to scholars, practitioners, and researchers in management in both developed and developing countries targeting a worldwide readership through both print and electronic medium.

Although broad in coverage, the following areas are indicative and nurture the interests of the Academy with a “retail” underpinning:

- International retailing and diversification
- Retail buying; Retail management and strategies
- Online retailing; The future of retailing
- Multi-channel retailing; Demographics & Retail Business
- Consumer behaviour
- Innovation in retailing; Mall Management
- Customer Relationships Marketing (CRM)
- Business Policies, Strategies, and Performance
- Marketing and Business ethics
- Distribution strategies
- Service marketing; Brand Management
- Contemporary Marketing Thoughts
- International Business issues
- B2B and B2C marketing
- Social Media Marketing; Supply chain management
- Business security and privacy issues

Preference will be given to papers which are conceptually and analytically strong and have empirical relevance. All papers will be reviewed according to the Journal’s criterion. The Journal’s website is www.jbrmr.com. For further information, please write to Editor via info@cberuk.com
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- Offer academics, practitioners, and researchers the possibility of having in depth knowledge and understanding of the nature of teaching and learning practices and.
- Create a forum for the advancement of education management research for the High Education sector.

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- Teacher education
- Distance education and Education quality
- Methodology of educational research, Adult, and continuing education
- Special education, Gender, diversity and difference, Vocational education
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