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TABLE OF CONTENTS

CHALLENGES FOR THE BULGARIAN COMPANIES IN THE IMPLEMENTATION OF SUSTAINABILITY PRACTICES	1
IVAN DIMITROV	
ERP RETIREMENT: SOME CONSIDERATIONS ON EXISTING LITERATURE	14
MASSIMO ALBANESE	
THE IMPLEMENTATION OF ACCOUNTING INFORMATION SYSTEMS FOR ITS ROLE IN MARKETING AND MANAGEMENT PROCESSES.....	27
BRISEJDA ZENUNI RAMAJ ELENICA PJERO	
CORPORATE SOCIAL RESPONSIBILITY - BUSINESS OPPORTUNITY OR OBLIGATION FOR GEORGIAN COMPANIES.....	38
TEA KASRADZE SOPIO MACHKHASHVILI	
DIASPORA IMPACT ON FOREIGN DIRECT INVESTMENT: STATE INSTITUTIONS ON DIASPORA ENGAGEMENT	48
FLORENCA GJORDUNI	
IMPACT OF SUSTAINABILITY ON THE STRATEGIC DIRECTION OF LUXURY COMPANIES	69
ARNO BÖHNERT FLORIAN BLASCHKE MARCEL BIEWENDT	
MARKETING STUDY OF CUSTOMER LOYALTY IN GEORGIA AND ITS IMPACT ON HOSPITALITY BUSINESS: CASE OF IMERETI REGION.....	85
MAIA AKHVLEDIANI ZURAB MUSHKUDIANI SOPIKO MIKABADZE	
SERVICE DOMINANT LOGIC CENTERED BRAND MANAGEMENT.....	92
BESJON ZENELAJ	
THE IMPACT OF STANDARDIZATION OF LIVESTOCK PRODUCTS ON THE ECONOMY OF FARMERS AND THE LOCAL ECONOMY.....	110
EDUINA GUGA ZAMIRA VEIZI	

A STUDY ON KEY RETAILING STRATEGIES OF CARREFOUR AND ITS INTERVENTION PLAN DURING THE PANDEMIC (COVID-19): UAE122

REEMA BHALLA

VIVEK BHALLA

Challenges for the Bulgarian Companies in the Implementation of Sustainability Practices

Ivan Dimitrov
PhD

Abstract

The topic of sustainability, and in particular the sustainability practices of companies, is especially relevant nowadays. The introduction of such practices is very important for Eastern European countries, including Bulgaria. This study is part of a large-scale university project (UNWE, Sofia) that focuses precisely on sustainability practices in international business. The aim is to find out if Bulgarian companies are familiar with sustainable practices and whether they apply them correctly in their daily operations. This is achieved via analysis and synthesis of results from a survey. The summarized data of the aforementioned survey is part of the whole project and represents the policies for sustainable development in specially selected Bulgarian private companies. Each of the companies included in the survey is ISO 14000 certified (the international standards for environmental management) and this condition determines the scope of the study. The research could serve as a basis for better understanding of the integration process of sustainability practices in Bulgarian companies.

Keywords: sustainable development, Bulgarian companies, business practices for sustainability, international business

JEL Classifications : Q01, Q56, F23

Introduction

The topic of sustainable development is important nowadays due to a number of issues such as the climate change and the consumer behavior of the society. Therefore, it is becoming increasingly urgent for international businesses to observe certain criteria and practices in their day-to-day operations in order to be a sort of guarantor of the prosperity of future generations, or at least to help limit the harmful effects of the current political, economic and social difficulties.

Approaches to corporate social responsibility (CSR) vary. This is why, for example, some companies invest in CSR for their reputation or to maintain company competitiveness, while others invest in it out of a sense of moral duty to society

(Bansal & DesJardine, 2015). Their resources focus on CSR and sustainability practices, in particular primarily from a moral obligation perspective and offer insight into the ethical concepts associated with the three pillars of sustainability - economic sustainability, environmental sustainability and social justice. It is the resources and efforts that a company puts into these three areas that can be used to classify their policies in relation to compliance with sustainable development principles.

More than 12,000 companies and 3,000 non-governmental organizations in more than 170 countries (United Nations Global Compact, 2022) are currently complying with the 10 universal principles of the United Nations Global Compact. They are considered fundamental to any corporate strategy on sustainability and compliance with the Sustainable Development Principles. They are also directly linked to any organization's corporate social responsibility policy.

This report is part of a long-term university project (Dimitrov et al., 2022) from the department of International Economic Relations and Business in the University of National and World Economy, which focuses on international business and sustainable practices (on the example of Bulgarian companies operating on international markets). The final part of the project involved a survey among Bulgarian companies on their sustainability practices and it is exactly this survey that is the main focus of this paper.

Methodology

For the purposes of the research, the sustainability was viewed as a mean to prevent the depletion of natural or physical resources so that they remain available in the long term and at the disposal for further use of the upcoming generations. In business practice, this goal is realized by balancing the interests of the company owners, the interests of society and environmental protection efforts. The focus will be only on the practices for sustainability that directly concern companies and their respective business units.

Methods of research include the preparation of a survey, as well as the analysis and synthesis of information collected from primary sources of information. The questionnaire was specifically designed for the purposes of the project, which supports research on sustainable development, as well as the implementation of sustainable practices by Bulgarian companies involved in international business operations. The data collected was used towards a research project funded by the University of National and World Economy (UNWE). Based on the results of the study, the main objective is to support the promotion and future implementation of such practices in other companies, as well as to raise awareness of the general public about the actual business activities in this regard. Only few of the most important findings will be addressed in the current paper. The survey was completely anonymous.

Results

The questionnaire, specially designed for the purposes of the project, contains a total of twenty-five questions of different types, which were sent to two hundred companies from Bulgaria and Sofia region in particular. The responses came from thirty of the companies surveyed (or fifteen percent from the total number). Sofia is the capital of the country and the center of the most economically developed area in Bulgaria, which is why it was used as a geographical limitation of the survey. Another limitation is that all the selected companies are certified Bulgarian companies under ISO 14001 with currently valid certificates. Some of the questions are focused on the standards (ISO 9000 and ISO 14000) in order to address the issues of environmental management efforts and quality management systems.

The framework (ASQ, 2022) for ISO 14001 includes the following:

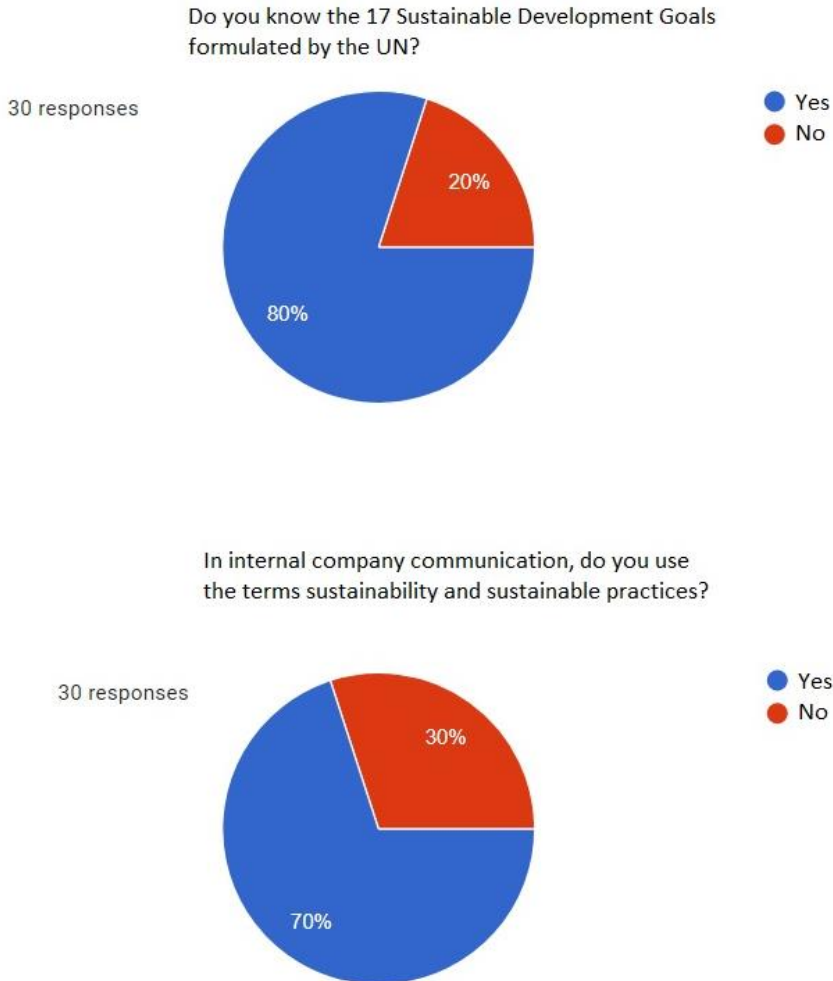
- Context of the organization;
- Leadership;
- Planning;
- Support;
- Operation;
- Performance evaluation;
- Improvement.

ISO 9001 (ISO, 2020) on the other hand has the purpose of improving the organization and processes in the company along with the products and services in order meet their expectations of the customers and the shareholders in general. Both standards are voluntary, but are mutually reinforcing in achieving the organizational goals set out in each one of them. So, they can be integrated simultaneously in the company.

We can begin the analysis of the more interesting questions. Initial questions gave us insight into whether employees were familiar with the seventeen Sustainable Development Goals formulated by the United Nations and whether they use the terms sustainability and sustainable practices in internal company communication.

The results show that eighty percent of respondents are familiar with the UN Sustainable Development Goals and only seventy percent of them use the specific terms in their daily work. These are low rates considering the fact that all companies are ISO 14001 certified. In other words, these are organizations that are committed to establish environmental performance requirements. Hence, there is room for improvement in staff awareness of sustainability practices in the enterprise. The answers of the two questions can be represented by the following figure:

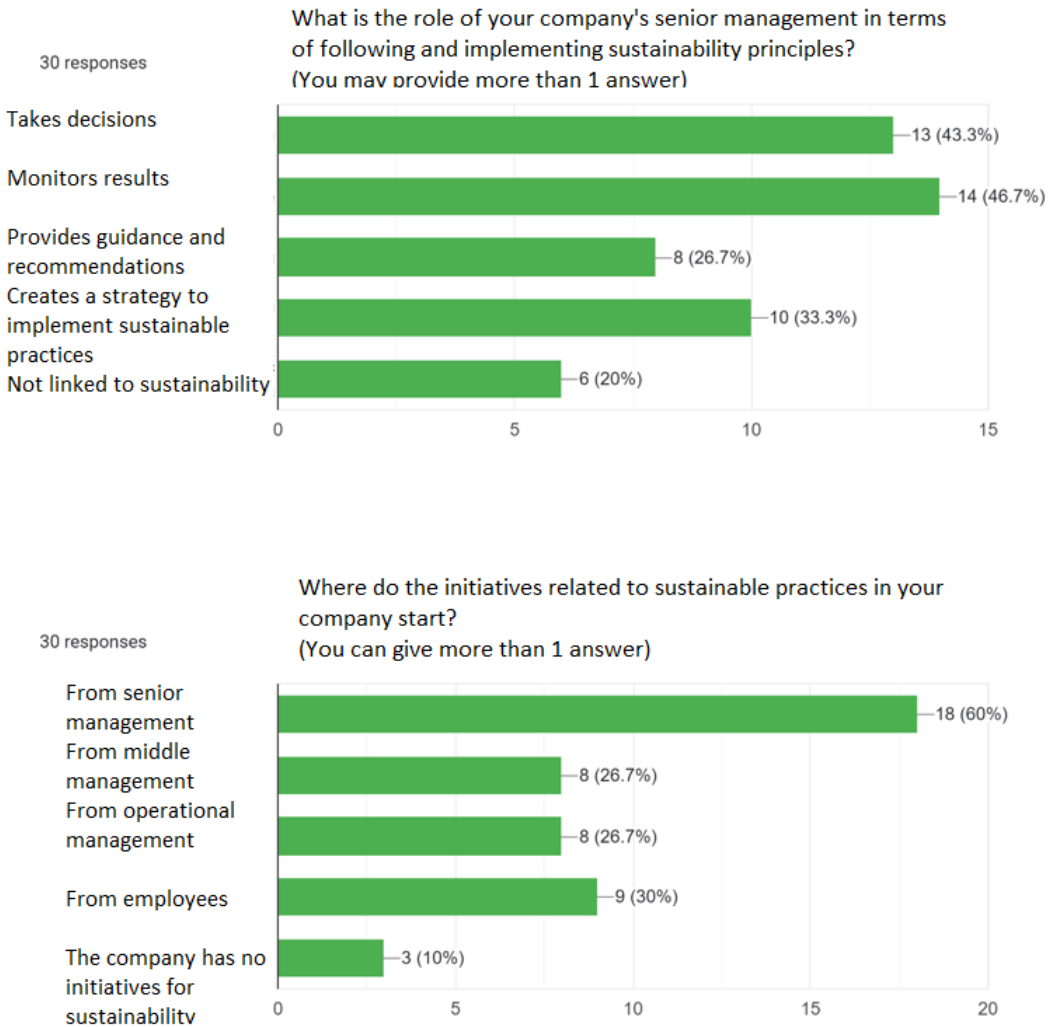
Fig. 1 Level of familiarity with UN goals and sustainability terms



Source: Data from the questionnaire

The next two questions address the role and initiatives of management regarding sustainability and sustainable development in general. Those questions have the option to have more than one answer. The information is summarized in the next graph as follows:

Fig. 2 The role of the management regarding sustainable practices in a company



Source: Data from the questionnaire

Respondents consider that management played the largest role in decision making (43,3%) and monitoring performance (46,7%) regarding the sustainability practices. Surprisingly, twenty percent of them believe that senior management has no attitude on the issue of sustainability. This means that, in some companies, sustainability measures have taken a back seat and this should be corrected. On the other hand, it is quite logical that most often senior management initiates sustainability activities. Sixty percent of the respondents claim this and it is normal that such measures come

directly from the chief managers. However, three of them claim their company has no sustainability policies. This can have different interpretations, but it should most easily be taken as a signal that the workers in those three companies are simply not familiar with sustainable practices in their working environment.

