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# JBRMR

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THE JOURNAL OF BUSINESS AND RETAIL MANAGEMENT RESEARCH

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**Journal of Business & Retail Management Research**

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# The Journal of Business and Retail Management Research

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# A study on the impact of environmental and organizational factors on the effectiveness of platform-based transformation -Qualitative comparative analysis based on fsQCA

Chen Xinhui

North China University of Technology  
School of Economics and Management, PR China

Li Yaping

North China University of Technology  
School of Economics and Management, Beijing, PR China

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## Keywords

Environmental histories, Fuzzy set qualitative comparative analysis (fsQCA), Organizational histories, Platform-based transformation.

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## Abstract

*Driven by the new generation of digital intelligence technology, the platform economy has emerged as an important force to drive industrial development and enterprise growth, and how to improve the effectiveness of enterprise platform-based transformation has become an important issue. This paper uses a sample of 30 domestic listed enterprises and adopts the fuzzy set qualitative comparative analysis (fsQCA) method to select six representative factors from two dimensions, namely environment, and organization, to explore the effect of the grouping effect on the effectiveness of platform transformation of enterprises. The study found that there are three ways to help companies achieve high platform transformation effectiveness, namely digital level + managerial cognitive ability, digital level + resource allocation ability, and government support + resource allocation ability, as well as three paths that lead to low platform transformation performance. The findings suggest that companies can, on the one hand, strive to improve certain key elements and move towards similar paths according to their circumstances, or, on the other hand, make organizational changes to shift to favorable paths and avoid unfavorable ones. This study not only extends the theoretical research on the impact paths of platform-based transformation but also provides valuable references on how companies can develop platform-based transformation strategies.*

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Corresponding author: Chen Xinhui

Email addresses for the corresponding author: [chenxh@ncut.edu.cn](mailto:chenxh@ncut.edu.cn)

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## 1 Introduction

With the rapid development of the Internet of Things, cloud computing, and other emerging digital intelligence technologies, platforming has become a strategic choice to promote the stable development of enterprises in the digital economy. As cross-border competition intensifies and many industries face the challenge of survival and growth, enterprises have to adopt the strategic behavior and development concept of platform-based transformation to adapt to the digital economy environment, grasp the competitive initiative, and achieve rapid growth. Over the past decade, the platform-based transformation has been practiced extensively within the industry and by some large enterprises with industry influence, facilitating rapid growth. For example, to respond to the development of the digital era, Haier Group has vigorously carried out organizational changes, built innovation platforms, manufacturing platforms, and other sub-platforms, and successfully transformed into a platform-based organization by actively practicing the concept of platform-based transformation. The platform-based transformation has become an effective way for enterprises to adapt to the digital economy, grow out of crises, and gain sustainable competitive advantages.

Platformisation has also been a hot topic of research in academia in recent years. Most of the existing literature focuses on the positive effects of platformisation, arguing that platform transformation is conducive to the survival, growth, and building competitive advantages of enterprises, but in reality, many enterprises have failed to achieve the expected results of platform transformation. So, what are the reasons for this phenomenon? To this end, existing scholars have, on the one hand, constructed theoretical models of the factors and processes affecting platform transformation to explain the complex process of platform transformation. The existing literature mostly explains the drivers of the platform transformation process from both internal and external perspectives, among which Ciborra C U. (1996) argues that with the evolution of the industrial organization, a specialized division of labor has facilitated the platform transformation and Inoue. Based on evolutionary theory, Ciborra C U. (1996) suggests that external technological change is an external driver of platform transformation. Jiang J H.(2017)both summarises the key internal and external core elements in the process of platform-based transformation and emphasizes the dynamic interconnection between elements in platform-based transformation activities. Later scholars further incorporated factors such as external environment and organization into the platform-based transformation model, enriching the research on the drivers of platform-based transformation. On the other hand, Han M Y.(2017) has analyzed the impact of organizational capabilities on platformisation transformation through empirical studies, intending to explore in-depth the mechanism of the role of a certain factor on platformisation transformation. However, due to the differences in resources, capabilities, and environment among enterprises, the mechanisms of platform transformation also vary. Although many scholars believe that the effectiveness of platform transformation is the result of multiple factors, the existing regression research methods can only explain the independent effects of a few factors, the variability in the effectiveness of platform transformation among enterprises, and the diversity of paths to achieve it are less well explained.

Therefore, this paper adopts the fsQCA research method to explore the synergistic effect of multiple factors on the effectiveness of platform transformation. This paper explores the impact of a two-tier grouping of internal and external organizational factors on the effectiveness of platform transformation, to remedy the shortcomings of the previous causal regression and case study approaches. Based on the literature and theories, this paper uses the fsQCA research method from the holistic perspective of environmental and organizational factors to investigate the relationship between different groups of environmental and organizational factors and the effectiveness of platform transformation and to explore the path to enhancing the effectiveness of platform transformation.

## 2. Literature review and model construction

Platform transformation is an important development concept for enterprises to adapt to the digital economy and gain a sustainable competitive advantage, through "disintermediation" and "disintermediation", the integration of cross-border resources to meet the needs of users, to achieve rapid development of enterprises. The concept of "disintermediation" and "disintermediation" is a way to integrate resources across borders to meet user needs and achieve rapid growth. Initially, scholars have taken an evolutionary perspective, arguing that platform transformation occurs as a result of changes in the industrial environment and that companies will implement platform transformation in response to changes in the external competitive environment. However, the occurrence of platform transformation is not entirely determined by external environmental factors, and enterprises have the initiative of strategic change. Scholars have included organizational factors in the platform transformation model, reflecting the initiative of enterprises, and the strength of technology construction, organizational change capability, level of technology investment, and business relevance will all have a positive impact on platform transformation. Peng S Y.(2017) argues that internal and external factors of the organization will jointly influence the platform market, which in turn reacts to the internal and external factors of the organization through the platform market, forming a virtuous circle between the market and the organization. Jiang J H.(2017) argue that the organizational environment, resource capabilities, and organizational change have a significant impact on platform transformation, emphasizing that platform transformation is the result of a combination of factors, and later incorporates digital technology innovation. Therefore, scholars agree that platform transformation is not the result of a single factor and exploring the synergistic influence of

environmental and organizational factors has become an important research perspective in the study of the drivers of platform transformation. Table 1 provides a summary of the factors influencing platform transformation.

Factors	Level of digitalization	Managerial cognitive skills	Organizational culture	Environmental uncertainty	Funding	Organizational change capability	Government Support	Talent	Resource allocation capability
Author									
Helmond A.(2015)	✓			✓			✓		
Liu Q Z.(2016)	✓	✓	✓			✓			
Yan Y.(2016)	✓	✓			✓				✓
Jiang J H.(2017)	✓	✓		✓		✓			✓
Han M Y.(2017)	✓					✓			
Bao Y Z.(2017)	✓					✓			
Benlian A.(2018)	✓	✓				✓			
Fan X.J.(2018)	✓					✓			
Jia Peirui.(2019)				✓					
Wang S.(2019)	✓	✓			✓			✓	
Xu Q R.(2019)	✓					✓			✓
Dal Zotto C.(2020)		✓	✓			✓			✓
Zuo M Z.(2020)	✓								
Piao Q X.(2020)	✓	✓		✓			✓		
Dai N.(2020)	✓			✓		✓	✓		✓
Tang Z Y.(2020)	✓								✓
Guo Q.(2021)							✓	✓	✓
Factor identification	0.88	0.41	0.12	0.29	0.12	0.53	0.24	0.12	0.41

Table 1. Factors influencing platform transformation

In Table 1, the level of digitalization has a high influence on platform transformation, while the cognitive ability and resource allocation ability of managers are at a medium level, environmental uncertainty and government support are at a slightly lower level, and organizational culture, capital, and talent are at a low level. As a kind of strategic change, platform transformation inevitably involves many internal and external factors of the enterprise. The internal conditions of an organization are the necessary factors for strategic change and are the key to gaining sustainable competitive advantage. Therefore, based on the above literature analysis and the agreement level of the factors influencing platform-based transformation in Table 1, this study selected factors with an agreement level of 0.24 and above and divided them into organizational and environmental factors to be included in the group analysis. And combined with Dai N. (2020)'s classification of the platform transformation environment, i.e., the environmental dimension consists of two elements: environmental uncertainty and government support. Drawing on and integrating the work of Jiang J H. (2017) and Piao Q X.(2020), the organizational dimension of platform transformation is constituted by the four dimensions of digitalization level, resource allocation capability, organizational change capability, and managerial cognitive ability, i.e., the six elements of environment and organization dimensions are used to explore the multi-factor synergistic path of platform transformation effectiveness. Figure 1 shows the research model of this paper. The environmental dimension includes government support and environmental uncertainty, while the organizational dimension includes digitalization level, resource allocation capability, organizational change capability, and managerial cognitive capability.

## (1) External environment level

### 1) Environmental uncertainty

Many scholars believe that the uncertainty of the market environment in which companies operate is an important driving force for platform-based transformation and important motivation for organizational change. The understanding of the market environment determines the direction of strategic change in a company. Uncertainty in the environment exposes organizations to more risks and provides development opportunities for companies to implement platform change. In particular, large enterprises

are more focused on business model re-engineering to pursue relative advantages in an uncertain environment.

## 2) Government support

Government support helps companies to access resources and reduce associated costs, such as technical support, customer traffic, scarce resources, and tax incentives and provides a more favorable external environment for companies to transform their platforms. Government support provides a favorable external environment for companies to transform into platforms. Government support mainly refers to a series of policies and laws and regulations introduced by the government to encourage enterprises to actively engage in platformisation, platform technology support, platform construction, technology, R&D, etc. To promote the development of enterprises, the government support refers to a series of policies and laws and regulations that encourage enterprises to actively engage in platformisation, platform technology support, platform construction, technology, R&D, etc., such as government subsidies, technical and financial support for relevant projects.

## (2) Organizational level

### 1) Digital level

Digital technology, as a new factor of production, can promote heterogeneity, the effective integration of knowledge and resources, and drive organizations out of strategic inertia. The in-depth application of digital technology is conducive to enterprises to explore the potential innovative value of existing resources, promote technological upgrading and expand the new functions of products and services. The platform business model requires connecting the supply and demand sides, mobilizing the activity of all parties, stimulating the network effect, and analyzing and meeting the needs of all participants with the help of digital technology. The transformation of enterprises into platforms needs the support of digital technology, and the operation of platform business models also needs to rely on data technology, information technology, blockchain technology, artificial intelligence technology, etc. Therefore, the digitalization level of enterprises is the technical guarantee for their platform transformation.

### 2) Resource allocation capacity

The rational and efficient allocation of resources by a company means that it has strong industry influence, market, brand, and other channel advantages in its field of operation. Resources are the basis for sustaining strategic change. A company not only needs a lot of resources, but also needs to allocate them efficiently to ensure that they can flow within the organization as well as play their role effectively and open them up to internal or external parties to attract talent, companies, or organizations to achieve value co-creation. The resource-based view of the industry According to the industrial resource-based view, heterogeneous resources are the important source of a company's core competitive advantage in the industry, so the company must quickly form a large enterprise with industry influence in the industry, to truly play the role of an industrial organization leader in the entire market, brand, channel, and supply chain system. In the process of transformation to a platform, the company must further explore and integrate various resource elements and technical strengths into other new platforms, which will facilitate the company to further expand the scope of business boundaries and capital of the company's production and trading activities, and continuously consolidate existing resource advantages and cultivate new resource advantages.

### 3) Capacity for organizational change

Platforms are considered to be organizational forms carefully designed to enable innovation and expansion of corporate boundaries, and platforming is an organizational change from traditional hierarchies to decentralize and flatten companies. Organizational theory suggests that organizational change can help improve strategic sensitivity and flexibility and that the ability to change an organization determines to a certain extent whether it can respond quickly to changes in the external environment. The transition to a platform requires a new, more flexible organizational structure and the continuous

optimization of its governance structure in the process. The ability to change the organization is a prerequisite for the transformation of a company's platform.

#### 4) Managerial cognitive skills

The cognitive ability of managers refers to whether the senior leaders have platform management experience, whether the enterprise has ever accessed the platform in certain links whether the senior managers have a considerable degree of knowledge and support for the platform-based transformation and risks. To carry out platform transformation, enterprises first need managers with platform transformation and platform business model thinking to develop transformation strategies and manage and operate in the transformation process, especially senior managers, managers' knowledge of platform transformation and the internal and external aspects of the enterprise has a key role in promoting platform transformation for traditional enterprises. The transformation means that companies need to face different challenges. While the platform business model brings market expansion and transformation dividends to traditional enterprises, it can also face risks and resistance, accompanied by short-term discomfort. In this context, managers must have a clear understanding of platform transformation and their situation and play the role of transformation facilitator. This is where managers must have a clear understanding of the platform transformation and their situation and take on the role of transformation driver. Both the higher echelon theory and leadership trait theory suggest that the effectiveness of strategic transformation and execution is directly influenced by the cognitive traits of individual managers. Yasemin, Y.K. (2013) argue that the stronger the cognitive ability of managers, the better the strategic decision-making and implementation.

Based on the above analysis, the following model is proposed in this paper, see Figure 1:

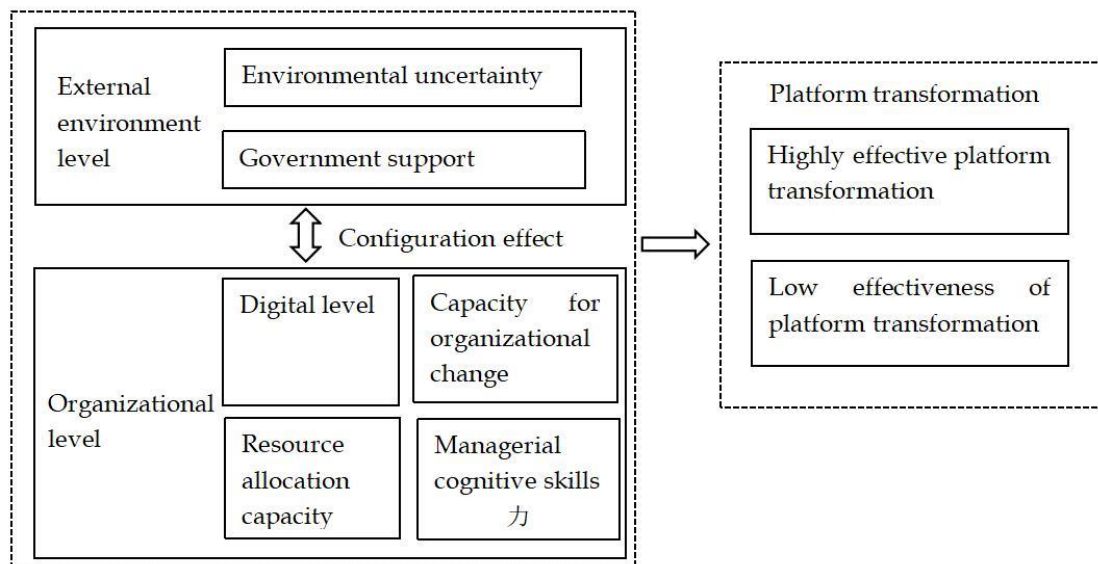


Figure 1. Research model

### 3. Study design

#### Research Methodology

This paper aims to explore the complex causal relationships between the drivers of platform-based transformation and the effectiveness of platform-based transformation, and therefore adopts the fsQCA research method, which focuses on multiple concurrent causal relationships across cases by analyzing the mechanisms of action between multiple conditions and outcomes, to explain the complex causal relationships involved. Its combination of qualitative and quantitative research can fill the gaps in existing studies and fully explore the conditional pathways that influence the effectiveness of platform-based transformation.



### 3.2 Data collection

In line with the research objectives of this paper and following the case selection principles of fsQCA for small and medium-sized samples, this paper allows for differences in the size of enterprises and industries in the selection of cases, but to better reveal the reasons for the differences in the effectiveness of platform transformation among different enterprises and to explore the paths of platform transformation, the following considerations were also taken into account: firstly, 30 listed enterprises with a high degree of active platform transformation in China were selected as the sample for this study. On the one hand, it can fully explore the platform-driven path of platform transformation, and on the other hand, it can overcome to a certain extent the differences in performance brought about by the differences in the active degree of platform transformation among different enterprises; secondly, this paper highlights the differences in the effectiveness of platform transformation among enterprises in the selection of cases, which can reveal the reasons for the differences in the effectiveness of platform transformation among enterprises. The reasons for this are the primary data for the conditional and outcome variables are mainly sourced from the annual reports of listed companies.

### 3.3 Measurement and calibration of variables

#### 3.3.1 Measurement of variables

(1) Government support (PS). Regarding the measurement of government support, scholars currently measure government support for an enterprise's activities by interpreting and analyzing keywords in annual reports and relevant policy documents, through government project subsidy funds, or questionnaires. However, platform transformation is a complex process involving multiple factors, and the direct support of relevant policies and laws, and regulations for platform transformation is not yet clear. Drawing on previous measures of government support, and taking into account the purpose of this paper, government support is expressed in terms of the ratio of government grant funds to the net assets of the enterprise.

(2) Environmental Uncertainty (EU). Drawing on Gjosh D. (2009) and Shen H H. (2012), the measure of environmental uncertainty is expressed as the standard deviation of a firm's abnormal growth in sales revenue over the past three years, adjusted for the industry. The median environmental uncertainty was calculated for each year and the variable was given a value of 1 for firms with environmental uncertainty greater than the median and 0 otherwise.

(3) Level of digitization (DT). A textual analysis of the annual reports of listed companies is a good measure of the importance that companies attach to a particular strategy. The more frequently a certain keyword appears in the annual report, the more effort, and resources the company has put into this area. Therefore, in the absence of other more effective quantitative analysis indicators, textual analysis statistics and word frequency analysis statistics of annual reports of listed companies in China would be another realistic way to objectively portray the digital level of enterprises. This paper mainly draws on Chen Q J.(2021) .This paper uses Python2.0 to identify 20 keywords reflecting the digital level of enterprises, including informatization, networking, digitalization, intelligence, wisdom, information technology, digital technology, internet, internet of things, cloud computing, big data, artificial intelligence, digital resources, digital assets, e-commerce, virtual community, smart manufacturing, intelligent manufacturing, digital platform, and digital transformation. The text analysis was conducted on the keywords reflecting the digital level of enterprises, and the word frequency of the above 20 keywords in the annual report was used as a proxy indicator to measure the level of digital technology application of enterprises.

(4) Resource Allocation Capability (RAC). Enterprise resource allocation measurement is conducted using multiple dimensions, and enterprise resource allocation is expressed as the allocation pattern of the relevant resources of the enterprise in each dimension. This paper draws on Li C. G.(2014): (1) marketing investment: (sales cost/operating revenue): reflects the enterprise's resource allocation in product marketing and marketing; 2) R&D investment: (net intangible assets/operating revenue): reflects the enterprise's resource allocation in innovation; 3) capital intensity: (fixed assets/employee (number of employees): reflects the enterprise's capital and technology allocation strategy; 4) Overhead investment: (overhead/operating revenue): reflects the enterprise's resource allocation in operation and management;

the average of these four indicators is used as an indicator to measure the enterprise's resource allocation capability.

(5) Capacity for organizational change (SF) The ratio of intangible assets reflects a firm's ability to change and reconfigure, combined with Sheng Y. H. (2018) 's approach, the ratio of intangible assets to shareholders' net assets was used to measure organizational change capability.

Managerial cognitive ability (CA). Managerial cognitive ability includes the cognition of the external environment as well as the cognition of internal management. In terms of managers' cognition of the external environment, refer to Deng S J. (2010). In terms of managers' cognitive ability, the frequency of words related to managers' cognitive ability was counted concerning Deng Shaojun's measurement of managers' cognitive ability. In terms of managers' perceptions, selected words that reflect the importance that managers attach to platform transformation and company development, such as platform strategy, platform transformation, platform development, mission, vision, values, organization, talent, performance, policy, system, strategy, tactics, competition, incentives, compensation, cost differentiation, and risk. To exclude the effect of word count differences on the results, the total word frequency of management perceptions was divided by the total number of words in the annual report (in thousands of words) and normalized to obtain a measure of managers' perceptions.

(6) Platform Transformation Effectiveness (PTR). The ultimate goal of platform transformation is to improve enterprise performance, so financial indicators are used to measure the effectiveness of platform transformation of enterprises. It is reflected by the growth rate of operating revenue. Firstly, operating income is the most widely used in growth studies. Secondly, the operating income growth indicator is the only growth indicator available for the case companies in this study and this data is easily accessible. Finally, the other indicators have some obvious drawbacks that limit their applicability in very specific situations. For example, indicators such as market share can only be compared within an industry of companies with similar product ranges.

### 3.3.2 Data calibration

In this study, the data for the six antecedent variables and one outcome variable were calibrated using a direct calibration method. Firstly, for environmental uncertainty, it was converted to a dummy variable and the median industry uncertainty was calculated, taking the value of 1 for firms with environmental uncertainty greater than the median and 0 otherwise. secondly, the remaining six variables were calibrated using three calibration points, namely fully affiliated (75%), crossover (50%) and fully unaffiliated (25%). Table 2 shows the settings and calibration of each variable.

Variable name	Calibration			Descriptive analysis			
	Fully in	Crossover	Fully out	Average value	Standard deviation	Minimum value	Maximum value
PTR	-0.645	8.155	16.58	8.78	13.84	-21.28	37.48
PS	0.0057	0.0109	0.0164	0.0109	0.0063	0.00	0.02
EU	0	0.5	1	0.4	0.50	0	1
DL	25.60	70.50	98.15	67.98	36.49	11.7	132.7
RAC	0.08	0.105	0.13	0.11	0.045	0.03	0.21
OOC	0.06	0.095	0.13	0.096	0.048	0.01	0.23
MAC	0.004	0.006	0.0083	0.006	0.003	0	0.01

Table 2. Data calibration and descriptive statistics

## 4. Data analysis and empirical results

### 4.1 Single condition necessity analysis

The level of consistency is usually used to reflect the degree of necessity of each factor for the same outcome to occur, drawing on Du Y, Z. (2017). The consistency threshold was set at 0.9. fsQCA3.0 software was used to analyze the necessity of individual conditions for the high and low effectiveness of platform transformation, and Table 3 shows the necessity of individual conditions. The results show that for both high and low platform transformation effectiveness, the level of agreement for each variable does

not exceed 0.9, so neither should directly constitute a necessary condition. This means that a single driving factor does not constitute a necessary condition for the effectiveness of platform transformation. Based on the theoretical perspective of strategy and transformation, the process of generating high effectiveness of platform transformation is also systematic and highly complex, and the synergistic impact of multiple complex factors such as government support, environmental uncertainty, digitalization levels, and differences in resource allocation capabilities must be further analyzed in depth.

Conditional variables	Resulting variables	
	Highly effective platform transformation	Low effectiveness of platform-based transformation
PS	0.84	0.32
~PS	0.30	0.81
EU	0.55	0.33
~EU	0.51	0.73
DL	0.88	0.36
~DL	0.30	0.82
RAC	0.61	0.43
~RAC	0.46	0.65
OOC	0.61	0.45
~OCC	0.46	0.63
MCA	0.78	0.35
~MCA	0.33	0.75

Table 3. Necessity tests for individual conditions of the fsQCA method

## 4.2 Analysis of configuration results

### 4.2.1 Generating highly productive configurations for platform-based transformation

In this paper, six antecedent variables and one outcome variable were included in the model for group analysis, and the consistency was set to 0.8, the frequency was set to 1 and the PRI was set to 0.7. The results of the fsQCA analysis are shown in Table 4, which shows that the overall consistency of the group was 0.979, higher than 0.8, and the overall coverage was 0.614, higher than 0.5, indicating that the group results have a better explanation for the high effectiveness of platform-based transformation good explanatory strength. The results show that there are four groupings (H1a, H1b, H2, and H3) that generate high effectiveness of enterprise platform transformation, and because the core conditions of H1a and H1b are the same, they are combined into one path, so there are three paths of high effectiveness of platform transformation. the coverage of the four groupings of high effectiveness of platform transformation are 0.39, 0.15, 0.23, and 0.07 respectively, indicating that the H1a path is effective in the greatest effect on enhancing the effectiveness of platform transformation in enterprises, H1b, and H2 have little difference in their effect on the effectiveness of platform transformation, and H3 has a relatively small impact on the effect of achieving high effectiveness of platform transformation. The following is a detailed analysis of each of the paths that affect the high effectiveness of platform transformation.



Conditions	Highly effective platform transformation				Low effectiveness of platform-based transformation			
	H1a	H1b	H2	H3	L1a	L1b	L2	L3
PS	•		•	•	⊗	⊗		⊗
EU	•	•	⊗	•	⊗		⊗	
DL	•	•	•	⊗	⊗	⊗	•	⊗
MCA	•	•		⊗	⊗	⊗	⊗	•
OCC		⊗	•	•		⊗	⊗	•
RAC		⊗	•	•	⊗	•	⊗	•
Consistency	0.99	0.95	0.99	0.94	0.98	0.94	0.96	0.95
Original coverage	0.39	0.15	0.23	0.07	0.31	0.20	0.20	0.14
Unique coverage	0.24	0.02	0.17	0.03	0.18	0.10	0.10	0.10
Overall consistency	0.979				0.973			
Overall coverage	0.614				0.652			

Table 4. High and low effectiveness configurations for platform transformation in fsQCA

(1) H1: Digitalisation level + managerial cognitive competence-driven path. H1a and H1b play a central role in the digitalization level (DL) and managerial cognitive competence (OCC), with environmental uncertainty (EU) and government support (PS) as supporting elements. This indicates that the level of digitalization and managerial awareness within the company plays a key role in this path, for example, Haier, Midea, and SAIC are representative of this path. Companies under this path are generally characterized by large corporate scale, large capital volume, and business diversification. Compared with H1a, under the H1b path, under the condition that the enterprises' organizational changeability and resource allocation ability are not high, enterprises with high digitalization level and high managerial cognitive ability can also enhance the effectiveness of platform-based transformation of enterprises, but it is worth noting that the original coverage rate of H1b is only 0.15, which is much lower than 0.39 of H1a, which indicates that the enterprises' organizational changeability and resource allocation ability in enhancing platform-based transformation effectiveness also plays a role.

(2) H2: Digitalisation level + Resource Allocation Capability (RAC) driven path. The core elements of this path are the digitalization level (DL) and resource allocation capability (RAC) of the company, with government support (PS) and organizational change capability (RAC) as supporting elements. This indicates that the level of digitalization and organizational change capability within the company play a key role in facilitating this type of pathways, such as Sany and Platform Group. The low uncertainty of the environment in which such companies operate provides more favorable environmental conditions for them to undertake platform transformation. A high level of digitalization and high organizational configuration capabilities, complemented by high government support and high organizational change capabilities can enhance the effectiveness of a company's platform transformation when the dynamics of the business environment are low.

(3) H3: Government support + resource allocation capability-driven path. The core elements of this path are government support (PS) and resource allocation capability (RAC), with managerial cognitive ability (MCA) as the core missing element and environmental uncertainty (EU) and organizational change capability (OCC) as supporting elements. This suggests that government support external to the firm and resource allocation capability within the firm play a key role in this type of pathway, even if the lack of managerial cognitive ability and high environmental dynamics do not affect the effectiveness of platform-

based transformation. This may imply that, when environmental uncertainty is high, the government provides financial support for the strategic development of certain firms to facilitate their survival and growth, which for certain firms can alleviate the tensions in the execution of their strategies or transformation and provide a better external environment for the firm. Internally, companies allocate resources rationally and efficiently and make organizational changes that facilitate the effectiveness of their platform-based transformation. However, the relatively small number of companies represented in this path indicates that the implementation of this path is risky and adaptive, and there may be critical factors that have not been considered.

#### **4.2.2 Generating platform-based transformational ineffective configurations**

In this paper, we also test the groupings that produce low effectiveness in platform transformation. Four groupings produce low effectiveness of platform transformation, and since the core conditions of L1a and L1b are the same and are combined into one path, there are three paths to achieve low effectiveness of platform transformation. Firstly, the groupings L1a and L1b show that even if a company has a certain level of resource allocation capability, the lack of high government support, high levels of digitalization, and high managerial awareness will not result in a high level of effectiveness of the company's platform transformation. Secondly, Histogram L2 shows that in an ecology lacking high managerial awareness and high organizational change capabilities, even with very low environmental uncertainty and a certain level of digitalization, the effectiveness of the enterprise's platform transformation will not be high. Finally, Histogram L3 shows that even with high organizational change capabilities and some managerial awareness and resource allocation capabilities, the lack of government support and low levels of digitalization result in low effectiveness of platform transformation.

#### **4.3 Robustness tests**

To test the stability and reliability of the conclusions, this paper increases the frequency threshold from 1 to 2 and the PRI consistency threshold from 0.7 to 0.75, with other treatments unchanged, and conducts robustness tests on the antecedent histories with high platforming transformation effectiveness. It is found that the new model produces the same number of histories with the same core conditions and slightly different edge conditions, and the new histories produced are consistent with the original histories, indicating that the findings of this study are more robust.

### **5. Research findings and insights**

#### **5.1 Discussion**

The research on platform transformation is in the ascendant. Many scholars have analyzed the reasons for the emergence of platform organizations from the perspective of the external environment. Dai N. (2020) believes that policy support and environmental uncertainty are important factors in the external environment. The research conclusions of this paper further verify the role of policy support and environmental uncertainty. In addition, this study found that digital level, organizational change ability, resource allocation ability and managers' cognitive ability are all internal organizational factors that affect the effectiveness of platform transformation, which is the same as the conclusion of Jiang J H (2017)'s research. Therefore, this paper verifies the previous research conclusions related to organizational platform, that is, internal and external factors of an organization jointly affect the effectiveness of organizational platform transformation. Different from many studies, this paper has found the path that multiple factors jointly drive the platform transformation, and the research has proved that there are multiple paths to improve the platform transformation effect. This result explains the differences in platform transformation paths caused by the differences in resources and environments among enterprises. Based on the internal and external perspectives of the organization, this paper comprehensively considers the previous research on the driving factors of the platform based on the external perspective or the internal perspective, providing a more complete theoretical analysis framework for explaining the causes of the platform-based transformation of the organization.

## 5.2 Conclusions

How to optimize organizational and environmental conditions for the effectiveness of transformation is the focus of research on strategic transformation. In a transition economy, multiple factors coexist, and both organizational and environmental factors have a significant impact on the transformation of a company's platform. This paper explores the synergistic impact of multiple factors on the effectiveness of platform transformation from an integrated environmental and organizational perspective, using the fsQCA research methodology. Firstly, the paper finds that individual factors do not constitute the necessary factors to influence the effectiveness of platform transformation. Secondly, this paper identifies 3 ways to promote the high effectiveness of platform-based transformation. These three reflect the multiple ways in which different companies can achieve high effectiveness in platform transformation. This suggests that senior managers can compare the 3 paths to achieve high effectiveness of platform transformation according to the current situation of their organizations and environments, match the technical and capability conditions and optimize the transformation drivers in the direction of digital level + managers' cognitive ability, digital level + resource allocation capability, government support + resource allocation capability driving paths to those companies with similar platform transformation groupings. achieve a high level of platform-based transformation activation, or they can carry out radical reforms to transform to a less similar platform-based transformation ecological context and enhance the effectiveness of platform-based transformation. Again, the three groups of high platform transformation performance in this study all include high levels of digitalization, reflecting that in the new economy, the level of digitalization plays an important role in enhancing the effectiveness of a company's platform transformation.