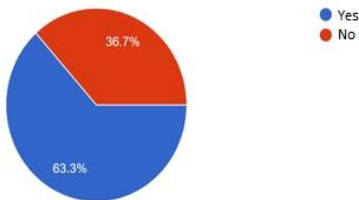
The next question gave us insights about which departments within the company are most directly involved in implementing sustainable practices. It turns out that these are the Human Resources department and the Marketing department. This is due to the policy of the companies that precisely these departments should implement the regulations of the managers regarding sustainable practices, but at the same time to train and support the staff in their implementation in the daily work of the organization.

The next series of questions directs the attention of the respondents to their suppliers in their role as stakeholders for the respective business. The idea is to study what are their requirements towards the suppliers, and to understand the attitude of the company in ensuring the quality of work and compliance with the principles of sustainability within their supply chain. Information from respondents can be summarized as follows:

Fig. 3 Requirements towards the company's suppliers

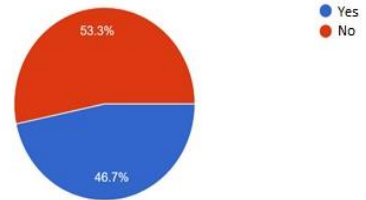
Have you developed a Code of Conduct for your suppliers?

30 responses



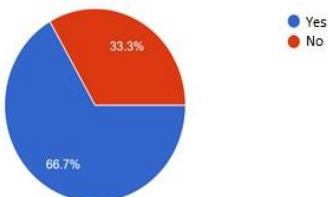
Do you require your suppliers to be ISO 9001:2015 certified?

30 responses



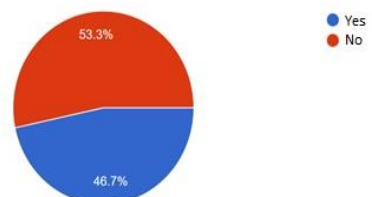
Do you monitor the performance of your suppliers?

30 responses



Do you require your suppliers to be ISO 14000 certified?

30 responses



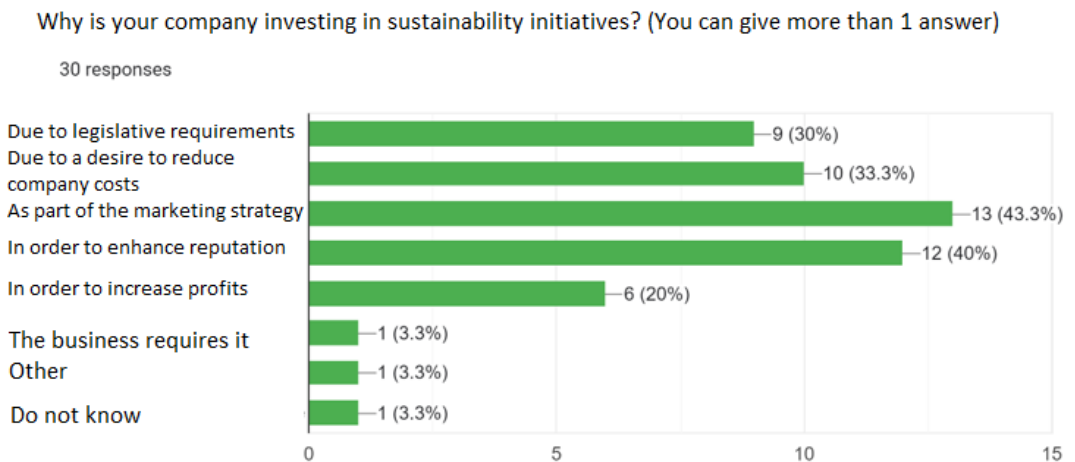
Source: Data from the questionnaire

The results show that nearly two-thirds of the companies that responded monitor the performance of their suppliers. In addition, approximately the same number have established a code of conduct for their suppliers, indicating the existence of selection criteria and quality of performance measures for their partners (suppliers in this case). This gives an optimistic outlook for the future development of sustainability policies and practices in Bulgarian enterprises.

Regarding the ISO 9001 quality and ISO 14001 environmental standards, local companies are not so strict about the availability of these in relation to their suppliers. On both questions, more than half (53.3%) of the respondents answered that they do not require their partners to have the aforementioned certificates. Therefore, there is room for improvement in this regard and clearly here business considerations dominate over considerations of sustainable practices and sustainability goals of companies. Concerning measures and initiatives to support providers' activities and improve their performance, most organizations indicated that they mostly assist them financially or through training.

The purpose of the next few questions was to assess whether the company is involved in initiatives related to supporting humanitarian efforts and aid, as well as investing in the further development of sustainable practices. Apparently, they are mainly involved with financial support in various charity events and through employee volunteering. The following reasons are given for participating in sustainability initiatives:

Fig. 4 Reasons to invest in sustainable practices



Source: Data from the questionnaire

The data collected prioritizes the following reasons for participating in sustainability initiatives:

- due to the company's marketing strategy (43,3%);
- to enhance corporate reputation (40%);
- as a measure to increase profits (33,3%).

This information also confirms the attitude of Bulgarian enterprises towards the implementation of sustainable practices in their operations. In their opinion, such activities should bring financial benefits, prestige, improved quality of products or services, increased competitiveness on national and international markets, and other benefits. For Bulgarian corporations, the focus is still shifted from the essence of sustainable development, namely providing a good living and working environment for future generations with a minimal environmental footprint. Therefore, corporate trainings in this direction could contribute to raising the awareness of workers and management about the benefits of applying sustainable practices in business practice.

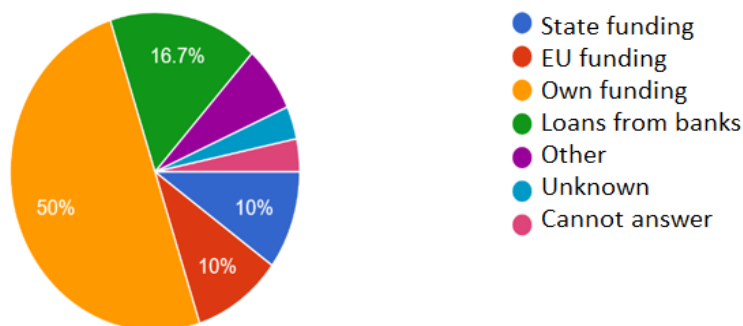
Another question relates to the difficulties and barriers faced by the enterprise in applying sustainability principles. According to the respondents, these challenges include the lack of experience (23,3%) and the lack of properly written rules for integrating sustainability principles into day-to-day operational work (30%), as well as errors in budgeting and the lack of additional funds allocated for this purpose (30%). All of this is linked to gaps on the part of management and emphasis should be placed on addressing these issues in order to improve the overall performance of the company in terms of meeting its sustainability objectives.

Next, an answer was needed about the origin of the finances that provide the means to develop sustainability practices. The results are shown in the following pie chart:

Fig. 5 Sources of financing the development of sustainable practices

What source of investment in implementing sustainable practices has your company used in the last 3 years? (You may indicate more than 1 answer)

30 responses



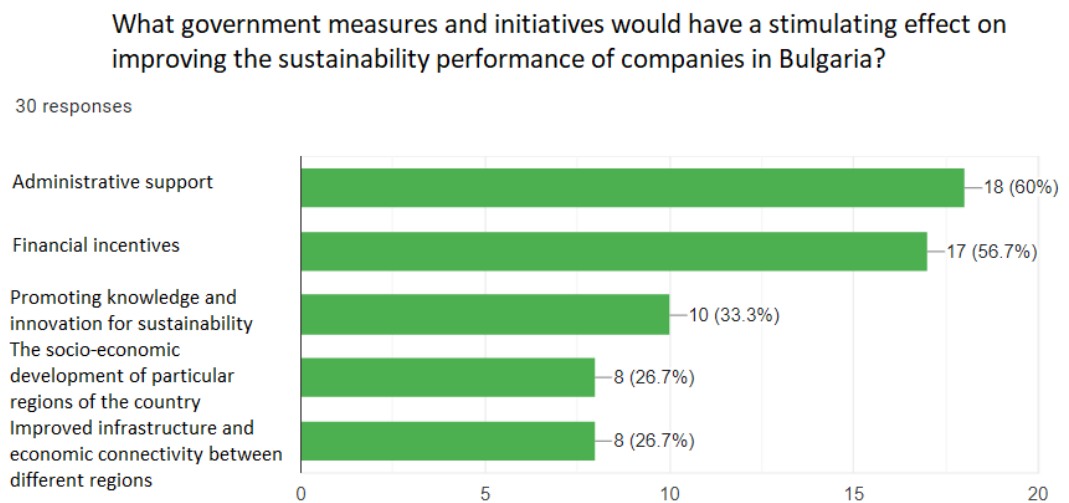
Source: Data from the questionnaire

The data is very clear that enterprises raise the main funds for the development of sustainable practices from their own budget (50%). Very few companies have been able to obtain funding from the state budget or a programme from the European Union, and some do not even have sufficient resources to finance such initiatives. There is a clear need for more opportunities to fund sustainability practices and to incentivize businesses to move towards “green” and ecofriendly goals.

Then, the views of business were sought on recommendations for the development and integration of sustainability practices. To the question: “In which business areas should sustainability measures and initiatives in Bulgaria be optimized?” The largest percentage of responses reported that this should be in electricity generation (56.7%). This can be explained by the fact that energy is among the leading sectors that have a direct effect on attempts to protect the environment and limit the effects of phenomena such as the Global Warming and the Greenhouse Effect.

The next question was “What government measures and initiatives would have a stimulating effect on improving the sustainability performance of companies in Bulgaria?” – the answers include different suggestions. But the greatest preference is towards measures that provide administrative support for companies developing sustainability policies (60%). The next place is given to measures for financial stimulation - through subsidies or tax breaks for companies with the best sustainability policies (57.6%). These hints reflect the need for more support from government institutions in the areas mentioned - administrative and financial. The collected data is shown in the following graph:

Fig. 6 Measures that can stimulate the development of sustainable practices in Bulgarian companies



Source: Data from the questionnaire

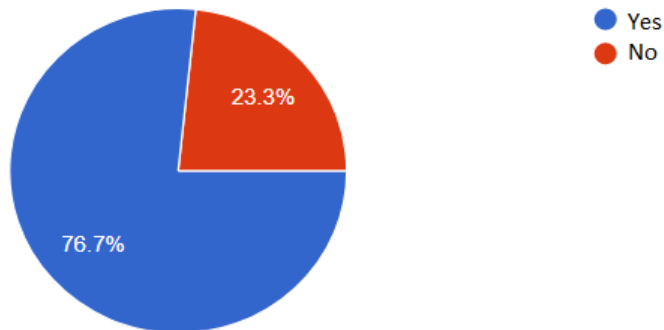
In terms of so-called "green jobs", respondents believe that tax breaks are needed for people and companies that help in accomplishing the "green transition" in the economy. Other measures should include active promotion of new green positions in the media, opportunities for prequalification, and the need for a new and improved curriculum in schools and higher education institutions.

In the current economic conditions, companies believe that it should become mandatory to implement corporate sustainability policies in all companies in Bulgaria. This was stated by 76.7% of respondents. The following figure confirms the desire for implementation of such practices in all companies in the country:

Fig. 7 Should the implementation of corporate sustainability policies become mandatory in all companies in Bulgaria?

In your opinion, in the current economic conditions, should it become mandatory to implement corporate sustainability policies in all companies in Bulgaria?

30 responses



Source: Data from the questionnaire

Thus, taking into account management's inclination towards progress and focus on sustainable development goals. Energy, agriculture, waste management, tourism and construction have been identified as sectors where this trend needs to accelerate.

As the survey was completely anonymous, questions of a statistical nature were included at the end of the questionnaire. These help to prepare a profile of the companies that participated in the survey while at the same time maintaining their anonymity. From them we can summarize the following:

The majority of the surveyed companies were established more than a decade ago;

Most of them are in the food industry (33.3%) and service sector (36.7%);

The number of their employees is mostly between 11 and 50 people (in 33.3% of cases) or more than 250 people (in 36.7% of cases);

Sustainability principles have been embedded in the management of the organization for more than five years (40%) or since its establishment (23.3%);

The company has been ISO 14000 certified for more than five years (40%) or since its foundation (23.3%).

The end of the survey provides an opportunity for a better understanding of the topic under investigation. Furthermore, the importance of the chosen topic and its relevance for future business development is brought to the attention of the readers.

Discussion

The theme of sustainability and sustainable practices has been discussed by a number of authors. Some of them such as Mollov (2017) address the topic of sustainability in the context of global supply chains - the author presents the essence of a sustainable supply chain strategy and traces the individual elements of this strategy in the context of strategic management of global supply chains: sustainable sourcing, sustainable manufacturing, sustainable distribution and reverse supply chain.

Exploring the current topic through the prism of international business (Cavusgil et al., 2020), it can be examined from a strictly theoretical perspective or it can be analyzed from a practical point of view (Zhivkova, 2022). The latter describes theoretical models about sustainability, but also reviews the practices of three large companies in different economic fields and namely Lush Cosmetics, Solvay Group and Hershey. The author confirms that all three organizations benefit from the introduction of sustainable practices in their daily activities. Furthermore, it is concluded that “social, environmental and economic aspects of life can be combined in working symbiosis” in order to boost the profit of a company.

Other studies on sustainability concentrate on a single industry such as agriculture (Muhie, 2022), textile (Okai-Mensah C. et al., 2022), retail trade (Oliveira L. et al., 2022) and etc. In most of the cases the authors focus not only on a specific industry, but also in a precise location. However, in this paper all of the respondents are from one country, but at the same time from different industries. As stated previously in the text, the majority of the Bulgarian companies, who participated in the questionnaire, are active in the food industry and the service sector. Therefore, it is a justification to claim that this article is very specific and expands the scientific understanding on this matter due to the usage of such a special approach. After a short overview of some theoretical aspects and practical results from the survey, conclusions should be drawn in connection to the sustainable practices of businesses in Bulgaria.

Conclusion

The study about sustainability, and in particular the sustainable practices of companies, is a key element in understanding the nature of the so-called "green transition" towards a cleaner and more sustainable economy. This process has been stimulated by a number of governments around the world and is expected to be the dominant trend for all economies in the future due to the underlying threats of climate change and unsustainable use of natural resources.

The project for sustainable practices (on the example of Bulgarian companies operating on international markets) was concluded with the current survey. The practical orientation of the questionnaire allows to draw conclusions about the attitudes of enterprises in Bulgaria towards sustainable practices in their daily activities. They could be summarized as follows:

The number of employees is not very important for implementation of the sustainability practices. This means that whether it is a small or medium enterprise (SME) or a large corporation with many employees - it is management that determines the presence of sustainability practices. Furthermore, it is also evident that even small and medium-sized enterprises can integrate sustainability practices into their daily operations, if there is a desire to do so;

Most companies are aware of the UN Sustainable Development Goals but have difficulty following them;

The management introduces sustainability policies and defines activities that comply with them;

Marketing and Human Resources departments are responsible for ensuring that all employees are aware of the company's sustainable practices;

The enterprises are not very strict about their requirements for suppliers to comply with sustainable practices and to have ISO 9000 or ISO 14000 certificates;

Businesses participate in sustainable practices events to enhance corporate reputation or for financial motives;

The main barriers and challenges for companies regarding sustainability are administrative (bureaucratic) and insufficient financial resources, because the main funding comes from the company's own budget;

Sectors such as energy, agriculture, waste management, construction and tourism should be among the first to mandatorily adopt and follow sustainability practices.

The findings of the study indicate that there is still room for awareness, development and implementation of sustainability practices in organizations in Sofia and Bulgaria as a whole. Hence, better assistance from the government should be taken into consideration in order to overcome some of the challenges, which the companies

encounter. It is also expected that more and more businesses will start implementing practices for sustainability in their day-to-day operations in the upcoming years. This is a measure in order to pursue the goals for sustainable development and of ensuring a better life for future generations, as well as preserving the Earth's natural resources.

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ERP Retirement: Some Considerations on Existing Literature

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Abstract

The final phases of the information systems lifecycle are no less important than the initial ones. However, previous research indicated a lack of studies on information systems discontinuance. This paper aims to verify whether this gap still exists by analysing the literature on enterprise resource planning (ERP) systems, a type of software widely used in many organisations. To identify the relevant literature, the paper involved searching in Scopus and Web of Science databases. Despite several ERP literature reviews suggesting more studies on the retirement phase and no time limits in the search, very few studies have been identified. To sketch the current state of knowledge on the selected topic, the paper developed a scoping review and, based on the results, comments on possible critical issues. The work supports researchers and practitioners interested in information systems discontinuance, as it provides some considerations to develop future research. In addition, it has practical implications because the advancement of the knowledge frontier will help organizations cope with this kind of change.

Keywords: information systems discontinuance, enterprise resource planning, literature review, scoping review, erp lifecycle, erp retirement

Introduction

Today, most organisations adopt information systems to manage the enormous flow of data flowing through them (data from operations, data from partners, data from the market, etc.). Enterprise resource planning systems are packaged business software that enable efficient and effective resource management (Nah *et al.*, 2001). Their adoption can be considered one of the clearest proofs of IT acceptance in organisations, as they are critical projects (Moon, 2007)¹. Therefore, it is crucial to study ERP transition projects.

¹ Concerning this, some authors have estimated that 90% of ERP implementations do not deliver all the expected benefits (Momoh *et al.*, 2010).

Given that ERP systems increase enterprise performance, a considerable amount of literature has focused on them, in particular on the implementation phase and critical success factors (Shaul and Tauber, 2013; Ali and Miller, 2017; Kurni *et al.*, 2019). However, other areas deserve attention, like the post-implementation phases. Indeed, several authors have included ERP retirement among the under researched areas (Moon, 2007; Paulsson, 2009), and many ERP LRs called for more attention on this topic (Esteves and Bohorquez, 2007; Haddara and Zach, 2012).

ERP retirement is of interest today because information systems must evolve with the organisation, and if ERP vendors do not guarantee system update and evolution, replacement may take place. As new technologies emerge, decisions about discontinuing or switching ERPs will be recurrent. From this perspective, cloud-based computing represents a new way of delivering software applications (software as a service) which stimulated ERP replacement. In fact, as stated in some market reports (Columbus, 2016), most companies started to place their software and infrastructure in the cloud, and this could lead to a replacement of on-premise ERP systems, given that cloud-ERP systems offer attractive benefits such as lower initial investments, more flexible systems, simpler maintenance, faster upgrades, higher scalability, etc. (Owens, 2010; Peng and Gala, 2014; Abd Elmonem *et al.*, 2016).

To this author's knowledge, no dedicated review¹ has been published on ERP retirement. Considering this, the paper aims to investigate the state of knowledge in this lifecycle phase, to understand whether recommendations from previous ERP LRs have moved the knowledge frontier forward. To this end the paper is organized as follows: the following section presents the literature background. In the third section, I introduce the methodological choices and indicate the selected literature. Then, I describe the main features of the analysed literature. The discussion is presented in the fifth section, where I provide an overview of the state of knowledge and some considerations to support future research. Finally, the last sections present the conclusions.

Literature Background

The literature offers several conceptualisations concerning information systems continued use and discontinuance (see, for instance, Bhattacharjee, 2001; Furneaux and Wade, 2010 and 2011; Venkatesh *et al.*, 2011; Bhattacharjee *et al.*, 2012; Polites and Karahanna, 2012; Recker, 2016). In particular, Furneaux and Wade identified some reasons behind the cessation of an information system, such as low levels of integration, system capability shortcomings, and limited support services. With respect to the product lifecycle, decisions about the replacement of information systems can be attributed to the decline phase. Many ERP lifecycle models are

¹ Following Huang and Yasuda (2016) a dedicated review usually focuses on one single topic in the ERP research field.

available in the literature (see, for instance, Markus and Tanis, 2000, or Chang *et al.*, 2008). This paper adopts the framework proposed by Esteves and Pastor (1999), as it is one of the most widely used for the allocation of research (Esteves and Bohorquez, 2007; Shaul and Tauber, 2013; Albanese, 2019; etc.). This model consists of six phases: adoption decision, acquisition, implementation, use and maintenance, evolution, and retirement. In the adoption decision phase, the organisation acknowledges the need for an ERP and identifies its business needs and required ERP functionalities. In the acquisition phase, the organisation evaluates and selects ERP vendors and packages according to its needs. Implementation is a very critical phase because it is costly and time-consuming since it concerns the ERP system installation. Therefore, it may involve several activities such as process re-engineering, data migration, customisation, etc. The use and maintenance phase starts when the ERP go-live takes place and concerns the system use, user acceptance, maintenance processes, etc. In the evolution phase, the focus is on ERP development and extension and integration with other applications (e.g., advanced planning systems or customer relationship management). The retirement phase is related to the appearance of new solutions or the inadequacy of the adopted ERP (e.g., due to new business needs). Thus, this phase concerns the obsolescence of the information systems (which can be retired after a period of maturity), the abandonment of the adopted ERP, and its replacement with new software.

Esteves and Pastor (1999) were among the first authors to point out issues concerning ERP retirement. In subsequent years, few studies have explored this topic in depth as confirmed by a series of LRs adopting the ERP lifecycle as a classification dimension. Esteves and Pastor (2001) found no studies on the retirement phase, but in those years most organisations were in the implementation and use and maintenance phases, so this could be justified. The ERP LR by Esteves and Bohorquez (2007) also identifies no studies focusing on this phase and the authors conclude as follows (p.416): “*we expect that in the future these cases (ERP systems retirement) will be analysed in more detail*”. Moon (2007) and Haddara and Zach (2012) pointed out that there are not many studies on ERP retirement with reference to both large companies and small and medium-sized enterprises. Finally, Huang and Yasuda (2016) developed an umbrella review (Paré *et al.*, 2015) based on 86 ERP LRs. They confirmed that (p.18): “*the implementation phase takes most attentions of researchers, and the pre-implementation phase is a little higher than the post-implementation phase*”. Furthermore, considering the post-implementation phase, usage is the most studied topic, and retirement is the least. Something may have changed in the meantime; the current analysis aims to shed light on this issue.

Methodology

Although many scholars divide LR methods into qualitative and quantitative (Aldag and Steams, 1988; Rosenthal and DiMatteo, 2001; etc.), an author can conduct

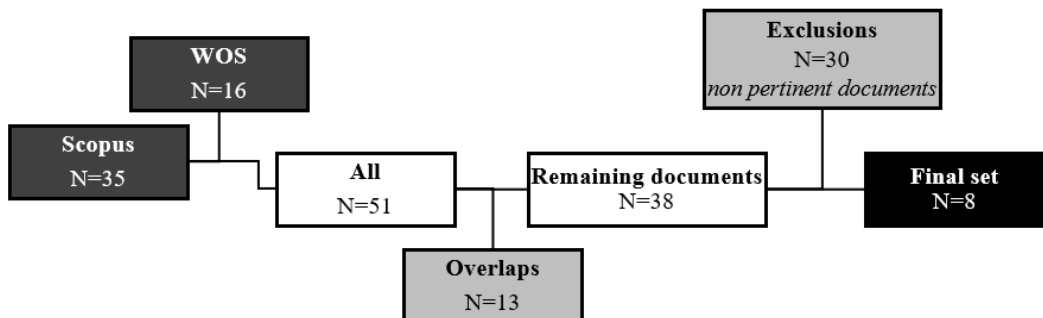
different types of LR and adopt different approaches and techniques. In fact, there is a continuum of LR typologies between these opposite approaches (Guzzo *et al.*, 1987; Massaro *et al.*, 2016), and LRs may vary from purely qualitative to semi-quantitative (moderately quantitative) to purely quantitative (King and He, 2005).

The literature offers many categorisations of LRs (Xiao and Watson, 2019; Paul and Criado, 2020; Booth *et al.*, 2021; etc.). To indicate the review developed, I refer to the taxonomy adopted by Paré *et al.* (2015). Following this classification, I conducted a scoping review, which is a qualitative systematic review aiming to provide some indications on a specific topic (Arksey and O'Malley, 2005; Levac *et al.*, 2010), and followed a sequential approach based on three phases: input collection, processing, and output generation (Levy and Ellis 2006).

To identify the relevant literature, I searched the Scopus and Web of Science (WoS) databases. This is because the most relevant contributions are supposed to be published in leading journals (Webster and Watson, 2002). In particular, I carried out some queries in September 2022 by searching the title, abstract and keywords for the following terms: retirement, ERP, and enterprise resource planning¹.

Although the queries had no time limit, the number of documents identified was not high, as I found 35 documents on Scopus and 16 on WoS. After comparing these records, I eliminated 13 duplicates. Then I analysed the abstract and, if necessary, the introduction and conclusion and identified the studies not related to the domain of this LR. In fact, due to the different meanings of the acronym ERP (e.g., early repolarization pattern, early retirement pensioning, etc.), I had to exclude 30 documents because they were not pertinent. Thus, the final set of selected documents consists of 8 studies (Figure 1). In addition, as one of these studies is not available in full text, I could only analyse 7 works in depth.

Figure 1 – Relevant literature



¹ I searched for documents by applying queries like this: (TITLE-ABS-KEY(retirement) AND (TITLE-ABS-KEY(enterprise AND resource AND planning) OR TITLE-ABS-KEY(erp))).

Source: elaboration on Scopus and WoS data

To depict the selected literature, I present the documents by year and indicate the publication outlet and authors. In addition, I analyse the research approach and method (Table 1). Given that the selected literature consists of a small number of documents, it is not convenient to adopt granular taxonomies. Therefore, I apply the following classes to determine the research approach: qualitative, quantitative, mixed, and conceptual. To define the research method, I adopt the following classes: single case study, multiple case study, survey, secondary data analysis, conceptual paper, literature review, mixed methods (qualitative dominant, equal status, quantitative dominant), and not defined method. Finally, I provide a snapshot of the research areas assigned by Scopus to the selected literature.

Main Features

The selected literature was published between 2009 and 2022. The analysis reveals that there is very limited research on ERP retirement, as only 8 documents were identified. Moreover, the number of studies reduces if one considers that a conference paper was later published in a journal (Haddara and Elragal, 2011 and 2013). This scientific production is fairly spread over time. Every two or three years, a study is carried out and, in most cases, published in a journal (Table 1). Several authors investigated ERP retirement, but Haddara is the only one who continued to analyse ERP retirement.

In the studies analysed, the qualitative approach prevails. In five cases, the authors adopted the case study method, but none have been developed as multiple case studies. The remaining three works are conceptual in nature since they are literature reviews. Unfortunately, none of these LRs focused on ERP retirement, which confirms the originality of the present analysis. No quantitative study was conducted.

Table 1 - Main characteristics of the selected literature

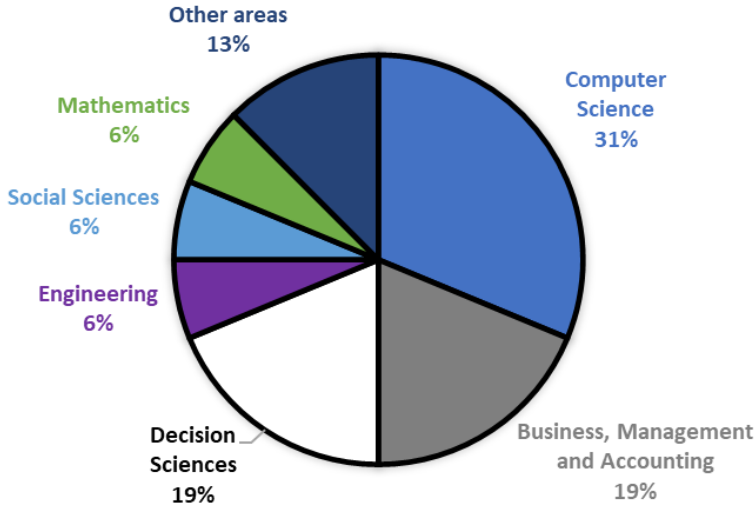
<i>Year</i>	<i>Authors</i>	<i>Title</i>	<i>Publication outlet</i>	<i>Research approach</i>	<i>Research method</i>	<i>Available in full text</i>
2009	<i>Paulsson W.</i>	<i>Moving ERP research forward: The future directions for ERP research</i>	<i>Proceedings of the 3rd European Conference on Information Management and Evaluation</i>	<i>Conceptual</i>	<i>Literature review</i>	<i>No (only abstract)</i>
2011	<i>Haddara M., Elragal A.</i>	<i>ERP lifecycle: When to retire your ERP system?</i>	<i>Communications in Computer and Information Science</i>	<i>Qualitative</i>	<i>Single case study</i>	<i>Yes</i>

2013	Haddara M., Elragal A.	ERP lifecycle: A retirement case study	Information Resources Management Journal	Qualitative	Single case study	Yes
2014	Chofreh A.G., Goni F.A., Shaharoun A.M., Ismail S., Klemeš J.J.	Sustainable enterprise resource planning: Imperatives and research directions	Journal of Cleaner Production	Conceptual	Literature review	Yes
2017	Kähkönen T., Smolander K., Maglyas A.	Lack of integration governance in ERP development: a case study on causes and effects	Enterprise Information Systems	Qualitative	Single case study	Yes
2018	Demi S., Haddara M.	Do cloud ERP systems retire? An ERP lifecycle perspective	Procedia Computer Science	Qualitative	Single case study	Yes
2020	Yasiukovich S., Haddara M.	Tracing the clouds. A research taxonomy of cloud-ERP in SMEs	Scandinavian Journal of Information Systems	Conceptual	Literature review	Yes
2022	Kakhki M.D., Gargeya V.B., Mousavi R.	ERP systems transition in small manufacturing companies: the tale of two countries	International Journal of Business Information Systems	Qualitative	Case study (2 cases)	Yes

Source: elaboration on Scopus and Wos data

The analysed literature intercepts several subject areas. Taking into account the classification used by Scopus, the areas with the highest number of articles are computer science, business, management and accounting and decision sciences (Figure 2).