## 5.3 Management Insights

Based on the study of the relationship between enterprise environment and organization-level histories and the effectiveness of platform-based transformation, this paper inspires different enterprises to enhance their capabilities and focus on the optimization of certain elements of the combination of organization and environment levels to improve the effectiveness of platform-based transformation according to the conditions of the organization itself and the environment it is in. The practical implications of the results of this paper's history:

(1) In the context of the platform economy, improving the digitalization level of enterprises and leveraging organizational change capabilities are important measures to build a good platform transformation context and improve the effectiveness of platform transformation. h1a and h1b also show that when environmental uncertainty is high, enterprises can effectively improve the effectiveness of platform transformation through a benign coupling of high digitalization level and high managerial cognitive capabilities, etc. . Moreover, the largest number of companies belong to this grouping, indicating that the process of platform transformation should focus on improving the digital level and managerial cognitive ability of companies, such as big data, smart manufacturing, artificial intelligence and digital technologies required for platform transformation such as blockchain. As platform transformation is a high-risk and high-cognitive activity, it is important to enhance the cognitive ability of the company's managers to adequately identify and cope with operational risks and environmental uncertainties.

(2) In H2, the level of digitalization is benignly coupled with the ability to allocate resources as a core condition, while government support and organizational change capabilities act as supporting factors to facilitate the effectiveness of a firm's platform-based transformation. In the process of enhancing digitalization, enterprises are also required to strengthen their resource allocation capabilities, allocate resources well, and make the application and flow of resources efficient to support and cooperate with their platform transformation. Government support also has a positive impact on the effectiveness of platform transformation, so the government needs to provide some support to the strategic transformation of enterprises, which is conducive to providing a favorable external environment for enterprises to carry out platform transformation. In addition, enterprises need to enhance their organizational change capabilities to cope with environmental uncertainties, such as establishing learning organizations, developing their self-learning capabilities, continuously innovating and learning in the

process of organizational development, promoting a flat organizational structure, and establishing a culture of change.

(3) H3 shows a two-wheel-drive of government support + resource allocation capability, where high government support and resource allocation capability can produce high platform-based transformation effectiveness under high environmental uncertainty. The low raw coverage of this histogram indicates that individual companies are facing environmental dynamics that have been more successful in improving the effectiveness of platform-based transformation with the help of government support and the company's ability to allocate its resources appropriately. The implication of histogram H3 is that improving resource allocation capabilities and leveraging the incentives of environmental uncertainty in a favorable external environment created by high government support may be beneficial to the platforming transformation activities of enterprises.

#### 5.4 Research limitations and research outlook

This paper has the following limitations: firstly, due to the limited availability of objective data, only 30 listed companies with a high level of activity in platform transformation were selected as the sample for this paper, which to a certain extent limits the generalisability of the findings, and more sample data can be collected in the future to further analyze the groups that produce high effectiveness of platform transformation. Furthermore, this paper has summarised six antecedent variables through literature reading and combing, but there is no convincing measurement of government support variables yet. In the future, we will continue to explore the government support factors that influence the effectiveness of platform transformation, and further improve the analysis of the groups of factors that influence the effectiveness of platform transformation. Finally, this paper focuses on the analysis of the effectiveness of platform transformation in the internal and external environment of the enterprises themselves. In the future, we may explore how the platform ecology in which the enterprises are located affects the effectiveness of platform transformation from the perspective of ecological theory.

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# Impact of Brexit policy on textile/clothing and footwear UK imports

Rachel A. English

School of Business, University of Leicester, UK

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## Key words

Brexit, Clothing, Footwear, Negotiation, Textile, Uncertainty.

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## Abstract

*On 23 June 2016 the UK voted to leave the EU, (Brexit). A four year and six-month period of uncertainty ensued before Article 50 was activated. Eventually the UK-EU Trade and Cooperation Agreement (TCA) came into force on 1 May 2021. The UK retail sector, in particular the textile/clothing and footwear, relies on high levels of international importation to the UK. As the negotiations between the UK and the EU were undertaken, key elements featured in the development of the new Brexit policy. This paper examines the impact on the textile/clothing and footwear UK importation trade in relation to three of these key elements:-*

- *June 23, 2016, UK voted to leave the EU.*
- *29 March 2017 Article 50 was triggered.*
- *October 2019 Article 50 extended.*

*The data was modelled using the main five UK import partners in relation to textile/clothing and footwear from the WITS (World Integrated Trade Solution) database and the UK Office of National Statistics annual and monthly data sets, in relation to the three key elements of policy. The study provided an initial insight into the impact of policy decision making during the Brexit process. The findings show that Key elements of Brexit policy making had a negative impact on importation trade in relation to Textile/Clothing and Footwear. Further research is recommended to establish the long-term effects of Brexit policy on the UK retail economy as a whole, over the next five years. This to be extended to the export of textile/clothing and footwear from the UK to EU and Non-EU trading partners.*

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*Corresponding author: Dr Rachel A. English*

*Email addresses for the corresponding author: rae25@leicester.ac.uk*

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## Introduction

The United Kingdom (UK) voted on the 23 June 2016 to leave the European Union (EU). This was a significant event, the UK joined the EU in 1973, leaving would be very complex, as the UK had implemented EU law and trade policy for 43 years. Both the UK and the EU will have to negotiate a way to trade and how to apply custom borders. Bloom et al (2019).

The outcome was unexpected and resulted in the Prime Minister David Cameron resigning the next morning. Theresa May became the UK Prime Minister from 13 July 2016 to 24 July 2019, when Boris Johnson replaced Theresa May to "Get Brexit Done". UK businesses found it very difficult to be effective due to the uncertainty on how the UK was going to leave the EU, negotiations were lengthy and unresolved for over four years. Theresa May on 29 March 2017 presented the EU with a signed Article 50 which triggered a 2-year window of negotiations between the UK and the EU; on how the UK was going to withdraw from the EU. This was extended twice with the UK finally leaving the EU on 31 January 2020, with a further transitional period until 31 December 2020. Walker (2021).

During this period of consultation UK businesses were having to deal with a high level of uncertainty, making strategic planning difficult. Bloom et al (2019). The retail sector was concerned about the application of the EU customs union and the import tariffs. Lydgate, et al., (2016). A hard Brexit was considered which meant that the UK tariff system would have to adopt World Trade Organisation (WTO) tariff rules. This would increase the level of tariffs from 0 to 12 percent for some clothing, while the UK negotiated its own Free Trade Agreements (FTA) with their importation partners. English (2018), Ries et

al., (2017). The paper will investigate how this period of uncertainty affected the level of UK importation trade of textiles/clothing and footwear.

### **Literature Review**

The EU would have to negotiate a new trade policy with the UK. The uncertainty on how the UK was going to trade with the EU after December 2020 lasted for a period of four years and six months with many different policy options being considered over this time. The following are examples of trade policy issues which were uncertain during this time period.

To Remain part of the European Customs Union, (a free Customs Market), Lydgate and Winters, (2019). There was considerable speculation as to whether the UK could remain in the EU customs union or should the UK have a clean break from the EU altogether. This was a hot issue over the four years negotiation period of Brexit. The key elements were that by remaining in the customs union the rules of origin would not have to be introduced when trading between the EU and the UK. However, if the UK breaks away from the EU customs union, then it would result in expensive and lengthy customs procedures for the movement of goods, delaying goods in transit. Thus, resulting in a reduction of trade between the UK and the EU. Further, the UK will not be in control of its own negotiations re trade agreements with third countries, as this would remain with the EU. Lydgate, et al., (2016).

By becoming a member of the European Free Trade Association (EFTA), the UK could use Norway as a guide and remain part of the Single Market as a member of the European Economic Area. Bilateral agreement would be made between the UK and the EU, which currently the EU has with Switzerland and Canada; Swati et al (2017). These options became known as a Soft Brexit approach. Ries et al., (2017).

World Trade Organisation terms would govern the UK trade and EU trade, including most-favoured-nation tariffs. Swati et al (2017). This became known as a Hard Brexit option. Ries et al., (2017). If this was to be the case, then in 2016 there was prediction that tariffs would rise considerably both for imports and exports between the UK and its trading partners. Egypt being one of the highest at 30 percent and Israel the lowest under MFN at 5 percent. Holmes, Rollo, and Winters, (2016). The uncertainty on how the UK was going to resolve the EU trade arrangement was still apparent. This continued after 27 April 2021 when the European Parliament approved the EU-UK Trade and Cooperation Agreement. Bennett and Vines (2022).

Any one of the above scenarios would have a considerable impact on how the UK approached its trade policy. The UK will have to organise how the free trade agreements (FTA), would be negotiated both for the EU and Non-EU trade partners. One possibility was for the EU to allow the UK to continue to use the free trade agreements organised by the EU and have a time period to adopt these agreements into UK law. Belke et al (2017). In 2015 the EU had 51 countries with which they have negotiated FTA covering 14 percent of UK exports and 11 percent of UK imports. There was speculation that the UK would find it difficult to negotiate FTAs with so many countries and would have to adopt the WTO tariffs. Graziano, Handley and Limao (2021).

### **Uncertainty of trade agreement with EU**

During the process of Brexit from 23 June 2016 to 31 December 2020 there was uncertainty on how the UK was going to approach its trade policy. In particular how trade would flow between the EU and the UK: Could there be a Free Trade Agreement? (FTA). English (2018). It was predicted that this period of uncertainty would affect the UK economy due a lack of confidence of consumers/investors and a reduction of aggregate demand. Chang (2018). However, there is evidence that Brexit-related uncertainty was impacting trade before the referendum. Graziano, Handley and Limao (2021).

English (2018), Chang (2018), discussed at the time the situation of the UK not being able to negotiate a FTA with the EU and therefore the UK would have to pay WTO tariff rates on EU imports, which would increase on average 5.5 percent on the cost of goods coming into the UK. Due to the increase of administration on checks/inspection of goods coming into the UK. The UK would have to set tariffs rates for approx. 9000-10,000 products. Impact on imports to the UK from EU countries directly after the referendum shows that there was a downturn of exports to the UK. Fernandes and Winters (2021) findings showed Portugal reduced exports to the UK by 5 to 7 percent following the vote. Martin,

Martinez and Mejean (2019) highlight a 1.2 percent decrease in new importer/exporters trade between UK importers and French Exporters.

Eventually a Trade and Cooperation Agreement was signed on 31 December 2020, applying provisionally as of 1 January 2021 and came into force on 1 May 2021. It outlines the preferential arrangements of trade between the EU and the UK. European Commission (2020). Dhingra and Sampson, (2022), highlighted that the TCA activated customs checks, rules of origin requirements and regulatory compliance for both the UK and EU borders, on goods transferring between the UK and EU could affect trade. This will increase trade costs and possible time lags. English (2018).

### **UK Free Trade Agreements with non-EU countries**

Hantzsche, Kara and Young (2019), discussed the ability for the UK to be able to negotiate its own trade deals with third-party countries thus enabling the UK to gain the benefit of trade with countries which currently do not have a trade agreement with the EU, for example New Zealand and Australia. There was concern as to how the UK was going to approach this. The UK could negotiate with the EU for it to carry over some of the current FTAs to the UK and businesses would continue as normal. However, the EU might not agree, with the UK having to re-negotiate the agreements thus taking time to put in place. English (2018).

### **Brexit Timeline**

Over the time period between the referendum on 23 June 2016 and the final exit from the EU on 31 December 2020 there were many significant elements which featured within the final trade free agreement signed on 27 April 2021, when the European Parliament approved the EU-UK Trade and Cooperation Agreement.

#### **Timeline referencing:-**

- UK Referendum to leave the EU 23 June 2016.
- Theresa May (UK Prime Minister) triggered Article 50 for the UK to leave the EU, 29 March 2017. This starts the two-year countdown for the UK to leave the EU.
- Article 50 was extended until 30 June 2019.
- Article 50 extended again until 31 October 2019.
- Article 50 extended again until 31 January 2020.
- At 11pm on 31 January 2020, the UK left the EU and entered a transition period.
- At 11pm on 31 December 2020, the transition period ended, and the United Kingdom left the EU single market and customs union. Walker (2021).

During the time lag of the trigger of Article 50 and when the UK left the EU on 31 December 2020 there was speculation on how the UK was going to respond. One proposal was for the UK to adopt the WTO (World Trade Organisation) tariff system. This would mean that the WTO's Most Favoured Nation (MFN) rules would apply. But the UK would have to impede EU's common external tariffs without any discrimination. However, this requires negotiation with the WTO members for consent. At the time when the UK triggered Article 50 the UK did not have its own tariff system, the impact of which could lead to legal action and trade disputes. Chang (2018).

This paper will investigate if the uncertainty of the Brexit policy process had any impact on the importation to the UK of Textile/clothing and Footwear for the five main UK import partners.

### **Research Methodology**

From the referendum vote that took place on the 23 June 2016 until the UK left the EU on the 31 December 2020 there was uncertainty as to how the Brexit policy was going to be developed and its impact on trade, both with the EU and Non-EU countries.

The textile/clothing and footwear industries were investigated during the period of uncertainty 2016-2020. Due to concern that UK retailers would have to pay the full import duty on items per the World Trade Organisation minimum duty implementation if the free trade agreements could not be continued after the UK left the EU. English (2018). The five main importing partners to the UK of textile/clothing



and footwear, allocated per the World Bank, WITS (World Integrated Trade Solution) database. See tables 1 to 4. The data for the main importing partners data are selected from Office for National Statistics, (2021) and (2022), UK imports database.

### Brexit Process

The following timeline was used to highlight key elements of policy changes.

The data was modelled to key points in the Brexit process. The main elements of the process were as follows:-

- 23 June 2016 referendum.
- 29 March 2017 Article 50 was triggered, two-year countdown started.
- 10 April 2019 Article 50 was extended to 31 October 2019.
- 28 October 2019, Article 50 was extended to 31 January 2020.
- 31 January 2020 United Kingdom left the EU and entered a transition period.
- Transition period ended 31 December 2020 UK left the EU single market and customs union.
- Key dates during this period were:-
- June 23, 2016, UK voted to leave the EU.
- 29 March 2017 Article 50 was triggered.
- October 2019 Article 50 extended.

These key dates were used to assess the impact on UK imports of goods from the EU and Non-EU countries. Walker (2021). The data was reviewed to see if these key elements had any impact on the level of trade. Monthly UK importation data was evaluated over a 10-year period before the key dates of policy change to show the level of trade before the referendum as was taken up to December 2019. However, for key policy point three, October 2019 Article 50 extended, monthly data was used from October 2019 to February 2020, due to the short time period before COVID 19 started to affect trade in March 2020.

Note:- The UK left the EU on the 31 January 2020 and the transition period finished on the 31 December 2021. However, it is too soon for data to be analysed to establish the effects of the UK leaving the EU. COVID 19 will have an impact on the data between 2020 and 2021 so need to evaluate data from 2022 onwards to be able to assess the true impact of Brexit to the UK imports.

### Findings/Results

Top Five Textile/Clothing and Footwear importing partners to the UK 2015, was selected as it relates to a time period before Brexit was adopted in June 2016 with 2019 UK importing partners' trade being the final data showing (2020 not yet available within the World Integrated Trade Solution (WITS) database).

The main UK import partners in 2015 before in relation to textile and clothing were:-

Table 1	Trade Value	%
	US\$ '000	of UK trade
China	8,868,523.78	25.51
Bangladesh	3,310,266.71	9.52
Turkey	2,707,610.11	7.79
India	2,430,494.00	6.99
Italy	1,776,040.77	5.11
183 partners	15,663,750.50	45.08
	34,756,685.90	100

Source:- Worldbank (2019).

The five main trading partners, China, Bangladesh, Turkey, India and Italy were investigated to see if key points of the Brexit decision making process had any effect on the importation trade of clothing.

This process was repeated to find the main UK import partners in 2019 to enable comparison to see if there has been any significant change in levels of trade over the Brexit policy period.

Table 2 showed there was no change in main import partners in 2019 of textile/clothing:-

Table 2	Trade Value	%
	US\$ '000	of UK trade
China	6,440,933.55	19.78
Turkey	2,329,830.88	7.16
Italy	2,218,221.72	6.81
India	1,983,129.12	6.09
Bangladesh	3,729,889.19	11.46
183 partners	15,809,768.01	48.70
	32,511,772.47	100

Source:- Worldbank (2019).

Over the Brexit policy making time period there is a significant drop of 6.45 percent importation of textile and clothing into the UK of \$2,244,913.43. This suggests that the uncertainty of Brexit policy over this time period may have had an impact on the importation to the UK of textile/clothing.

Table 3:- UK import partners 2015, before Brexit, in relation to footwear:-

Table 3	Trade Value	%	%
	US\$ '000	of UK imports	Country exports
China	2,842,164.96	35.02	4.51
Vietnam	716,913.35	8.83	14.69
Italy	681,621.84	8.40	2.72
Netherlands	554,256.89	6.83	1.17
Belgium	549,652.35	6.77	1.75
183 partners	276,584.83	34.15	
	5,621,194.22	100	

Source:- Worldbank (2019).

The five main trading partners were investigated to see if key points of Brexit decision making impacted importation of footwear. This process was repeated for 2019 to enable comparison to establish any significant change in levels of trade over the Brexit policy making period.

Table 4:- UK import partners 2019, after Brexit, in relation to footwear:-

Table 4	Trade Value	%	%
	US\$ '000	of UK imports	Country exports
China	2,078,262.92	26.58	3.17
Netherlands	844,076.05	10.79	1.57
Italy	838,283.64	10.72	3.19
Belgium	657,233.47	8.4	2.04
Germany	657,057.59	8.4	0.77
183 partners	2,738,236.27	35.11	
	7,813,149.94	100	

Source:- Worldbank (2019).

Note:- Vietnam was the 2<sup>nd</sup> largest import partner to the UK in 2015, by 2019 Vietnam reduced its market share to 9.89 percentage USD \$595,435.66, ranked at 6<sup>th</sup> UK import footwear listing.

Between the two data points of 2015 and 2019 the importation of footwear shows a significant increase of \$2,191,955.72, being 39 percent. On this initial data instead of the Brexit uncertainty affecting importation of footwear, the UK has increased its trade.

#### Individual Countries

Figures 1 and 2 show the levels of imports from each of the main five UK import partners starting in the month time period the policy data point was activated, covering annual periods from 2006 to 2020. The timeline started with 2006, ten years before Brexit providing a continuity point before the Brexit uncertainty.

**Key Policy Point one:- June 23, 2016, UK voted to leave the EU**

June 2020 was excluded from the overall movement analytical investigation due to the impact of COVID 19, which large quantities of PPE imported from China impacting 2020 results.

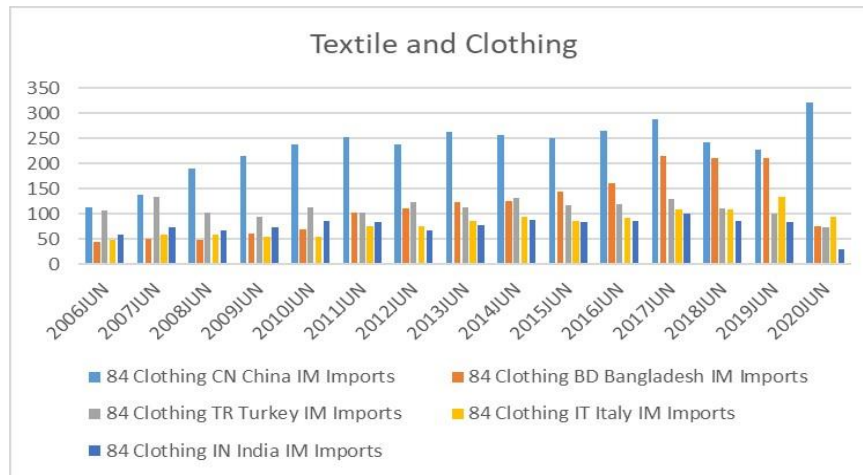


Figure 1 Textile and Clothing

Source:- (Office for National Statistics, (2021)/(2022)

The movement of trade from June 2016 to June 2017 shows an increase of 16.46 percent. However, it decreased by 9.87 percent from June 2017 to June 2018. This decrease continues June 2018 to June 2019 by a further 0.31 percent, showing there is impact on UK importation trade for textile/clothing.

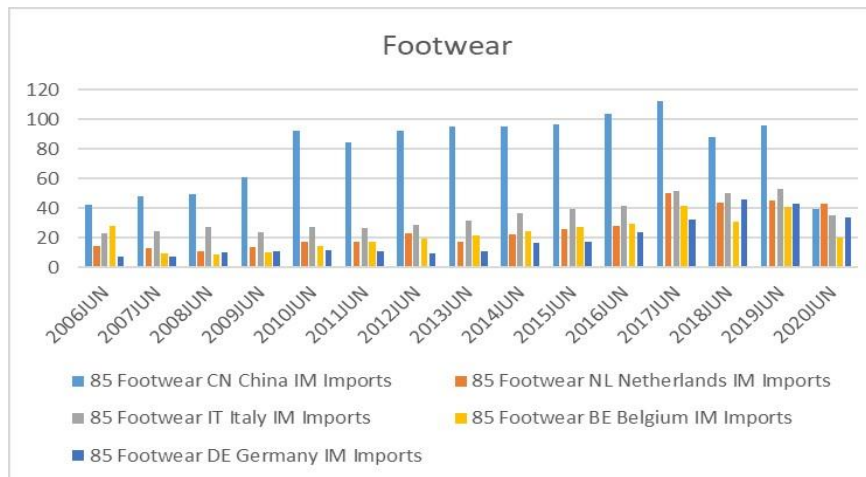


Figure 2 Footwear

Source:- (Office for National Statistics, (2021)/(2022)

Movement of trade in footwear from June 2016 to June 2017 increased by 10.60 percent but the level of trade decreased by 10.61 percent from June 2017 to June 2018. However, the levels increased over June 2018 to June 2019 by 7.83 percent.

The formula used to calculate correlation was the Pearson product moment correlation coefficient:-

$$r = \frac{\sum(x - \bar{x})(y - \bar{y})}{\sqrt{\sum(x - \bar{x})^2 \sum(y - \bar{y})^2}}$$

Where x is the movement of UK importation of textile/clothing from June 2016 - June 2019 and y is the movement of UK importation of footwear from June 2016 - June 2019, r = the coefficient of correlation between the importation of textile/clothing and footwear into the UK over the time period 2016- 2019. The correlation was strong at 0.74.

Key Policy Point Two:- 29 March 2017 Article 50 was triggered.

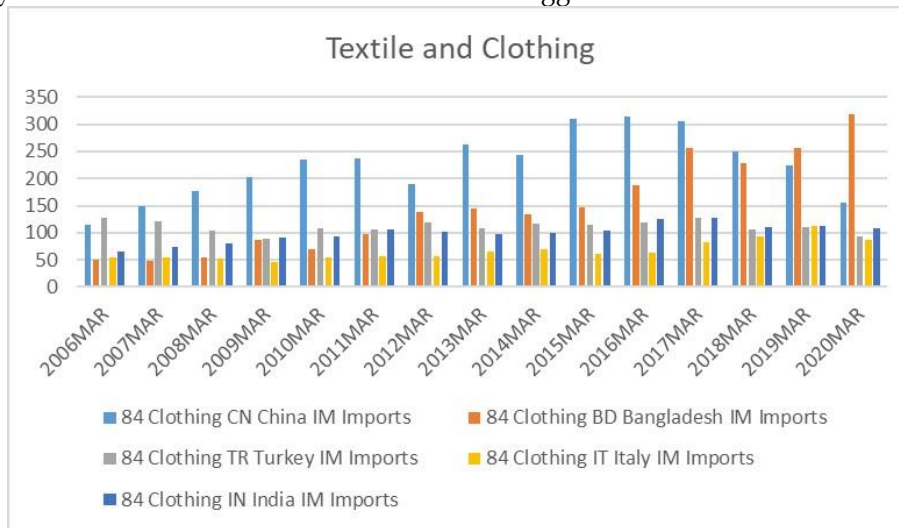


Figure 3 Textile/Clothing

Source:- (Office for National Statistics, (2021)/(2022)

Within figure 3 importation of textiles and clothing rose with each of the five main importing countries totalling 11.13 percent between March 2016 and March 2017. However, March 2018, 12 months after Article 50 being triggered, importation of textiles and clothing decreased over all by 12.52 percent. March 2019 showed some recovery of imports as they increased by 3.89 percent. This shows the impact between the trigger of article 50 and importation of textile and clothing goods.

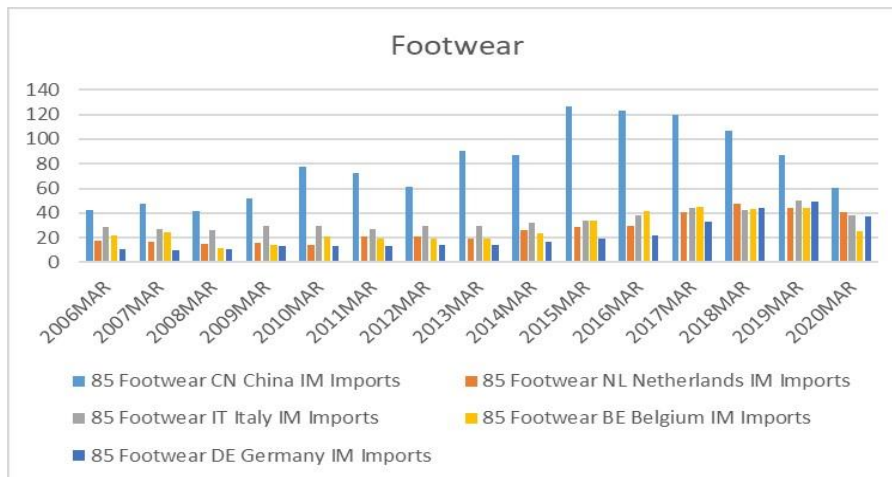


Figure 4 Footwear

Source:- (Office for National Statistics, (2021)/(2022)

On reviewing the footwear data, the movement percent fell from 11.48 percent increase of imports between 2016-2017 to 0.45 percent between March 2017 and March 2018. However, there was an increase in import trade from March 2018 to March 2019 of 2.86 percent. The Pearson Product Moment correlation

coefficient formula was implemented to measure the correlation between the UK movement of import trade for textile/clothing and footwear:-

Where  $x$  = UK import movement of trade from 2017 to 2019 for Textile/clothing and  $y$  = UK import movement of trade for footwear  $r$  = the coefficient of correlation between the UK importation of textile/clothing and footwear over the time period 2016-2019.

There is a strong correlation between the textile/clothing and footwear for March 2017 to March 2019 of 0.86. Suggesting that the trigger of Article 50 did have an impact on the UK import trade for Textile/clothing and Footwear.

Key Policy Point Three:- October 2019 Article 50 extended.

October 2019 article 50 came into place. This is very recent, and data is limited due to COVID starting to take effect in March 2020. To measure the impact the data has been analysed on a month-by-month basis from October 2019 to February 2020. Further research will need to be undertaken when the trade data becomes available from 2022, as the global supply chains become more sustainable after COVID 19.



Figure 5 Textile/Clothing

Source:- (Office for National Statistics, (2021)/(2022))

Textile/clothing UK imports trade was investigated to see if there was any impact of the Key Policy Point Three; UK extended article 50 to 31 January 2020, in October 2019. After this change in Brexit policy, November 2019 saw a drop in UK import trade across all five countries of 24.4 percent. This continued into December 2019 with a further decrease of 12.2 percent. However, in January 2020 there was a slight increase of UK imports of textile/clothing of 1.7 percent, only to fall by 20.1 percent in February 2020 after the UK article 50 ended.

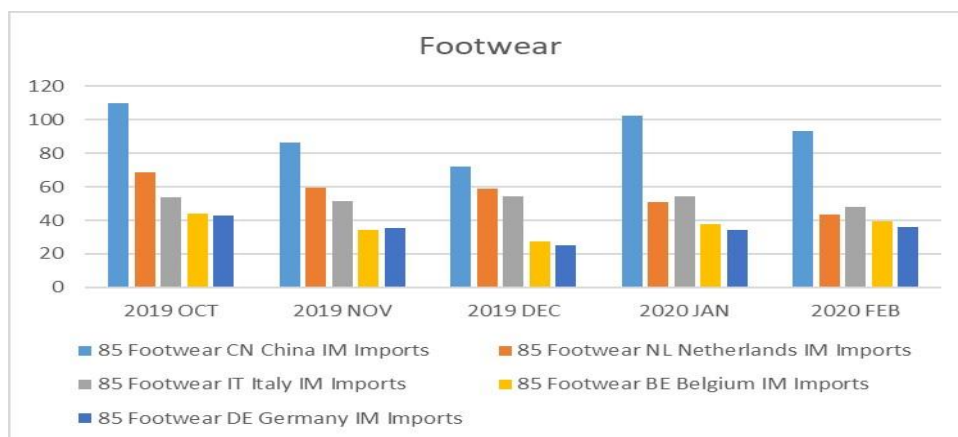


Figure 6 Footwear

Source:- (Office for National Statistics, (2021)/(2022))



The UK importation of footwear was also investigated to see if there was any impact on the level of trade due to the change of Brexit policy of extending the UK/EU article 50 in October 2019 to 31 January 2020. There was a decrease of UK importation of footwear in November 2019 of 16.2 percent. This continued in December 2019 with a further fall of 10.7 percent. However, in January 2020 there was an increase of 17.5 percent. February 2020 shows a fall of 7.1 percent, this was after 31 January when the UK broke away from the EU. Incorporating the Pearson Product Moment Correlation coefficient formula:-

Where  $x$  = UK import movement of trade from October 2019 to February 2020 for Textile/clothing and  $y$  = UK import movement of trade from October 2019 to February 2020 for footwear  $r$  = the coefficient of correlation between the UK importation of textile/clothing and footwear over the time period October 2019 to February 2020. There is a strong correlation between the textile/clothing and footwear for October 2019 to February 2020 of 0.68.

### Discussion and Conclusion

Tables 1 and 2 show the level of UK importation trade for textile/clothing. By comparing the levels of trade before Brexit at 2015, after the referendum and during the Brexit consultation period 2019, there was a drop of 6.45 percent on overall importation of textile/clothing. This does correlate with the suggestion that Brexit Policy uncertainty did have an impact on import trade. Chang (2018), English (2018). However, table 3 and 4 show that UK footwear importation resulted in an increase of trade between 2015 and 2019 of 39 percent. Interestingly, China's imports fell by 8.44 percent while Italy, Netherlands and Belgium importation to the UK rose collectively by 7.91 percent. Germany increased its trade in 2019. European partners were increasing their trade with the UK within footwear. More research is required into the data to gain further understanding of these results.

Looking at the detailed analysis of the textile/clothing and footwear in relation to the three key policy points:-

**Key Policy Point One:- 23 June 2016 UK Voted to lead the EU**

Figures 1 and 2 show the annual movement for June of UK importation trade for textile/clothing and footwear. While there was an increase of UK import trade between 2016 and 2017, there was a decrease of UK import trade of 9.87 percent for 2017-2018 and this continued in 2019 with a further decrease of 0.31 percent. The import trade of footwear increased between 2016 and 2017 of 10.60 percent but this also fell by 10.61, 2017-2018, but it rose by 7.83 percent in 2019. This suggests that the textile/clothing sector was affected by the referendum vote more than the footwear sector. A strong correlation of the results between the Textile/clothing and footwear of 0.74 shows how interlinked the sectors are.