Figure 2 – Documents by subject area



Source: elaboration on Scopus data

Discussion

The literature analysed is numerically small and, in some cases, does not focus exclusively on the ERP retirement phase, as in the works of Chofreh *et al.* (2014), Yasiukovich and Haddara (2020) and Kähkönen *et al.* (2017). Indeed, the first two analyses are LRs, but not being dedicated LRs on the ERP retirement, the findings do not focus on the phase of interest. In particular, the first analysis focuses on sustainable ERP systems, intended as a holistic solution to support sustainability initiatives, which can replace legacy systems. The second study illustrates the current body of knowledge on cloud-ERP in SMEs and provides a holistic landscape. Following other studies, the authors recommend that ERP retirement needs further investigation. The third work is on integration challenges and problems due to the diversity of systems. This analysis indicates that problems with systems integration can lead to ERP retirement. Considering that one study is not available in full text (Paulsson, 2009), only four studies focused on ERP retirement are available. Therefore, the selected literature shows that the retirement phase is not only an under-researched topic but is almost unexplored.

As reviewers often remind us, the scarcity of studies does not imply a gap. However, this objection does not hold in this case, as ERP systems can be seen as one of the means for enterprise integration (Kien and Lian, 2009) and their retirement inevitably influences this feature. Thus, increasing knowledge about ERP retirement is important because it may affect enterprise performance and the work of ERP users. In particular, research on ERP retirement needs to be extended further to provide

insights into when, why, and how an organisation changes its ERP. Indeed, abandoning the ERP too early can affect the return on investment. At the same time, delaying the ERP replacement can reduce operational efficiency. In other words, it is important to know what causes ERP retirement, what influences migration, which conditions facilitate ERP retirement, which strategies are mostly pursued, which stakeholders are involved, etc.

The analysed literature provides only a few answers, and the findings have some limitations in terms of generalisability. Thus, this research strand cannot be considered mature, but what do we learn from the selected literature? Haddara and Elragal (2011 and 2013) developed a single exploratory case and investigated the factors leading to the ERP retirement decision. They identified some reasons for the ERP retirement, such as wrong ERP selection, insufficient involvement of managers and users, and lack of functionalities. Demi and Haddara (2018) offered a broader view on ERP retirement as they developed a single case study on an ERP vendor based on interviews with ERP consultants and sales. Consequently, the respondents responded based on many years of experience. This study proposes interesting results because it indicates further factors that lead to the switch from cloud or on-premise ERP to cloud ERP (availability of the newest functionalities, higher flexibility and scalability, fewer resources required, ease to swap to other ERP vendors). Also, they noted that cloud ERPs may have a shorter ERP retirement phase in contrast to on-premise solutions¹, but in general, they have a longer lifecycle. Furthermore, some interesting insights come from the work of Kakhki *et al.* (2022), who studied the transition from legacy systems to new ERP systems in SMEs in developed and developing countries. Although the authors had a broad focus on the entire transition process, they identified the following factors relating to ERP retirement/switching, such as the increase in costs of support, reduction of support services, improvement of operational performance, inability of the early systems to support business processes (new needs).

Case studies are useful in exploring new phenomena and in situations of lack of knowledge they can provide important insights and indicate directions for future research, but their generalisability is limited (Yin, 2009). Given that none of the selected studies adopted a quantitative approach, the findings certainly show some weaknesses. But if ERP retirement is important, why do we have so few studies? It is not easy to answer with certainty. Among the possible reasons I include: the difficulty in identifying ERP retirement cases, the availability of key contacts (because it is easier to talk about successes than failures), the variety of determinants to be studied (which are not necessarily of a technical nature), and the amount of information to be collected. In fact, although Haddara and Elragal (2013) and Kähkönen *et al.* (2017)

¹ According to respondents, cloud ERP retirement could last from 3 months up to two years.

developed single case studies, they conducted numerous interviews (approximately 40 and 21 interviews).

This paper does not have a recipe for dealing with all these issues. However, some considerations are offered. To increase the generalisability of the results, the research strategy of Demi and Haddara (2018) is convenient, as it is based on interviewing ERP consultants and sales, who responded based on a larger number of cases. Interviewing ERP vendor side players is useful not only in this respect, but also in identifying interesting case studies. In fact, if an ERP vendor may be reluctant to talk about the replacement of its product, it will have little problem indicating when its ERP has replaced another product. Since the causes of retirement include factors related to both the ERP adopter organisation and the ERP vendor, to improve the findings, future qualitative studies should involve various key ERP actors (Albanese, 2017). Of course, there is no doubt about the need for quantitative studies, which are currently unavailable. Overall, more research is needed on ERP retirement, more empirical evidence, and systematic analysis of the drivers that lead to ERP switching, and the benefits and risks of ERP replacement.

Conclusion

In this paper, I developed a dedicated literature review on ERP retirement. It may have some limitations in terms of comprehensiveness. To increase it, future analyses may extend the databases searched (e.g., by including Google Scholar).

The number and exploratory nature of the selected studies showed that knowledge of ERP retirement is lacking. Filling this gap is important because the analyses will provide suggestions for enterprises and managers dealing with the final stage of the ERP lifecycle. This support will be especially relevant for SMEs in developing countries where ERP consultants are less available.

Following Yasiukovich and Haddara (2020) and Kakhki *et al.* (2022), I emphasise the need for more research on ERP retirement and suggest the development of new case studies, possibly multiple case studies based on different key ERP actors. To this end, I provide a few considerations to enhance the generalisability of future qualitative research results. Furthermore, there is a clear need for survey-based analyses covering different sectors and countries that seem to be missing in the literature.

Due to lower switching barriers, a considerable number of SMEs are modernising their legacy systems. Indeed, some ERP and sales consultants argued that “*replacing the ERP system would occur more often in the future*” (Demi and Haddara., 2018, p.593). The opportunities to advance in research will therefore increase, but will this be enough to close the gap? The publications of the coming years will answer the question.

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The Implementation of Accounting Information Systems for its Role in Marketing and Management Processes

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Abstract

Nowdays the technological innovations evolve faster and in this conditions it is necessary to examine how this technology affects the accounting profession in the same way as it has affected everyday aspects. Accounting is transformed into something more than simple recording, summarizing and reporting of transactions exceeding these routines and practical functions and extending throughout the organization including, delegated functions, processing methodologies, controls and expected outputs, which considered all together as "the system". It includes all dimensions of business operations, including the flow of financial data across the organization and beyond. Consequently, this paper aims to address issues such as how knowledge about IT deal from accounting professionals and how they further develop their professional development during the subsequent training. This paper shows the importance of the IT knowledge in accounting, marketing, management and decision making. We conclude the paper by giving a short overview relying on the analysis of data collected from a survey.

Keywords: information technology, accounting information system, management, marketing

Introduction

Objectives of the theme

Understand the specifics and needs of the management for accounting information systems. To identify the main activities and the impact of information technology in the accounting profession in the operating activities, the efficiency of which is improved by the AIS (Accounting Information System) used.

The widely used AIS accounting programs in the world and understand the importance of these programs.

Impact of information technology in the accounting profession

Basically the objective function and the basis of accounting have not changed. It remains in essence "provision of information on the economic performance of a business unit" objective achieved by identifying, recorded, processed, stored, summarized and reported various events organization. However, with technology changes accounting is transformed into something more than simple recording, summarizing and reporting of transactions exceeding these routines and practical functions and extending throughout the organization including, delegated functions, processing methodologies, controls and outputs expected, all of which are considered as "the system". The system is in fact "anatomy" of accounting. It includes all dimensions of business operations, including the flow of financial data across the organization and beyond. The complexity of their businesses and computerization have done that in various trades must be knowledge about information technology and one of these is profession and the accounting profession. During the formation of an accountant, that he recognized university with knowledge about IT in general are general knowledge and then develop further knowledge with further qualifications that enhance knowledge in certain directions. Marketing and management accounting are separate sectors in a company but they must interact with each other to effectively manage promotional campaigns, marketing elements in a company and market research to increase sales and maximize profit. When these departments in an entity interact together, the sales trend in the market is easily tracked and complete and accurate information about Customers and Suppliers is obtained.

Clients are classified as trustworthy clients and bad clients who are grouped in the "Bad Debt" accounting account and a client's background is easily traceable through the use of Financial Programs to manage and analyze important information in decision making.

The entity also needs up-to-date and accurate information on utilities.

Today, when the financial reporting problems have become more complex, could not be given the right solution on time and without computerization. This requires an ongoing cooperation in the field of accounting professionals and informatics.

Through this paper will first give a theoretical treatment must possess knowledge that a professional accountant, then through a field survey this target will be recorded how these professional groups possess knowledge accountants passing further recommendations direct what measures should be taken to increase the level of knowledge. The main issues on which it is focused this paper are as follows:

What are the knowledge about IT after the award of Accountant and where accountants take this knowledge?

As further develop them in their professional development.

An overview of the literature review

Often found in literature studies and efforts to strengthen the integration of IT in education in the field of accounting. For example, Collier et al. (1990), Crawford & Barr (1998), Salleh (2000) have discussed the alternative use of computer education in the field of accounting. There are professional accountancy bodies and academic organizations such as Dearing (1997), QAA (2000a, 2000b, 2000c), IFAC in the case of the United Kingdom (1995, 2003, 2007), etc. which encourage and provide some guidelines for development IT skills for graduates in the field of accounting.

Integration of IT experience in university teaching and learning that IT is still lacking in comparison with the minimum requirements of professional bodies encouraged; for example, the study by Ahmad (2003) in the case of Universities UK showed low levels of IT, skills, information systems (IS), integration of knowledge (competence) in the accounting school programs. So it is important to investigate the factors that influence the development of IT skills in the teaching programs.

Another problem in the integration issues related to resources. Although similar IT modules are highly favored by the student branch of the branch of accounting and finance, they are not offered or can be offered only for a limited number of students, due to limited resources in terms of personnel and infrastructure (Gazely and Pybus, 1997). Aisbitt and Sangster (2005) have identified infrastructure problems such as inconsistencies, problems of access to software and technical support. Some other factors that contribute to the "failure" of integration of IT in the accounting profession are overcrowded academic programs (overcrowded) in the field of accounting and lack of institutional support (Long and MacGregor, 1996, Baker and White Jr., in 1999, Allen, 2000), a number of existing training and beliefs, such as resistance to change, etc. (Kelly et al., 1999).

But today the application of IT in financial and management accounting has created great potential and current accounting systems in many countries of the world it is not possible or practical to perform financial accounting or management accounting without the help of IT. IT made the future of any organization to compete in the global economy. By studies are evidenced IT supports this decision and accountants and proactive but limited evidence that IT provides wider dissemination of information, saving the time to provide the desired information, etc. The pace of integration systems is slow growing though.

Information Technology for the accounting profession

International Education Practice Statements (IEPs s)-Declarations and international practices to help members of the IFAC Education in the implementation of generally accepted practices in the education and professional development of accountants.

Education International Standard (IES) 2-International Standard of Education

Includes educational programs accounting profession (knowledge) that candidates should gain during qualifying as professional accountants.

Provides guidance for IFAC members and other educators on how to apply this standard in relation to IT components and knowledge of pre-qualification of accountants.

Also serves as a guide for the implementation of two other standards:

- IES 7, Continuing Professional Development;
- IES 8, Competence and knowledge they need to earn Professional Auditors regarding the further development of knowledge about IT and powers of the post-qualification.

International Standards Board of Education of Accountants-International Accounting Education Standards Board (IAESB) - takes into account:

- The diversity of culture, development, education and language, legal system and social development of countries which are members of IFAC and implementing these standards;
- The variety of accounting functions;
- IFAC member bodies find place in various stages of developing their pre-and post- qualification of accountants.

A professional accountant has a responsibility to judge not only about recording transactions but also for the importance of accounting information. Therefore, he must have knowledge about IT because of their increased career opportunities with: Minimum level of computer skills; Accounting skills combined with computer knowledge; Advanced computer skills in accounting; Knowledge of new developments in this field; Some of the main reasons for the importance of IT to accountants are;

IT will affect their work in the future.

But also the importance of obtaining knowledge about IT, also affects the fact of being competitive as it mentions in JACH Welch "If you do not have a competitive advantage, could not compete". The increased value and benefits of information technologies have also forced accounting professionals to improve their skills in the use of IT, in order to better perform their jobs. As a result, there is growing concern about the level of competence that accountants possess the use of information

technologies and if they are prepared to meet the challenges of the modern business environment. However, the skills gained from professional accountants are still below the minimum level drawn by professional accounting bodies such as the International Federation of Accountants and the American Institute of Certified Public Accountants. This paper focuses on information technology within the core competencies for accounting professionals, particularly those that operate on small entities and schools. This study makes a significant contribution to the practice by providing the theoretical basis for the development of information technology competencies related to professional accountants in general and particular.

For the above we can say that even in Albania, are being given even more important role in the IT accounting profession. It knowledge of educational programs are part of the first cycle of studies and second cycle studies in the field of accounting (bachelor and master degree). And not only that, but knowledge on IT are also part of the testing was developed for professions statutory auditor or internal auditor.

Methodology

We have made a survey for data collection. It was circulated around of 150 respondents, of whom 100 were collected. Target group of this questionnaire are economists, accountant and manager with a distribution 65 in the city of Vlora and 35 in Pogradec mainly employed in related entities small and medium enterprises. This sampling of 100 questionnaires highlights accountants who have knowledge of these cities about information technology. The questionnaire of this paper is formed by several different sections, separated by the problem or arguments that will be analyzed. Questions are open and closed leaving the respondents the opportunity to express his thoughts. Questionnaires were distributed in electronic format as well as hand delivery which can easily be worked on problems that the respondent could face the interviewees. Certainly the paper has its limitations, but can easily serve to create an image on the importance of IT in accounting profession.

Analysis of data

Initially we give a general overview of the characteristics of the respondents such as age group of respondents and the knowledge they have on IT and how possess basic computer programs. As they have gained this knowledge, how long they use computer programs, which are basic programs that they use more, why they choose to use exactly this program, the way they throw the data in the program. All these issues will be addressed in more detail below.

The selections of respondents consisting of 66 % economist, 24 % are Approved Accountant and 10 % of respondent's low audit. Graph No. 1 given age groups of respondents where the main weight is 25-30 years' age groups. It was observed that the title that economists possess affected by age that they have, we see that accountants who belong economist title only age group from 25 to 30 years old.

Accountants who have adopted Accounting title belonging to the age group of 31-40 years and the auditors were generally aged over 50.

Age group of respondents affects how they answered the question of what information technology and understand the definitions that they provide are some of them are presented below;

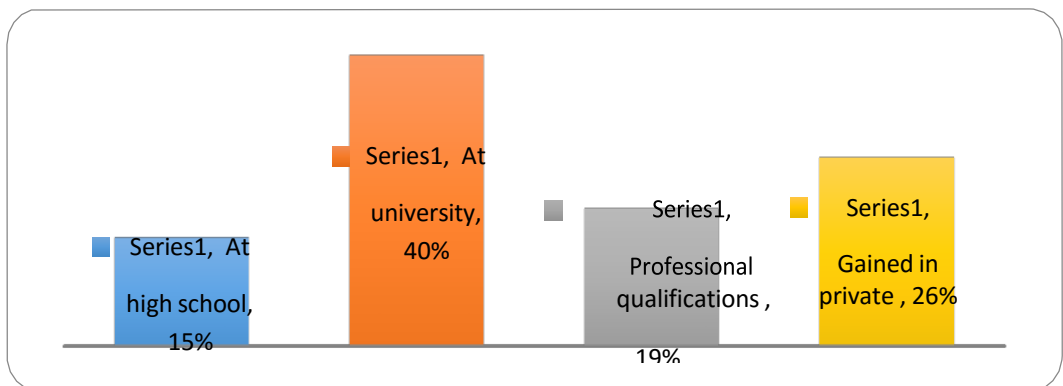
- Information Technology is the technology (hardware and software) necessary for data processing and other information.
- Technologic information is the term which includes all technologies used for creating, processing, transmission, storage, exchange and use of information in all its forms.
- Systems taking and giving, information storage through the use of various types of technology.
- Computer equipment, technologies used for processing, storing, sharing and use of different information.
- All technologies used for creating, processing, transmission, storage, exchange and use of information in all its forms, such as business records, conversations, photographs.
- Technology which enables the processing of information in a computerized, which gives precision, speed, occasional Updates etc.
- Computer equipment used for various processed further information, storage, processing and use of data.

From the definitions given about IT was found that 95% of respondents gave answers that implied that what is information technology and the analysis of the findings shows that there is alienation definition of IT. It was found that economists belonging to 25-30 age group, 31 to 40 have in-depth knowledge about information technology as well as their knowledge of the computer occurred in an age earlier than age 50. One other variable that the variable that affects the possessing extensive knowledge in these age groups is that they have got knowledge on Information Technology (albeit not very extensive) since high school level where subjects have developed computing, while over 40 age group cannot say the same thing. Knowledge that they acquire about the subject develop IT systems Informatics and Computer. Provided that the knowledge's IT of the exam include 10% of the points. Business environment in our country is an environment that is much coming and digitalize and the variety of programs that are being used are rising to the judge (which also constitutes a recommendation) that these modules should not restrict knowledge about IT for accountants.

b) To investigate the relationship between the accounting profession and IT respondents are addressed two specific questions related to the level of knowledge and the importance of IT in the exercise of the accounting profession.

This question was followed by testing the way the gaining of knowledge, because it would serve to determine where to focus to realize the changes that should be applied in future levels of our educational system as well as beyond it. These changes certainly looked for accountants assist you and which will necessarily lead to deepening their knowledge by enabling a successful career.

As seen from the graph no. 3 that about 41 % of the respondents acquire knowledge at university, then come the knowledge gained in private and 26 % of respondents. Also play an important role in the professional qualifications that are developed by professional bodies such as IKM, IEKA SHFKSH, etc., which we acquire knowledge about 19 % of the respondents. Graph No. 3. "Acquisition of IT knowledge"



Implementations of the following questions are important to this work because highlight programs used by accountant's reasons why they choose to use them and for how long programs use them. These questions enable the identification of problems in IT knowledge you possess accountants.

About 30 % of the respondents stated that they use the program to account for the transactions is therefore evident that Excel Microsoft economists continue to use Excel to keep accounts, which is a program that comes to the aid of the tables with calculations also built with logical formulas you can use. But this program does a data processing and their interactions make financial programs as Alpha Business, Finance, etc.

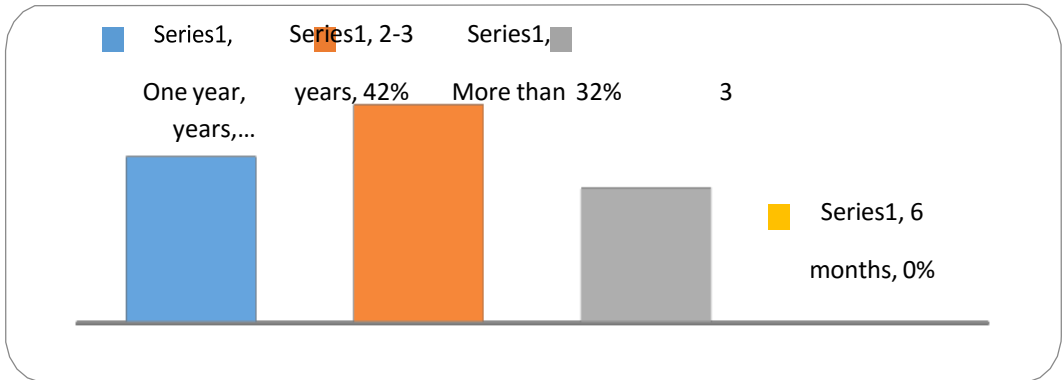
It was found that 52 % of respondents use financial Alpha Business program which is a program that helps them in the performance of work by providing a range reports and elaborate information about Financial Statements.

While 14 % of the financial software respondents use Finance 5.0 percentage lower than Alpha Business use.

Balance program does not use any of economists surveyed.

When carrying interviewing some of the companies that operate in the service sector use other types of software as QuickBooks, Navision.

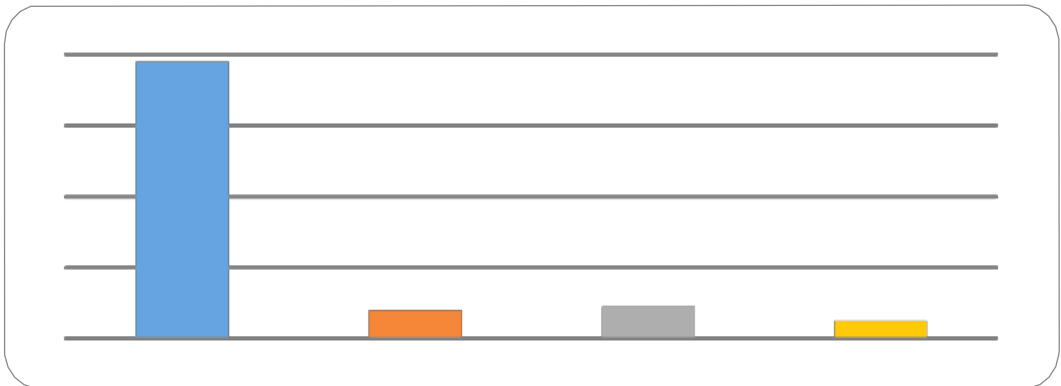
Asked how long the financial software uses the respondents answered as follows: Graph No. 5 "Period of use of software"



This question is of particular importance as it has a direct connection between duration of use and the ability to program the laying of transactions, meaning the logic in data processing by the program. See: 32 % have over 1 year who use the program; 42 % have about 2-3 years and 26 % majority have more than three years. Asked whether understand the logic of processing the data from the software and how it works 100 % have the answer yes. And further to understand how to understand the logic of the data processing program you jump question is asked: During the recording of transactions by economists (who cast the program operators) do so simply jumps and mechanical or logical data. Results showed that 10 % said they do so jumps 90% in mechanical and logical manner.

In the latter including operators who simply do data entry. Then come those who use software's to build financial statements as transactions are jumping from operators and mainly belong here Economists and Accountants Approved Expert accountant. Use reports for decision making, management and marketing from the software made mostly from corporate administrators. For the above found that the majority of accounting professionals make registration simple entity transactions, which of course will require a logical way of working. But they do not need to use for other software and other purposes such as analysis of financial statements, making the reports for the purposes of decision making, for the purposes of internal control etc.

Graph No. 6 "Reasons for use of the software"



To further understand the relationship between a professional and software were questioned if they understand the architecture of the program in which they work and the results showed that 55% have returned 45% responded yes and no. This question is contrary to the above questions as to understand the architecture of a financial program must have in depth knowledge and have received additional knowledge about IT related courses. This paradox can be explained by the respondent identification.

To continue on the meaning of the level of knowledge they have about specific IT systems implemented economic units is realized the question "what is ERP?" Results showed that 60% of respondents shall reply yes while 40% do not. This is another question that is affected by the variable length of the interviewees, because when you are asked to provide a definition about ERP, most of them leave the space blank which means that they have not provided an answer to the question above really.

Main Findings and Conclusions

Bases on data collected can draw some conclusions that follow and serve to deliver some recommendations. In accordance with the aforementioned standard of International Education Practice Statements (IEPs s) in our country shows that this standard does not apply because there are no generally accepted rules to adjust with the accounting profession

regarding knowledge on IT. Cycles of first level and the second level of study programs are aimed at acquiring bases knowledge on IT in accounting profession.

From the analyzed data collected from questionnaires it was found that the most of accounting professionals have the necessary knowledge on IT and that knowledge. They also know how to use software in the field of accounting mainly throwing entity transactions. But knowledge about IT should not be left just to the university level. Identification of some paradoxes during the implementation of the questionnaire

(internal contradictions between questions) emphasizes the deficiency in their knowledge. It is therefore recommended deepening of knowledge on IT in accounting profession especially during training or private courses. Nowadays the use of accounting information systems has increased in all sectors where a business operates and with the Covid-19 pandemic situation digitalization of business operations and generation of reports by executives is comprehensive for the situation of the organization. This can be achieved easily through a mutual interaction between professional bodies and universities.

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Corporate Social Responsibility - Business Opportunity or Obligation for Georgian Companies

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Abstract

CSR is a relatively new concept for Georgia. Its history is not even two decades old, and the development process is taking place at a slow pace. In recent years, the concept of social responsibility has been more or less accepted by large businesses. From unsystematic CSR measures companies are slowly moving to a strategic approach, although their social initiatives are mainly focused on increasing the well-being of vulnerable groups of society. On the one hand, this is due to the insufficient level of awareness of CSR in the business sector, and on the other hand, the limited expectations of society because the public's perception of CSR is mainly related to charity. The paper presents an analysis of the modern trends in the development of CSR in Georgia using qualitative and quantitative secondary data. It is based on the works and studies of various scientists. Qualitative analysis, namely statistical and thematic analysis methods are used as the method of analysis.

Keywords: corporate social responsibility, business strategy, altruistic responsibility, business opportunity, competitive advantage, sustainable development

Introduction

The role of the private sector in solving social problems and increasing public welfare is increasing. Modern society demands much more from business than fulfilling its traditional role. In addition, CSR is considered one of the effective tools for gaining a competitive advantage for companies, and they actively seek to integrate CSR into their business strategy.

In Georgia, in the last decade, there has been an activation of business in the direction of CSR, although we can say this only about a small part of them. For most companies, the owner's interests (profit maximization) are prioritized over the well-being of all

stakeholders, which hinders business social responsibility. However, it should be noted that the adoption of CSR may contribute to the improvement of the financial result, which simultaneously ensures the satisfaction of the owners' interests and the improvement of the stakeholders' welfare.

A number of studies confirm the positive relationship between CSR and financial results. However, Georgian companies do not realize what benefits CSR can bring to their business. Most companies do not perceive CSR as a business opportunity, which has a negative impact on the welfare of society, since companies do not have enough incentives to implement CSR and are less active.

Research methods. The literature review is used as a research method of modern trends in the development of CSR in Georgia. In the research, for trend analysis, we rely on both qualitative and quantitative secondary data (conducted research reports). Qualitative analysis, namely statistical and thematic analysis methods are chosen as the method of analysis.

Literature review

The concept of CSR has gone through a long way of development and understanding. In different eras its conceptualization and perception were different, due to the fact that there was no consensus around the concept of CSR.

"In order for the definition of social responsibility to fully fit the entire spectrum of business obligations to society, it should include economic, legal, ethical and discretionary categories of business performance" (Carroll, A three-dimensional conceptual model of corporate performance., 1979).

A. Carroll's CSR pyramid divides CSR into four categories, the first of which is economic responsibility. A company's economic responsibility is expressed in its profitable operation by producing and selling goods and services that society wants. Legal responsibility includes the performance of the economic activity by a business within the framework of legal requirements. Ethical responsibility includes behaviors and actions that are not defined by law, but society expects businesses to perform them. Along with economic and legal responsibility, A. Carol considers ethical responsibility as an obligation, as opposed to discretionary responsibility. Discretionary responsibility depends on the view of the business and is purely voluntary because, in this case, the public does not have a clear message about it. Therefore, if the business does not act within the scope of discretionary responsibility, this in itself will not be considered unethical (Carroll, A three-dimensional conceptual model of corporate performance., 1979).