### Key Policy Point Two:- 29 March 2017 Article 50 was triggered

Figures 3 and 4 show the annual movement for March of the UK importation trade for textile/clothing and footwear. There was a decrease of 12.52 percent in relation to textile/clothing and footwear only increased by 0.45 percent compared to 11.48 percent increase 2016-2017. However, both textiles/clothing and footwear increased by 3.89 percent and 2.86 percent respectively, again a strong correlation of 0.86 infers the positive relationship between textile/clothing and footwear sectors, March 2017- March 2019.

### Key Policy Point Three:- October 2019 Article 50 extended

Figures 5 and 6 show the monthly movement of the level of UK importation for textile/clothing and footwear from October 2019 to February 2020. Both the textile/clothing and footwear sectors showed a decrease in trade of 24.4 percent and 16.2 percent in November 2019 and a further decrease in December 2019 of 12.2 and 10.7 percent before a slight increase in January 2020 of 1.7 percent for textile/clothing and a large increase of 17.5 percent for footwear. However, after article 50 was activated on 31 January 2020 both sectors decreased in February 2020 with textile/clothing having a significant drop of 20.1 percent and footwear 7.1 percent. There was a strong correlation between textile/clothing and footwear trade of 0.68.

### Research Implications

The research clearly shows that Brexit policy decision making between 2016 and 2021 provided a negative impact to the volume of importation of Textile/Clothing and Footwear. Further research is recommended to establish the long-term effects of Brexit policy on the UK retail economy as a whole, over the next five years. To be extended to the export of textile/clothing and footwear between EU and Non-EU trading partners.

### Conclusion

Overall, the initial research has shown that there has been a negative impact in relation to the three key policy points on the UK importation of textile/clothing and footwear. This suggests that import trade was affected by uncertainty as suggested by English (2018)/Chang 2018. Due to COVID 19 occurring in March 2020 this has made it difficult to ascertain the immediate impact in relation to the UK leaving in January 2020. However, the findings clearly allow scope for further research within this area and to extend to the export trade of Textile/Clothing and Footwear to EU and Non-EU trading partners.

### Limitations/Direction for future research

Key policy point three; October 2019 article 50 came into place. This is very recent, and data is limited due to COVID starting to take effect in March 2020. Therefore, to measure the impact the data has been analysed on a month-by-month basis from October 2019 to February 2020. Further research will need to be undertaken when trade data becomes available from 2022 and global supply chains are more sustainable after COVID 19.

Further research undertaken over the next five years to ascertain the effect of Brexit on UK importation trade as the global supply chain recovers from COVID 19.

Further research is required to establish the increase of the European partners importation into the UK of footwear from 2015 to 2019.

Further investigation of the importation of textile/clothing and footwear from EU-27 countries during the period of policy uncertainty between the UK and the EU.

Future research is required to investigate if Brexit key policy points have affected the exporting partnerships of the UK including the EU and Non-EU partners, within the textile/clothing and footwear sectors.

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# The impact of Leadershift on cultural agility policy: The search for effective ways of mindfulness

Zeinab Shawky Younis  
Dina Assem Abelmounem Mohamed  
The British University in Egypt  
Business Department, El Sherouk City, Egypt

## Keywords

Cultural Agility, Leadershift, Mindfulness, Organizational Behavior, Organizational Psychology, and Resilience in Leadership.

## Abstract

*To achieve an agile business culture, leaders must match styles with situations (leadershift). Such a goal can be acquired by utilizing special abilities and skills, such as Mindfulness. We tested such a framework of research to identify the role of Mindfulness as a personality trait that any leader should effectively utilize to achieve an agile organizational culture successfully. The variance model was applied by a cross-sectional survey on a sample from the Egyptian Post Authority to evaluate their success using the proposed tools in their latest era of significant changes. Findings reveal that Mindfulness is a compelling personality trait that facilitates leadershift, identified as shifting leadership styles with high flexibility to fit the situation. Such a trait helped the management of the Egyptian Post Office to achieve a thriving agile culture as a state-owned enterprise. Moreover, further implications were highlighted for practitioners and academic researchers to investigate the relationship profoundly.*

Corresponding author: **Zeinab Shawky Younis**

Email addresses for the corresponding author: [Zeinab.Younis@bue.edu.eg](mailto:Zeinab.Younis@bue.edu.eg)

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## Introduction

In a volatile business environment, leadershift is about coping with change in crucibles of international competition and deregulations of markets on both private entities and state-owned enterprises (Kotter, 2011). Cultural agility, in this sense, is crucial for businesses to compete in a complicated globalized world and is defined as the capacity to incorporate change in multiple scenarios and contexts (Caligiuri & Tarique, 2016). To successfully transform cultures towards agility, leaders need to use their abilities and skills in shifting between different styles to ensure maximum success. One hidden ability is Mindfulness which leaders can utilize to change the game's rules and enhance their flexibility of awareness in shifting between leadership styles (Smith, 2022). New updated forms of leaders' styles are the core force in redefining business models and even the meaning of business in public and private institutions. Employees' commitment to the transformation in leadership styles resulting from Mindfulness as a tool that creates social, collaborative, and virtual networking. Such new perspectives are clustered as mass participation, leading to new leadership models.

This study aims to emphasize the critical study of leadershift in styles of leading and its impact on cultural agility by exploring the essence of mindfulness as a tool in this direction. This study has both academic and practical contributions to literature. Academically, the study will introduce selected theoretical concepts and relevant research that serves as an academic and practical application to state-owned enterprises. Practically, it will serve to develop a typology for leadershift components using mindfulness as a moderator towards completing a smooth transition for change, paving the way to cultural agility achievement. Mindfulness will be explored practically as a guru behind problem-solving and decision-making when challenges pertain to the performance in any organization. Cultural agility is a crowning result of such efforts to smooth transition paths for organization members. The current research will test such typology in The Egyptian Post Authority, setting a context for the research. Therefore, the

research aims to investigate the impact of leadership on cultural agility policy, entailing the use of mindfulness to achieve the new normal phase for change. Two broad trends across the public sector have been previously observed by Boyne (2002): On the one hand, many organizations regard measures of engagement as the most significant measure of employee attitudes or experience reflected in the style of leading. While many organizations in the public sector include measures of engagement in annual surveys as a more general term to describe workplace approaches to improvement. In both cases, engagement initiatives are often linked to training and mentoring, having mindfulness as a tool for incorporating leadership styles towards a more transformational culture. Leadership style initiatives depend on senior management style, corporate strategy, and followership related to the levels of trust and credibility found in the leading style and encouraging more cultural agile transformation.

On the other hand, task structure, discussed in the Fiedler model, encompasses the work environment and motivation levels of an engaging leadership style. Managers in this context come together to discuss employee engagement and share ideas for improvement (Boyne, 2002). Thus, the researchers will divide the main aim into the following research objectives:

1. Determine the association between leadership and cultural agility.
2. Test the moderating role of Mindfulness on the relationship between leadership and cultural agility.
3. Develop a guideline for state-owned enterprises on how their managers or leaders can use Mindfulness to enhance their leadership style-shifting and lead a thriving agile culture.

### Literature review

The current research advocates a paradigm shift towards more application of the pillars of leadership towards creating more culturally agile state-owned enterprises able to capitalize on the strengths, values, and norms needed in times of crisis.

Global business enterprises are winning the future through their global leaders with the ability to match their leading style to the situation. In the light of the agile transformation worldwide in the concepts of leadership and the new Public Management strategic policies, this growth and shift in styles need mindfulness as a tool to deliver more culturally agile business units able to adapt and integrate into the new systems of global change and face adversities and crises. The importance of the research stems from the increasing number of employees working in the public sector in Egypt by "0.9%". Such an increase resulted from the government initiatives of several projects to decrease the unemployment rate to "7.4%" in 2021, which led to having "30" Million employees in 2018 (Daily News Egypt, 2022). According to Kiprop (2012), public organizations need oxygen tanks of leadership in styles toward more cultural agility to enhance high levels of productivity, motivation, creativity, and innovation. The path is not relevant anymore, where employees perform tasks systematically with no supportive and adaptive leading styles (Kiprop, 2012). The current literature will be structured as cultural agility, Leadership, and mindfulness to highlight previous studies that will help ground theories used to generate assumptions and develop hypotheses.

### Cultural agility

Literature defines *Cultural Agility* as the knowledge, attitudes, and skills needed to effectively lead in a diversified community (Traylor & Caligiuri, 2019). Whether state-owned enterprises or private institutions, restructuring companies entails a change curve in both leadership positions and leadership styles. Adapting to a new shift in style requires a change in norms and a new mind-set.

Through the tool of Mindfulness, the leaders strive to learn to minimize differences and override diversity barriers to survive. The human resources department must embrace diversity and introduce change under the ceiling of the leadership styles. They are enhancing more strategies of cultural agility by working on talent management and convincing the workforce of the necessity of change. A *laissez-faire* style with high trust and credibility can be a weapon for imitating global perspectives of change rather than day-to-day administrative tasks to foster employees' results and increase performance. If leaders can trade cultural agility as a commodity, it would be the name of the game for the highest purchased and the

most expensive (Ibraiz & Caliguirri, 2016). Moreover, cultural agility has three dimensions that will be the focus of the current research:

**Cultural Integration:** Such change requires the collaboration of all employees and top management to create a new approach to leading where top management must introduce change in the procedures and the relative behaviors, which will help in fostering rules for task-related interaction, engagement, and participation, where every individual will feel that he or she is a part of this change. The essence here is to compromise in negotiating the change, not ruling it, integrating decisions into the changing environment (Ibraiz & Caliguirri, 2016).

**Cultural Adaptation:** The employees adapt to new norms and differences in diversity programs related to their work. These need to motivate and persuade subordinates of different cultures to accept and train different skill levels of their employees working on their competencies with a person-job fit. Cooperation is the essence of agility to adjust to people in different cultures (Ibraiz & Caliguirri, 2016).

**Cultural Minimisation:** Where the leader must act on leveraging differences for the benefit of change and control different skills and capacity backgrounds of employees into a melting pot, leaders can achieve this by listing the set of values expected from employees, codes of conduct, and minimizing autocratic style as only a ceiling of order. New norms overrule the expectations of others, and the employee here is needed to embrace his behavioral responses to change to face new cultural agility (Ibraiz & Caliguirri, 2016).

The effective use of these three dimensions above leads to cultural flexibility, according to Courtney (2016), where you avoid resistance to change. Advantages of cultural agility include widening the base for participation and engagement, having no more blind stagnation, and limiting stalling or postponing innovation to avoid risks where the team is on the wheel of creative assignments.

Additionally, it limits blind agreement in an autocratic style for advocating unilateral ideas and eliminates a lack of trust where transparency prevails in the new setting. Leadership interferes here to provide fairness and equity benefits to promote the credibility of change, recognize team members, remove toxic employees, and engage the workforce in practice decisions. The leadership in styles to induce change is the maestro of the game, where he must be the best player and the trainer while coaching melting differences in both cultural attitudes. Such attitudes may include unspoken opinions that could be changed and cultural values embedding the principles that are difficult to change (Courtney, 2016).

The new paradigm of Global leadership change towards cultural agility entails the use of the two following variables to advocate the agility policy needed along with culture:

Cultural competence is the ability to participate effectively in professional intercultural integration to adopt change. The sum of behavior and attitudes will come together in a cohesive pattern to ensure the dimension of cultural adaptation (Green-Moton & Minkler, 2019). This variable includes several measurements to consider, which are:

Cultural curiosity, also called learning desire, occurs when organization members are interested in learning new skills, seeking updated information, and sharing knowledge with others to gain experience (Lee, et al., 2021).

Tolerance of ambiguity occurs when organization members have high flexibility in adapting to ambiguous situations and contexts of high risk (Lee, et al., 2021).

Relationship-building occurs when members share a strong relationship and have a high sense of engagement and commitment to the organization and its culture (Lee, et al., 2021).

Perspective-taking occurs when leaders and employees can look at different points of view and make a sound decision (Lee, et al., 2021).

Resilience occurs when an individual has a high self-efficacy and professional confidence in abilities and skills (Lee, et al., 2021).

Cultural humility is the ability to maintain an interpersonal stand to a lifelong commitment to self-evaluation to address imbalances and be open to other aspects of cultural identity, which aligns with cultural integration (Green-Moton & Minkler, 2019).

## Leadershift

Leadershift entails the ability and willingness to change the leader's style to enhance personal growth positively and create a strong business culture. This concept aligns with the notion behind the Fiedler model for leadership (Hughes, et al., 2022), where leaders master the change of their style or the situational factors to enhance the change through several contingency dimensions:

Leader-member relations: degree of confidence, trust, and respect members have in their leaders.

Task structure: whether the task is structured or unstructured, specific, or general, the goals are achievable and clear or not.

Position power: leader influence overpowers variables such as hiring, firing, and salary increase.

The world is changing tremendously, which highly impacts the business environment rapidly. According to Maxwell 2019, to embrace change, the leader must identify different circumstances to employ the power of proximate purpose and embrace conversation in a necessary form to brainstorm about circumstances pertaining. Working from the edge of competencies to engage and decentralize authority, get loose from a past hindering change, and dig in a blue ocean strategically where turbulent waters are not the danger but the calamity behind the storm (Maxwell, 2019). A historical shift in the '40s-'70s happened from business tycoons to leaders managing by results. In the '80-the '90s, another transition from these managerial perspectives to leadership perspectives started in 2000, a strategic agility movement towards understanding leadership core itself.

The essence of leadershift is to preserve core values and purpose while changing cultural and operational practices to align specific goals and strategies and engage in operational agility. According to Boyatzis, a leader shifts from autocracy to democracy to reach a Laissez-faire style leading by command and motivating patterns to embrace change. Hence, the leader requires high emotional intelligence to have high self-management and self-awareness, social awareness, and relationship management. Such intelligence will help leaders achieve positive emotional connectivity with him/herself and with employees (Goleman, et al., 2004).

On the other hand, the Resonant leadershift reflects a smooth transition from one status to another. Engaging others in shared meaning creates a distinctive, compelling voice and acts with adaptive capacity. Furthermore, this is the most sensitive and crucial of all as it is called applied creativity. This concept is defined, according to Bennis, 2018 as consisting of two essential qualities: the ability to grasp the context and the ability to face hardiness. The first has to do with perspective, and the second has to do with stamina, perseverance, and toughness. Leadershift plays a role of emotional vitality, emotional, compelling character for its leaders in the movement from shifting from one state to the other in the organization and emotional empathy to the followers. Leaders in shifting positions depend on the emotional bank account to enhance followers to be ready for change. They also depend on developing a bucket of interpersonal relationships needed for the shift. They develop what McKee called resonance, where a leader brings the best in everyone by stressing positive emotions (Bennis & Thomas, 2018).

The factors that play with leadershift impact include external systems around the organization, the internal system of the organization, and the internal system team. A leader must have the power to go to work and express the absolute best to do that. No one needs a title to do it and inspire and influence, giving a great example, and no title is needed for that to drive a position to change in the face of unfavourable conditions. Finally, a leader can level up in the organization, treat stakeholders with respect, and raise a positive organizational culture (Sharma, 2010).

If it is assumed in some reviews that the essence of leadership is made of crude substance, "90%" of leaders in an institution might produce cruddy results. The role of a transformational leader is finding the "10%" by investigating the reasons for declining productivity in the business. Philosophically these types of leaders search for simple solutions for complex situations. Their problem-solving technique is a critical analysis of all steps of the problem by flipping the coin towards more understanding of the true essence of their employees' motivation levels.

The type of leaders needed for leadershift is exponential leaders formed of entrepreneurial or social leaders. These interact with the four properties of leader shift envisioned in 4Is: Involvement, Initiative, Innovation, and Ingenuity (Woodward & Demille, 2013). In practical application, leaders can view the 4Is as follows: Stick to the strategy but shift in the right time to capitalize on the connecting points. Widening



the scope of vision to see what others do not see and act decisively and give direction to take accountability. Finally, leaders should lead in their sphere of influence to persuade employees to perform to the utmost, creating responsive followership (Weir, 2015).

However, Leadershift fails if a leader fails to master the active constructive pattern of resilience training, missing the authentic, enthusiastic support turning into passivity, which is the lack of iconic support of behavior. A degree of dissonance results from an abnormal rhythm of change in the organization where emotions are invested negatively towards a dark side of the leadershift. The followers will turn into resentment, rage, and frustration, and the leadership cabinet will feel off-balance and discord. Dissonance in the leadershift process is the failure to anticipate change and embrace it positively. It impairs hope, happiness, and peace about that change in the organization. Leaders in this shifting loop yield manipulation and authority, which followers usually resist. Such resistance results in dismantled workplaces with no cohesiveness and a lack of empathy (Seligman, 2018).

The culture of leadershift in the organization is the support tool and weapon a leader creates to accomplish the change mission. The behavioral environment leads a strategy to live, creating a combination of objectives aligned with strategy achieved by teams sealed by values of motivation to yield action. Action is the forward movement for leadershift to succeed, and nothing without the action will make a difference in the movement. According to Ibad 2013, such action occurs through the IPA agenda, defined as ideas, people, and action. The idea implies setting the direction, crafting ideas, creating a perfect vision for the future, creating a team that believes in change, and managing performance before stating the actual performance tasks. People come in the loop of followership to make network work, good coaching, and manage difficult conversations. Then on top importance comes the action of realizing a dream to happen of more involvement with the community. The action is to manage the change process, master the craft, find help, be clear about the goals, and set up the change to succeed with a value creation (Ibad, 2013).

Leadershift is a transformational change of leadership patterns that helps identify and solve any decline in productivity, searching for simple solutions for complex situations. The different solutions to implement those stages, according to Flint (2019), are to keep the focus on the micro monitor without micromanaging and advocating the fact that change is inevitable while embracing loyalty from followers to embrace it. Bravery and courage to face the unknown future by acting proactively, decisively, and connecting the dots for a stable direction towards the pace of change. Involvement, initiation, and innovation are the inevitable properties that a leader must advocate at this stage (Flint & Hearn, 2019).

Moreover, Yukl Taxonomy also offered other attributes for leadershift by creating a more comprehensive model. It includes three meta categories: task orientation, relations orientation, and change orientation. In addition, highlighting some specific leadership behaviors include planning, clarifying, monitoring, supporting, developing, recognizing, and influencing organizational culture (Yukl, 2002).

In contrast, the DISC model also offers a simple solution with profound results to learning how to identify the behavioral styles of others. Such identification helps leaders adapt their communication approaches to increase sales, assemble teams, target new hires, develop "rock star" leaders, and respond to problems and challenges.

D - Dominance: Direct and Guarded, Fast-paced and Task-oriented, Focuses on Problems & Challenges, Assertive.

I - Influence: Direct and Open, Fast-paced, and People-oriented, Focuses on People & Contacts, Persuasive.

S - Steadiness: Indirect and Open, Slow-paced, and People-oriented, Focuses on Pace & Consistency, Supportive.

C- Conscientious. Indirect and Guarded, Slow-paced and Task-oriented, Focuses on Procedures & Constraints, Analytical (Yukl, 2002).

This tool for assessing behavior carries a background of several driving forces embedded with values, such as knowledge expressed in cognitive and intellectual behaviors. This utility is parallel to the use of resources, the power which is the essence of commanding the shifting styles of leaders, and the various structured methodologies to assess behaviors. In assessing the behaviors of leaders in the process of shifting a style of management, several personal skills must be looked at, such as the core competencies of

appreciating others, emotional intelligence, continuous learning, conceptual thinking, coaching, negotiation, teamwork, time and priority management in crisis, personal accountability, futuristic thinking and exponential capacity building, and resilience (Yukl, 2002).

One of the recent attempts to touch on the basics of leadership is the DEAD model by Gobillot in 2009, and it is considered the death symbol for traditional leadership. This model reflects more participation as the new trend where an adaptive form of leadership and an authentic one is the basis for assessing the shift from Mindfulness to more cultural adaptation and integration. The new model calls for securing engagement, alignment with organizational goals and employees' needs, accountability, and commitment. The DEAD model is a crucial insight explaining that the need for a shift in the way managers lead is based on four vital societal trends or challenges.

The D stands for demographic trend for experiencing a variety of socio-cultural backgrounds, individual shared experiences and beliefs, and a mirror to engagement. The E stands for expertise which is the core of the combination of knowledge and a nest of relationships. Suppose a leader wants the company to succeed. In that case, it must gain control over knowledge by technology and expert power – a stand for attention where a social and informational network group replaces the old organizational structure. Finally, the D stands for democratic trend where the leader must align and engage with no more rigid hierarchies with direct reporting.

The organization that Gobillot advocated through the DEAD leadership model is a matrix that involves all members from top to bottom to share in the decision-making process to ensure inclusion and fairness. The motivation patterns are shifting towards avoiding the carrot and the stick famous motivation framework to invest more in human resources focusing on skills (Gobillot, 2009). Additionally, in Smith (2020), traditional leadership is disappearing in the new turn of the century, and high levels of emotionally intelligent that put wisdom before knowledge and expertise and put interpersonal relations above initiating the tasks are highly needed (Smith, 2020). Further, according to Ibad, 2013 the leadership movement must move from directed plans to narration where participants are more aware of the social process demands. Hence, the responsibility for change is faster and more efficient. Moreover, the employee must move from a defined role to a specific task of self-fulfillment, matching his capacities and skills to flourish in his career. The core lies in shifting to more simplicity to present coherence and encourage interdependence and commitment (Ibad, 2013).

### **Mindfulness**

Shifting styles lead to shifting procedures and modes of leading under the umbrella of several components: the ideal self, the authentic self; the learning agenda; mastering Mindfulness as a moderating tool, and finally, developing trusted leadership in a renewed form of cultural agility a result driving for change. The new shifting leadership model calls for more secure engagement, alignment, accountability, and commitment. In this sense, the notion of Mindfulness entails a loosening control mechanism and an influential interdependent leader together with a self-aware community of employees. Such skills entail a mind shift from a polarized attitude to fostering a climate of innovation where appreciating that things can be done differently in multi-cultural contexts. The movement from mutual distrust and unwillingness to reach out and cooperate to collaboration and mutual understanding for discovering new ideas and brainstorming common interests is crucial at this stage. According to late professor Mark T. Jones, 2020 the leader is moving from the "us" mentality to the "them" mentality (Jones, 2020). The idea advocated by Jones is moving from passiveness in reactions to proactivity in actions. Such perspective paves the way for more cooperation and adaptation moderated by Mindfulness. When Mindfulness as a policy or moderating tool is used towards achieving more cultural agility, leaders must shift their mental construct and followers to accept the change and understand that collaboration does not mean capitulation. Exponential types of leaders who venture outside their box of a comfort zone to survive are the same ones who get out of their silos using the policy of Mindfulness to reach the results.

Leadership here will be the independent factor that works as a fast forward to future change. Only at that time will deficits be mended. Not only will strengths participate, but skills along this side of Mindfulness will also shift from a capacity-building of knowledge and expertise to a more comprehensive shift for more entrepreneurship, agility, and accountable self-aware employees (Carter, et al., 2021).

Leadership in this context aligned with Mindfulness falls in managing the meaning of situations, conflict resolutions offering a novel way to interpret and react emotionally. The mirroring effect occurs here when the psychological impact is the same as the leader connecting to followers. Their actions start to be parallel, their reactions as well. They develop a magnet of a sphere of attraction as if they are floating in an orbital circle but harmonious.

At this stage, Mindfulness interferes to make the following equation as a help and support tool for this leadership action to happen: the vision + need + capacity to change + first steps are more prominent than the risks and costs of change. According to Goleman, Leadership commands fall into four discoveries involving Mindfulness in an emotional context: (Hirst, 2019).

Individual authentic self = these match self-awareness and self-management.

Individual learning agenda = relationship management.

Leaders are practicing feelings to the point of mastery = self-awareness.

We are developing supportive and trusting leadership = social awareness.

Mindfulness is also an interplay between biology and psychology, where research must touch on the neuroscience of leadership. It depends on how the brain works, starting with the cortex, the outer layer, and the neural tissue responsible for cognitive understanding. Then comes the limbic system, which handles emotions and behavioral responses, and finally, the reptilian brain part. This limbic system must control the body's vital functions, such as heart rate, breathing, body temperature, and balance. It is concerned with decision-making based on old experience stored if the problem is structured. The gift in prudent management is in the heal-reboot and the reset steps, where the employee starts to ask questions like what is in it for him/her and why, and then what should the leader do differently to get it done for us? The leader interferes with inducing the culture of trust, which impacts performance and productivity to increase retention. A smooth path of change reflects the mixture of the reptilian brain, the experience, and the limbic system that handles emotions. The reptilian brain is crucial in decision making where survival is most important using the cortex, and the limbic, on the other hand, helps in reviving the subconscious. The leader must heal the heart, reboot the head, and reset the hand (Nour, 2020).

The discussion above relates feedback with the impact model called BIFF. It investigates employees' behaviors and how it impacts their feelings after the feedback and the future action that needs to be advocated. The complexity lies within the success of a leader to give feedback and alter actions towards the behavior of change; otherwise, gaps will be created. The role of HR is crucial here to create regular meetings, a constructive feedback agenda, a code of ethics, and flatten the organization structure to enhance engagement. The break of the taboo for destructive feedback in a critical way is the sealed result of the success of the transformation by the top management.

Another model to look at Mindfulness is the SCARF model: where the S stands for status, looking at the relative importance of people, the C for certainty, which looks at the ability to predict the future, and the A for autonomy which looks at our perception of having control over our environment, the R for relatedness that looks to the relationships and the sense of fitting in high cultural awareness of belongingness, and the F which looks at the perception of being treated fairly in a standard way.

The two frameworks of mindfulness act as brokerage channels to connect employees within the loop of shifting leadership styles towards more cultural agility to enable access to novel information and structural change in the organization (Smith & Mannucci, 2017). Failure in achieving mindfulness results in a lack of neurodiversity strategies where career-killing for both a leader and an employee becomes a definite result instead of creating culturally agile organizations.

Leaders unaware of Mindfulness discard the neurodivergent thinkers as outcasts and bury their talents for decades. They might fall into the trap of dark leadership where disorder, disease, and dysfunction happen to the organization (Fitzell, 2021). The Broaden and build theory presented by Frederickson, 2013 in the context of positive psychology can help manage the challenges of mindfulness failure. Leaders must balance positive to negative emotions appropriately to generate novelty for change advocacy. The positive emotions broaden awareness and build structural support by developing competencies rather than correcting weaknesses. The theory created an emotional label aligned with the mindfulness growth in recent studies inside the organization where motivation goes in parallel with what

each need at his or her own pace. Therefore, an appreciative leadership style should align with the appraisal theme through benefits if one is motivated by gratitude.

As a result, this will be the neurological motor sensor that motivates his or her work. Employee engagement resulting from the correct motivational program is meaningful work and a positive energy state (Frederickson, 2013). In this direction, employees must avoid overusing strengths in various areas. They must focus on the necessary change administered by the leader to integrate efforts towards achieving the transformation needed (Kaplan & Kaiser, 2009).

### **Cultural agility and Mindfulness**

Cultural agility depends on a leader who walks the talk of change in parallel with his employees. It is not a simple speech to declare novelty and leave them in the grey area of communication where the path for change is unclear and does not align with their personal self-development goals. Mindfulness interferes here in the context of the emotional intelligence traits of a leader, which are crucial for change. Therefore, the talk that the leader is expected to issue highlights. There are three awareness competencies to win the agility needed: Self-Management, relationship management, and task management. The result will be a workforce expected to tolerate ambiguity, build relationships with co-workers from different backgrounds, and respond to changes in task structures. *Mindfulness* is a tool used by top management to pick the suitable mode for change. According to Arinya, 2020 the three awareness factors mentioned above must be allocated at the correct timing for change. Employees are in the high activation mode, learning skills, integrating ideas, and setting priorities. The high mode offers a person ready to widen the scope and endures personal resistance based on the motivational plan chosen by the leader through on-site training based on experiential learning. The peak performance results from the convincing power of the leader to convince the employee to work on his or her energizing skills in integrating organizational goals with knowledge acquired through training and building experience (Arinya, 2020).

Based on the previous literature, two alternative hypotheses were derived to test the relationship between leadership and cultural agility through the effective utilization of mindfulness as follows:

H1: There is a significant relationship between leadership and cultural agility.

H2: Mindfulness moderated the relationship between leadership and cultural agility.

### **Research Methodology**

The current research will combine two data collection tools: a business case study and a questionnaire. The case study will provide a context of a public state-owned enterprise-facing rapid changes in leadership styles, processes, and activities. Hence, the chosen business is the Egypt Post Authority because a leadership change occurred. The Chairman, Dr. Sherif Farouk, made a massive change in the business' organizational structure, business strategy, operational activities, and services. One crucial aspect of change was a culture change, including cross-culture factors, requiring special skills and abilities to adapt to such changes. Such context serves to investigate how shifting leader styles can impact the agility of culture using Mindfulness as a vital skill for adaptability. However, to overcome the limitations of case studies, another tool will be used to determine the association between variables (Dossick, et al., 2011).

Moreover, the additional tool is a questionnaire that includes items related to the three variables of the study. The questionnaire was created and provided to the Egypt Post management for approval, and it was conducted physically inside the Cairo branch. Thus, the sample was randomly selected to reach a diversified group of managers and employees. The sample size was determined to be (n=110) for the current research. After determining the participants, out of the 110 employees, 43 were females, and 67 were males from different departments and holding different positions. At the same time, 68% of employees and managers are aged 44 and above, while 31% are aged 31 and 43.

On the other hand, only 1% of employees in the sample are aged between 18 and 30. Such results might indicate a challenge in adapting to the agile culture resulting from leadership change. Thus, this study used simple random sampling to give all individuals in the population an equal chance to participate. This sampling technique will decrease bias and increase the reliability and validity of data (Li, et al., 2017). On the other hand, the sample size was chosen based on past researchers that recommended having a minimum of 25 participants per variable (Elston, 2018). The questionnaire was a 5-point scale



that depended on self-evaluation. It included a page where the research idea, aim, and questions to explain the research. It also explained that the data collected will be 100% confidential. The CEO will not have access to any data, managers, or other employees (Deary, et al., 2005).

## Findings and Results

Construct Reliability and Validity	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Cultural Agility	0.649	0.836	0.787	0.562
Leadershift	0.671	0.718	0.811	0.592
Mindfulness	0.624	0.630	0.796	0.565

Table 1: Construct Reliability and Validity

The previous table shows that all convergent validity criteria are met. It is clear from the value of Composite Reliability, which was within the acceptable limits, greater than or equal to 0.70 for all axes of the model. We also find that the Average Variance Extracted (AVE) value ranged from 0.562 to 0.592, which is around the acceptable limits. It is greater than or equal to 0.50, which clarifies the model's axes.

- Discriminant Validity:

The Fornell-Larcker Cross Loadings criterion was used to identify the degree of overlap to measure the differential validity of the model axes. Cross Loadings is used to find out the degree of loading the ferry on the axis, or in other words, is the ferry related to the axis it represents or not. It is also that the degree of loading the ferry on its axis must be more significant, and the degree of its bearing on the other axes is weak. When the degree of the ferry is loaded on more than Axes, there is an error in the scale.

Fornell-Larcker Criterion	Cultural Agility	Leadershift	Mindfulness
Cultural Agility	0.750		
Leadershift	-0.204	0.770	
Mindfulness	0.519	-0.260	0.752

Table 2: Discriminant Validity: Fornell-Larcker Criterion

The previous table for testing shows that the value of the study axes' overlap with themselves is more significant than their overlap with other axes. Thus the model scale has discriminatory honesty.

	R Square	R Square Adjusted
Cultural Agility	0.274	0.261
Mindfulness	0.067	0.059

Table 3: R-Square and R-Square Adjusted

This scale is used to measure the explanatory power of the independent variables. When the value of R Square is less than 0.1, the model is not fit; from 0.1 to 0.25, the explanatory power is small. In contrast, when it is 0.25 to 0.36, the explanatory power is medium, and the explanatory power of a model is high when it is more significant than 0.36.

Fit Summary		
Model_Fit	Saturated Model	Estimated Model
SRMR	0.117	0.117
d_ ULS	0.620	0.620
d_G	0.193	0.193
Chi-Square	131.321	131.321
NFI	0.407	0.407

Table 4: Model Fit

The last criterion shows the model's goodness of fit. The most important of these criteria is NFI, where there are limits to accepting and judging the overall quality of a model. When its top is more significant than 0.20, the model has a reasonable degree of acceptance.

Path Coefficients	Original Sample (O)	Sample Mean (M)	Standard Deviation	T Statistics	P Values
Leadershift -> Cultural Agility	-0.074	-0.086	0.117	0.630	0.529
Leadershift -> Mindfulness	-0.260	-0.284	0.092	2.819	0.529
Mindfulness -> Cultural Agility	0.499	0.512	0.068	7.332	0.000

Table 5: Results

The previous table shows the effect of both the independent and the mediator variable on the dependent variable, where we find that the effect of Leadershift -> Cultural Agility is inverse but not significant, and this appears from the value of P-values where it was more significant than 0.05 at a confidence degree of 95%. In contrast, we find that the effect of Leadershift -> Mindfulness had a Significant adverse effect. The value of P Values was 0.005, which is significant at a significant level less than 0.05. Researchers also find that the effect of Mindfulness -> Cultural Agility has a significant positive effect, with a p-value of 0.005, which is less than the significance level of 0.05.

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Leadershift -> Mindfulness -> Cultural Agility	-0.130	-0.145	0.051	2.557	.010

Table 6: Specific Indirect Effects

The previous table shows the indirect effect of leadershift on Cultural Agility through Mindfulness. We find that the value of this effect is inverse and significant, as the value of this effect is (0.145).

**Discussion and Conclusion**

Previous statistical analysis approves the literature and the theoretical background of this research. Therefore, data collected indicates that research findings fail to reject H2 while rejecting H1. In other words, gathered data shows an insignificant relationship between leadershift and cultural agility. In contrast, data shows a significant moderation between leadershift and cultural agility. Such results prove the literature by concluding that shifting leadership styles in each context alone does not lead to a thriving agile culture in the business. However, leaders must search for unique characteristics or traits to facilitate the change in styles. One trendy trait that research is concerned about is Mindfulness. Such relationships are shown in Figure 1 of the theoretical framework for this research.

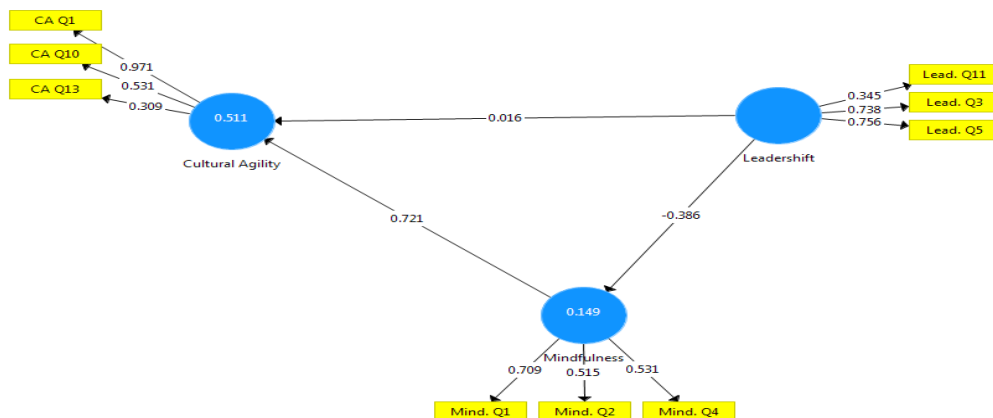


Figure 1: Research Theoretical Framework

The model indicates that a leader must have high self-awareness and social awareness to achieve a thriving agile culture. While shifting leadership styles, leaders should consider the context or situation to choose the right hat to wear. Each situation's chosen style and power usage may help or hinder employees' positive feelings and experiences. Such results indicate that leaders need to use Mindfulness to have both emotional and cognitive ability to reach high awareness of their own and other peoples' feelings. This act will help employees adapt to the change of style and culture, ensuring the success of agile culture in the business. The leader formulates the mission to lead an agile organization with dynamic organizational structure and relationship changes in this position. Given the research context of The Egyptian National Post Authority, they are facing a transformation of the rigid organizational structure to a flatter organizational chart that facilitates communication and the decision-making process. They also shifted significant tasks in each department to become more group-oriented to diversify ideas and roles. Such changes influence leaders in conducting a daily self-reflection on attitudes and behaviors and how they impact their employees. Such reflection will increase self-awareness and facilitate the shifting of leadership styles, which will lead to cross-cultural awareness (France, et al., 2019).

Further, the leader will have a people-oriented style that is participative and keen on understanding followers' expectations. Moreover, the literature supports the findings by suggesting a value-based leadership style and a charismatic style with a mentorship-based relationship with followers. Other literature indicated the importance of having a servant leadership style to facilitate the agility of the business. Such servant style will help leaders become more resilient with high intelligence and provide subordinates with needed career-oriented support. Outcomes will be an agile business with high organizational knowledge that will stand as a competitive advantage for the firm that would be hard to imitate. Based on findings, such a relationship between leadership and cultural agility can only be achieved by Mindfulness as an effective tool. It leads to awareness of self and others' emotions and abilities, leading to high control and stability of the agile culture. Therefore, leaders will understand followers' performance, behaviors, and well-being. Such understanding will lead to solid interpersonal relationships based on high job satisfaction and loyalty (Johnstone & Wilson-Prangley, 2021).

To sum up, findings show that the relationship is not direct between leadership and Cultural agility. However, when leaders utilize the ability of mindfulness, there is a direct relationship between mindfulness and cultural agility. Henceforth, the impact breeds a relationship between Leadership and Cultural Agility only through the impact of building leadership skills. Therefore, other leadership skills could be an area of developing the research in leadership that leadership can help create a compelling and capable team to lead future opportunities in an impactful way by practicing both environment of the organization and the ecosystem (Pugh, 2020).

### **Reflections on the Egyptian National Post Authority**

The National Postal Authority, established in 1865, is considered the oldest and most important national institution in Egypt, providing financial and Postal services. In the past, the postman was the ultimate delivery news portal for every Egyptian family for more than 150 years in history. Today, witnessing a global transformation in both theory and practical implications in management studies, the public sector institution is reviving to a new dawn of innovation in most products and service delivery. The idea of a one-stop-shop has prevailed in the National Postal Authority activities since 2018, with a new shift in leadership tactics and vision. The digital transformation progress with an added value of services, innovative solutions, and products portfolio that hit the edge in a competitive market of younger generations and global endeavors of other competitors in delivery such as Jumia and Amazon. The National post authority aligned with these competitors when it signed a protocol of collaboration with Jumia marketing company to encourage digital marketing platforms to deliver goods and services and a joint training program to exchange knowledge and innovations (Mansour, 2022).

As change is a constant fact of life, the post authority is now providing a variety of service delivery administered with new practices and platforms for agile transformation with an added value, of course, to the powerful and unique geographical spread. As a customer-first choice, the National Postal Authority has now become a one-stop-shop with a wide range of activities: international and domestic Express mail service, parcel service, tailored postcards services, registered mail services, cash on delivery services,

saving accounts, and the civil status service, delivered through an excellent state of art retail with one-stop-shop by the teller services window. The National post authority is also extending to be the arm of the government through an E-administration service as state-owned to offer many services to its citizens such as Pension and traffic violation Payments, utility bills, and many other bill services Payments (Mansour, 2022).

The list of services since 2022 provides an insightful future of change where the IPA agenda (Idea; People and Action) of leadership was defined as a tool to ensure the input of all soft skills of leaders in all departments of the institution into hard results.

The continuity of launching new products and services opens avenues for the customers to use their Egypt Post debit cards by developing a new Portal of Egypt post and mobile application. Hence, customers enjoy a new list of digitalized services, for example, Wassalha, a delivery service, to develop the receipt of shipments (Mansour, 2022).

The Egyptian post authority uses a plan of innovative vision that is an actual application for the "I" letter in the DISC framework of leadership: where leadership style is geared towards a fast-paced impact and people-oriented one. Such implementation is shown in numerous activities by top management in the Post authority. There is an encouragement and engagement for employees by setting a ceremony for employee of the month for delivery success. Moreover, it was highlighted in the interpersonal style of leading when the CEO of the post authority visited a worker who did an accident while delivering mail. Such style added a positive reflection on the interpersonal style of leading. Both cultural competence and humility reflect the professional integration of all aspects of the workforce force and the interpersonal commitment toward the employees (Mansour, 2022).

In addition, when it comes to Mindfulness as a moderator in the theoretical framework, the "R" in the scarf model is geared towards relatedness of communities benefit and added value in the services provided. A proper application of this is through the financial inclusion plan for pension payments. According to Dr. Sharif Farouk, they are following the state's plan that pensions accounts provided by Egypt Post will benefit pensioners, as in the ease of dealing with all ATMs, electronic shopping, bills payment, and issuing direct debit card "Meeza" (Farouk, 2022).

When cultural agility is studied through its three dimensions, the combination of the cultural integration CI +cultural adaptation, CA+ cultural minimization CM adds to creating an agile environment where numerous services are directed for inclusion, collaboration, and embracing the change of new norms. The initiative of the National Post Authority in this direction aligned with the signing of cooperation with DHL Egypt to empower E-commerce Businesses in Egypt and African countries in 2017.

The innovations along this agreement were crowned by the opening of the logistical hub for international delivery in August 2020 for the Mena region, Africa, and other international hubs. Along with signing a protocol in September 2020 with Abu Dhabi Bank to ease the money transfer process for the Egyptians working abroad in UAE. In addition to signing a protocol of collaboration with Misr Insurance Company in October 2020 to ensure the delivery of rights to workers, signing a training protocol between the Egyptian Banking Institute and the Egyptian Post Authority on hybrid work and artificial intelligence, and finally, sponsoring the world cup of handball male sports competition word broad achieved visibility and international exposure of the port authority as an inclusive, leading body. The DEAD model, in this context, is found to be employed by the top Management of the National Post Authority, where all members from top to bottom are involved in sharing in the decision-making process to ensure inclusion and fairness. The state-owned public enterprise is an accurate model of a typical mechanistic structure on the surface to meet governmental expectations of the authority chain of command. However, an inner organic structure governs the day-to-day operations within the formalistic structure to ensure engagement and participation (Farouk, 2022).

## Conclusion

This research has a context of the Egyptian Post Authority facing changes in leadership, organizational structure, and business processes. Therefore, leaders need to use effective traits such as Mindfulness to facilitate change to a more agile culture. Such context created an aim for the research to determine the association between leadership and cultural agility while testing the moderating role of

Mindfulness on the relationship between leadership and cultural agility. The main contribution will be a developed guideline for state-owned enterprises on how their managers or leaders can use Mindfulness to enhance their leadership style-shifting and lead a thriving agile culture. Moreover, this research added theoretical and practical literature by introducing a new theoretical framework to trendy topics within Egyptian public organizations. Findings contributed by proving that Leadership is both an art and a Science entailing a set of solid leadership skills in engaging and enhancing followership. The leader is a Maestro organizing the orchestra into peaceful change advocacy. There is no single recipe or clear-cut edge as to what defines leadership, but many tools help explain effective leadership within a dynamic context of global trends.

*Mindfulness* is a scientific tool based on cognitive and affective components that interfere with paving the way for implementing an agile change in culture. Therefore, the influence in defining new relationships could be explained through the five Cs of changing leadership style. They entail the following factors to ensure a smooth transition towards cultural agility:

- Consciousness of every single intake.
- Converting and measuring to keep track of the change.
- Comparing results in relationship to the original plan.
- Cutting on excess luggage when the change process is precise, concise, and to the point.
- Cleaning as a last stage where people try to maintain the organization's survival (Nasr, 2021).

### Research Implications

The previous research findings can work as implications for future researchers and managers. The paper contributed to literature by theorizing the concept of leadership as the ability to shift between styles of leadership smoothly depending on the situation. Thus, the findings provide a developmental base for papers to test such relationships in different contexts and with different moderating variables. Additionally, future researchers can test the same relationship while comparing the public and the private sector in Egypt. Not to mention that researchers can study the impact of national culture on the agile business culture to be highly generalized to different societies. Other factors to be considered could be the age element or the gender element in reaching the relationship between leadership and cultural agility. In contrast, this research has a practical implication for business practitioners. Hence, the paper adds knowledge by setting an example to various public sector enterprises in Egypt on achieving this framework in their business. It works as a practical guideline for business leaders on utilizing mindfulness, which will help achieve leadership and leads a sustained agile culture.

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# Antecedent factors for supermarket visits of Vietnamese consumers: A proposal for store image dimensions

Hiroko Oe

Anh Hoang Thu Nguyen

The Business School, Bournemouth University, UK

Yasuyuki Yamaoka

The Open University of Japan, Japan

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## Keywords

Dimensions; patronage; store image; supermarket; Vietnam

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## Abstract

*This study aims to discuss a practical set of store image dimensions in a supermarket format to understand the relationship between store image and consumer patronage behaviour. A quantitative approach was applied to 506 datasets obtained from a survey conducted in Ho Chi Minh City. Using a structured equation modelling (SEM) approach, an analytical framework with practical dimensions is proposed to measure consumers' perspectives and attitudes.*

*Five dimensions have been validated, resulting in consumers' intentions to visit supermarkets: store atmosphere, merchandise, store location, customer service and promotional tools. The SEM results reveal that the most significant impact comes from store atmosphere, followed by merchandise dimension as a merged dimension based on product price. The findings imply that Vietnamese consumers perceive store image through a more holistic and interrelated view of newly boosted retail formats in the transitional market.*

*The study's examination of the factors that determine supermarket image in Vietnam – a leading retail market in a booming, medium-developed country – provides guidelines that contribute to the development of strategies to win consumers' support.*

*The study is expected to be a valuable reference for research on retail markets in other emerging countries and to provide helpful information for winning consumer support and ensuring business sustainability beyond the impact of COVID-19.*

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Corresponding author: Hiroko Oe

Email addresses for the corresponding author: hoe@bournemouth.ac.uk

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## Introduction

### *The research context*

In recent years, the Vietnamese retailing space has witnessed changes in structure and the way people purchase products and services. Economic reforms and structural adjustments have changed the retail distribution system throughout the country (Maruyama & Trung 2007a). Market incentives for farmers have promoted rapid marketplace development. Vietnam's retail sector has embraced the supermarket influx in transitioning East Asian countries and progressed with a fast growth rate (Reardon et al., 2003; Traill, 2006). In the very early period of development, supermarkets were set up successfully and claimed to have played a significant role in the retail scenario (Speece & Huong, 2002). In the past, Vietnamese consumers shopped at mom-and-pop stores, specialised stores and traditional wet markets (Maruyama & Trung, 2012).

Even though traditional markets unceasingly outnumber modern ones, modern retail outlets have continued to grow impressively in urban areas. These modern formats cater to the needs of new Vietnamese consumers with higher incomes and a more robust demand for high-quality and reliable products and services (Breu et al., 2010).

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### *Problem statement and aim of the study*

Given the increasing competition in the retail market, retailers, for their survival and progress, must strengthen their position in the market and attract customers. To do so, understanding consumer-perceived store image is crucial, as it directly connects with the positioning strategy (Giraldi et al., 2003). Developing and evaluating a store image that is of interest to customers is essential to maintaining market position (Steenkamp & Wedel, 1991) and encouraging patronising behaviours (Oh et al., 2008). A favourable store image can influence consumers' patronage behaviour (Thang & Tan, 2003). More recently, several studies have analysed supermarket choice behaviour in fast-growing, middle-income markets while focusing on the relationship between antecedents (Dokcen et al., 2021).

While numerous pieces of research have been conducted on store image (e.g., Bloemer, 1998; Burlison & Oe, 2018), there are limited studies that analyse how the perceived importance of store image affects patronage behaviour on supermarket types in emerging markets. Although some recent studies have attempted to link consumer attitudes and consumer perception to supermarket development (Maruyama & Trung, 2007a, 2007b, 2012), under the recent blow of COVID-19, a more practical analytical framework is needed to contribute to the development of effective marketing strategies (Asghar Ali et al., 2021). Therefore, this study focuses on filling the gap in theoretical and empirical research by presenting the perceived importance of store image attributes and how these perceptions influence consumer patronage behaviour in the supermarket format in the most recent market context.

### **Literature review**

#### *Current situation of the retail market in Vietnam*

The Vietnamese retail market is projected to register a compound annual growth rate (CAGR) of over 10% during the forecast period of 2021–2026. Although the COVID-19 crisis remains complex globally, the effective containment of the pandemic by Vietnam is now leading to a recovery in retail sales of consumer goods and services. In terms of growth rates, while the global retail market suffered a sharp fall in revenues during the pandemic, the economic community in Vietnam has shown promise. This is a rare case in which the signs are promising.

Vietnam is witnessing urbanisation, evolving demand trends among young urban consumers, robust growth in modern retail channels such as convenience stores, and the rapid expansion of e-commerce (Ehlert, 2021). At the same time, this has meant increased competition in modern retail in general, with retail outlets devising their own customer retention by, for example, offering exclusive private brands/products for purchase (Sgroi & Salamone, 2022).

Meanwhile, Vietnam's fastest-growing supermarkets offer a one-stop shop service, offering a wide range of products more suited to the everyday needs of the average consumer. To further enhance the shopping experience, some shops have in-house bakeries and cafés where consumers can hang out with family and friends, a trend that demonstrates that they are more than just a place to shop but also a place for communication (Tien et al., 2021).

The Vietnamese retail market offers Vietnamese consumers a complex of sales outlets with individualised services by distribution channels (e.g., hypermarkets/supermarkets, convenience stores, speciality shops, department stores and e-commerce). At 36.63%, Vietnam's urbanisation rate across the region is low when compared with 47% to 76% in other Southeast Asian countries. This represents an area of high potential and expected growth potential. The urban population in Vietnam is expected to record a CAGR of around 3% by 2025, which is a characteristic trend compared to Indonesia, Malaysia, the Philippines and Thailand, where the growth rate is only around 1% to 2%. The analysis of urbanisation rates in comparable Southeast Asian countries indicates that the initial phase of urbanisation in Vietnam is likely to be rapid. As urbanisation in Vietnam is expected to reach 55% by 2030, it is assumed that the country's growth will follow a similar trajectory (Singh et al., 2020).

This high level of consumer purchasing power will significantly impact growth in the Vietnamese retail market. Although major international players are heavily involved in the Vietnamese retail market, they compete with each other and have a split market share. Technological advances and product innovations have also allowed small and medium-sized enterprises (SMEs) to increase their presence in the market by opening new markets through franchises and other means. The thriving consumer

spending has established a picture that supports the diversification of retail players and encourages the further entry of SMEs. On the other hand, it is critical for businesses to develop supportive strategies to survive tough competition (Phuong et al., 2022).

Given these characteristics of the Vietnamese retail industry, this study focuses on supermarkets, which are growing as a channel for supplying goods to Vietnamese consumers. It examines the antecedents that define the current Vietnamese consumers' intentions to use these stores and aims to validate and present models and measures for analysing consumers' supermarket choice behaviour. The following section draws on previous research to unravel the debate about the antecedents that contribute to consumers' supermarket choice decisions.

### *Store image*

#### *Definition*

The study of store image has long been an area of interest for marketing scholars. Martineau (1958), known for driving some of the earliest research on store image, describes store image as a concept formed in consumers' minds through functional properties and psychological attributes. From a behavioural perspective, Kunkel and Berry (1968) characterise store image as a connected and expected consumer perception in consumers' minds. Doyle and Fenwick (1974) argue that store image is inseparable from attitudes towards a particular store and can be explained by the impression customers have of it. James et al. (1976) similarly argues that store image is an important set of attributes in customers' thinking. Store image, in other words, is perceived by users as a formative object that may change due to exposure to the store environment (Oh et al., 2008).

Thus, although various definitions have been established for store image (Table 1), it can be seen that the majority of researchers consider it a multi-attribute utility function for consumers to evaluate (Bloemer & de Ruyter, 1998; Houston & Nevin, 1981). The idea is that these salient attributes function together to represent the store image. Bloemer and de Ruyter (1998), James et al. (1976) and Lindquist (1974) also believe that there is an interaction between these attributes. According to them, these attributes are measured and weighed against each other. In other words, store image is preferred to be defined as a composite of consumers' perceptions of a store, and these perceptions are sometimes shifting (Bloemer & de Ruyter, 1998).

### *Consumer patronage behaviour*

Consumer patronage is considered a consumer decision about where to shop (Fox et al., 2004). This has been the central theme for retailers to sustain their businesses (Tang et al., 2001). Osman (1993) developed five elements to evaluate this concept: (1) the frequency of store visits, (2) the purchase percentage of a particular product category, (3) the ratio of stores' ranking, (4) the level of customers' willingness to recommend the store to others and (5) the future propensity of consumers to shop at a particular store. Other empirical studies in this realm depict consumer patronage behaviour as either shopping frequency or people's store choice. Several researchers have examined customers' store patronage choices from the intention or behaviour aspect (Grewal et al., 2003; van Kenhove et al., 1999), while others have approached shoppers' repeated patronage over a specific period (Darley & Lim, 1993). In a more recent study, Pan and Zinkhan (2006) simplify patronage behaviour into two elements: (1) a consumer choice to patronise a particular store and (2) the frequency of visiting a particular store. Visit frequency is also analysed to examine consumer patronage behaviour across different retail formats (Nilsson et al., 2015). This research approaches consumer patronage behaviour in the form of patronising frequency – how frequently customers visit a store.

### *Store image dimensions in the retail context*

Store image is a composite perception based on each user's view of its attributes. Researchers have discovered diverse aspects of store image. For example, Lindquist (1974), based on empirical evidence from 26 field authors, recommends analysing it according to nine categories: convenience, service, merchandise, clientele, physical facilities, store atmosphere, promotion, institutional factors and post-transaction satisfaction. Fenwick (1974) presents a dimensional model with a smaller number of

dimensions: price, merchandise, assortment, location and styling. On the other hand, Bearden (1977) suggests that different dimensions should be used to analyse store image, arguing that store image is constructed by seven attributes: assortment, price, product quality, location, atmosphere, sales staff and parking. In addition, Ghosh (1994) argues that the store image is shaped by the retail marketing mix of merchandise, location, store atmosphere, price, advertising, customer service, personal sales and sales incentives. Subsequent studies have built on the work of these predecessors (Bloemer & Odekerken-Schroder, 2002), and some have modified it to fit the context of each study (Lin & He, 2015; Thang & Tan, 2003; Verma, 2012).

Based on a systematic literature review, Burlison and Oe (2018) summarise eight dimensions of store image attributes and find that the retail marketing mix influences the store image composition process. Burlison and Oe (2018) find that different formats of grocery retailers rely on a more contemporary and relevant approach to the research context, which can be useful guidance for today's store image research. Store image is inextricably studied with marketing. For example, many experts demonstrate personal sales and sales incentive programmes together in the category of promotional tools (Berman & Evans, 2013). Table 1 presents several scholarly discussions of store image dimensions. Following the accumulation and foundation of these studies on store image, this study establishes six components of store image: store location, store atmosphere, product, price, customer service and promotional tools, which will be used in the analysis.

Authors	Number of dimensions	Dimensions
Lindquist (1958)	9	Convenience, service, merchandise, clientele, physical facilities, store atmosphere, promotion, institutional factors and post-transaction
Doyle and Fenwick (1974)	5	Price, product, assortment, location and styling
Bearden (1977)	7	Assortment, price, quality of merchandise, location, atmosphere, salespeople and parking facilities
Ghosh (1994)	8	Merchandise, location, store atmosphere, price, customer service, advertising, personal selling and sales incentive programmes
Bloemer and Odekerken-Schroder (2002)	8	Same dimensions as in Ghosh (1994)
Thang and Tan (2003)	8	Modified based upon previous studies, merchandising, store atmosphere, accessibility, reputation, in-store service, promotion, facilities and post-transaction
Verma (2012)	5	Modified based upon previous studies, product and operational quality, overall visual appeal, customer convenience, perceived price, past satisfaction and promotional effectiveness
Lin and He (2014)	9	Modified to fit apparel stores context, availability of big brands, atmosphere, pricing, location, customer service, in-store facilities, variety of products, merchandise quality and staff friendliness
Grah and Tominc (2015)	8	Same dimensions as in Ghosh (1994)
Burlison and Oe (2018)	8	Based on a systematic literature review from 1950 to 2017, eight dimensions are identified: merchandise, service, convenience, promotion, client, physical facilities, atmosphere and institutions

Table 1. Dimensions of the store image

#### *Vietnam's retail market and consumers*

##### *The retail structure and changing consumers*

The political and economic reforms in Vietnam, called *Doi Moi*, have been adopted to encourage an open-door socialist-oriented market monetary policy. The country has been undergoing a significant transition and is experiencing rapid demographic and social changes (World Bank, 2019). In line with these developments, retail modernisation is in the early stages of transformation. Seven years since joining the World Trade Organisation, Vietnam has become one of the most attractive markets in the world.

After the reforms, a wide array of products flooded Vietnam's markets, leading to retail proliferation and social and economic transformation in the country (Shultz Li, 1994; Vann, 2005). Now, consumers have



an opportunity to access neighbouring countries' market information, especially other wealthier Asian nations (Tráng & Dũng, 2019). The social middle class has evolved and stepped into the world of mass consumption, and the aspirational middle class has enhanced opportunities in Vietnam's retail market (Brueckner et al., 2018; Freire, 2009).

#### *Supermarkets in the Vietnamese retail market*

The significant shift from traditional retail formats to modern ones is apparent in Vietnam. Of the big cities, Ho Chi Minh City (HCMC), with 8.64 million citizens in 2019, is the nation's business hub and financial capital (General Statistics Office of Vietnam, 2019) and the most populous city in Vietnam (Nguyen et al., 2016). In HCMC, the retail growth rate reached 8.2% in 2015 (Colliers, 2015). As of 2015, 126 retail centres have operated in the city (Cushman & Wakefield, 2019).

Supermarkets in Vietnam focus on consumers' need for variety and choice of products and services since a full line of offerings are available at these stores (Nilsson et al., 2015). This store type is predicted to resolve food safety issues and enhance food sanitation in Vietnam (Cadilhon et al., 2006).

#### *Consumer decisions regarding supermarket choice*

##### *Store location*

As a primary driver of the retail mix, location is particularly essential for any business in a modern retail environment (Pan & Zinkhan, 2006). A good location leads to good accessibility with easy transportation and reduced travel time to the store (Thang and Tan, 2003). It is believed that consumers' store choices are vastly influenced by retail locations (Blut et al., 2018; Brooks et al., 2004; Mann & Jha, 2013). Léo and Philippe (2002) and Reardon et al. (2001) give evidence that customers prefer a location more if it is suitable for daily or weekly trips, particularly if it is convenient to visit from home or work (Yan & Eckman, 2009).

Alternatively, some supermarkets are located outside the city centre (Nilsson et al., 2015), but others are situated in densely populated areas as well (Dabija & Băbuț, 2012; Terano et al., 2014). This store type also provides easy access (Clarke et al., 2006) and parking lots (Dabija & Băbuț, 2012) to encourage customers to shop. Therefore, the first hypothesis emerges as follows:

Hypothesis 1: Store location influences consumer patronage behaviour in the supermarket format.

##### *Store atmosphere*

Retail atmosphere often affects shopping enjoyment, willingness to communicate with the staff and the likelihood of future patronage (Berman & Evans, 2013). In a review of 60 experiments conducted on store atmosphere, Turley and Milliman (2000) indicate a relationship between atmospherics and shopping behaviour. Donovan and Rossiter (1982, 1994) believe that atmospheric components might lead to a desire to stay in the store, explore further and interact, or ignore it and abide by the study outcomes by Baker et al. (1992) and Wakefield and Blodgett (1999). Retail crowding is another sub-component of store atmosphere that shapes consumer behaviour and emotions (Eroglu et al., 2005; Kazakevičiūtė & Banytė, 2012) and influences customer satisfaction (Eroglu et al., 2005; Li et al., 2009).

According to Chen and Hsieh (2011), in the supermarket context, customers pay special attention to the overall store layout and structure, interior decoration, music and noise. Cleanliness, freshness, consistency within the store chain and brightness (Chanil, 2004) are also key reasons that attract customers. All of these tangible and intangible factors inevitably influence consumer behaviour, as indicated in prior research (Herrington & Capella, 1996; Wang & Lang, 2015). Therefore, the second hypothesis emerges as follows:

Hypothesis 2: Store atmosphere influences consumer patronage behaviour in the supermarket format.

##### *Product*

Some studies state that the higher the number of product choices, the higher the positive impact it will have on consumers' perceptions (Fox et al., 2004; Lancaster, 1990). Supermarkets offer not only grocery products (e.g., meat, fish, vegetables) but also other items such as clothes, books and ready-made

meals (Clarke et al., 2006; Hsu et al., 2010). Chen and Hsieh (2011) discuss how commodities are displayed and classified and whether the convenience of browsing significantly affects consumer behaviour.

Other academic findings claim that reducing the size of an assortment can improve purchase probability. Several pieces of research have advocated that shoppers appreciate whether they can choose products efficiently through a well-organised layout (Zairis & Evangelos, 2014; Zentes et al., 2011). Therefore, the third hypothesis emerges as follows:

Hypothesis 3: Product influences consumer patronage behaviour in the supermarket format.

#### *Price*

The relationship formed between price, quality and value is critical for consumer patronage and buying behaviour (Gilbert, 2002). Han et al. (2001) emphasise the significant influence of price on consumers' purchase behaviour. Shoppers tend to expect deals from retailers. As price reflects the amount of money a customer pays for a product or service, higher prices tend to negatively affect purchase probabilities (Lichtenstein et al., 1993). However, the influence of price on consumer behaviour is complicated. Fox et al. (2004) claims that, even though many consumers are price sensitive, they are not attracted by the lowest-priced format only.

Supermarkets can realise deeper discounts based on the scale of the economy in logistics and sales management (Terano et al., 2014). Hence, price may have the advantage of attracting consumers. Introducing everyday low-price strategies has drawn more middle- and lower-income consumers to stores (McNeill, 2012).

Hypothesis 4: Price influences consumer patronage behaviour in the supermarket format.

#### *Customer service*

It has been argued that staff performance influences customer behaviour at a store and their loyalty to a store (Jayawardhena & Farrell, 2011). Through their interactions with customers (e.g., coming across as polite and knowledgeable), store personnel can create a relationship between the retailer and its shoppers (Berman & Evans, 2013). Their performance can lead to positive word-of-mouth referrals, additional purchases, recommendations for others and higher price tolerance (Anderson et al., 2004; Bettencourt & Brown 1997).

According to Berman and Evans (2003), some types of customer service can be considered patronage builders and solidifiers. These include transaction speed, credit, gift registry and courtesy. In the supermarket context, customer service can enhance the benefits gained from shopping (Sirohi et al., 1998), affect patronage (George, 2005; Jayawardhena & Farrell, 2011) and stimulate customer loyalty (Kitapci et al., 2013).

Hypothesis 5: Customer service influences consumer patronage behaviour in the supermarket format.

#### *Promotional tools*

Promotions can help retailers improve the likelihood of patronage and increase consumption (Thang & Tan, 2003). Some activities can also enhance post-promotion preferences, such as coupons or premiums (Del Vecchio et al., 2006; Prendergast et al., 2005).