According to Carroll's approach, each of the four categories is only a part of the overall social responsibility. Therefore, they should be understood and accepted as a single

system. Thus, we can conclude that CSR, depending on its aspects, is both an obligation and a business opportunity for the company.

To understand CSR in the context of both obligation and business opportunity, we should consider J. Lantos' (Lantos, 2001) approach. Lantos' categorization of CSR as an ethical, altruistic, and strategic responsibility clearly illustrates how CSR is transformed from an obligation into a business opportunity. J. Lantos presents ethical responsibility as a mandatory minimum level of CSR. It includes business actions that serve to avoid harm to society. Altruistic responsibility serves to solve a social problem, however, according to Carroll, businesses should limit charity and switch to strategic CSR, since altruistic CSR does not take into account all stakeholders' interests, in particular, owners' interests. The same cannot be said about strategic CSR. It implies the implementation of such investments which ensures the benefit of society and the company at the same time. Accordingly, if ethical responsibility is understood as an obligation for the company, strategic responsibility is presented as an important business opportunity. It is strategic CSR that considers discussing CSR issues as a business opportunity to achieve the company's goals (Galbreath, 2009).

Considering CSR as a business opportunity for companies is based on the voluntary nature of its implementation, although it should be noted that spending resources on CSR implementation may not be as profitable as investing in improving human resource management practices when the goal is to increase employee engagement (Smith V, 2011). The question arises: What makes companies in such a situation choose CSR, the consequences of which are associated with more uncertainty than alternative actions? In this case, CSR can be considered as an obligation arising from stakeholders' expectations harmonious relationship with stakeholders is the main focus of the CSR concept. Although there are different views on the organization's relationship with its stakeholders, the cultural and ethical norms established in the society represent the main characteristic on the basis of which this relationship should be formed.

Economic activity within the law is an important value in all countries, but expectations related to ethical and altruistic CSR are highly dependent on the cultural characteristics of the environment in which the business operates. Accordingly, the increase in public "pressure" on companies makes CSR an obligation, but this does not exclude the fact that at the same time it can be considered as a business opportunity. The mentioned possibility, in relation to the expectations of the ety, will be realized by integrating CSR into the business strategy.

CSR can be thought of as a business opportunity in the context of access to financial resources. Socially aware investors consider non-financial indicators along with financial indicators when making decisions. In responsible investing, companies are evaluated in terms of the ethical, environmental and social impact of their activities, because it is believed that the integration of sustainable development goals into the

business strategy ensures corporate sustainability and the improvement of financial results in the long term (Friede, 2015), which in turn affects the effectiveness of investments. Accordingly, we can conclude that CSR represents a business opportunity for companies to attract financial resources.

Thus, CSR is both an obligation and a business opportunity for companies. Obligations can be thought of as responsibilities related to its economic function, regulated by the legal framework and derived from ethical norms or society's expectations towards business. CSR becomes a business opportunity once it is integrated with the business strategy. As a result, we will get a strategic CSR, which unequivocally opens up wide opportunities for companies in different directions, ultimately manifesting itself in gaining a competitive advantage and improving financial results.

Discussion

In 1963, Joseph McGuire (McGuire, 1963) recognized the superiority of economic responsibility, but also proposed a broader view of CSR and explained that the corporation, in addition to economic and legal obligations, also has a number of responsibilities to society that are beyond these obligations (although it is necessary to fulfill them). Jules Backman also takes a similar position. According to his definition, social responsibility usually serves those goals and motives that go beyond the goal of making a profit by the company (Backman, 1975). Contrary to McGuire's and Backman's opinions, Henry Manne (Manne, 1978) considers CSR as a purely voluntary action. George Steiner proposes the concept of CSR as a continuum of responsibility that starts with economic responsibility and through legal and voluntary responsibility ends with "expectations beyond reality" (Steiner, 1975). Differentiation of social obligation, social responsibility and social response is proposed by Prakash Sethi (Sethi, 1975). In social responsibility, he combines corporate behavior that is dictated by market forces and legal constraints. Social responsibility is based on social norms, values and expectations in society. As for the social response, in this case it is not the corporation's response to public pressure that is important, but the long-term vision of what should be its role in the developing (dynamic) social system. Therefore, a social response has a preventive character, which, in its essence, can be matched with the fifth stage of CSR development proposed by W. Visser, which is characterized by systemic CSR (Visser, 2011). Within the scope of the systemic CSR measures, companies are focused on identifying the causes of current unsustainability and overcoming them by developing innovative business models, which, in turn, lead to the expansion of business opportunities.

Although CSR is not defined as an official obligation for business and also according to the definition made by the European Commission in 2001, the concept of CSR is based on the principle of voluntariness, some of the issues covered by CSR are

regulated by international law¹. The United Nations (UN) "Ten Principles of the Global Compact" (United Nations Global Compact Web Site, 2000) provide a clear idea of these issues. The UN Global Compact is an international initiative that encourages businesses to behave responsibly. It is aimed at ensuring corporate sustainability and contributes to the achievement of the United Nations Sustainable Development Goals. The "Ten Principles of the Global Compact" are the basic standards that must be implemented for socially responsible companies. Its implementation and realization as a basic level of CSR is, on the one hand, a mandatory responsibility for business, and, on the other hand, an opportunity to ensure corporate sustainability.

Trends in the Development of Corporate Social Responsibility in Georgia

The activation of CSR in Georgia started in 2005 with cooperation between the non-governmental sector and business entities. We find the first large-scale research in the field of CSR in 2007, which was carried out by the "Center for Strategic Research and Development of Georgia" with the support of the "Global Compact" project of the United Nations Development Agency. The research concerns the attitude and expectations of society towards the social responsibility of business in Georgia. In the same year, the "Center for Strategic Research and Development of Georgia" conducted a study "Big Business and Corporate Social Responsibility of Tbilisi".

An insufficient level of awareness towards CSR is revealed in both studies mentioned above. According to the results of the survey of public attitude and expectations towards BSR, 93% of the surveyed respondents believe that BSR is a voluntary duty that companies should undertake, while 7% consider profit as the only concern of businesses. In addition, it should be noted that the part of respondents who expect businesses to take social responsibility, expect activities in this direction only from large businesses (CSR DG, 2007).

Traditionally, CSR has been seen as an event for large companies, as their impact on the environment and society has a wider scale, but taking social responsibility is also important in small and medium-sized businesses. They have the advantage of using CSR more effectively as an opportunity to increase competitiveness, as their small size allows for rapid development of corporate culture and more flexibility in the market to respond to the changing demands of society.

Despite this advantage, the problem of understanding the concept of CSR is even more acute in small and medium-sized enterprises. Often, compared to large companies, given their scale, they are more involved in social and environmental protection projects, but do not or cannot identify it as CSR. All this, among other reasons, is related to the skepticism of small businesses about the possibility of receiving benefits through CSR. The results of a 2019 corporate responsibility survey reveal

1 Universal Declaration of Human Rights; Declaration on Basic Principles and Rights in the Field of Labor; Rio Declaration on Environment and Development, United Nations Convention against Corruption

that 69% of small businesses do not report their corporate responsibility activities and results to anyone. Only 12% of them provide information to employees. 92% state that the corporate responsibility activities and results implemented by their organization are not covered by the media (Innova, 2019).

As for the realization of the CSR concept by large businesses, the favorable situation is not in this case either. Although the majority of businessmen distinguish between CSR and charity, most of them see this distinction as incompatible with the concept. Only 22% of the respondents perceive this difference as more or less real (CSR DG, 2007)

In 2018, according to the results of the research carried out by the "Caucasus Research Resources Center - Georgia" (CRRG-Georgia, 2018) 18% of the 568 surveyed organizations did not have information about CSR. If we consider the results according to the location and size of the business, this figure increases even more in the regions and in the case of small businesses. In particular, 27% of the surveyed organizations outside of Tbilisi have not heard of CSR, while a similar figure in Tbilisi is only 7%. As for the size of the companies, 92% of the large businesses have heard this term, and 70% of the small businesses - have not. If we compare the results of the research conducted in 2007 and 2018, we will see that no significant progress has been made in terms of raising awareness of CSR in 10 years.

In Georgia, companies associate the improper practice of CSR with its unprofitability for business and the fact that their customers are not interested in CSR (CRRG-Georgia, 2018) This is where the problem that limits the ability to satisfy the interests of all interested parties with the concept of CSR appears. Local companies are not aware of the benefits of corporate social responsibility. Most of them do not see CSR as a business opportunity. Consequently, they do not have enough incentive to fulfill the CSR and as a result, they are less active. As for the second reason - the lack of interest of the user in CSR - there is a problem with the understanding of CSR here too. mentioned above, the vast majority of companies do not adequately distinguish between CSR and philanthropy, only 22% of the respondents distinguished them as a systemic and non-systemic (strategic and non-strategic) approach to CSR. Also, it should be noted that the majority of the interviewees consider CSR as a tool for forming a positive image of the company in society and name this as the main motive. (CSR DG, 2007). Based on this fact, it becomes clear that CSR as a strategic tool for achieving corporate goals is new for Georgian businesses.

Our opinion is substantiated by the corporate responsibility research report conducted in 2019, according to the results of which 69% of the surveyed companies do not have a document written in the direction of corporate responsibility. This indicator varies depending on the size of the business and if it is 49% in the case of large businesses, it reaches 89% in the case of small businesses (Innova, 2019).

Using CSR as a strategic tool requires its inclusion in the company's strategic development document. The CSR strategy should be considered as important and clearly written out as the sales strategy, marketing strategy, financial strategy, human resource management strategy and other strategies included in corporate policy and strategy documents (Emezi, 2014).

Unlike philanthropy and charity, which consider the application of profits as a one-time act to solve social problems, CSR is a systemic managerial approach that focuses on the processes through which profits are made. Therefore, along with the creation of the CSR service in the organization, it is important to develop the CSR strategy in accordance with the company's strategic visions and its effective implementation.

In addition to the fact that in most companies there is no written document in the direction of CR, only 3% of the 1053 organizations surveyed in Georgia in 2019 had a structural unit of corporate responsibility, and in 49% of the organizations there was no responsible unit or manager (refusal to answer -19 %). In most organizations in Georgia, public relations, marketing and human resource management departments are the structural units that manage the HR process.

In addition to the fact that in most companies there is no written document in the direction of CR, only 3% of the 1053 organizations surveyed in Georgia in 2019 had a structural unit of corporate responsibility, and in 49% of the organizations there was no responsible unit or manager (refusal to answer -19 %). In most organizations in Georgia, public relations, marketing and human resource management departments are the structural units that manage the CR process.

Activities planned within the framework of CSR should be in accordance with the company's mission, strategic visions and values. Compatibility with the CSR mission increases employee engagement because they clearly perceive the connection between CSR activities and their core business. Social involvement in CSR events leads to the maximization of benefits from it. In order to maximize benefits, it is also important to involve top management in both the implementation and control processes. Their involvement in the implementation process increases the motivation of employees even more, and control is an effective tool for the effective use of resources.

In Georgia, there are also problems in the direction of control and evaluation of the effectiveness of CR. According to the results of the research conducted in 2019, 56% of the surveyed organizations do not monitor CR measures, and 7% monitor them with internal research. The results in the direction of effectiveness evaluation show that 58% of organizations do not evaluate the effectiveness of CR at all, and 9% apply an internal audit to evaluate the effectiveness of CR (Innova, 2019).

If we evaluate the state of CSR in Georgia according to the main areas of the "Ten Principles of the Global Agreement", we can more or less find the standards written

in the organization's charter and the code of ethics in the direction of human rights, labor rights and the fight against corruption. Despite the fact that most companies claim that in a problematic situation they compensate for the damage caused by the violation of the rights of employees, the preventive approach to the issue does not work, as in the case of corruption. It should be noted here that if in all other cases, compared to medium and small businesses, large businesses were in an advantageous position regarding the understanding and practice of the CSR issues, we find the opposite situation regarding the fifth principle of the "Ten Principles of the Global Agreement" of the United Nations, namely the effective prevention of child labor. In the case of small businesses, almost an absolute majority declares that no persons under the age of 16 work in the organization, which cannot be said for medium and large businesses, where this indicator decreases to 97% and 86% (Innova, 2019).

Despite the fact that in the context of CSR, the main emphasis of companies is on charity and sponsorship as a means of image formation, in most organizations there is no document and written strategy by which they will make a decision and implement relevant measures (Innova, 2019).

We find the same situation in the direction of environmental protection, which once again confirms that organizations in Georgia do not take a strategic approach to CSR, and it has an unsystemic, chaotic character.

Conclusion and recommendations

Finally, it can be concluded that both the practice of CSR and the results of research carried out in this field at different times reveal a significantly low level of awareness of CSR in Georgia. We can name the wrong and inaccurate perception of CSR as the determining factor for companies' passive position in the direction of CSR. Accordingly, it can be assumed that the understanding of the importance of CSR by the business and the perception of the possibility of receiving potential financial benefits from it prompts companies to switch to systemic (strategic) CSR.

In the recent period, Georgia has seen progress in the process of understanding the concept of CSR, and some companies, mostly large businesses, are on the path of strategic CSR, which can be considered to some extent as an effect of the Covid-19 pandemic. Against the backdrop of the economic and social crisis caused by the Covid-19 pandemic, CSR acquired a special role. Taking into account the interests of stakeholders has become critically important in companies' actions, which has presented businesses with significant challenges, but at the same time provided an opportunity to create social and economic benefits through a new understanding of CSR.

Studies conducted in Georgia do not show a relationship between CSR and a company's financial results, which provides a great opportunity for future research.

In order to perceive CSR as a business opportunity, it is important to conduct research in Georgia to reveal the connection between CSR and the company's financial results.

A large number of companies in Georgia associate the improper practice of CSR with its unprofitability for business. As mentioned earlier, CSR becomes a business opportunity after it is integrated into the business strategy. The development trends of Georgian CSR show that companies are slowly moving to a strategic approach to CSR. Therefore, the current trend creates a good opportunity for conducting future research on the mentioned issue, so that Georgian companies can see what benefits CSR can bring to their business.