To enlarge market share and increase sales revenue, supermarkets slowly implement promotional devices to attract calculative shoppers (Goswami & Mishra, 2009; Prendergast et al., 2005). Therefore, supermarkets tend to offer a wide variety of sales promotions all year round, which affects consumer decisions to patronise a store.

Hypothesis 6: Promotional tools influence consumer patronage behaviour in the supermarket format.

#### *Theoretical framework and hypotheses*

Based on the literature review, the following framework for this research is proposed (Figure 1). The relationship of six store image dimensions towards consumers' intentions to visit supermarkets will be examined with the primary data obtained from HCMC in Vietnam.

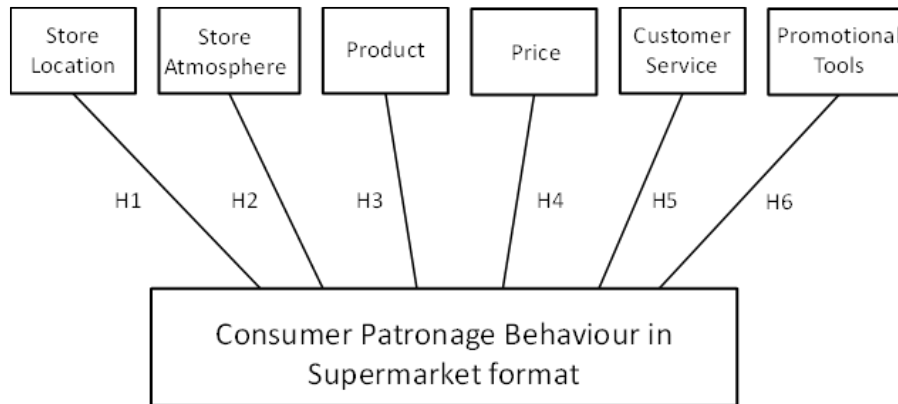


Figure 1. The analytical framework of the study

## Methodology

### *Research approach and questionnaire design*

A quantitative method was applied to the dataset to validate a set of developed hypotheses (Park & Park, 2016). Items regarding the hypotheses for the questionnaire were reviewed and modified following suggestions from six pilot tests. The questions and corresponding options used in this research were carefully measured and chosen based on six store image dimensions.

The participants' perceptions were gauged using a five-point Likert scale. One bilingual person translated the scale from English to Vietnamese in the original English version. Following the translation of those items into English by a second bilingual person who had not seen the original, a third bilingual person checked the English to Vietnamese translation. To complete the questionnaire, several discrepancies were explored and rectified during the procedure. This process involved establishing the cultural and linguistic equivalence of the scales utilised, as described by Ruvio and Shoham (2007).

### *Data collection*

The survey was conducted on a web-based survey system (<http://docs.google.com>). The online survey questionnaire was distributed to 600 participants, with the aim of receiving responses from at least 500 participants. Krantz (2016) suggests this as the most suitable sample size because 400–500 is the economic number of questionnaires to collect while keeping the confidence level at 95% and margin of error at 5%. Eventually, following the data cleaning procedure, 506 responses were completed for the analysis, representing a wide spectrum of age and gender in HCMC. The obtained data were analysed using SPSS ver. 26 and AMOS ver. 26.

## Analysis and findings

### *Descriptive analysis*

Table 2 shows an outline of the data profile. Table 3 presents the results of the descriptive statistical analysis.

Variable	Level	Frequency	Percent	Cumulative Percent
Age	18 - 24	228	45.1	45.1
	25 - 34	182	36.0	81.0
	35 - 49	49	9.7	90.7
	50+	47	9.3	100.0
	Total	506	100.0	
Gender	Female	326	64.4	64.4
	Male	180	35.6	100.0
	Total	506	100.0	
Employment status	Student	162	32.0	32.0
	Governor officer/ office worker	169	33.4	65.4
	Business owner/ Freelancer	97	19.2	84.6
	Housewife/ homemaker	35	6.9	91.5
	Blue-collar worker	13	2.6	94.1
	Unemployed	16	3.2	97.2
	Retired	14	2.8	100.0
	Total	506	100.0	
Marital status	Single	326	64.4	64.4
	Married	180	35.6	100.0
	Total	506	100.0	
Educational background	High school	45	8.9	8.9
	College/ university	378	74.7	83.6
	Postgraduate	83	16.4	100.0
	Total	506	100.0	

Table 2. Respondents' demographics

Q number	Questionnaire	N	Min.	Max.	Mean	Deviation
LOC1	It is easy to access the store location.	506	2	5	4.34	.579
LOC2	The traffic flow near the store area is acceptable.	506	2	5	3.99	.541
LOC3	The store offers a convenient parking lot for shoppers.	506	2	5	4.16	.696
LOC4	The location is convenient from home.	506	2	5	4.45	.697
LOC5	The location is convenient from work.	506	1	5	3.62	1.095
LOC6	The location is convenient to shop different items at a time.	506	1	5	3.47	.865
ATM1	The overall atmosphere is comfortable	506	1	5	4.18	.706
ATM2	The store colours and decoration make me feel pleasant while shopping.	506	1	5	3.85	.952
ATM3	The music played at store makes me happy and relaxed while shopping.	506	1	5	3.36	1.134
ATM4	The store layout is convenient and attractive.	506	1	5	4.31	.795
ATM5	The crowded time of the store is acceptable.	506	1	5	3.99	.726
PROD1	The PRODhandise quality is good	506	3	5	4.56	.547
PROD2	The products I need are often available in store.	506	1	5	4.23	.609
PROD3	When I cannot find the items I want, substitute items are available in the	506	1	5	4.06	.633
PROD4	There is a wide variety of products I can choose.	506	2	5	4.30	.712
PROD5	The visual display of products is eye-catching, easy and helpful to find the	506	1	5	4.23	.771
PRIC1	The price here is acceptable for me.	506	2	5	4.36	.598
PRIC2	The store offers products of great value for the price.	506	1	5	4.57	.594
PRIC3	I can find low-priced product ranges in this store compared to other stores.	506	1	5	3.58	.894
PRIC4	The store offers products at lower prices than other stores.	506	1	5	3.58	.931
SERV1	The store provides excellent customer service.	506	2	5	4.08	.614
SERV2	The staff are polite and friendly.	506	2	5	4.40	.723
SERV3	The staff assists me in shopping when I need.	506	2	5	4.31	.765
SERV4	The staff are knowledgeable.	506	2	5	4.10	.763
SERV5	It is convenient to park my motorbike/ car near the store location.	506	1	5	4.11	.756
SERV6	The customer service quality is good as guaranteed in the brochures,	506	4	5	4.44	.496
PROMO1	The store offers attractive promotions in the store.	506	1	5	4.04	.771
PROMO2	The store's advertisements are reliable and of good quality (e.g., ads,	506	1	5	4.04	.876
PROMO3	Besides price reduction, there are many other price incentive programmes	506	1	5	3.86	.885
PROMO4	There are more promotions in this store than in other places.	506	1	5	3.41	.932
PROMO5	The discounted items are of good quality despite having low-priced.	506	2	5	4.26	.727

Table 3. Descriptive analysis of the dataset

*Exploratory factor analysis and reliability of scales*

All 31 variables, as candidates for the store image dimensions, were used for exploratory factor analysis and generated 15 observed variables for five factors, including promotional tools, customer service, store atmosphere, store location and merchandise (Table 4). This outcome suggests that price and product, which are expected to be perceived by consumers as two separate dimensions, are in fact merged as a new dimension: this newly developed dimension is now named merchandise. From this process, 31 variables are now reduced to 15 with a more suitable explanatory impact on each of the five factors. The Cronbach's alpha values for these actors are reliable (Gliem & Gliem, 2003; Tavakol & Dennick, 2011), as each variable has an alpha over the cut-off level of 0.6, which indicates significant strength and reliability (Bonett & Wright, 2015; Tavakol & Dennick, 2011). Therefore, the obtained dimensions are reliable and suitable for the dataset. This analysis can be taken forward to the next step.

Observed Variables	Component					Cronbach's Alpha
	1	2	3	4	5	
PROMO1	.824	.084	.051	.115	.044	.824
PROMO4	.805	-.074	.059	-.260	.038	
PROMO3	.758	-.025	.240	.021	.070	
SERV1	.008	.776	.022	-.088	.116	
SERV2	-.012	.745	.205	.097	.159	
SERV5	.075	.712	.104	.099	.032	
ATM2	.076	.301	.699	.087	.081	.751
ATM4	.095	.214	.694	.280	.117	
ATM3	.361	.241	.674	.082	-.003	
LOC4	.038	.128	.064	.729	.063	
LOC5	-.054	-.113	.366	.610	-.092	
LOC1	-.020	.093	.313	.485	.264	
PROD4	.088	.081	.422	-.159	.633	.723
PRIC2	.112	.150	.025	.324	.605	
PROD3	.213	.235	.147	-.122	.539	

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

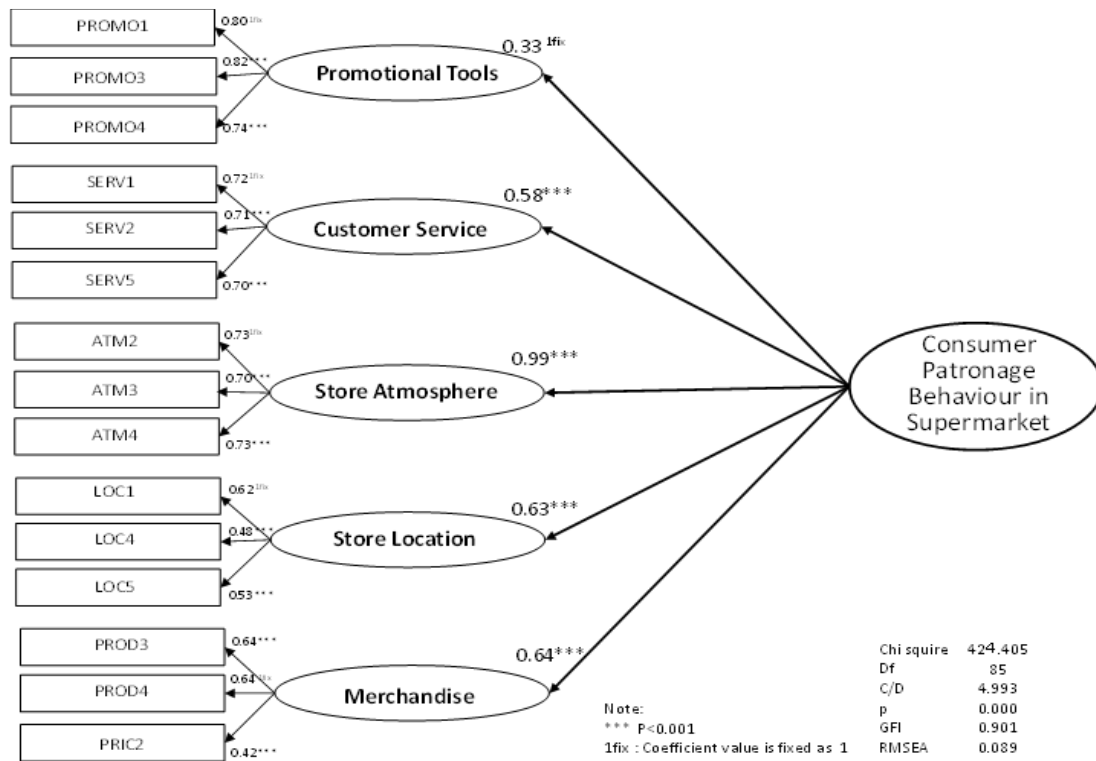
Rotation converged in 11 iterations.

Table 4. Factor analysis and reliability test results

*Structured equation modelling analysis and hypothesis testing*

A structured equation modelling (SEM) analysis was conducted to test the hypotheses. Figure 2 presents the SEM analysis results demonstrating the statistical coefficients and significance for the relational paths among the latent factors.





The SEM analysis reveals that the proposed model has an acceptable fit. Specifically, the fit measures for the research model include an  $\chi^2$ /degree of freedom of 4.993 ( $\chi^2=424.405$ ,  $df=85$ ). This meets the recommended level of 5 (Hair et al., 1998). For the results of the other fitting tests, the values for GFI (0.901) are well above the recommended level of >0.9, while the results for RMSEA (0.089) are also within the recommended range of <0.1 (Hair et al., 1998). The SEM analysis results are summarised in Table 5.

To	From	Std. path coefficient	P
Promotion Tools	Behavior in Supermarket	0.327	1 fix
Customer Service	Behavior in Supermarket	0.575	***
Store Atmosphere	Behavior in Supermarket	0.994	***
Store Location	Behavior in Supermarket	0.627	***
Merchandise	Behavior in Supermarket	0.635	***
PROMO1	Promotion Tools	0.796	1 fix
PROMO3	Promotion Tools	0.818	***
PROMO4	Promotion Tools	0.739	***
SERV1	Customer Service	0.722	1 fix
SERV2	Customer Service	0.714	***
SERV5	Customer Service	0.700	***
ATM2	Store Atmosphere	0.726	1 fix
ATM3	Store Atmosphere	0.729	***
ATM4	Store Atmosphere	0.696	***
LOC1	Store Location	0.617	1 fix
LOC4	Store Location	0.480	***
LOC5	Store Location	0.527	***
PROD4	Merchandise	0.643	1 fix
PROD3	Merchandise	0.643	***
PRIC2	Merchandise	0.424	***

\*\*\* means p<0.001

Table 5. Path coefficients

### *Results of hypotheses test and discussion*

Based on the SEM analysis, all five dimensions have a significant impact on consumers' patronage behaviour. H3/H4 are now merged as one dimension, which is called merchandise and has the second most significant impact on patronage behaviour (0.635) following store atmosphere (0.994). Store location has the third most significant impact out of five dimensions (0.627).

### **Discussion**

The research reveals the current Vietnamese consumers' perspectives on the proposed dimensions of their intentions to visit supermarkets. The results imply that the atmospheric dimension has the most significant impact on patronage, which might be because of the market transition phase of retail grocery shopping diversities. Supermarkets provide consumers with different shopping experiences in the new retailers' formats transitioning from traditional retail shops.

One thing that was not expected is a new merged factor, merchandise, which was perceived by the consumers as one element rather than two independent factors. On the other hand, product and price are closely interrelated and perceived as one dimension. This new dimension, merchandise, has the second most significant impact on consumers' patronage behaviour. This is a suggesting outcome, as previously, marketing mix established two Ps, and now, consumers perceive these two Ps in one category in a more holistic way. The result of this study designates salient attributes to work together to express store image (Bloemer & de Ruyter, 1998; James et al., 1976; Lindquist, 1974). The merchandise dimension is supported by the discussion on existing interactions between the attributes, which are weighed against each other (Bloemer & de Ruyter, 1998; Burlison & Oe, 2018). This research authenticates these discussions with an empirical analysis of a recent dataset.

Store location has the third biggest impact on patronage behaviour, which follows the earlier findings (e.g. Clarke et al., 2006; Mann & Jha, 2013; Pan & Zinkhan, 2006). This finding supports a prior study that finds the store location to be moderately and lowly important to Vietnamese consumers (Maruyama & Trung, 2007a). The relatively lower impactful factors, customer service and promotional tools, suggest that consumers' perceptions in Vietnam indicate a different landscape from a matured market context.

### **Conclusion**

#### *Overall findings and contribution*

As a result of the SEM analysis, all five dimensions have a significant impact on patronage behaviour with different levels of impact. Out of the proposed five dimensions, it has been found that store atmosphere has the most significant impact on merchandise, which implies that consumers appreciate the overall functions of supermarkets as a shopping channel. Although consumers concentrate mainly on their desired goods, they also perceive some other holistic service levels, including unique values, to be impactful components when choosing a supermarket. This could be the upshot of the newly boosted retail format for grocery shopping in the transitional economy.

More specifically, the dimension of merchandise may result from the fact that supermarkets offer a wide array of goods, product safety, clear origin and a high level of hygiene and freshness with reasonable pricing. This feature should be what Vietnamese consumers need the most (Maruyama & Trung, 2007a). A supermarket is also the channel for well-balanced product quality and price due to the synergy between economies of scale (Terano et al., 2014) and the accelerating expansion of supermarkets in developing countries, such as Vietnam (Maruyama & Trung, 2012).

This research contributes to the store patronage study with a practical and analytical model of the dimensions. The empirical outcome based on this proposed model provides a snapshot of consumer patronage behaviour in emerging markets, which is useful for relevant research in other emerging markets. The newly merged dimension merchandise, based on price and product, emphasises that consumers perceive store image from a holistic and interrelated view, which also suggests that even the established elements of the marketing mix framework – the two Ps – are perceived as a joint dimension in the supermarket context.

### *Theoretical implications*

This study contributes to an integral part of consumer patronage behaviour and store image research. It mainly contributes to the limited number of studies conducted on supermarket formats in emerging markets. Traditional and modern formats have been in a race to engage an increasingly higher number of customers, but new modern retail types, such as supermarkets, have emerged on the scene. Thus, it can be viewed as a substantial contribution to introducing how consumers think and act in the developing world.

### *Managerial implications*

With the increasingly competitive market in Vietnam, residents quickly become accustomed to various kinds of stores, and they choose stores based on the cues they value and the expectations they have. Retailers need to understand, in depth, the factors and perceptions that encourage shoppers to patronise more frequently at a particular store type. By emphasising these salient components, retailers are more likely to enhance store patronage and customer loyalty. The managers of supermarkets can focus on improving their store atmosphere and product lines with balanced pricing policies.

### *Limitations and further research opportunities*

While there have been numerous studies on retail store image, few have focused specifically on the supermarket business type. This study proposes and demonstrates the construct dimensions of store image, limited to the new business category of supermarkets in Vietnam, a typical market in a medium-developed country. Although this study proposes a model and dimensions that can contribute to retail practices and is expected to provide effective guidance for both research and practices, at the same time, the authors recognise that this study has several limitations.

First, the data used in the empirical study are limited. To develop more robust recommendations and suggestions for research areas, models and measures need to be validated with a larger dataset. Second, to make the results of this study more generalised and useful in practice, it is necessary to present implications through comparative studies using data on consumer attitudes, not only in the Vietnamese market but also in other middle-income countries and other markets.

Finally, the impact of COVID-19 on consumers' store choices and purchasing behaviours also needs to be examined. We hope to contribute more vigorously to academic activities, scholarships and practices to develop viable management strategies in the retail industry during and after the COVID-19 pandemic.

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# Holistic Marketing in Human Resources

Sherien Dajah

Department of Management, Faculty of finance and business  
The World Islamic Science & Education University, Amman, Jordan

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## Keywords

Marketing, Human resources, competence development, holistic Marketing

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## Abstract

*To manage the understanding and aptitude contests of new developing technologies and processes of tactical methodologies for holistic human resource management is very much needed in most manufacturing companies. The continuous automation of straightforward manufacturing processes causes high-level complexity workspaces to expand, which leads to an increase in the need for highly educated staff who have graduate degrees only. The real struggle is to qualify individuals to shift their capabilities to workstations with more complicated procedures and guarantee the preservation of a role in transforming the familiar working environment. By merging the concepts of holistic internal marketing, key conclusions are drawn. A correlation marketing theory establishes a holistic internal marketing viewpoint; it does not depend merely on traditional marketing concepts and tools and focuses on three functional areas. This research will further explore the subject and purposes of core holistic marketing and the inevitability of constructing core associations. A contribution to expanding the interior all-inclusive holistic marketing theory by presenting a broader perception of the idea, in which both holistic marketing and human resources are combined to create a core holistic marketing application. Another aspect that will be presented is an inclusive understanding of the core marketing execution practice. A holistic marketing implementation model will be presented, strengthening the body and exterior interactions by convening internal customers' demands and fostering a holistic marketing vision from a human resource standpoint.*

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Corresponding author: Sherien Dajah

Email addresses for the corresponding author: sherien.aldajah@wise.edu.jo

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## Introduction

Traditionally, an individual's workplace refers to the office setting where they work a 9 to 5 job and get back to their lives. In other terms, an employee's personal life was something completely different from their work, leaving many to view work as a separate entity from themselves, with work only serving the purpose of providing a means of livelihood. Few workers ever felt a sense of belonging to their various places of employment, leading many to work like robots, in the mind that they didn't develop the humanistic attitude in life that is today proven to be essential for productivity. However, with the changing scope of work that the modern age facilitates, many companies have since restructured their organizational setting to enhance their employees' well-being and productivity at work. This desire to change the traditional work setting into a more empowering model that guarantees maximum productivity while also catering to the employees' well-being led to the development of a holistic approach to human resource management (Pluta, 2016). Through the holistic marketing approach in P.R., the company considers all its different parts as a single entity and contributes to the well-being of the entire organization.

### 1.1 Actuality and relevance

In a worldwide integration filled with interlinked developments, daily challenges are on the rise in organizations. With competitors from everywhere, innovation capacity and products delivered to the market as quickly as possible have become necessary. Additionally, the global market has become a hostile and constantly changing environment with higher expectations and needs, such as individually

personalized products. Intelligent manufacturing systems should be implemented to generate flexibility and capacity to fulfill these expectations. Straightforward processes are programmed, while other functions become more intricate and intermingled. Thus, qualification approaches for the existing labor force are necessary. The main idea is to enable workers to participate in more strategic and innovative events.

## 1.2. Research Questions

To deal with those obstacles effectively, the strategic management of aptitudes becomes crucial. This paper aims to introduce the progress of a competence model and present an approach in what manner companies implement them to keep up with evolving challenges in industry 4.0.

With the mentioned above model development process, the subsequent questions will be answered: What types of obstacles might companies have to face in industry 4.0? How can those challenges impact future and existing jobs and their associated workflows? What fundamental skills should employees have to achieve an end or current position? How can the competence model assist an organization in upkeep a well-experienced workforce?

## 1.3. Methodology

The initial part of this research focuses on the theoretical foundation by emphasizing the significance of human resource management and competence for an organization's policy. The part that follows the development of the holistic competence model is explained. Initially, core challenges in industry 4.0 are classified through a literature review. And according to the assessment of those challenges, it is more likely to develop a list of vital core competencies for workers. This list will be supported by connecting it to similar work and future research. Furthermore, this paper will also focus on visualizing the identified fundamental competencies. The three steps created in the model development signify the pillars of holistic methodology in Figure 1 (Pluta, 2016). The last part focuses on the prospective pertinence of the developed competence model. The method of how this model can be implemented in industry 4.0 inclination analysis of employees and the means of deriving qualification strategies is also presented.

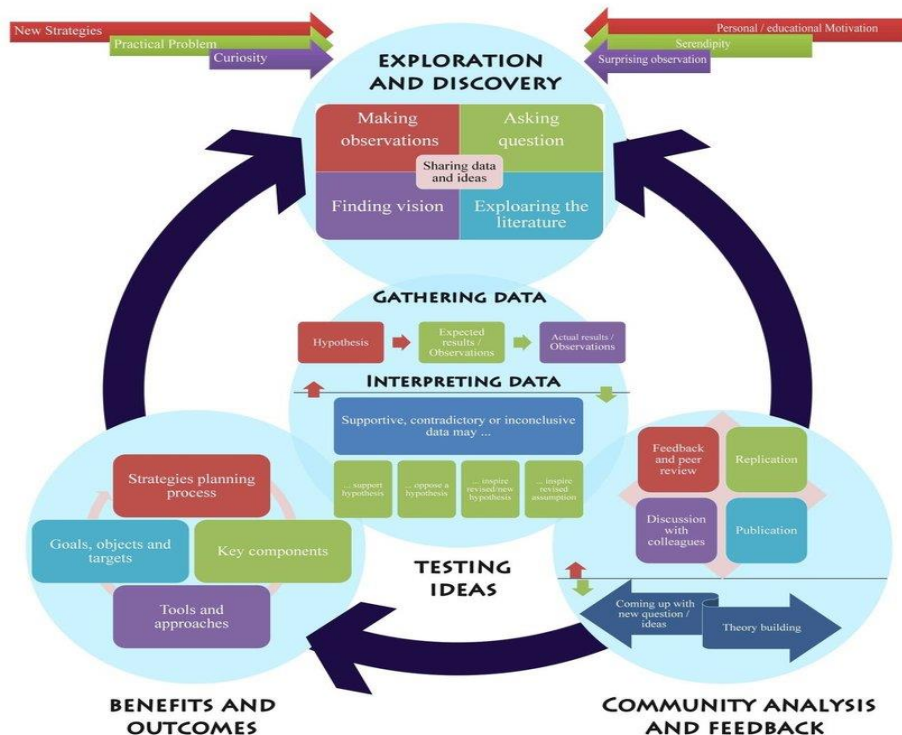


Figure1: Methodological Approach

## **Main Elements of Holistic Marketing and Corporate Strategy**

Though holistic marketing is implemented through various strategies, as per the organization's management and targeted goals, it primarily has four main components: relationship, integrated, internal, and societal marketing models. The relationship marketing strategy aims to build lasting connections among major stakeholders, from employees and customers to financial institutions. Through such lasting relationships, the business has more chances of prospering in the targeted markets (Pluta, 2016). The integrated marketing component then focuses on integrating all aspects of marketing, including social media marketing, public relations, and advertising. Finally, internal marketing aims to enhance employee satisfaction, while societal marketing creates an image of social responsibility for the organization.

How employees are managed significantly depends on the role and value of H.R. management in a corporate strategy and policy. A belief relating to all activities regarding hiring and working people in a corporate or organization setting falls under H.R. management (Armstrong, 2014); this is all mentioned in detail in the next part of this paper.

### **2.1. The management and progress of HR**

HR management (Human Resources Management) is simply the planned approach toward an effective hiring process and the growth of a highly dedicated and skilled labor force to attain the organization's goals and objectives (Zaugg, 2009). This concept was first introduced in the early 1980s; the primary purposes behind this concept were the utilization of H.R. and recruitment, staffing, managing, and release of employees. Another vital purpose is the training and progress of employees, frequently described as H.R. development (Beaumont, 1993). Concentrating on all performances that relate to the professional education and training of staff and large teams, this part significantly affects the organizational development and, therefore, any company's current and forthcoming performance (Beaumont, 1993). One of the most extensive reviews on this topic was done by Hamlin and Stewart; the following four core aspects of human resource development were derived from their review:

Improving the effectiveness and performance of employees

Improving the effectiveness and performance of organizations

Increasing knowledge, competencies, and skills

Improving the potential and personal growth of employees

### **2.2. The strategic Competence Development**

Creating a labor force that aligns with current and future market needs assumes that the required competencies have been identified. Skills, knowledge, and motivations that a person may need to deal with and handle tasks and challenges in an organization are all part of the required competencies to run an organization effectively.

## **3. Developing the competence model in Industry 4.0**

Development of the competence model for Industry 4.0, mentioned in the Methodology part of this paper, mainly encompasses three essential phases: recognizing evolving challenges, dedicating capabilities to face challenges, and envisioning necessary qualifications using a suitable method.

### **3.1. Identifying and describing Industry 4.0**

This has lately been part of the high-tech strategy of the German government; the phrase Industry 4.0 is frequently referred to as the fourth industrial revolution. The idea behind 4.0 explains how the increase in digitization of all of the value chains and the subsequent interconnectedness of individuals, items, and systems happens through actual time data trade. Subsequently, that interconnectedness affects goods, machines, and processes with A.I. (Artificial Intelligence), which can independently operate and cope with any interchanging environment. Moreover, intelligent things become entrenched in more comprehensive systems that improve the design of adaptable, autonomous manufacturing systems. There are multiple implementation grounds for intelligent objects, and systematic primary concentration remains on industrial applications.

### **3.2. Detecting evolving challenges in industry 4.0**



Industry 4.0 generates multiple new prospects for organizations, while at the same time, various obstacles are on the rise from the continuing computerization and mechanization. Furthermore, in this paper, the macro-environmental barriers will be examined with the PESTEL framework, which considers social, political, legal, environmental, economic, and technical factors.

*Economic Challenges:* with ongoing globalization development, organizations have had to manage the reduced shorter product life cycles, cutting cost, and time-to-market, which will help with the competition. Although classical business models develop into vulnerable models and are easily substituted, organizations need to streamline their innovation processes and convert their business model to a more excellent service orientation. Furthermore, consumer anticipation has moved toward a higher level of customization and flexibility. Which, therefore, has driven markets to be more volatile and diverse. Consequently, the necessity of collaboration is much more existent. Organizations must now enter planned and deliberate partnerships with suppliers or their competitors to remain viable. This further leads to the connection of whole value chains and consequently enhances the intricacy of processes.

*Social Challenges:* demographic shift is one of the biggest challenges on the spectrum. The number of young people going into the labor market has decreased significantly. Therefore, new and advanced strategies must be developed to attract the younger crowd while at the same time retaining the knowledge from senior staff. The younger crowd usually expresses opposing social values, like the increasing significance of a good work-life balance, which aligns with the evolving employee flexibility due to constant shifts in work organizations. Yet, limits need to be set to get employees accustomed to setting up reasonable availabilities, so their lives are not severely affected. The rising demand for virtual work and flexible work schedules also requires up-to-date technologies.

*Technical Challenges:* due to the exponential growth of technology, organizations must be able to deal with a big surge of data effectively. Therefore, vast I.T. infrastructures must be constructed, and networks, such as communications networks and internet protocols. To guarantee smooth data exchange among partners within a network, it is crucial to expand standardized interfaces and open architectures that allow joint work on multiple platforms. Having significant amounts of data on external hard drives causes further concerns due to cyber security fears. Data must be protected from unauthorized access that may put any company at risk of breaking confidentiality. Employees should also undergo training in a virtual work setting.

### 3.3. Deriving capabilities and experiences from identified challenges

This part focuses on the logical deduction of necessary core competencies for workers in Industry 4.0. Regarding this, key developing challenges were first examined for their needs. Furthermore, the table below indicated that potential competencies were derivative for each challenge.

#### *Derivation of critical competencies for identified challenges*

<b>Economic Challenges</b>	<i>Ongoing globalization Increasing need for innovation Demand for higher service-orientation Growing need for cooperative and collaborative work</i>
<b>Social Challenges</b>	<i>Demographic change and changing social values Increasing virtual work Growing complexity of processes</i>
<b>Technical Challenges</b>	<i>The exponential growth of technology and data usage Growing collaborative work on platforms</i>

### 3.4. Accumulation and classification of competencies

It is essential to assemble the identified competencies into pre-defined categories to guarantee the intelligibility of the competency model. Hence, an accumulation of competencies is mandatory to establish the correct list. The second step would include the grouping of competencies into primary categories of competencies. Additionally, the most popular research on competencies and their models were analyzed



as a comparative study. The study was done to substantiate the vitality of eliminating unnecessary competencies for Industry 4.0.



Figure 2: Elements of Holistic Marketing (Armstrong, 2014)

**4. Benefits**

The holistic marketing approach draws on several advantages of utilizing it in organizations. The primary benefits of using the holistic approach include creating cohesiveness and gathering credible results. With a systematic approach to delivering products to customers, the holistic approach allows its users to bring their brand under one roof, thereby promoting greater consistency and cohesiveness to essential clients rather than providing diverging and conflicting statistics from different sections of the brand before reaching the final customers (Armstrong, 2014). With a consistent and cohesive aspect across all operations, the holistic marketing approach allows individuals in the human resource department to easily access information regarding the workflow and distribution of products in an organization. The size of the business does not matter, whether large or small.