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Diaspora Impact on Foreign Direct Investment: State Institutions on Diaspora Engagement

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Abstract

In a globalized and interdependent world, every country needs cooperation and partnership. In the framework of this mission, every state undertakes policies and reforms that impose radical internal changes. Supporting these changes requires financial and human resources that states are trying to secure through various sources. Diaspora is in fact the first catalyst that provides incentives to the economy to meet national needs with financial and human resources and that helps overcome relative isolation from global trade flows. Through the engagement of the diaspora, states are extending their political and administrative functions beyond national borders and through agreements are improving relationships with other countries. This stimulates the interest of foreign investors who are always looking for new markets, less expensive, rich in natural resources. FDI through financial capital and foreign currency it brings, technological innovation, human capital development, trade opening contributes to the economic growth of the country. In other words, the state with the power given by law can create a bridge of communication between these two fundamentally different phenomena. So, the purpose of this paper is to investigate the relationship between the institutions created to support the diaspora, with the level of FDI flows. Then we go beyond this analysis to study if the type of institution engaged in this issue matters. We use data collected through different public data sources and panel econometric models are estimated for a sample of 20 countries over a 30-year period (1990-2020). Panel data analysis was conducted, implementing three different models (Pooled Model, Fixed Effect, Random Effect) Our results initially show that diaspora institution is a variable positively correlated with the volume of FDI and statistically significant. Second, based on the results, we conclude that, regardless of the type of institution engaged in the issue of diaspora, there is a statistically significant positive effect on the attraction of FDI.

Keywords: FDI; diaspora institution; market size; inflation; infrastructure; human capital; panel data analysis

1. Introduction

Declining transportation and communication costs, reduced barriers between states, and increased political and economic cooperation between them have led to a rapid increase in the mobility of people, goods, capital, and knowledge worldwide. So, on the one hand we have people leaving a country in search of better opportunities and on the other hand investors entering that country in search of new, less costly markets, rich in natural resources. Although these two phenomena seem like two different sides of a coin, they should actually be considered as complementary in meet a country's needs for financial capital, technological innovation, human capital development, overcoming relative isolation from global trade flows. Why do we believe that these two phenomena can have mutual effects between them? We know that people seek to emigrate generally motivated by difficult economic conditions, in search of a better life and more opportunities. Through the introduction of FDI flows the host country meets the needs for financial capital, new businesses are presented and transferred innovative technology. FDI are looking for

workers and providing training for them. All of these can be seen as resources that improve people's budget constraints, meet their professional needs and consequently we expect that emigration efforts to be reduced. The effects of FDI in the host country and especially on the emigration phenomenon are not standard and the same everywhere. This depends on the characteristics of the country, the level of qualification of the workforce in the country, the institutional quality of the host country and many, many other factors. If we look at the other side of the coin, immigrants themselves can influence the actions of foreign investors. Why? We know that when FDI decides to invest abroad in addition to the costs of geographical distance they will face in the host country the contextual distance, which refers to the environmental differences between the country of origin and the foreign country expressed in terms of cultural, administrative and economic distance (Beugelsdijk, Ambos et al., 2018; Beugelsdijk et al., 2017). The presence of people who know both sides of a border, such as members of the diaspora, who know the language of the country of origin and the country where they emigrated, know market structures, consumer preferences, business ethics, potential sectors, recognize the legal regime in both economies can contribute and stimulate mutually beneficial international transactions.

In an increasingly globalized world, the movement of people is a reality that cannot be changed and cooperation between states is a necessity that imposes radical changes for the peoples of the world to be unified in a single society and to function together. Thus, in an ever-moving world where some leave and some enter with the common goal, the realization of their objectives, what remains for the state as the iron hand of the law is to ensure the proper functioning of society.

Exactly what we want to address in this study is these relationships diaspora-state-foreign investors. This paper is unique in first that it examines how a large number of countries relate to their diaspora. Unlike the extensive literature of different authors who have analyzed specific cases of how to connect with their diaspora, we present a broad overview of several countries studied simultaneously, with different histories and developments. As a criterion for the selection of countries is their level of development in terms of GDP, the history of migration (level of emigrants as % of the population of that country) and the level of remittances received from the country of origin as % of GDP. This combination of factors is not unintentional, we want the study panorama to be as complete as possible to include developed and developing countries and how they are dealing with this issue with their diaspora. This analysis has served us to construct our variable of interest "diaspora institutions". Second, if so far the studies have focused generally on the quality of state institutions, we will empirically show the influence and role of institutions dedicated to the diaspora with the hope that the results of this study will be a message to the policy makers of these countries, about the importance of engaging with institutions dedicated to the diaspora not only as a basic task of any state to support its citizens everywhere, but for understand their impact as ambassadors representing their country of origin in the international arena. So, our purpose in this paper is to find out if there is a connection between the government's commitment to institutions for the diaspora in attracting and motivating foreign investors in these countries. Are governments contributing, through the involvement of part of the state apparatus to the issue of immigration and the diaspora, also in attracting a higher influx of foreign investment? The motivation that drives us to conduct such a study derives from the importance of both FDI flows and the diaspora as pillars that have kept the economies of the countries afloat, alleviated poverty

and today are contributing to their radical transformation. We have studied ten African countries and ten Asian countries. These countries have been analyzed from 1990-2020, as this period coincides with the moments when the first changes in organizational structures and engagement in the issue of immigration begin. We used different public data sources for data collection, such as the World Bank (WB), The Global Economy, United Nations Conference on Trade and Development (UNCTAD), United Nations Department of Economic and Social Affairs (UN DESA) and European Union Global Diaspora Facility (EUDiF) and a panel data are estimated for a sample of 20 countries over a 30 years period.

The paper is structured as follows. We first do a brief review of the literature to better understand the channels through which these two phenomena are interrelated. Second, we describe the empirical methodology of the study. Third we describe the variables selected to include in the model, the expected effects of each of them and the source from which these data are obtained. In section four we present the results of

the study and at the end we discuss and conclude with some recommendations based on the findings.

2. Literature Review

Migration and foreign direct investment are two increasingly important aspects of globalization, where each can affect the other. So, we start our analysis with the study of literature that reveals the forms in which they can affect each other. In the first stand of the literature, we will see the impact of foreign direct investment on migration. FDI is considered a major catalyst for development. For the host country they represent financial capital and foreign currency, present new businesses and transfer innovative technologies. First at the macro level this will mean into opportunities for economic development of the host country. (See Sookram et al., 2022; Haq 2022; Kulu et al., 2021; Wang et al., 2021; Okwu et al., 2020; Nguyen et al., 2020; Tsaganos et al. 2019; Gungor and Ringim, 2017; Melnyk et al. 2014). Watching this in the smallest of each individual this means better living opportunities by easing the budget constraint of potential migrants. FDI could affect emigration in multiple ways. An inflow of capital into a country increases the capital to labor ratio, thereby raising the demand for labor and its return. Creating new businesses FDI creates new jobs. Numerous studies have confirmed that FDI also offers relatively higher salaries than local businesses (Bircan, 2013; Earle et al., 2012; Huttenen, 2007; Heyman, 2007). Consequently, FDI, through new jobs and high wages, can reduce emigration efforts. Employment in new businesses and involvement in more complex processes with innovative technologies creates opportunities to grow professionally. (H. Nguyen et al 2020; V. Kheng et al 2017; Su & Liu 2016; M. Azam, et al 2015; D. Gittens, 2013) Indirectly again FDI meet a need of the people leading them to emigrate, professional growth / better career opportunities. FDI through the demand for skilled workers affects the level of education (Fredriksson, 2020) On the one hand being more educated and on the other hand FDI by providing information about the destination country (country of origin of FDI), by offering jobs, training them in countries of origin can create potential contacts that can encourage employees to emigrate (Javorcik et al., 2011, Berthélemy et al., 2009). So, the literature shows that FDI can affect immigration in several ways by encouraging or discouraging it. If we move to a wider spectrum, FDI affects the activity of local firms. FDI can affect local firms through four mechanisms namely, the

demonstration mechanism (i.e., domestic firms identify and assimilate technological knowledge or practices demonstrated by foreign firms), the employee mobility mechanism (i.e., domestic firms employ local employees who previously worked for and were trained by foreign firms), the business linkage mechanism (i.e., technological knowledge can be transferred to domestic firms who use the same supplier or distributors as foreign firms), and the competitive pressure mechanism (i.e., the superiority of foreign firms can create pressure on domestic firms to push them to

update their technology) (Chena, et al., 2020) Through all these forms FDI can help local firms overcome relative isolation and enter international markets. In other words, FDI influences from the core of a society that are its citizens, in their activities to the governmental level that impose radical changes and agreements to create a favorable business environment. (Kulu et al., 2021)

In the second stand let's see the other side of the coin, the impact of migration on investment (foreign direct investment). We know that when FDI decides to invest abroad, in addition to the costs of geographical distance, they will face in the host country the contextual distance, which refers to the environmental differences between the country of origin and the foreign country, expressed in terms cultural, administrative and economic distance (Beugelsdijk, Ambos et al., 2018; Beugelsdijk et al., 2017). The presence of immigrants, as people who know the countries at the same time can facilitate international economic transactions. Diaspora members can help FDI overcome language and cultural difficulties by recognizing both countries at the same time (see Matthias Lucke and Tobias Stohr, 2018) Members of the diaspora, by better understanding the market structure and legal framework of their country of origin, can help foreign investors obtain the necessary information before investing in the host country. (Javorcik, Ozden, Spatareanu, & Neagu, 2011). Members of the diaspora having the advantage of knowing the investment environment in their country of origin can provide the necessary information to foreign investors to reduce the risk of expropriation (Leblang, 2011). In other words, the strong link between migrants and FDI lies in the fact that they represent information channels for foreign investors. Through the social ties that diaspora members maintain in their home country, it can help companies identify business opportunities, local tastes and foreign preferences, and can even help investors find joint venture partners. The positive association between ethnic networks and FDI has already been found by many papers (see Dany, 2020; Cuadros et al., 2019; Burchardi, Chaney, & Hassan, 2016; Federici & Giannetti, 2010; Foad, 2012; Murat et al., 2008) However, the role of migrants is not the same as long as they are different in personal characteristics, the way of emigration and the opportunities they have had to integrate in the host country and consequently in the potential to influence the host country. In this logical line Cuadros et al., 2019 define the importance of the working position of migrants in promoting Foreign Direct Investment. The aims of this study are analysis the role played by migrants' occupations in influencing FDI, with empirical evidence in a multi-country gravity framework. The results show that highly skilled migrants, individuals born in the investor's home / host country, who occupy managerial or professional positions in the host / investment country positively influence the promotion of FDI in that country. The presence of immigrants with a high level of professionalism increases the potential for reducing transaction costs through access to wider information on foreign markets as well as through personal business contacts. Through accumulated

capital abroad, gained experience and possible contacts, diaspora members can not only influence the firms where they

are employed but can also be entrepreneurs themselves. A special form of foreign direct investment is those owned by companies or managed by members of the diaspora. DIUs are seen as the "firstmovers" in a country because of the advantages they have in terms of culture, language, organizational structure, legal framework, potential sectors based on information from social networks in the country of origin. etc. Through their activities in the country of origin they can help overcome the risk perceived from abroad and motivate foreign investors to make investments in these countries. (Naujoks et al., 2020) So immigrants can act as ambassadors of their country of origin and motivate FDI to invest in their homeland. Thus, for example, Parsons and Vezina in 2018 utilizing a unique event in human history, the exodus of the people of the Vietnamese Boat, showed the role played by immigrants in the resumption of bilateral trade between Vietnam and the US. Between 1975 and 1994, an estimated 1.4 million Vietnamese refugees moved to the United States. In the mid-1990s the US imposed a full trade embargo on Vietnam. After the lifting of trade restrictions in 1994, US exports to Vietnam increased more in the US states with the largest Vietnamese population, evidence of the pro-trade causal effect of migrants, i.e., migrant networks promote trade. The results show that US exports going to Vietnam over the period 1995–2010 grew most in those US states with larger Vietnamese populations. Specifically, 1995-cross-section results suggest that a 10% increase in the Vietnamese network raises exports to Vietnam by between 4.5% and 14%.

Members of the diaspora can also invest in origin themselves or can bring products of origin to international markets. In this case the diaspora serves multifaceted and often hybrid roles between consumer–distributor–marketer, acting as unique bridges across markets. (Elo et al., 2019; Minto-Coy, 2018; Riddle and Brinkerhoff, 2011; Newland and Taylor, 2010). Specifically, Elo et al., in 2019 empirically, explored the spread of three ethnic products in foreign markets, respectively the sauna from Finland as a service deeply ingrained in Finnish culture and lifestyle, patty from Jamaica, as the fastest food popular of this country and Pastel de nata from Portugal, a cream cake that is served warm with cinnamon and baked in a wood oven. The purpose of this study was to identify the role of diaspora networks in the dissemination of ethnic products internationally. The results of this study affirmed that the role of diaspora networks in the dissemination of ethnic products has been crucial in the nascent and then the crossover phase of international marketing and product internationalization. Diffusion of ethnic products is not managed as a single firm enters the market with a normal product but is more of a co-created and networked process of different actors from the firm and the diaspora to third party developers with elements of cooperation and competition. So, migrants can play an important role in reducing non-tariff barriers between nations and influence the attraction of investment both from their country of origin to the host country and vice versa. Therefore, it should not be

forgotten that among the multitude of criteria that evaluate foreign investors before undertaking an investment abroad such as market size, trade open, inflation, infrastructure, international reserves, natural reserves, quality of institution, political stability, control of corruption, human development index, etc. Diaspora can also play a decisive role in attracting FDI. Thus, for example Amar Anwar and Mazhar Mug, in 2017, analyzed the role of the Indian diaspora in attracting Indian outward FDI. In recent years Indian foreign investment has grown significantly, making India one of the leading investors in developing countries. Authors investigate the relationship between the Indian overseas community and OFDI in the developed countries (OECD countries) using data from 1999 to 2008. The aim

was to study whether Indians have invested in those markets where there is a larger Indian diaspora? The results of this study showed that the presence of Indian diaspora in a country has a statistically significant positive impact on the volume of Indian FDI entering that country. A ten thousand increase in Indian diaspora residing in OECD countries is associated with a 2 percent increase in the Indian OFDI to the host country. To summarize, we can say that the diaspora has a multiple role in the relationship with FDI, it is the information channel that facilitates and reduces costs for FDI, it is the channel that brings ethnic products to international markets (opens the country from isolation) is the channel that through cooperation and expansion of contacts promotes FDI and OFDI.