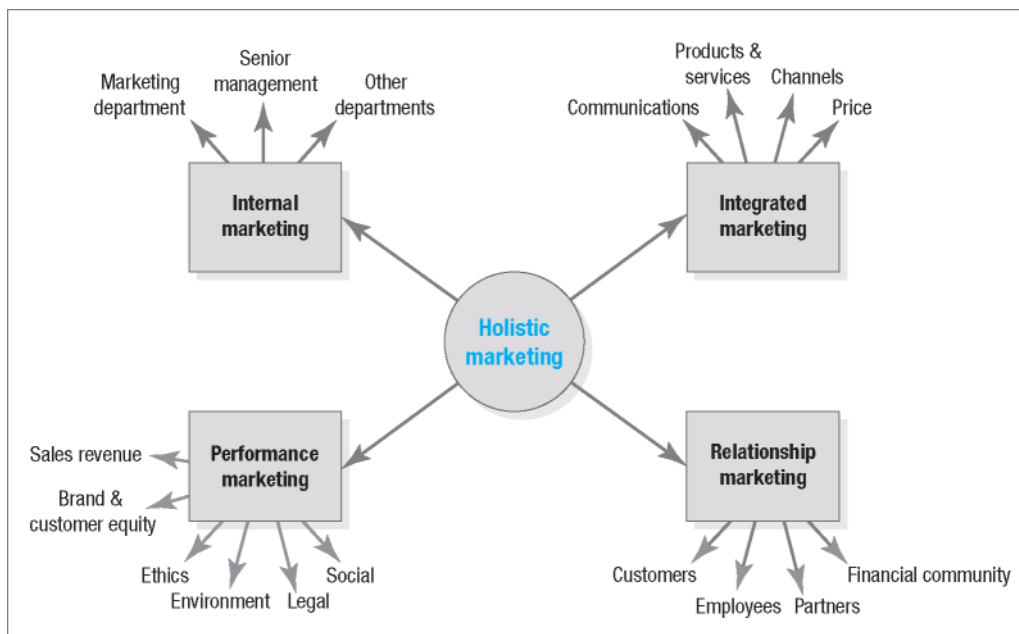


Figure 3: Holistic Marketing Dimensions (Winata, 2020)

### **Example of a Company that has Adopted the Holistic Marketing Approach**

Holistic marketing allows a vast business to be viewed as one entirety. The holistic marketing approach through aligning the business processes creates a consistent and seamless client experience on multiple channels. Apple Inc. is an example of an institution that heavily relies on holistic marketing (Winata, 2020). From developing the products to recognizably establishing branded stores, and quick customer service, Apple Inc. appears to have mastered this strategy.

Another significant benefit of the holistic marketing approach in human resources is that it allows a company to brand itself in a particular image that can be deployed to facilitate comprehensive advertisements and overall potential marketing fronts (Winata, 2020). For example, the Coca-Cola Company typically advertises itself with the happiness aspect that has since become the firm's trademark image (Bekimbetova, 2021). Subsequently, the firm has managed to deploy happiness as its holistic marketing strategy, which is used for advertising all its products (Bekimbetova, 2021). Therefore, holistic marketing benefits a company since it allows the firm to advertise in a particular image that makes its products easily identifiable by consumers.

### **Study Implications**

The findings in this research are essential for policy, practice, and theory. Customer needs are continuously shifting. Customers typically make a significant purchase after analysis, which is when holistic marketing comes into play. Holistic marketing ensures that the customer chooses your product instead of rival products.

In industry 4.0, one of the most efficient ways to develop brand awareness is by underlining the fundamental principles of a product across all virtual platforms. Organizations must maintain consistent core values across all platforms to guarantee maximum branding capacity.

Another critical aspect of implementing holistic marketing in industry 4.0 is the increased focus on communication among different departments in a company setting, ensuring that all business processes are in harmony to boost brand awareness. Holistic marketing is mainly about generating a collaboration that efficiently strengthens the authenticity of a brand, therefore maintaining a steady image for the brand and the company as a whole.

### **Study Limitations**

The need for holistic marketing increased when companies realized the power of integrating marketing concepts. This philosophy is based on the notion that 'everything matters. This includes rival companies, employees, customers, and many other factors when making marketing decisions.

The limitations that arose during this research were many. The effect of extraneous factors, such as being unable to measure the net impact of applying this philosophy on the ground. Another factor is that systematic marketing research projects require more time; they may take years to complete. Cost consideration also plays a role; an organization conducting marketing research systematically is considered a luxury and requires specialized funding. Adopting the holistic marketing approach in industry 4.0 will most likely necessitate a complete transformation in organizational philosophy. One cannot pinpoint it on a specific process or activity, but employees within the company scope must consider adding value to the customer experience. Only when adopting holistic marketing approaches, can organizations develop lengthy lucrative affiliations with their customers.

### **Conclusion**

Recent developments in the corporate sector have witnessed the extensive deployment of the holistic marketing strategy as companies look to garner a concrete customer base in a market full of competitors. The marketing method has proved extensively effective in the modern age advertising continues to be a core facet in the overall growth of businesses in recent years. Similarly, companies such as Samsung have adopted the strategy of harnessing an extensive customer base that spans numerous countries across the globe.

The marketing strategy ensures that all the possible marketing gaps are tapped into by combining them into one comprehensive entity advertised on all marketing fronts of a company. Henceforth, it

would be prudent to conclude that holistic marketing in human resources is an effective advertising technique since it allows a company to brand itself into a particular image used for marketing the firm via all the potential fronts, thus making it easily identifiable by customers. With a systematic approach to delivering products to customers, the holistic approach allows its users to bring their brand under one roof, promoting greater consistency and cohesiveness to essential clients.

In the first part of this research, a thorough list of vital competencies for production in a digitalized and interrelated world was assembled. Although every role has varying requirements, the classified competencies in this research are becoming increasingly crucial and must be tackled by H.R. development. Furthermore, the competencies that have been identified are envisioned under an accumulated radar chart, this aids individual who use it to comprehend enforced requirements on user competencies. The second part of the research momentarily explores a general application strategy for the competence model. The model can be implemented to assess and develop individual competencies at the company level to conquer potential challenges. Future research must focus on the development of particular job profiles, along with the incorporation of user qualification methods for the competence model applied aptitudes. This will heighten the speed and agility of securing the openings in competencies by using the model.

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# Seaport marketing strategies and its impact on customer satisfaction

Dalia Fahmy Amara

Eiman Medhat Negm

Arab Academy for Science, Technology and Maritime Transport, Egypt  
College of Management and Technology

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## Keywords

Customer Satisfaction, Marketing Mix, Marketing Strategies, Seaports, Tourism.

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## Abstract

*In the world today, seaports play a crucial role in the economic and environmental sustainability of tourism destination. Seaports and their related facilities of different types and sizes are competing to capture market share globally. This study seeks to investigate the impact of seaport marketing mix strategies on customer satisfaction, identifying the significant marketing mix tactic that should be of focus to cities with seaports. This quantitative research uses deductive approach to develop a proposed model with various hypotheses to be tested. It is considered descriptive research as it seeks to depict the characteristics of a population being studied as well as to answer questions that pertain and explain seaport marketing strategies and its impact on customer satisfaction. Online questionnaires are distributed through convenience sampling during cross-sectional timeframe- December 2021 and January 2022. Results show that seaport-services, promotion, staff, physical evidence, and process has a positive significant impact customer satisfaction with the seaport. Seaport place/distribution and price are insignificant on customer satisfaction. This research is among ongoing attempts to study seaport marketing so to improve the current tourism industry of a nation. The focus is on seaport satisfaction, uncovering the significant marketing mix experiences to propose an effective marketing strategy. This research thus provides a significant addition to marketing knowledge for an increasingly important sector of the tourism industry, illustrating the vitality of the marketing mix and how the marketing mix elements vary from one field to another field.*

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Corresponding author: Dalia Fahmy Amara

Email addresses for the corresponding author: [daliaamara@hotmail.com](mailto:daliaamara@hotmail.com)

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## 1- Introduction

As the dynamic market commences various societal factors that impact the tourism industry (natural disasters, global pandemics, inflations, war, political conflicts, etc.), marketing strategies are needed to flourish and sustain the businesses in the industry (Jiang and Wen, 2020). According to scholars, marketing knowledge and skill are seen as vital ingredients for tourism long-term survival and growth among a nation (Kotler et al., 2022). Tourism marketing is the systematic execution of various activities (by both private or public sector in the tourism field) to optimally satisfy tourists needs (local, national, or international tourists); and in doing so to achieve an appropriate return (Li et al., 2021).

Each country has distinctive features that can act as a competitive advantage to attract tourists to visit; one of these features is the city's seaport. Research shows that there is a significant relationship between seaports and the city's tourism; it is characterized by a dynamic, multi-level and interconnected landscape, which has been created by: "a constant interaction of maritime (port) activities and associated activities of the city through trade and movement of people through migration and diaspora" (Alen et al., 2021). Many cities along the coast have identified themselves as a seaport city touristic destination; these cities offer similar services and touristic appearances (Parola et al., 2018). Accordingly, seaports are to become more market-oriented, needing marketing initiatives to differentiate their region in a more attractive manner than existing seaports (Notteboom and Winkelmans, 2001). Scholars and practitioners claim that marketing research is required to maintain seaport efficiency so to improve tourism (Sofronov, 2019). Research suggests seaports to be: "customer-oriented and market-driven" as it aids in the

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development of appropriate marketing strategies that attract clients, business, tourism, cargo, etc. (Shipping Professional, 1997, p.20; Parola et al., 2018). Nevertheless, there are insufficient research dedicated to studying the marketing practices that are applied on seaports to aid tourism (Parola et al., 2018; Sofronov, 2019).

Sofronov (2019) research clarifies that seaports are currently trying to develop its performance and productivity; conversely, without an understanding of the necessary marketing strategies to meet consumer needs, seaports will not be able to develop its services in the right directions (Alexandre et al., 2019). Becoming more market oriented to attract more trade and tourism (during times of increased competition) requires constant research (Sofronov, 2019). Nevertheless, seaport marketing research are limited in exploration (Alen et al., 2021). Most research focus on tourism in general and how countries promote tourism attraction or how to effectively market tourism sites (Sofronov, 2019; Orindaru et al., 2021). There is significant need in research that illustrate which marketing strategies are noteworthy to be applied in seaports (Camilleri, 2018). This topic is necessary as scholars claim seaports play a significant role in tourism; yet the topic remains understudy (Illynskyy et al., 2018).

The aim of the current research is to study the extent of marketing strategies, specifically the marketing mix applications of seaports, and its impact on customer satisfaction. This study seeks to develop empirical evidence to aid stakeholders in idea-formulation regarding further strategies to increase tourism. The focus is on customer satisfaction since prior research indicates that good customer service leads to content customers, which means better customer retention; being able to retain customers is a tool to improve tourism and increase sales (Kotler et al., 2022). Based on research, tourist satisfaction impacts their future traveling-plan choices, consumption of touristic products and services, and decision to return back (Li et al., 2021). This research's objective is twofold: it aims to identify the theoretical foundations of seaport marketing in literature; and to recognize significant seaport marketing mix strategies that create customer satisfaction.

## 2. Literature Review

Existing research urge further understanding of the necessary marketing activities to promote and enable customers to be satisfied with seaports as a means to improve tourism (Camilleri, 2018). A review of prior literature is conducted to gain a better understanding of what is a seaport, its benefits to the market, and the necessity of marketing. With this reviews, academic gap is discovered, and a proposed conceptual framework is developed.

### 2.1 The Concept of Seaport

Seaports have developed over the years and have changed in terms of organization due to various elements that emerged in the dynamic market. Such elements relate to globalization, advanced technology, business subtleties, and a region's wealth creation (Rutter et al., 2017). Nevertheless, the main conception and mode of a seaport is a city with a harbor, providing transfer of cargo between ships (sea) and land (Alexander et al., 2019). As trade increased around the world, seaports grew to being a city where people and cultures interact for the purpose of conducting vacation and commerce (Camilleri, 2018).

Many definitions of seaports have emerged throughout the years, such as: "seaport is used to cover an organized place where goods and I passengers are exchanged between ships and the store" (Goss, 1990); "a facility which handles trading vessels as distinct from fishing and leisure craft" (Lewarn, 1991); "a port is a place where cargo is processed and the faster the cargo is processed, the more efficient it is" (Peters and Cheslin, 1998); "a port refers to a nucleus of facilities, at least some of which are publicly owned or maintained, that provide berths at which vessels can load and unload cargo and/or passengers" (Helling and Poister, 2000); "seaports have been enforced to meet the increased needs of global supply chains and flow of commodities. In order to meet the increased demands, intermodal transportation is being used. The use of efficient intermodal transportation has significantly reduced handling operations and congestion at ports and all other transfer points, thus increasing the efficiency of the ports" (Tarek et al., 2020). These definitions neglect that ports can be a source of increasing tourism; for example, the cruise industry growth rate has been gaining popularity among destinations that have ports - cruise tourism



contributes \$2tn towards global economic (Milad et al., 2018). Seaports, world, are principal infrastructural assets that service shipping and trade (UNCTAD, 2018).

## 2.2 Seaport Activities and Services

Global seaports cater to ships and cargo with various port operations, starting with the shore side, to the berth, the yard and the landside. Georgia Tech Panama Logistics Innovation and Research Center (2020) explains seaports as holding four main steps: ship-to-shore (stage when cargo is discharged), transfer (cargo is unloaded to a temporal area), storage (stage where containers are hold for a longer period of time), and receipt-movement of delivery (clearance).

The transportation of goods and passengers are the primary service offered at a seaport. Still, there are other seaport activities performed: infrastructure services, port authorities and administration, cargo handling, custom clearance services, and other services, such as securing, towage, etc. (Rutter et al., 2017). Nowadays, in the tourism industry, some seaports offer docking of passenger ships (cruise ships, ferries and yachts) more than one day, and the “overnight” demand is observed (Alexander et al., 2019). The Maritime Transport Review (2018) by the United Nations conference on trade and development (UNCTAD) indicates that the average time in port for touristic ships are estimated at 31.2 hours to gain these services.

According to Georgia Tech Panama Logistics Innovation and Research Center (2020), global seaports are market services that provide customers (B2B or B2C) with different types of operations: “embarking, disembarking and transferring of passengers and crew; loading, unloading and transshipment of cargo to and from the vessels; storage and warehousing of merchandise on land and stevedoring to and from vessels; provide inland access and intermodal connections; complementary services to shipping carriers”.

Hoyle (1983) explains that: “a seaport is fundamentally a central place of economic and cultural interchange; more specifically, it is a place where the mode of transportation changes from land to water borne systems. the essential function of a seaport is transport integration... a seaport may also become a major urban center, an important source of employment, and an influential factor in regional and national development. a seaport is an element in a global transport system, a servant of an international economic order, and a gateway to and from a national or regional hinterland”. Many cities have invested in establishing a proper seaport to attract visitors (Rutter et al., 2017). Countries are urged to apply marketing concept in port cities to attract visitors and customers (Alexander et al., 2019).

## 2.3 Seaport Service Marketing

Li et al. (2021) explain that marketing practices determine accurately the needs and wants of specific target markets, delivering the desired satisfactions better than the competition. Marketing is the process of collaborating the value of a product or service to customers in order to sell the product or service (Kotler et al., 2022). The American Marketing Association (AMA, 2019) defines marketing as: “the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals”. Orîndaru et al. (2021) explain the processes of designing a marketing strategy starts with the external and internal assessment related to the business, customers, and competitors’ analysis; then the well marketing strategy can be developed.

Pantouvakis et al. (2008) state that marketing strategies are needed to achieve seaport excellence; these approaches include: “strategies of target-market identification and segmentation, of competitor identification, strategies of competitive advantage creation and pricing strategies”. Rutter et al. (2017) and Camilleri (2018) indicate that seaports should analyze their product, logistical and pricing strategies, suggest market segmentation and coordinated market research as bases for effective seaport marketing strategy, together with customer relations management, communications and employee involvement strategies. Sofronov (2019) implies that marketing aid in overcoming competition in the tourism field.

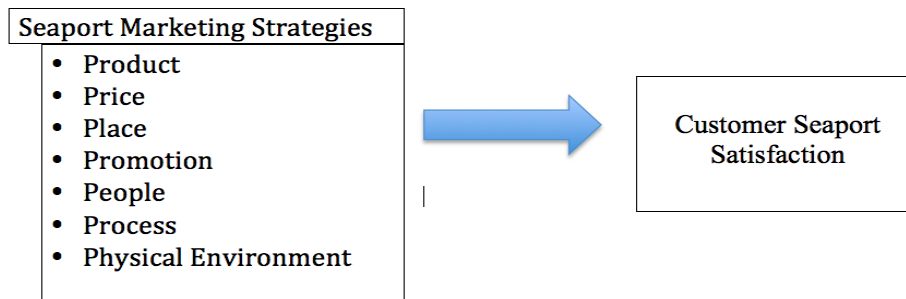
According to Rutter et al. (2017), a seaport’s realization of success is dependent upon its capacity to compete and to retain customers. Camilleri (2018) indicates that a variety of factors around efficiency, quality, competence, ability and frequency are used to develop a proper seaport products and services. To aid with differentiation and to promote a stronger persona to customers, management has paid increased attention to marketing strategies related to the product, place, promotion, price, personnel, physical

evidence, and port process (Rutter et al., 2017). Recent seaports see the urge to develop new marketing approaches and marketing communications so to compete with more established seaports globally (Sofronov, 2019).

Satisfaction is recognized as an emotional response to the product or service overall experiences with the marketing mix (Kotler et al., 2022). More recent trends have perceived the individual experience as the determinant factors in creating satisfaction (Milad et al., 2018). The collective experience of the travelers, which is obtained from the personal judgement of the characteristics of touristic services and products, lead to their satisfaction/dissatisfaction (Sofronov, 2019). According to Yeo et al., (2015), positive experience with the marketing mix leads the tourists to be more satisfied, therefore, the tourists will revisit the destination in the future. Li et al. (2021) clarifies that the physical and human environment interaction, which is valued by travelers, play a role in the creation of satisfaction, leading travelers to judge a destination as pleasant or unpleasant. Therefore, seaport should leave a remarkable impact on tourism experience, connecting it to overall satisfaction (Parola et al., 2018). The marketing mix positively and significantly impacts satisfaction (Hayuningtyas, 2020). Empirical studies ascertain that the excellence of the service marketing mix leads to the superiority of satisfaction levels (Azhar et al., 2019).

The conceptual definition of the marketing mix is stated in simple clarification by Kotler et al. (2022). In the marketing mix, the products reflect all objects (goods and services) or processes that provide a number of value benefits to consumers; the price paid for the service is the perceive value and establish imagery by consumers; the place is a combination of strategic locations and decisions on distribution channels that aid in delivering the product/services to consumers; the promotion helps communicate the positioning of services to consumers and provide customer relationships; the people, the human asset of a business, plays a role in giving consumers value as they provide the visitors with pleasant service; the process includes procedures, assignments, schedules, mechanisms, activities and routines in which a product or service is delivered to the consumer; and the physical evidence reflects the physical environment that facilitate business performance and interactions with consumers. According to Milad et al. (2018) customers' overall satisfaction with the service has been impacted by these marketing strategies. Parola et al. (2018), Azhar et al. (2019) and Hayuningtyas (2020) show that the marketing mix has a positive significant impact on satisfaction. This study develops the following research model (Figure 1) and hypothesizes that each marketing mix has a positive significant impact on customer seaport satisfaction.

Figure 2: The Proposed Research Model



### 3. Research Methodology

This quantitative research is considered descriptive as it seeks to describe the characteristics of a population being studied as well as to answer the "what" questions pertaining to seaport marketing mix strategies and its impact on customer satisfaction. This study is cross-sectional as the data is collected during December 2021 and January 2022. The study follows a positivism philosophy, seeking objective statistical conclusions. The data collection is through administrated questionnaires by online distribution, using google form; placing the links on touristic social media pages related to cruise booking or marketing. Spencer (2022) explains that cruises right now is getting back to business towards a new version of the pre-COVID normal. The question-scales in the questionnaire are taken from past studies

and adopted for this study. The scales for service, people, process, and physical evidence are developed by Akroush et al. (2006). The scales for price, place, and promotion are developed by Yoo et al. (2000). The scale for customer satisfaction is developed by Tsiros et al. (2004). Each variable is measured using a 5-point Likert scale. 50 questionnaires are first collected (before the actual distribution) to conduct the *pilot test* to confirm the questions' reliability and validity. The studied population is *adults that have taken cruises before and experienced docking in a seaport in the Middle East*. Research shows that cruising attracts adults more than youth, ranging in age from their 30s through to their 80s (Saltzman, 2020). The Middle Eastern seaports (Asia to Europe deep-sea shipping lanes) is the focus as it account for half of the total volume of traffic from Asia to the West (Rutter et al., 2017). The applied sampling technique is non-probability, *convenience sampling*, selecting people close to hand and are willing to participate. SPSS version 20 is used to test the corresponding research hypotheses.

#### 4. Results

Based on google form statistics, the link has been clicked by 626 respondents; however, only 405 questionnaires were completed from respondents of different socio demographic traits as show in table 1, making this study holding a response rate of 65%.

Table One: Respondents Traits

Question	n	%	Question	n	%	Question	n	%
Age:			Nationality:			Number of Children:		
20 less than 25	8	01.970	Egyptian	205	50.600	None	94	23.200
25 less than 30	24	05.920	Arab	118	29.135	One Child	34	08.400
30 less than 35	335	82.710	Non-Arab	82	20.246	Two Children	116	28.600
35 and above	38	09.380				More than 2	161	39.700
Gender:			Marital Status:			Average monthly Income (L.E):		
Male	143	35.300	Single	25	06.170	< 2,000	8	01.970
Female	262	64.700	Married	300	74.070	2,000<5,000	24	05.920
			Separated/ Divorced	80	19.750	5,000<10,000	38	09.380
						>10,000	335	82.710

Cronbach's alpha analysis measures the internal consistency, showing how closely related a set of items in a scale are as a group. A "high" value for alpha implies that the measure is reliable. The study uses factor analysis to check the scale validity - to provide evidence that a measure does measure what it intended to - with the Factor Loadings coefficients. The factor loading tell how strong the relationship is between the variable and the factor (the relationships between survey items and the total number of dimensions in the survey). Based on the analysis (shown in table 2), the scales and its items are reliable and valid.

Table Two: Reliability and Factor Loading Analysis

Variable	Statement	Factor Loading	Cronbach Alpha	Variable	Statement	Factor Loading	Cronbach Alpha
Personnel	The port staff provide the required services quickly.	0.707	0.789	Service / product	The port provides me with distinctive services.	0.640	0.865
	Usually, port staff is able to answer my inquiries.	0.805			The port cares about the services provision.	0.712	
	The port staff is well in deal with	0.754			The port has a distinctive brand in the	0.601	

	customers.				market.		
	The port staff treats me as a valued customer.	0.818			The port provides me with update services/ products.	0.680	
	The port staff willing and ready to deliver service	0.789			The port service provides a variety of services	0.612	
Price	The port gives more than one paying facility/ option.	0.688	0.921	Place/ Distrib.	The port has access to different destinations.	0.746	0.845
	The port prices are appropriate for my budget.	0.786			The port location is appropriate for travel plans	0.804	
	The port charge fitting prices for its service quality	0.688			The port website info is available for travelers.	0.787	
	The port charges prices that are competitive	0.513			The port service providers' website is well-organized.	0.818	
Promotion	The port advertising is creative	0.796		Process	Procedures in the port are easy, quick and immediate.	0.801	0.874
	The port adverting is seen across various media	0.863			The port delivers services as promised.	0.764	
	The port advertising is perceived as credible	0.738			The port provides services to customers free of errors.	0.756	
	The port provides special offers from time to time	0.755			The port procedures are efficient in performance	0.824	
	Positive port word of mouth is available	0.776			The port handles complaints seriously	0.811	

	among people						
Physical Evidence	Port staff appears in attractive uniforms.	0.818	0.866	Port Satisfact.	I was happy with the port service performance.	0.778	0.782
	Port facilities (queuing arrangements, amenities, etc.) are attractive	0.798			I was satisfied with the port service performance.	0.794	
	The port uses modern and sophisticated equipment.	0.774					
	The overall atmosphere at the port is comfortable.	0.750					

The Analysis of Variance (ANOVA) provides calculations of the data about levels of variability within a regression model and form a basis for tests of significance. Accordingly, the model in this study is significant as the Sig. value is equal to 0.000. The Adjusted R-square represents the fraction of the variance for a dependent variable that's caused by an independent variable or variables in a regression model. R-squared explains to what degree the variance of one variable explains the variance of the second variable. This study's adjusted R-square is 63.5%, revealing 63.5% of the marketing mix explain port customer satisfaction. The remaining percentage can be caused by other variables.

Multiple regressions enable the examination of the effect of many different factors on a specific outcome or predictor at the same time. The testing of the hypothesis is indicated through the p-value as shown in table 3. A p-value less than 0.05 (typically  $\leq 0.05$ ) is statistically significant. It indicates strong evidence against the null hypothesis, as there is less than a 5% probability the null is correct (and the results are random). The results show port-service provision, promotion, staff, physical evidence, and process has a positive significant impact customer satisfaction with the seaport ( $p < 0.05$ ). Port-service distribution and price had an insignificant impact customer satisfaction with the seaport ( $p > 0.05$ ).

Table Three: Multiple Regression Analysis

Model	Unstandardized Coefficient		Standardized coefficient	T	Sig.	Hypothesis testing
	B	Standard Error	Beta			
Port Service	0.69	.023	.007	3.002	.003	Supported
Port Price	.003	.016	.004	.178	.858	Not Supported
Port Distribution	0.204	.020	.030	1.184	.237	Not Supported
Port promotion	.230	.023	.271	9.822	.000	Supported
People	.070	.021	.094	3.344	.001	Supported
Physical Evidence	.079	.021	.101	3.792	.000	Supported
Process	0.145	.024	.176	6.013	.000	Supported
Dependent Variable: Customer Satisfaction						

## 5. Discussion and Conclusion

Marketing is becoming a necessary seaport management activity due to changes in the environment and due to the increase competition (Alen et al., 2021). Research explain that ports are required to become more marketing-oriented to attract and retain customers (Rutter et al., 2017; Parola et al., 2018). Ports



should apply marketing as a guideline to face the high demands that occur due to more open and competitive markets (Pantouvakis et al., 2008); With marketing strategies and tactics, the ports can apply marketing as a high-value tool, aiding in capturing new markets and products (Yingfei et al., 2022). Marketing is no longer a business choice, but a necessity for seaports; correspondingly, research is needed to identify the significant marketing strategies that are to be established, prevalent, and appropriate to ports (Alexandre et al., 2019). Thus, the purpose of this study is to investigate various marketing practices and its impact on customer satisfaction towards seaports. As more and more ports compete, research on this topic aid in strategy formation to improve port efficient infrastructure and performance, creating a favorable impact on international service harbor, trade and environment (Yingfei et al., 2022)

Results show that port-service provision, promotion, staff, physical evidence, and process has a positive significant impact customer satisfaction with the seaport. Port-service distribution and price had an insignificant impact customer satisfaction with the seaport. Rajh and Dosen (2009) and Yeo et al. (2015) show that various marketing mix elements affect services; different elements have different effects on service, showing how essential that marketing approach is a strategic context specific manner. Rutter et al. (2017) support this research conclusions, indicating in their research that port-authorities should analyze product developments and logistical manners linked to port-services to coordinate market research as bases for effective port marketing strategy; together with customer relation management, communication and employee involvement strategies (Alen et al., 2021). According to (Song et al. (2008)), a prosperous marketing strategy focuses on distinctive competencies through which a port can deliver value to various stakeholders; when such marketing actions are effective, ports are able to cope with demand and attract additional demand.

Research regarding the marketing of seaports appears to be in an emergent phase; thus, this research seeks to contribute in accelerating the understanding of what is meant by seaport marketing through empirical research. This research highlights how the significant marketing mix strategies that could be utilized to create customer satisfaction. Thus, the output of this study is vital for practitioners to pinpoint and enable the creation of strategies that would allow seaports on an individual basis to become more competitive- able to compete more effectively against other ports of the world. Meaningful implications for port managers, marketers, and other practitioners are derived from the findings, leading to better understanding of how to enhance the port experience and performance among consumers.

This study faced several limitations that prevent the outcomes to be completely generalizable. This study assessed ports in general, not a specific port. This study focuses on consumers point of view that experienced cruises that landed on ports, neglecting other customers of ports (e.g., shipping lines, cargo owners, and their representatives). This study focused on marketing activities that lead to customer satisfaction, neglecting the main activities needed to improve port service quality that customers (e.g., shipping lines, cargo owners, and their representatives) appreciate and request. This study uses non-probability sampling as it was difficult to acquire a sampling frame to perform probability sampling. Accordingly, future studies are suggested to apply this study on other group of customers of ports. Future study can test the model on specific ports in order to generalize and validate the results of this study. The tested model can be applied as a comparative study between the industrial sector and service sector, between western ports and Arab ports.

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## Exploring the interaction of work attitudes and the role of mechanisms in a crisis situation

Evangelia Fragouli  
Kingston University, UK

Xenia M. Louka  
Hellenic Open University, Greece

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### Keywords

Employee engagement; crisis; leadership; person-organisation fit; affective commitment; psychological climate

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### Abstract

*This study examines, through a critical literature review and an empirical study, the effect on employee engagement of work-related attitudes as these develop in a crisis situation. Using as case study the Greek financial crisis and its effect on business life & organizational behaviour, the study identifies four work related attitudes - person-organisation fit, affective commitment, psychological climate and ethical leadership - examines their interaction with employee engagement, and, adopting a crisis management (CM) theoretical framework perspective, it also examines employee engagement and ethical leadership as useful and efficient mechanisms to cope with the crisis. Through a quantitative analysis of selected empirical data from a heterogeneous sample of Greek private sector employees, the study indicates that employee engagement has positive relations with person-organisation fit, affective commitment, psychological climate and ethical leadership under an economic crisis. These research findings have important implications to organizations and its decision makers dealing with a crisis. The paper concludes with implications for further research.*

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Corresponding author: Evangelia Fragouli

Email addresses for the corresponding author: [evangelinafrag@yahoo.com](mailto:evangelinafrag@yahoo.com)

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### Theoretical framework

In the current years of austerity and global financial recession, crisis has hit business life & organizations in Greece and worldwide. Nowadays, research symposia and research projects emphasize more and more the importance of employee engagement in assisting organizations to deal with the dramatic consequences of crisis situations which often put into a risk business sustainability.

According to crisis management (CM) theory, in order to successfully deal with a crisis, an organization should primarily conceptualize correctly 'how' to address it, being not only reactive but proactive as well. Past research (i.e., Webser, 2000; Hauschidt, 2000; Mitroff, 2004) aimed to explore the concept and nature of a corporate crises and to understand the life cycles to which a company entered during the period of a crisis. Nowadays, the emphasis is given to the description of the modern crisis (Rosenblatt, 2002; Valackiene, 2011) which has elements and characteristics that were not identified before, i.e., economic growth and recession, while the aspect of change management and the integration of both human resource and technical-organizational spheres are highlighted. Ethical leadership and employee engagement are two promising mechanisms in modern organization to address a crisis (e.g., Welch, 2011; Saji, 2014; Markovits, Boer, & Dick, 2014; Dorasame, 2010).

Research (Welch, 2011; Saji, 2014) presents employee engagement as a tool that can lead to organizational success, productivity and effectiveness during times of crisis. Schaufeli and Bakker (2004), Rich, LePine, & Crawford (2010) support that employee engagement is a core underlying mechanism that gives light to other behavioural and attitudinal outcomes. While a variety of engagement frameworks exist in literature (i.e., Maslach, Schaufeli, & Leiter, 2001; Saks, 2006; Albrecht 2010; Harter, Schmidt, and Hayes 2002; Macey & Schneider 2008), Kahn's framework proposes three underlying conditions that

reflect an employee's willingness to engage. As there is sufficient evidence (Shuck, Reio Jr, & Rocco, 2011) that job fit, affective commitment and psychological climate reflect those underlying conditions, we purposely select Kahn's (1990) original engagement framework to build our hypotheses. According to Kahn (1990), the three constructs in understanding how engagement develops are meaningfulness, safety and availability. Meaningfulness is the feeling that one's work is worthwhile along with a sense of value in his/her accomplishments at work (Kahn, 1990). Safety is conceptualized as the ability to be one's preferred self without fearing 'negative consequences to selfimage, status, or career' (Kahn, 1990). Availability is seen as having the physical, emotional, and psychological resources necessary for the completion of work (Kahn, 1990).

Via an ethical leadership framework, Schwartz, Cragg, & Hoffman (2012) indicate that decision makers that do not attribute importance to ethical dimensions of CM exposing their business to serious risks. This finding parallels with the findings of other studies (Markovits et al., 2014; Dorasame, 2010) that posit that ethical leadership is a very useful tool in CM. In the past decade, interest in studying ethical leadership and its antecedents, outcomes and processes has been increasing steadily. According to Brown & Trevino (2002), ethical leadership is the demonstration of appropriate behaviour through 'personal actions' and 'interpersonal relationships and the promotion of such behaviour to employees through two-way communication, reinforcement, and decision-making. Ethical leaders communicate frequently and openly with employees, setting clear ethical standards and using rewards and punishments to ensure that those standards are embraced (Strang, 2008). According to Yukl (2006), an ethical leader is the person who promotes honesty and mirrors his or her actions with their values and beliefs. Brown, Trevino, & Harrison (2005) noted that the combination of employees' integrity, ethical standards and fair treatment are the roots of ethical leadership, while

### **Purpose of the study and research hypotheses**

The aim of this research is to study the influence of the Greek economic crisis on ethical leadership and employee engagement and show the relations between the influenced from crisis job fit, affective commitment, and employees' perceptions of psychological climate and ethical leadership with employee engagement. This influence is examined from a CM perspective. According to CM theory, an organization can have positive outcomes in dealing with a crisis when employee engagement and ethical leadership take place (Welch, 2011; Saji, 2014; Schwartz et al., 2012; Markovits et al., 2014; Dorasame, 2010).

The main research question that guides this study is: what is the relation between the affected from crisis variables of job fit, affective commitment, psychological climate and ethical leadership with employee engagement? To explore this research question, four research hypotheses are tested:

H1: The affected from crisis job fit relates negatively with employee engagement.

H2: The affected from crisis affective commitment relates negatively with employee engagement.

H3: The affected from crisis psychological climate relates negatively with employee engagement.

H4: The affected from crisis ethical leadership relates negatively with employee engagement.

### **Methodology**

The study uses primary data based on a questionnaire that was distributed to Greek employees. The research method used in this study is a deductive one as the study focuses on testing if a set of hypotheses obtain on a general pattern. Moreover, an empirical study is administered, and the findings are analyzed based on secondary research (literature review). For the purpose of the empirical study the case of Greece, during the ongoing crisis of 2008, is used as a case study. Greece is chosen as it is an example of crisis. Furthermore, there is no other study to date that examines the relations among a number of work-related attitudes during Greek economic crisis.

### ***Organisational behaviour in a crisis period***

The Greek economic crisis was triggered by the global economic recession in October 2008. Not only the employees, but the Greek society as a whole is affected by the crisis. According to the Hellenic Statistical Authority, Greece has the highest unemployment rate in Europe. Even worse, the highest unemployment rate is recorded among the ages of 15-24 years. Moreover, there was a decrease in the



seasonally adjusted index of wages of the 4th quarter 2013 compared with the corresponding index of the 4th quarter 2012 for Greece and Cyprus. Finally, statistics on income and living conditions revealed that in 2012, a large proportion of the total population was at risk of poverty.

Concluding, the last seven years of the crisis were very difficult for the Greek population resulting in dissatisfaction, uncertainty and desperation, which in turn had an impact on work-related attitudes, such as, employee engagement, psychological climate, job fit, affective commitment and ethical leadership (Markovits et al., 2014; Lee and Corbett, 2006; Matz-Costa, Pitt-Catsouphes, Besen, & Lynch., 2009; Plinio, Young, & Lavery, 2010; Martin & Gollan, 2012; Cooper & Antoniou, 2013).

### **Employee engagement**

Shuck (2013) expressed that employee engagement can be defined 'as a positive cognitive, emotional, and behavioural state directed toward organizational outcomes' (Shuck, 2013, p.138). Four major approaches exist that define the concept of employee engagement. These are: (a) Kahn's (1990) needsatisfying approach, (b) Maslach et al.'s (2001) burnout-antithesis approach, (c) Harter et al.'s (2002) satisfaction -engagement approach and (d) Saks's (2006) multidimensional approach. Each of the four approaches proposes a different perspective, nevertheless, they all unanimously conclude that organizations that develop employee engagement have the potential to significantly obtain important organizational outcomes (Harter et al., 2002; Maslach et al., 2001; Macey & Schneider, 2008; Saks, 2006). According to Bakker & Schaufeli (2008), organizations need engaged employees, and they are looking for ways to develop this workforce. Moreover, Welch (2011) suggests that employee engagement is the most important factor that can drive organization success and organization effectiveness.

However, employee engagement is one of the most affected by the crisis work-related attitudes. Matz-Costa et al. (2009) suggest a significant decline in overall levels of engagement since the economic crisis. A survey that was conducted by the global consulting firm Watson Wyatt in 2009 highlighted those levels of employee engagement dropped 9% over 2008. The study also revealed that levels of engagement of the companies' top performers dropped 25% over 2008 (Watson Wyatt, 2009). Furthermore, evidence shows that during an economic crisis, employees are forced to produce more for less (Covey, 2004) with fewer resources (Buckingham & Coffman, 1999) while having unclear job demands in a climate of low managerial support (Covey, 2004). As a result, employees get more disengaged in the workplace (Harter et al., 2002).

From a CM perspective, highly engaged employees are very important during a crisis as they are the force that helps the company get through it. Welch (2011) highlights that in order to deal with the crisis organizations should improve employee engagement as it can drive organization success and organization effectiveness. According to Saji (2014), during crisis, a company needs the service of engaged employees in order to be saved and to keep its customers happy. Research has shown (Welch, 2011; Saji, 2014) that the full power of employee engagement can save a company from the threat of a serious economic downturn.

### **Job fit**

According to Resick, Baltes, and Shantz (2007), job fit is the degree to which a person feels that their personality and values fit with their current job. Researchers who study job fit (e.g., Resick et al., 2007; Biswas and Bhatnagar, 2013) posit that good job fit is linked with the feeling of engagement at work. Good job fit provides opportunities for the development of meaningful work (Kahn, 1990; Resick et al., 2007), as well as environments where employees feel psychologically and emotionally safe and available (Kahn, 1990; May et al., 2004). Employees with good job fit in their work roles are more likely to feel enthusiasm and energy while performing their jobs and be engaged in their work. However, job fit is more likely to be negatively influenced by a crisis situation. As Cooper and Antoniou (2013) suggest, if the individual perceives a shift in the organization's values and congruence is reduced, it is likely to lead in lower perceived levels of person-organization fit. However, even if the dissatisfied employee will seek for another organization with a higher degree of person-organization fit, he/she will be confined by the dominant job market conditions (Cooper & Antoniou, 2013). This study attempts to examine the



relationship between job fit and employee engagement during a crisis situation. Figure 1 shows this correlation:



Figure 1: Job fit approach to employee engagement

### Affective commitment

Rhoades, Eisenberger, and Armeli (2001) posited that affective commitment is the sense of belonging and emotional connection a person feels about his or her job, organization, or both. Moreover, Rhoades et al. (2001) expressed that an employee's affective bond with their organization is an important antecedent of dedication, loyalty, and satisfaction. Research (e.g., Czarnowsky, 2008; Wagner & Harter, 2006) has proved that affective commitment has a strong relation to employee engagement. Moreover, many researchers (Saks, 2006; Macey & Schneider, 2008; Rhoades et al, 2001; May et al., 2004) suggest that affective commitment promotes the emotional connection employees have with their work and compares with the emotive qualities of engagement, including meaningfulness, safety and availability (Kahn, 1990). However, affective commitment is negatively influenced by a crisis (Markovits et al., 2014; Lee & Corbett, 2006). Markovits et al. (2014), who examined the impact of the recent economic crisis in Greece on employee work-related attitudes, found that participants, after the start of the crisis, were lower in affective commitment. This finding parallels Lee & Corbett's (2006) which examined the impact of downsizing following the 1997 Korean financial crisis on employees' affective commitment. The results indicated that the more severe the extent of downsizing, the lower employees' affective commitment to the organization. This study attempts to examine the relationship between affective commitment and employee engagement during a crisis situation. Figure 2 shows this correlation:

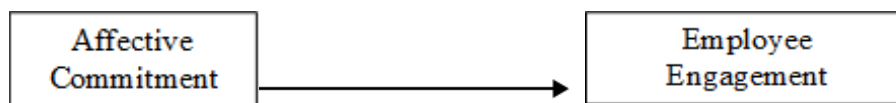


Figure 2: Affective commitment approach to employee engagement

### Psychological climate

Psychological climate has been defined by Brown & Leigh (1996), who developed it using Kahn's (1990) theory of engagement framework, as a person's perception of his or her environment at work interpreted by his or her perception of wellbeing. Moreover, they expressed that its facets (i.e., supportive management, recognition, contribution and challenge) paralleled the conditions of meaningfulness, safety and availability used in Kahn's (1990) original conceptualization of engagement. This was supported by further evidence that showed that psychological climate has important linkages to employee engagement (Czarnowsky, 2008; Harter et al., 2002; Wagner & Harter, 2006). Psychological climate provides a framework to a particular organization's culture and research (Brown & Leigh, 1996; O'Neill & Arendt, 2008). Moreover, work environments perceived as psychologically safe impact performance (Brown & Leigh, 1996) as they let employees focus on available resources and desired work outcomes (Brown & Leigh, 1996; O'Neil & Arendt, 2008). However, as Judge & Kammeyer-Muller (2012) highlight, attitudes are unsteady and can be easily affected by external stimuli. Markovits et al. (2014) posit that an economic crisis influences to a great extent job attitudes. Psychological climate at work is a work-related attitude that is negatively influenced by the crisis. Cooper & Antoniou (2013) argue that the economic crisis may create a deterioration of the leader-member relationship, particularly if reductions in workforce occur, leading to an individual perceiving of deterioration of the psychological climate. Nevertheless, as Epitropaki (2011) suggests, Greek companies, in order to deal with the crisis, should retain a good psychological climate (i.e., internal promotions, internal talent exploitation, emphasis in moral appraisal and in communication, etc.). This study attempts to examine the relationship between psychological climate and employee engagement during the Greek economic crisis. Figure 3 shows this correlation:



Figure 3: Psychological climate approach to employee engagement

### Facets of psychological climate used in this study

Supportive management, contribution, recognition and challenge are the facets of psychological climate that are used and analysed in this study, as they are developed using Kahn's (1990) original framework of engagement.

Brown & Leigh (1996), based on Kahn's (1990) employee engagement framework, expressed that the extent to which management is perceived as flexible and supportive and employees feel that they have control over their work and the methods they use to accomplish it is an indicator of perceived psychological safety. Control, freedom of choice and sense of security generated by supportive management are likely to promote motivation and increase job involvement (Kahn, 1990), each of which is indicative of how psychologically safe and meaningful the employee perceives the organizational environment to be (Brown & Leigh, 1996).

In addition, the extent to which employees feel that (a) they make an important contribution toward achievement of organizational goals, (b) the organization sufficiently recognizes their contributions and (c) their work is challenging and contributory to personal growth are indicators of perceived psychological meaningfulness (Brown & Leigh, 1996).

### Ethical leadership

Research and theory related to ethical leadership suggests that managers who exhibit ethical leadership influence organizational members through 'personal actions' and 'interpersonal relationships' (Brown et al., 2005, p. 120). Neubert et al. (2009) posited that, through ethical leadership behaviour, managers can affect employees' perceptions of ethical climate, which in turn will positively influence their job satisfaction and affective commitment to the organization. From another perspective, a review of the existing literature reveals that employees' perception of ethical leadership has a positive effect on employee engagement (Walumbwa & Schaubroeck, 2009; Den Hartog & Belschak, 2012; Heine, 2013; Khuong & Yen, 2014). Den Hartog & Belschak (2012) and Heine (2013), concluded that when employees perceived their leaders as acting ethically, they tended to report enhanced engagement in terms of feeling more vigor, dedication, and absorption at work.

However, research on CM has found that ethical leadership is negatively influenced by a crisis (e.g., Plinio et al., 2010; Martin & Gollan, 2012). Plinio et al. (2010) found that one of the most serious problems today is that organizations are facing poor ethical behaviour and non-existent ethical leadership. In addition, they found that trust in leadership is reduced, and the situation is worsened by a weak economy. According to Martin & Gollan (2012), the role of ethical behaviour is very important during a crisis period. They suggest that the HR strategy of a company should closely monitor leadership issues and (un)ethical behaviour.

Nevertheless, healthy leadership is of great significance during times of crises. As leaders' actions affect personally and financially their organizations, they play a critical role to their organizations. Social learning theory highlights that individuals are influenced by role models. According to Wood & Bandura (1989), managers' behaviour is more likely to be readily observed and reproduced. As a result, a need for ethical leadership is urgent in order to deal with a crisis (Dorasame, 2010). This argument is also highlighted by Markovits et al. (2014), who posit that managers should improve levels of morale by being fair and responsive to employees' needs and by treating them with respect. An ethical framework is imperative for social and economic development and can help a country get through the crisis (Dorasame, 2010). This study attempts to examine the relation among ethical leadership and employee engagement during a crisis situation. Figure 4 shows this correlation:

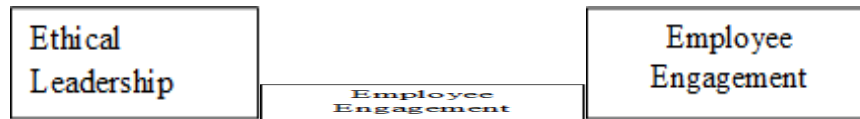


Figure 4: Ethical leadership approach to employee engagement

### Methodology Data Collection

Both primary and secondary research is used in this study. Relevant to the issues examined literature review is used in order to explore the nature of concepts and explain the relationships between the variables studied. A questionnaire is also used in order to gather primary data. Moreover, the questionnaire was distributed as an Internet-based self-report survey. The data was collected during the period from December 2014 until February 2015. The sample is random, while the questionnaire was designed using the Google Drive.

### Sample

The population for this study consisted of individuals that work in all kinds of businesses in the private sector in Greece. Employees with any type of work experience could participate in the survey. The reason that the study focused on employees from the private sector is because the private sector was also, and in some respects more deeply, affected by the economic crisis than the public sector (Christopoulou & Monastiriotis, 2014).

In our sample participated 204 people, whereas 92 (45,1%) men and 112 (54,9%) women. The objective to have a balanced representation from both genders is achieved. The majority of the participants are 2130 years old (33,3%). The group of 31-40 years old (30,9%) is second in participation and the group of 41-50 (15,7%) is third. 'Singles' and 'Married with children' gathered the highest percentages when participants were asked about their marital status (44,1% and 36,3% respectively). The majority of the participants have completed University (30,4%). The second in participation category is Postgraduate degree (Master) (19,1%). 75% of the participants work full-time, while 25% work part-time. 52,5% of the participants work as open-ended contract staff, but there is a sufficient number of participants with other types of working contracts. The majority of the sample works between 6 and 15 years (37,7%), while the second in participation category is less than 5 years (32,4%). These findings are expected since most of the participants are 21-30 and 31-40 years old. It is noticeable that 59,8% of the participants work in the current organization for less than 5 years.

### Instrumentation

The instrument was scored by aggregating the total scores for each question on a given measure and reporting the total score as the composite score for the measure. The Modified Meaningfulness Scale (May, Gibson, & Harter, 2004), Modified Safety Scale (May et al., 2004), Modified Availability Scale (May et al., 2004), Modified Psychological Climate Measure (Brown & Leigh, 1996), Person-Organization Fit Scale (Resick et al., 2007), Affective Commitment Scale (Rhoades et al., 2001) and Ethical Leadership Questionnaire (Yukl, Mahsud, Hassan & Prussia, 2013) were synthesized together as different sections of the instrument, in order to measure the correlation between the above job related attitudes during the Greek economic crisis. Reliability was achieved with the use of internal consistency (Cronbach's Alpha). A 0,946 alpha was obtained.

Employee engagement was measured by combining the Modified Meaningfulness Scale, Modified Safety Scale and Modified Availability Scale. The above Scales, as well as the Modified Psychological Climate Measure, Person-Organization Fit Scale and Affective Commitment Scale were scored using 5point Likert continuum from 1 (strongly agree) to 5 (strongly disagree). The Ethical Leadership Questionnaire was scored using 6-point Likert continuum from 1 (strongly agree) to 6 (strongly disagree). Supportive management and the levels of contribution, recognition and challenge were measured as they are the four from the six sub-scales of the Modified Psychological Climate Measure that relate to employee engagement (Shuck et al., 2011). Composite and individual scores from each question on a given measure were both examined for significance, while instruments were scored and reported separately.

The questionnaire was divided into six sections covering demographic information and the studied research variables. It comprised of 8 questions on demographic characteristics of the sample and 56 closed-ended questions. Sample items from the modified scales combined to measure employee engagement included, 'The work I do is very important to me' (e.g., meaningfulness), 'I can be myself at work' (e.g., safety), and 'At work, I have the resources to complete my job' (e.g., availability). A sample item of the Person-Organization Fit Scale is 'I feel my personality matches the 'personality' or image of the organization'. A sample item of the Affective Commitment Scale is 'I am proud to tell others I work at my organization'. A sample item of the Modified Psychological Climate Measure is 'I rarely feel my work is taken for granted'. A sample item of the Ethical Leadership Questionnaire is 'my boss shows a strong concern for ethical and moral values'.

### **Research Design and Data Analysis**

This study is descriptive, and the methodological approach used is a deductive one. As a deductive research approach, using a questionnaire is a useful tool of statistically estimating the response of the population from the sample. The questionnaire was distributed online, aiming to assess employees' perception of ethical leadership, as well as their engagement to their organization, affective commitment, job fit and psychological climate at work during the Greek economic crisis. The reason that an online survey was conducted was to ensure that data is obtained from a geographically dispersed sample. In this study the academic approach is used as it is more focused on assembling data at the micro level, as well as defines the concept of employee engagement, and thus, reveals a better understanding of the affected from crisis work-related attitudes that influence it.

Data analysis was carried out using descriptive statistics and inferential statistics. Correlation analysis is used in this study as the aim of the research was the examination of a possible linear association between a set of influenced from crisis organizational behaviours (i.e., employee engagement, job fit, affective commitment, psychological climate and ethical leadership). The authors were interested in the strength and direction of the possible relationships between the studied variables and thus, correlation analysis was the appropriate tool to use. The analysis of the collected responses from the questionnaire was carried out with the aid of IBM SPSS Statistics 22. Cronbach's Alpha was used to test the validity and reliability of the data obtained from the questionnaire. An Alpha coefficient of 0.946, at 0.05 level of significance, was obtained from the analysis, indicating that the questionnaire was highly reliable.

### **Study findings Descriptive statistics**

A first evaluation of the findings relating to employee engagement during the Greek economic crisis is not optimistic. More than 40% of the participants feel that their work demands are not consistent every day and almost 30% believe that, at work, they do not have the support they need to complete their jobs. In addition, over 60% of the responders do not find that the work they do on this job is important for them.

Psychological climate mean value is average, highlighting that employees are not very satisfied with their organizations' climate during the Greek economic crisis. The means from contribution are relatively higher when compared with the results of supportive management, recognition and challenge. Approximately 35% rarely feel that their work is taken for granted. In addition, over 50% of the respondents are careful in taking responsibility because their bosses are often critical of new ideas.

Moreover, over 60% believe that their job is very challenging, and it takes all their resources to complete it. Finally, over 80% believe that doing their job well really makes a difference. Research's findings relating to job fit reveal that a large proportion (47%) of Greek employees believes that, during the Greek economic crisis, their values match those of the organization and the current employees to it. In addition, over 45% of the representatives believe that their personality matches the "personality" or image of their organization.

The findings for affective commitment, during the Greek economic crisis, reveal that approximately 40% of the responders would be very happy to spend the rest of their career with this organization. Moreover, near 50% feel personally attached to their work organization while more than 55% are proud to tell others that they work at their organization.

In the last section of the questionnaire participants are asked to describe the degree of ethical leadership they experience from their boss. The mean value is moderate. The most indicative finding is that approximately 45% of the participants believe that their boss's actions are consistent with his/her stated values. On the contrary, 25% answered that he/she puts the needs of others above his/her own self-interest.

In conclusion, the research's findings indicate that during the Greek economic crisis, the majority of Greek employees are not engaged to their organizations, as well as they do not experience ethical leadership. The economic uncertainty and the unsteady working environment in Greece can explain this phenomenon.

### Correlation analysis

Detailed correlation statistics regarding the relations among employee engagement, job fit, affective commitment, psychological climate, and ethical leadership can be found in Table 1.

Table 1: Zero-order correlation coefficients

Variables	EE	MEE	SEE	AEE	PC	SMPC	CPC	RPC	CHPC	JF	AC	EL
EE	-											
MEE	0.878**	-										
SEE	0.881**	0.630**	-									
AEE	0.880**	0.654**	0.736**	-								
PC	0.767**	0.645**	0.688**	0.687**	-							
SMPC	0.689**	0.532**	0.674**	0.631**	0.831**	-						
CPC	0.644**	0.565**	0.542**	0.575**	0.817**	0.490**	-					
RPC	0.616**	0.512**	0.560**	0.553**	0.840**	0.567**	0.678**	-				
CHPC	0.467**	0.507**	0.313**	0.406**	0.682**	0.409**	0.528**	0.579**	-			
JF	0.621**	0.525**	0.542**	0.567**	0.691**	0.556**	0.520**	0.656**	0.555**	-		
AC	0.676**	0.591**	0.581**	0.609**	0.746**	0.547**	0.643**	0.724**	0.526**	0.804**	-	
EL	0.616**	0.479**	0.558**	0.590**	0.664**	0.624**	0.469**	0.554**	0.420**	0.639**	0.670**	-

\*\* Correlation is significant at the 0.01 level (2-tailed). EE: employee engagement, ME: meaningfulness engagement, SE: safety engagement, AE: availability engagement, PC: psychological climate, SMPC: supportive management psychological climate, CPC: contribution psychological climate, RPC: recognition psychological climate, CHPC: challenge psychological climate, JF: person-organization fit, AC: affective commitment, EL: ethical leadership.

### Correlation Analysis for Testing H1

In order to test H1, the first step was to examine employee engagement with subscales aggregated together to give a total composite score. Employee engagement was positively and significantly correlated with job fit ( $r = .621$ ,  $p < .001$ ). This means that the affected from crisis job fit negatively relates with employee engagement. Results suggested a strong (Cohen, 1988) and positive relation among the two variables, providing empirical support for H1. Employees who scored highly on employee engagement, also were more likely to report higher levels of job fit.

The second step was to examine each of the three subscales used to measure employee engagement (i.e., meaningfulness, safety and availability) for significant relationships with job fit. Meaningfulness, safety and availability subscales were positively and significantly correlated with job fit ( $r = .525$ ,  $p < .001$ ;  $r = .542$ ,  $p < .001$ ;  $r = .567$ ,  $p < .001$  respectively). Results suggest a strong (Cohen, 1988) positive relation between the affected from crisis job fit and each dimension of employee engagement, providing further support for H1. Employees who scored highly on each subscale of employee engagement, also were more likely to report higher levels of job fit.



### Correlation Analysis for Testing H2

Employee engagement was positively and significantly correlated with affective commitment ( $r = .676, p < .001$ ). This means that the affected from crisis affective commitment negatively relates with employee engagement. Results indicated a strong (Cohen, 1988) and positive relation among the two variables, providing empirical support for H2. Employees who scored highly on employee engagement, also were more likely to report higher levels of affective commitment.

Each subscale within employee engagement was examined for a meaningful relation with affective commitment. Meaningfulness, safety and availability subscales were positively and significantly correlated with affective commitment ( $r = .591, p < .001$ ;  $r = .581, p < .001$ ;  $r = .609, p < .001$  respectively).

Results indicate a strong (Cohen, 1988) positive relation between the affected from crisis affective commitment and the three subscales of employee engagement, providing further support for H2. Employees who scored highly on each subscale of employee engagement, also were more likely to report higher levels of affective commitment.

### Correlation Analysis for Testing H3

Employee engagement was positively and significantly correlated with psychological climate ( $r = .767, p < .001$ ). This means that the affected from crisis psychological climate negatively relates with employee engagement. Results suggested a strong (Cohen, 1988) and positive relation between the affected from crisis psychological climate and employee engagement, providing empirical support for H3. Employees who scored highly on employee engagement also experienced positive psychological climate.

Each of the three subscales used to measure employee engagement was examined for significant relationships with psychological climate. Meaningfulness, safety and availability subscales were positively and significantly correlated with psychological climate ( $r = .645, p < .001$ ;  $r = .688, p < .001$ ;  $r = .687, p < .001$  respectively). Results suggest a strong (Cohen, 1988) positive relation between the affected from crisis psychological climate and each dimension of employee engagement, providing further support for H3. Employees who scored highly on each subscale of employee engagement, also were more likely to report higher levels of psychological climate.

Moreover, psychological climate was measured using four subscales (i.e., supportive management, contribution, challenge, and recognition). Each of the four subscales was examined for statistical significance with all three employee engagement subscales. The meaningfulness subscale was positively and significantly correlated with supportive management ( $r = .532, p < .001$ ), contribution ( $r = .565, p < .001$ ), challenge ( $r = .507, p < .001$ ), and recognition ( $r = .512, p < .001$ ). The safety subscale was positively and significantly correlated with supportive management ( $r = .674, p < .001$ ), contribution ( $r = .542, p < .001$ ), challenge ( $r = .313, p < .001$ ), and recognition ( $r = .560, p < .001$ ). The availability subscale was positively and significantly correlated with supportive management ( $r = .631, p < .001$ ), contribution ( $r = .575, p < .001$ ), challenge ( $r = .406, p < .001$ ), and recognition ( $r = .553, p < .001$ ). Finally, each of the four psychological climate subscales was positively and significantly correlated with employee engagement (supportive management,  $r = .689, p < .001$ ; contribution,  $r = .644, p < .001$ ; challenge,  $r = .467, p < .001$ ; and recognition,  $r = .616, p < .001$ ). Employees who scored highly on each subscale of psychological climate (i.e., supportive management, contribution, challenge, and recognition) also were more likely to report higher levels of employee engagement, meaningfulness, safety and availability. The effect sizes of these associations were in the medium to large range (Cohen, 1988) and thus, the research evidence supports H3.

### Correlation Analysis for Testing H4

Employee engagement was positively and significantly correlated with employees' perception of ethical leadership ( $r = .616, p < .001$ ). This means that the affected from crisis ethical leadership negatively relates with employee engagement. Results indicated a strong (Cohen, 1988) and positive relation among the two variables, providing empirical support for H4. Employees who scored highly on employee engagement also experienced high ethical leadership.

Additionally, each of the three subscales of employee engagement was examined for significant relationships with ethical leadership. Meaningfulness, safety and availability subscales were positively

and significantly correlated with ethical leadership ( $r = .479, p < .001$ ;  $r = .558, p < .001$ ;  $r = .590, p < .001$  respectively). Results suggest a medium to strong (Cohen, 1988) positive relation among the affected from crisis ethical leadership and each dimension of employee engagement, providing further support for H4. Employees who scored highly on each subscale of employee engagement, also were more likely to report higher levels of ethical leadership.

### Discussion

Hypothesis 1 (H1): The affected from crisis job fit negatively relates to employee engagement.

Cooper & Antoniou (2013) suggest that employees who face an economic crisis may have lower levels of job fit. This study's findings indicate that job fit, and employee engagement relate during an economic crisis. This finding is consistent with Macey, et al. (2009) who posited that in order to develop employee engagement, individuals must have the capacity to engage in their role. Furthermore, capacity is derived from understanding one's job role and having a high degree of fit between the employee and his/her specific job responsibilities (Macey et al., 2009). Shuck et al. (2011) in their research also concluded to this finding. However, their study does not include the indirect effect of a crisis, and thus, it is difficult to compare.

Hypothesis 2 (H2): The affected from crisis affective commitment negatively relates to employee engagement.

In their study, Markovits et al. (2014) found that employees' affective commitment was strongly reduced during an economic crisis compared to employees before crisis. Shuck et al. (2011) reveal that there is a relation between affective commitment and employee engagement. Moreover, previous studies (Rhoades et al., 2007; Macey & Schneider, 2008; Macey et al., 2009; Harter et al., 2002; Schaufeli & Salavona, 2007; Maslach et al., 2001) have discussed the affective component of employee engagement in some detail. Similarly, this study reveals that affective commitment and employee engagement relate during an economic crisis. However, findings from this study are inconsistent with research by other scholars (e.g., Saks, 2006) who have studied employee engagement from a social exchange lens.

Hypothesis 3 (H3): The affected from crisis psychological climate negatively relates to employee engagement.

Cooper & Antoniou (2013) argue that the economic crisis may create a lower employee perception of psychological climate. According to the results of this study, the most significant relation among employee engagement and the other work-related variables is the one with psychological climate. The meaning of this finding is interesting: the deterioration of employees' psychological climate at work is the most important factor that affects negatively their engagement to their organizations during an economic crisis. This finding parallels with previous research (Bakker & Derks, 2010; Brown & Leigh, 1996; Hodges, 2010; Shuck et al., 2011) that has evidenced that there is a relation between psychological climate and employee engagement.

Hypothesis 4 (H4): The affected from crisis employees' perception of ethical leadership negatively relates to employee engagement.

Research (e.g., Plinio et al., 2010) has shown that leaders' perceptions are changing due to the crisis. Khuong & Yen (2014) recommended that in order to enhance employee engagement, companies should apply visionary and ethical leadership styles. The results of this research indicate that there is a relation between employees' perception of ethical leadership and employee engagement during an economic crisis. However, it is the factor with the least significance. This is an unexpected finding regarding the role leadership plays in such an unsteady and insecure environment as Greece is.

### Conclusions

Judge & Kammeyer-Mueller (2012) underlines the significant importance of work-related attitudes in organizational life & behaviour as an individual's job is important to his/her identity, health and personal life. However, all work attitudes are unstable as external and internal factors can influence (i.e.,

political, financial changes). The ongoing Greek economic crisis which started in 2008 has dramatically influenced all areas of Greek social and economic life and has undoubtedly influenced organizational behaviour and organizational climate.

This research investigates the interaction of employee engagement with four work related attitudes being influenced from the Greek economic crisis - employee engagement, job fit, affective commitment and employees' perceptions of psychological climate and ethical leadership-. Correlation analysis shows that there is positive medium to strong relations between the studied research variables and employee engagement. The affected from crisis psychological climate is the factor that relates the most with employee engagement. The affected from crisis affective commitment and job fit respectively follows. Finally, the affected from crisis ethical leadership is the one that relates the least with employee engagement. Furthermore, the findings indicate that the subscales of psychological climate (i.e., supportive management, contribution, recognition and challenge) relate to employee engagement respectively. All research hypotheses are confirmed meaning that as job fit, affective commitment, psychological climate and ethical leadership decrease, levels of employee engagement also decrease.

Moreover, an evaluation of the study's descriptive statistics findings is not optimistic. More than 40% of the participants feel that their work demands change every day and over 60% of the responders do not find that the work they do on this job is important for them. Over 50% of the respondents are careful in taking responsibility as their bosses are often critical of new ideas. However, over 80% of the responders believe that doing their job well really makes a difference, while approximately 40% would be very happy to spend the rest of their career with the organization they work. Finally, approximately 45% of the participants believe that their boss's actions are consistent with his/her stated values but, 25% answered that he/she puts the needs of others above his/her own self- interest.

Concluding, this study contributes to literature by providing evidence, through critical literature review, about the influence of crisis on a number of important organizational attitudes and by examining, through an empirical study, whether they relate to employee engagement. There is no other study to date that examines the relations among job fit, affective commitment, psychological climate and ethical leadership, as they are affected by the Greek economic crisis, with employee engagement. The fact that the study's findings reveal positive correlations among the variables studied may lead to further research into exploring the causation between them.

### **Limitations and directions for future research**

Regarding the limitations of this study the limited time is one of them. The time period for collecting the questionnaires was two months. The second limitation is the sample size (n=204). The sample is clearly not representative of the total population in Greece. A small sample is clearly a limitation; however, these sample sizes are typical in this type of organizational research (Markovits et al., 2014). Moreover, a limitation of this study could be the methodology used in it as only correlation analysis and descriptive statistics take place. Another noteworthy limitation is that the approach taken in this study involved measurement of individual respondents. As a result, social desirability bias could occur as participants were asked to report their own frequency of involvement in engaging behaviours, as well as potentially sensitive information about their manager regarding his/her ethical behaviour and actions.

Future extensions of this work could be both under CM and Human Resource Management perspectives. Further evidence from other countries that face an economic crisis would help CM researchers generalize these results. Another recommendation for further research could be a longitudinal employee engagement study focusing on how engagement levels change during the time of crisis. Furthermore, researchers could test an employee disengagement model during the crisis as more than an estimated 70% of the global workforce is disengaged at work (Czarnowsky, 2008; Wagner & Harter, 2006). On the other hand, Human Resource Management researchers could examine the researched relationships with different organizational settings and for different populations (e.g., knowledge workers, skill workers) using a number of organizational variables (e.g., profit, culture, etc.). Finally, both CM and Human Resource Management researchers could test the studied variables using causation methods. It would be very interesting to identify whether there exist causal relationships between employee engagement and ethical leadership, job fit, affective commitment and psychological climate.

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## What did the digital age mean for privacy in the United States?

Achyuth Rachur  
Jonathan Putman  
Clifford Fisher  
Purdue University, USA

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### Keywords

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### Abstract

*Over the course of the last 3 decades, the world has seen monumental shifts in how information is collected, transmitted, and disseminated. Every aspect of our personalities that live on the internet, including our browser history, photos we post to social media, our shopping decisions and our selection of online friends, has been collated, quantified, and assimilated into a digital profile, which has skyrocketing value to an increasing number of businesses. With these developments in technology come the inevitable questions of ownership of such data, its use, misuse and even possible theft. This paper takes a comprehensive and comparative look at the data privacy legislature in the two largest data hubs in the world, namely the United States and the European Union. The paper also seeks to address the shortcomings of certain, past legislative decisions, and makes a recommendation for the future. To do this, we analyze the events of the past, using the 2016 Facebook/Cambridge Analytica data scandal as a focal*

*point. On analyzing the major differences between American privacy law and the preeminent document on data privacy at the time, namely the Global Data Privacy Regulations (GDPR), we conclude that data privacy in the United States is in its nascent stages, in dire need of an overhaul. The California Consumer Privacy Act is the legislature that comes close to mimicking the function of the GDPR, albeit at a much smaller scale. The other remedies include the American Data Privacy and Protection Act (ADPPA), which is already under consideration by Congress, or a state-by-state approach.*

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*Corresponding author: Achyuth Rachur*

*Email addresses for the corresponding author: arachur@purdue.edu*

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### Introduction

With legally challenging privacy questions arising frequently in major news headlines and the judiciary system of the United States, it becomes routine for the public to find subjectively easy answers to objectively hard cases. However, there is nothing simple about drawing lines around privacy. In the volatile age of ransomware, government surveillance, and big data two things remain true. First, Americans feel unprotected and out of control when it comes to their personal data and online privacy. Research conducted by Pew found that 81% of U.S. adults say that “they have very little or no control over the data that... companies collect about them,” yet these results do not end here (Auxier et al. 2019). Pew also found that a similar percent of Americans are concerned with the risk of their data being collected, the lack of control of their data, and the tracking of their actions online (Auxier et al. 2019). While Pew research has also found that 75% of U.S. adults believe there should be more government regulation protecting consumer data, our second truth highlights legal privacy is in constant flux (Auxier et al. 2019).

Throughout history it has been held that the magnitude of rights expands and contracts according to the will of the people and those in power. In one of the earliest writings on American privacy, future Supreme Court Justice Louis Brandeis stated that the “development of law was inevitable” (Warren et al. 1890). In accordance with Brandeis statement, the law is never static; instead, it is constantly in a tug of war between parties with different agendas. The question with privacy is not whether it is in a state of contention, but rather if the necessary policy change to pull privacy in the favor of the individual will be implemented in time. However, before a discussion on the future of privacy in the United States can occur

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it is necessary to understand the current judicial and legislative position on privacy and the critical cases that established the principle.

## Background

### Data Privacy in the Courts

*Griswold v. Connecticut*, 381 U.S. 479 (1965) was the landmark decision in which the Supreme Court found that the right to privacy is established from penumbras found in the Bill of Rights. The Court rules that there existed a “zone of privacy” created by the inferred Right to Privacy, and an individual could not be forced to release this by the government. *Katz v. United States*, 389 U.S. 347 (1967) furthered the right to privacy by extending the interpretation of the Fourth Amendment to “protect people, not places.” A bound to these privacy rights is found in *Whalen v. Roe*, 429 U.S. 589 (1977). It was here that the Supreme Court found that collecting and storing sensitive patient information is not a violation of privacy covered by the Fourteenth Amendment. It was also found that the doctor-patient relationship is not within the zone of privacy.

The following cases document a relatively new extension of privacy litigation that focuses on the unconstitutional procurement of data. The concept of the “third party doctrine” is established by *United States v. Miller*, 425 US 435 (1976). Under this reasoning, an individual should not “reasonably expect privacy in information they willingly disclose to third parties.” *Kyllo v. United States*, 533 US 27 (2001) found that technological searches of a home, by the government, are unconstitutional under the 4th amendment when the device is not in “general public use.” This finding was to protect individuals from “the mercy of advancing technology.” In *Carpenter v. United States*, 585 U.S. \_\_\_\_ (2018) it was held that the warrantless seizure of Timothy Carpenter’s cell-site evidence violated his Fourth Amendment right against search and seizure. Carpenter simultaneously restricts the power of the “third-party doctrine” by deciding that simply because data is “held by a third party does not by itself overcome the user’s claim to” protections under the Fourth Amendment, but instead these protections must voluntarily be reduced.

This very simple history is aimed to prepare the reader for the complex and contrasting nature of privacy within the federal courts. As shown in the examples above, the courts have longstanding legal precedents that did not envision the technological privacy battles that are currently making front pages. This forces the courts to find creative rulings from outdated provisions and tests that do not always put the protection of the people at the center of the decisions.

### Data Privacy in the Legislatures

Legislatures across the globe have voiced growing concerns over citizens’ rights to control their own personal data. These concerns give rise to a multitude of questions: Is an individual’s personal data considered that individual’s property? If so, should individuals required to be compensated when their data is used for the economic gain of a third party? Do individuals maintain ownership of their data when personal information is used without their knowledge? Are individuals allowed to demand their data be erased from databanks or archives at their discretion? (What is personal data?, 2022)

It is not easy to answer these questions under the purview of existing legislation to form a map to what future legal framework concerning the privacy of citizens on the internet must enshrine. Indeed, this is a complex question based in technology that evolves multitude faster than any law that is passed to protect those individuals. However, there are foundational principles that can guide the discussion.

In a seminal article on the right to privacy written in 1890, future Supreme Court Justice Louis D. Brandeis put it this way: “The common law secures, to each individual, the right of determining, ordinarily, to what extent his thoughts, sentiments and emotions shall be communicated to others.” In the next 100 years, the concept grew to include, “[t]he right to informational privacy is succinctly defined as the right of the individual to maintain control over personal information concerning one’s ‘physical and individual characteristics, knowledge, capabilities, beliefs and opinions.’” Because of that principle, it is a natural extension to say that an individual also has a right to claim certain rights. Specifically, privacy is the “claim of individuals, groups, or institutions to determine for themselves when, how, and to what extent information about them is communicated to others.”

Perhaps the most fundamental question to ask remains one of property rights: is data property at all? While there is no comprehensive federal law related to data privacy in the United States, we can look to the European Union's General Data Protection Regulations (GDPR) for potential guidance. Article 4, Clause 1 of GDPR defines data as:

'any information relating to an identified or identifiable natural person ("data subject"); an identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person'

Classifying an individual's personal data has multiple positive ramifications. Personal data includes data to which they have a reasonable expectation of privacy, such as their preferences on various aspects of their life such as religion and sexuality, information regarding ethnicity on online employment applications, and conversations that may be had over the internet (for example, via a text messaging service or a social media network like Instagram). This may even extend to more confidential information like credit card numbers, as an individual's personal property. Perhaps the most significant of these is the well-established right of an individual over personal property, an institution of thought that began with jurists like Bartolus of Sassoferrato, who wrote in the fourteenth century. Bartolus defined property (dominium) as the "right of complete control over a physical object, to the extent not prohibited by law" (*ius de re corporali perfecte disponendi nisi lege prohibeatur*). This very definition was later expanded by Bartolus himself, into one that has widespread implications in today's world. Property, he said, "may be used to refer in the broadest sense to every incorporeal right, as in 'I have property in an obligation, for example in a usufruct'" (*potest appellari largissime pro omni iure incorporali, ut habeo dominium obligationis, utputa usufructus*).<sup>1</sup> This establishes a natural right of privacy over an individual's personal property (in this case, personal data). Most notably this has been expanded in "The Right to Privacy" by Warren and Brandeis in the Harvard Law Review in 1890, as the "right to be let alone," arguing that "the principle which protects personal writings and any other productions of the intellect or the emotions, is the right to privacy."

What modern technology has created is a situation where the law is forever behind the bounds of technology. In practice this means that the definitions of privacy and property are not matched with the actual way we articulate and use them. The challenge has been expanding definitions of property into currently existing frameworks, to accommodate data and what it includes. All it takes is one data breach to remind each of us how important these protections and their lack impact each of us.

### Is Data Property?

Before we can fully address whether there is a privacy right in an individual's data, we should first examine whether data is property. That requires a clear understanding of what we mean by data.

Data takes multiple forms, some classified as general facts or information. Data generally has no restrictions imposed that defend individuals regarding collection and publication of data. However, the data that concerns one's "physical and individual characteristics, knowledge, capabilities, beliefs and opinions" as in *Downing v. Municipal Court of San Francisco* that is of note here. The word 'property' has been the subject of innumerable definitions, and in *Downing*, the court took the position that "the word property is all embracing, so as to include every intangible benefit and prerogative susceptible of possession or disposition". This interpretation of property was expanded in *Kremer v. Cohen*, where the Ninth Circuit applied a three-part test regarding the existence of property rights. "First, there must be an interest capable of precise definition; second, it must be capable of exclusive possession or control; and third, the putative owner must have established a legitimate claim to exclusivity." Data meets this test because it has a precise definition (See the GDPR definition above). It is also exclusively controlled by the

owner with a license to those the data is given, sold, or shared with. And finally, personal data is personal by its very nature. It is owned by the person the data describes unless an alternative agreement is reached. As a property I own, I can sell it to someone if I decide it is valuable. The corollary is that I continue to own that data unless I choose to sell or license it to someone.

Because data is property, the rights that define property are then naturally extended to data, including the right to “use it as one wishes, to sell it, give it away, leave it idle or destroy it”. These rights tend to entail the following:

### **The Right to Use as One Wishes**

When personal data (ie. the data used to identify an individual on the internet, also called a digital fingerprint) is communicated to a third party, the user/owner has a reasonable expectation that the third party will keep said data confidential. It is more interesting to look at the expectation that the law has of the third party. “The common law secures to each individual the right of determining, ordinarily, to what extent his thoughts, sentiments, and emotions shall be communicated to others.” The law has also upheld that the provision of personal data to a third party does not transfer the ownership of the data from the user to said third party, as evidenced by the Ninth Circuit’s ruling in *HiQ Labs v. LinkedIn*, wherein the appellate court held that the members had a privacy interest in their data that LinkedIn had to protect. The court stated that “LinkedIn has no protected property interest in the data contributed by its users, as the users retain ownership of their profiles.”

While the United States doesn’t have a broad data privacy law, we can look to California and European Union laws for some guidance on how the federal government could structure a law that clarifies the rights individuals have to control the use of their personal data. First, the CCPA Right to Opt-Out law gives consumers in California limited rights against data selling businesses. Specifically, it affords consumers the “right to, at any time, direct a business that sells personal information about the consumer to third parties not to sell the consumer’s personal information. This right may be referred to as the right to opt-out.” Under the GDPR, consumers have expanded rights that include the right to be forgotten. This regulation provides that the data subject shall have the right to obtain from the controller the erasure of personal data concerning him or her without undue delay and the controller shall have the obligation to erase personal data without undue delay. . . .”

### **The Right to Sell**

If we can reasonably assume that an individual has the right to sell property and this right extends to personal data, this brings into question the concept of assigning value to an individual’s personal data. It also brings into consideration who decides the value and, the parameters that are used to arrive at said value. Another concept of note is how prospective damages are to be calculated, in the case of theft of an individual’s personal data.

### **The Right to Give Away**

A corollary to the right to sell is the Right to Give Away, or transfer, one’s personal data. This may be the area of property law where arguably the largest differences exist between tangible physical property and intangible personal data. The concept of transferability states that property can be “assigned, sold, transferred, conveyed or pledged”, leading to the natural conclusion that that which cannot be transferred is not property. In the matter of intangibles, the concept of ‘transferability’ has been interpreted to apply to a relinquishment of the owner’s rights to said property, which could allow others to use data whose use may have been restricted by a right to privacy. This principle runs into obstacles when taken in context of recent data privacy and regulation legislature, such as the CCPA and the GDPR. The wording of the laws and regulations are an indication of the intent that a data subject cannot relinquish their rights over personally identifiable information (PII) in their entirety. Instead, they many license to the business the right to use that data for certain purposes, such as when Netflix uses your geographic location to recommend a movie that is trending in your country, or Amazon uses your location to alert you that a product that may not reach your address within a stipulated timeframe. However, these restrictions do

not circumvent the classification of data as property, even if certain rights are restricted or precluded by specific legislature in select jurisdictions.

### **The Right to Destroy**

Does an owner have a right to tell a third party to destroy that individual's data that has been mined and collected by the third party? Without this key property right, can data truly be owned by the person the data is created by or used to describe? If I own my home, I can destroy it for any or no reason so long as insurance fraud or other harm is not conferred on another person or company. I can do the same with my personal property. However, the right for me to destroy or order a third party to destroy my data is difficult to enforce. That difficulty does not preclude my ownership of that data.

Data Protection Principles found in the United Kingdom's Data Protection Act, the British implementation of the European GDPR, can be helpful in providing a framework for the obligations a third party has to protect individual's data that it either collects or is entrusted with for any reason. This act states the following:

Everyone responsible for using personal data must follow strict rules called 'data protection principles.' They must make sure the collected information is:

Used fairly, lawfully, and transparently

Used for specified, explicit purposes

Used in a way that is adequate, relevant, and limited to only what is necessary

Accurate and, where necessary, kept up to date

Kept for no longer than necessary and

Handled in a way that ensures appropriate security, including protection against unlawful or unauthorized processing, access, loss, destruction, or damage

There is stronger legal protection for more sensitive information, such as information related to race, ethnic background, political opinions, religious beliefs, trade union membership, genetics, biometrics, health, sex, and sexual orientation.

Under the Data Protection Act of 2018, you have the right to find out what information the government and other organizations store about you. These include the right to: be informed about how your data is being used, access personal data, have incorrect data updated, have data erased, stop, or restrict the processing of your data, data portability, and object to how your data is processed in certain circumstances.

The United States operates on a primarily sectoral approach, with data privacy legislation being implemented on an ad hoc basis. This allows different sectors, such as those of healthcare, financial services, and education to have separate, tailored data privacy laws. These include the Health Insurance Portability and Accountability Act (HIPPA), Genetic Information Nondiscrimination Act (GINA), Gramm Leach Bliley Act, and Family Educational Rights and Privacy Act (FERPA) to name a few. The challenge in the United States then stems from the lack of a unified federal data protection law, to regulate the protection of personal, identifiable data, and represents what is arguably the biggest flaw in the United States' approach toward an individual's right to privacy and ownership over personal data on the internet.

### **What was the Facebook/Cambridge Analytica Data Scandal?**

In March 2018, David Carroll, a professor at the Parsons School of Design in New York filed a legal challenge in Britain, requesting the court to require Cambridge Analytica to disclose the alleged '5000 data points' that it had on every American Voter. The filing of the challenge reverberated across the world, and the crowdfunded case became an international spectacle in part thanks to the Netflix documentary *the Great Hack*. However, the roots of the scandal are much deeper and broader than one man or one documentary. The scandal has become well known for shining a scathing light on the commercial advertising-technology marketplace that utilizes innumerable data mining techniques to track, identify, and specifically target users across the internet and online platforms. Facebook banned Cambridge Analytica from the network, in a too little, too late effort, claiming Cambridge had siphoned the personal information of over 87 million Facebook users and had failed to delete the same as requested.



The Cambridge Analytica scandal created global shockwaves for a multitude of reasons, some well-known, such as the stark lack of privacy that a user of the popular social media network Facebook could expect, or the sheer volume of users (approximately 50-65 million according to Ingram, 2018) who had data mined, processed, and misappropriated. While some reasons are not as well known, one of them is the nascent stages that American Federal Data Protection legislature was in when compared to that of the European Union or the United Kingdom.

Why does this matter? The Facebook/Cambridge Analytica data breach has been alleged to have contributed to Trump winning the presidency in 2016. Beginning in 2013, Aleksandr Kogan, a professor, and data researcher at Cambridge University, developed an application for a personality quiz, named "This is Your Digital Life". The application would appear on the social media network, Facebook in 2014, and claimed to its users that the "results of the quiz would be used for academic purposes". Approximately 270,000 people consented to divulging personal data, and data about their Facebook friends, which was permitted at the time under Facebook's policies (subject to user's individual privacy settings). Most didn't realize they were divulging access to their personal data stored on the app as well as giving access to their friends' data, although that was included in the terms and conditions of using the quiz.

An article in *The Guardian* in December 2015 alleged that Kogen sold confidential information mined through the "This is Your Digital Life" app to Cambridge Analytica through his company Global Science Research. This was a clear violation of Facebook's policies. In the weeks and months that followed, Cambridge Analytica developed psychological profiles for tens of millions of US voters to support Ted Cruz's presidential campaign, using the data sold to them by Kogan. Following the publishing of the article, Facebook removed the application from its site and privately asked GSR and Cambridge Analytica to delete the data stored about the users and was assured that the pertinent information had been deleted. However, Facebook did not take steps to confirm this. Three years later, stories published by the *New York Times* and *The Guardian* alleged that the Cambridge Analytics lied when it said the data had been deleted and instead had used it in connection with President Donald Trump's campaign. Cambridge Analytica, its parent company, and relevant employees were suspended from the Facebook Platform.

These revelations resulted in three major legal actions, which have three different perspectives to the current state of data privacy legislature within the United States. First, David Carroll's formal legal claim against Cambridge Analytica's parent company, SCL, through a UK based human rights lawyer, on the advice of Swiss research specialist and the founder of a digital rights non-profit, Paul-Olivier Dehaye. Carroll's claim was pursuant to the provisions of the UK's Data Protection Act of 2018, which states that a data subject has the right to access personal data that was being processed or stored by the government or a company. Approximately a month later, Carroll was served with a response to his claim, which consisted of information including his opinion on issues like national debt, immigration, and gun rights; however, the information was nowhere near the 5000 data points that Cambridge Analytica claimed to have on every American voter through the data it had collected. As the movement gained international attention and Carroll pursued legal action against the company, his data was never turned over to him. Over the course of the next two years however, the involvement of the UK Information Commissioner's Office and the FBI proved to be a significant catalyst to expedite the process. By providing Carroll with a portion of his information, SCL had agreed that the UK's Data Protection Act applied to non-British citizens, if the data was processed within the UK, as Cambridge Analytica did. In addition, by refusing to provide Carroll with the data in its entirety, SCL violated the Act and was liable.

As of January 2020, Carroll was quoted saying "I haven't had my data back yet. We are awaiting the report from the UK Information Commissioner's Office, the organization responsible for regulating these matters. It is a process in which we may have to wait for notifications from the FBI and the British parliament" (Fischer, 2019). The GDPR has made considerable strides on the data protection front, and "applies to the processing of personal data of data subjects who are in the Union by a controller, or a processor not established in the Union". The CCPA is the first step in the right direction for a US law but only applies in California. The lack of a federal law regarding data privacy leads to several gray areas, with little to no consistency on the rules with which organizations must comply.

A second lawsuit involved the Facebook Inc. Securities Litigation. The lawsuit was filed by purchasers of Facebook common stock between 3rd February 2017 and 25th July 2018, alleging that Mark Zuckerberg, Sheryl Sandberg, and David M. Wehner deliberately misled investors about the course of dealings with Cambridge Analytica, in violation of Section 10(b), 20(a) and 20A of the Securities Exchange Act. The suit further argues the investors were led to believe that omissions “concerning Facebook’s privacy and data privacy practices” would not have a negative implication on Facebook’s stock prices during the time periods of March and July 2018. A third lawsuit complemented the securities lawsuit. In the Facebook Inc. Consumer Privacy User Profile Litigation, an action by social media users against Facebook, the plaintiffs alleged Facebook shared the user’s personal information with third parties when Facebook did not have a right to share the information. Facebook filed a barrage of motions to dismiss, some of which were accepted by the court.

In both lawsuits, the court held that Facebook had no obligation to confirm the deletion of data by Cambridge Analytica and SCL, since nowhere in Facebook’s data policy was there a representation that Facebook would confirm deletion. Instead, the policy only represents that Facebook would “require data to be deleted”, with no guarantees about how Facebook would enforce that requirement.

This judicial ruling highlights the need for federal legislation regarding data privacy, storage, processing, etc. This is especially relevant as one seeks to draw parallels between the offenses that Facebook was found guilty for in the US, and the policies that it would have been found to be in contravention under the GDPR. A fairly well-established provision of the GDPR under Article 17 is the Right to Erasure of the Right to be Forgotten. Clauses (1) and (2) state that when a data subject has made a request of erasure of personal data concerning them, the controller shall have the obligation to erase said personal data without undue delay, taking account of available technology and cost of implementation, taking reasonable steps to accomplish the same. On the surface, this seems to be fairly in line with Facebook’s data policy concerning deletion. What sets the GDPR and the UK Data Protection Act of 2018 as a higher standard is the clear definition of penalties to be imposed if requests are not reasonably complied with. Article 77 grants a data subject the right to lodge a complaint with a supervisory authority, in the member state of their habitual residence, detailing the alleged infringement committed, following which they are to be kept updated on the progress or the outcome of the complaint, which may result in fines (to be established by the relevant member state) (Article 83 & 84), judicial action against the defendant (Article 78 & 79), and the right to compensation for the plaintiff (Article 82). In the case of Cambridge Analytica, the UK’s Information Commissioner’s Office issued an order directing the firm to supply Carroll with his data within thirty days, failure to comply with which would result in criminal charges.

The fourth action occurred at the Federal Trade Commission (FTC). The FTC found Cambridge Analytica liable on multiple counts, including its practices concerning the collection of Personally Identifiable Information, its claims regarding its participation in Privacy Shield - a framework designed by the US Department of Commerce, the European Commission, and the Swiss Administration in order to provide companies on both sides of the Atlantic with a mechanism to comply with data protection requirements when transferring personal data from the EU and Switzerland to the United States in support of transatlantic commerce - and the subsequent adherence to the provisions of the framework. The first count, that of misrepresentation, arose out of a statement that anyone who downloaded the Cambridge Analytica survey on Facebook would see, which stated that, “In this part, we would like to download some of your Facebook data using our Facebook app. We want you to know that we will NOT download your name or any other identifiable information – we are interested in your demographics and likes.” The court found the statement was misleading, following evidence that the company had in fact harvested, downloaded, and misappropriated the user’s PII. The counts regarding the Privacy Shield framework and the subsequent compliance with its principles, stemmed from the fact that Cambridge Analytica did not renew their certification of compliance with the Privacy Shield, and therefore was in contravention of the policies codified by the framework. The lawsuit, although monumental, and may set precedent for the future, was born out of the lack of a federally regulated data privacy and protection statute and is one of the most indicative signs that the United States has fallen behind the EU and the

United Kingdom in this aspect, and a federally regulated statute would serve as the broadest possible authority with regard to data privacy, as opposed to the currently used ad hoc patchwork system.

### **Why isn't everything Data Misappropriation?**

In many large cases with claims of data misuse and misappropriation, it is easy for an individual to find the accused party guilty at first examination, but quick glances are not always accurate. In 2009 the American Recovery and Reinvestment Act gave the Department of Energy the ability to provide funds to cities through the Smart Grid Investment Grant program with the goal of modernizing the nation's energy grid. Naperville, Illinois was one of the cities selected under this grant program to receive \$11 million to modernize their own grid (*Naperville Smart Meter Awareness v. City of Naperville* 2018). In this modernization, Naperville replaced their old energy meters with "smart meters." The traditional meters would measure monthly "energy consumption in a single lump figure once per month," but the new smart meters recorded energy consumption data in "fifteen-minute intervals." Because of distinct "load signatures" exhibited by appliances in these data measures, it can be predicted with great accuracy what appliances are in each home and at what times they are being used. Upon learning about this perceived breach of privacy, a group of citizens whose homes were now using the new smart meters created Naperville Smart Meter Awareness to bring suit to the program. Their argument alleged that the smart meter system implemented by the City of Naperville was a direct breach of the Fourth Amendment and was therefore an unlawful search and seizure of data. The United States Seventh Circuit Court looked at the following two questions to measure the validity of the plaintiffs claim. First, is the data collection in this case truly a search? Second, was the search unreasonable as stated in the Fourth Amendment?

For the first question, the court looked specifically to the previous mentioned case *Kyllo v. United States* [2001] 533 U.S. 27. In *Kyllo* the Supreme Court ruled that when sophisticated technology provides information that would be "unknowable without physical intrusion, the surveillance is a 'search.'" As mentioned by Smart Meter Awareness, the collection of data through the smart meters provides extreme personal data and routines that would not be accessible without a physical search. The court also notes that in *Kyllo* the 'search' was via thermal imaging tools and provided more crude data than the constant stream of 15-minute datapoints collected by Naperville. From these arguments the court found that the non-voluntary implementation of smart meters was indeed a 'search' of the residents' homes. However, the court still had to decide if the collection of this data met the Fourth Amendment requirement of being unreasonable?

For this second question, the court mainly points to the precedent of *Camara v. Municipal Court* [1967] 387 U.S. 523. to examine the reasonableness of the search. While the court finds the smart meter's collection of data to be a warrantless search, the court also must consider that the City of Naperville had "no prosecutorial intent" when committing the search. In *Camara* the Supreme Court takes note of this intent and states that it "is a less hostile intrusion" since it is not to find criminal evidence, which allowed the court to examine fewer protections and only focus on the "right to be secure from intrusion into personal privacy." While this situation is like Naperville, the court found that the threat posed by smart meters is not as high as the situation threats in *Camara*, like lack of physical entry into the homes and the diminished chance of situational prosecution. These distinct differences in relative chance of prosecution separated the two cases from receiving the same outcome. The court also explained the need to weight privacy concerns against the "government interest in data collection." In this situation the court held that the role smart meters play in the modernization of the electrical grid is high enough to warrant the collection of data from the public. Because of these two reasons, the court ruled that the warrantless 'search' of property through the smart meters was not unreasonable because it served a genuine government interest without being unreasonably intrusive. However, the court mentions that this ruling is a narrow one and that if minor details of this case were changed, the ruling would change with it. Nevertheless, this case shows that there are many situations in which, at a first glance warrantless searches through innovational technologies look unreasonable yet are found reasonable through the review of the courts. Narrow rulings, such as *Naperville Smart Meter Awareness v. City of Naperville*, play a large role in the general, undefined, and murky world of tech privacy in the United States.

**Discussion: What does the future hold?**

Data privacy is a complicated and cutting-edge issue that has been thrust further into focus by recent cases like Cambridge Analytic. The United States is currently tasked with developing a rigorous legislative backbone that defends individuals' data across the nation. Building on the regulatory successes of the GDPR in Europe and the CCPA in California, two logical regulatory approaches arise.

**Congressional Legislation**

The United States could create federal legislative policy that promotes and protects data privacy in a top-down approach. This style of regulation is already underway in Congress under the title of the American Data Privacy and Protection Act (ADPPA). Following very closely to the groundwork set by the GDPR, the ADPPA outlines consumer data rights and corporate accountability measurements to create regulation protecting consumer data under the authority of the Federal Trade Commission (FTC). The ADPPA would cover the lack of a unified federal data protection legislature, which is undoubtedly data privacy's biggest weakness in the United States. It is what leads to the current sectoral approach, which allows independent industries to draft and enforce data privacy legislature, with little to no uniformity leading to contradictory and overlapping protection for citizens. However, there is another opportunity for privacy reform in the United States.

**Code Regulation**

If the ADPPA becomes stalled and does not pass via Congress, another opportunity to create nationwide regulation comes from enacting a code on the State Legislative level. Like the regulatory code of the UCC, the United States could hire independent experts from institutions, such as the American Law Institute, to develop a set of regulatory codes for data privacy. This set of regulatory code would then be given to every state legislature to make individual revisions to and ultimate vote into law. While there is always the risk that multiple states could reject the code created by this body, there are many strengths found from this model. Under this system, every state would be able to implement regulatory laws that protect their citizens in a broad and definitive manner, but also allow for freedom to individual expand the regulations as data becomes more complex. This adaptability allows for data regulation to continually change with new problems, instead of remaining dormant by a gridlocked Congress or other pressing federal matters. The individual changes of the states would also create a regulatory umbrella

California is perhaps the closest replicable example for the American legislators, as the CCPA enshrines some of the strictest data privacy laws ever seen in the United States. It is not only significant for the fact that it required identical controller/processor requirements to the GDPR, but for the way it views an individual's right to data privacy. Just as the EU regards data privacy as a fundamental human right and seeks to build the provisions of the GDPR around that central right, the California Constitution views "privacy" as an inalienable right, not to be limited by other rights.

Whether the United States' data privacy regulation is formed through congressional legislation or regulatory codes is of minor importance when compared to the necessity of any form of regulation.

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# Journal of Business and Retail Management Research

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