In a globalized world we see on the one hand an attempt to attract FDI and on the other hand a policy to promote effective cooperation with the respective diaspora. We intend to add to this extensive literature on these two phenomena an empirical study that shows how important it is to institutionalize the relationship with one of the most important links of this chain, such as members of diaspora.

3. Empirical methodology

The fundamental question we seek to consider is whether the volume of FDI is influenced by diaspora institutions. The full dataset contains annual panel data for twenty countries for the period 1990 to 2020. Also, we include several control variables, specific to the partner country i , commonly used in the literature on FDI determinants. Table 1 in Appendix 1, presents the variables considered in the analysis and data sources, Table 2 in Appendix 1 present the correlation matrix and the Table 3 in Appendix 1 present sources of information on diaspora institutions to create the independent variable diaspora institution.

Our panel data is balanced that means that have the same number of observations for all groups. We started our analysis by testing if our database has multicollinearity problems. Variance inflation factor (VIF) is a measure of the amount of multicollinearity in a set of multiple regression variables. As long as the vif value as less than 10 the data is no multicollinearity (Hair et al. 1995) We investigated the possible

effects of independent variables on FDI, applying three different panel models, pool model, fixed effect and random effect model. Based on the relevant tests we concluded that the most suitable model for the analysis of our data is the fixed effect test (see Hausman test).

Fixed effect model analysis the impact of variable that vary over time and remove the effect of those time-invariant characteristics so we can assess the net effects of the independent variables on the dependent variable. The fixed effect model investigates group differences in intercepts, assuming the same slopes and constant variance across the cross-sections (countries). In the fixed model time-invariant variable are absorbed by the intercept, so different entity has different intercept but the same slopes and constant variance across the cross-sections (countries). We considered this effect, as it allowed us to capture unobserved heterogeneity across countries where it is fixed over time. We estimate the following fixed effect panel model as well:

$$\log FDI_{it} = (\alpha + \eta_i) + \beta_1 \log_mark_size + \beta_2 Infl + \beta_3 Infrastruc + \beta_4 Hum_devel + \eta_{it}$$

(1)

where, i presents each country; t represents each time period (with $t=1,2, \dots, T$) and η_{it} is the random error term and η_i is a random variable that is part of the intercept α under the fixed effects model and it is assumed that it is uncorrelated with explanatory variables.

We begin our analysis with a model of factors that we think are closely related to FDI.

In the second model we introduce our variable of interest, Diaspora Institution. Our goal through this model is to find out if there is a relationship between the commitment of the government and institutions towards the diaspora in attracting a larger volume of FDI. Our variable of interest is initially expressed as a simple dummy with two categories.

$$\log FDI_{it} = (\alpha + \eta_i) + \beta_1 DI2 + \beta_2 \log_mark_size + \beta_3 Infl + \beta_4 Infrastruc + \beta_5 Hum_devel + \eta_{it}$$

(2)

Based on the study of the institutions that each state has engaged to support the diaspora, we see that the forms and policies were different. It is understood that commitment and work are not the same how to have a dedicated office to listen to and inform immigrants, how to have a ministry for the protection of diaspora issues. Based on this, through model three and four, we want to study if the type of institution engaged in this matter is important in the motivation of foreign investors.

$$\log FDI_{it} = (\alpha + \eta_i) + \beta_1 DI3 + \beta_2 \log_mark_size + \beta_3 Infl + \beta_4 Infrastruc + \beta_5 Hum_devel + \eta_{it}$$

(3)

$$\log \text{FDI}_{it} = (\alpha + \beta_i) + \beta_1 \text{DI}_1 + \beta_2 \text{DI}_2 + \beta_3 \text{DI}_3 + \beta_4 \text{DI}_4 + \beta_5 \text{DI}_5 + \beta_6 \text{DI}_6 + \beta_7 \log_{\text{mark_size}} + \beta_8 \text{Infl} + \beta_9 \text{Inrastruc} + \beta_{10} \text{Hum_devel} + \beta_{11} \text{DI}_7$$

(4)

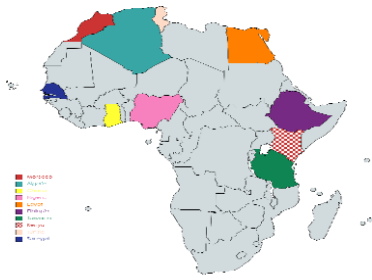
Models three and four differ from the second model only in the expression of our variable of interest. In the third model we organize our variable of interest as a dummy with three categories (0- there is no institution for the diaspora, 1- there is an institution for the diaspora at the maximum department level and 2 there is an institution at ministerial level) While in the fourth model, the variable of interest is organized in size categories (0- there is no institution for the diaspora, 1- quasi governmental, 2- legislative body (e.g., High Council), 3- Sub-ministry, 4- Executive Body (an organization housed within the office of the head of the executive branch of government (e.g., under the Presidential Office), 5- Hybrid Ministry, 6- Full Ministry). Our ranking system refers to the one proposed by Alan Gamlen, Michael Cummings, Paul M. Vaaler and Laura Rossouw in 2013. Our aim is to test whether the organization or type of institution dedicated to the diaspora affects the volume of FDI in different ways. We tested all models with fixed effect models. We choose this model based on the p value of the Hausman test but also for several other reasons. First, when the number of places is small, as in our case, the model with fixed effects is preferred to the one with random effects. Second, the places that were taken in the study were not taken randomly. This fact also favors the model with fixed effects. Thirdly, the purpose of this study is to analyze the impact of variables that change over time.

4. Data description

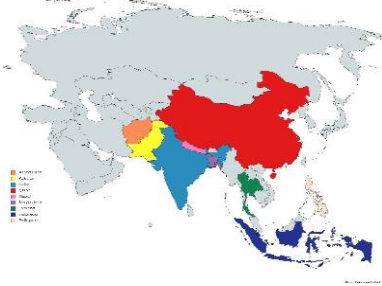
The data used in this study are based on several sources such as the World Bank (WB), The Global Economy, United Nations Conference on Trade and Development (UNCTAD), United Nations Department of Economic and Social Affairs (UN DESA) and European Union Global Diaspora Facility (EUDiF).

We collected data and studied the institutions dedicated to the issue of diaspora for 30 years, from 1990-2020 for 10 countries in Africa and 10 countries in Asia. Specifically, in the maps below we present the countries that are the object of the study.

Map 1: The countries studied in Africa



Map 2: The countries studied in Asia



We created our variable of interest after a long study of the state apparatus of each country object of study, Country Migration Report by IOM on the issue of immigration and diaspora in these countries, "Human Geopolitics" by A. Gamlen, 2019 and data from European Union Global Diaspora Facility (EUDiF) - Diaspora engagement map. Also, an extensive literature of different authors who have analyzed specific cases has helped us to acquaint the institutions involved with the issue of emigration and diaspora, which we cite in the references. More specifically the reference for created the variable Diaspora Institution are described in Table 3 in Appendix.

Also is important to note that the state object of study have several types of institutions engaged in the diaspora issue. In such cases our index has the institution of the greatest importance.

In the selection of other control variables, referring to previous studies, we select the following variables as important factors that affect the attraction of FDI:

Market size and growth: expresses the dimensions and potential of the market, have been commonly found to exert a positive influence and statistically significant relationship. This variable expresses the purchasing power of the population and, thus, the demand. It is usually measured by means of GDP per capita (Agiomirgianakis et al. 2006; Ranjan, 2011). However, it is also possible to find an adverse effect, likely explained because of is capturing the rising costs (Walsh & Yu, 2010).

Inflation as measured by the consumer price index reflects the annual percentage change in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals, such as yearly. This indicator is believed to reflect the stable

development of the national economy. A majority of results have shown that this factor affects FDI attraction negatively (Jadhav,2012),

Infrastructure is the foundation for production and business activities. The more developed a country's infrastructure is, the more suitable the operating environment for the business, so the lower the initial investment costs will be. In other words, a developed infrastructure has a positive effect on the attraction of FDI. Previous studies in general suggest that infrastructure is reflected in the criteria of telephone, Internet and telecommunication (Wich, 2012; Makhavikova, 2015; Le,2015; Le and Nguyen, 2017).

The Human Development Index (0-1) measures three basic dimensions of human development: long and healthy life, knowledge, and a decent standard of living. Four indicators are used to calculate the index: life expectancy at birth, mean years of schooling, expected years of schooling, and gross national income per capita. Human capital has been recognized in numerous studies as a means of attracting FDI. The presence of skilled, highly qualified and healthy workers suggests that they have high productivity and are able to perform more complex functions.

We report the descriptive statistical measures in Table 1. In this table we present the average, the median, the minimum and maximum values, standard deviation, and the number of observations in the sample.

Variable	Obs	Mean	Std. Dev.	Min	Max
log FDI	595	20.357	2.769	2.303	26.396
DI 1	600	.039	.193	0	1
DI 2	600	.04	.197	0	1
DI 3	600	.334	.472	0	1
DI 4	600	.053	.225	0	1
DI 5	600	.218	.413	0	1
DI 6	600	.166	.372	0	1
log Mark Size	600	11.61	2.277	7.766	17.516
Inflation	583	8.361	9.573	-8.484	84.864
Hum Dev	582	.568	.118	.283	.782
Infrastructure	600	41.316	47.116	0	186.159

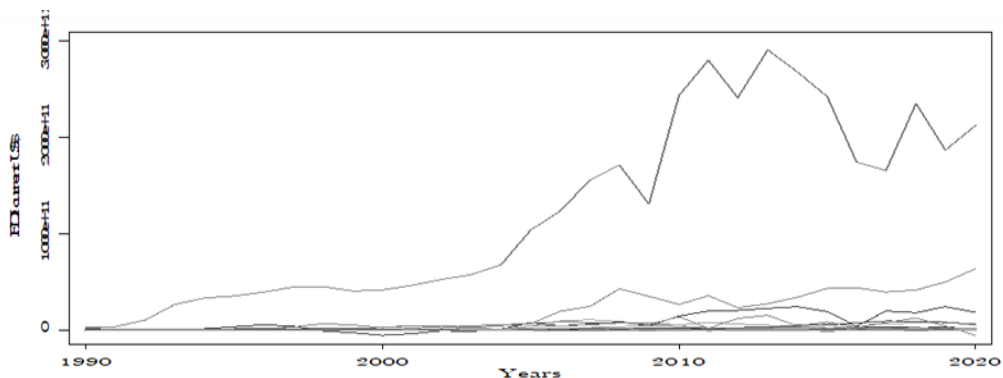
The first thing that stands out is the high fluctuation of FDI volume between countries. If we look at the maximum and minimum values, a very significant difference can be seen. Specifically, of the countries I studied, the least attractive country for foreign investors is Afghanistan with the lowest level of FDI. In relation to our variable of interest, it is important noting that the main form that governments use to support the diaspora is sub-ministry, and in second place is engagement with hybrid ministries, which combine activities for several issues at the same time. One of the main indicators to draw attention to these descriptive data is the level of inflation which shows in fact that some economies suffer from hyperinflation. Hyperinflation can occur in times of war and economic turmoil. In fact, these countries are characterized by political and economic unrest and wars such as the case of Afghanistan, Lebanon, etc. An indicator that should be emphasized is the human development index. From the min and max values, we see that there are countries with a very low index of human capital development (0.283 in Ethiopia) which must work to correct these

deficits due to the importance of this variable in attracting FDI. Also, if we refer to the maximum value (0.782 in Sri Lanka), improvements are still required to reach the maximum value of the index, which is 1. The proxy for infrastructure use is mobile telephone for 100 people. So, if we compare the average value with the maximum possible, we can say that there is still room for improvement. It should be noted that the min value of this proxy is observed in many countries, but mainly in the years

1990-1993, improving significantly over the years. Specifically, according to the 2020 data, the min value is recorded in Ethiopia of 38.7 and the max value in Thailand of 166.61 for 100 people.

From the descriptive data, comparing the max min and average values, we found that there are significant differences between the countries. Through the graph below, we present the volume of FDI during the years 1990-2020 for each country.

Graph 1: FDI over the years by countries



From the graph we can see that the country that has attracted the most foreign investment from all countries under study over the last 30 years is China. Factors important in attracting FDI to other countries have also been key to China's success. China's large domestic market, low wage costs, and improved infrastructure, complemented by open FDI policies (especially the establishment of OEVs).

5. Results

In this section, we present the results of our model. In our analysis we got the log of FDI, net inflows (BoP, current US\$) as dependent variable, while the other variables are used as independent regression variables. The question that arises from a panel analysis is the choice of the most appropriate model between pooled model, fixed effect and random effect model. We analyze the panel data with all three models and based on the respective tests (Hausman test and Breusch and Pagan Lagrangian multiplier test) we chose as the most suitable model for our analysis the fixed effect model.

We start our analysis with a simple model where we include the factors that we value as essential to attract foreign investors. As we expected all the factors as market size, that expresses dimensioned and the market potential, the level of inflation as in financial risk indicators, the

infrastructure as the basis on which the business activities are built and the human capital as the source that sets financial and physical capital in motion, are statistically very important.

VARIABLES	(1) Model 1	(2) Model 2	(3) Model 3	(4) Model 4
DI_1				2.316*** (0.487)
DI_2				1.511*** (0.360)
DI_3				1.304*** (0.243)
DI_4				1.352* (0.755)
DI_5				1.763*** (0.337)
DI_6				1.916*** (0.352)
log_Mark_Size	-1.663*** (0.427)	-0.949** (0.432)	-0.805* (0.443)	-0.839* (0.449)
Inflation	-0.0501*** (0.00778)	-0.0395*** (0.00777)	-0.0426*** (0.00768)	-0.0397*** (0.00781)
Hum_Dev	32.26*** (2.986)	24.07*** (3.225)	20.68*** (3.570)	21.29*** (3.628)
Infrastructure	-0.00814*** (0.00261)	-0.00557** (0.00257)	-0.00443* (0.00263)	-0.00445* (0.00261)
DI2		1.333*** (0.231)		
DI3			0.857*** (0.154)	
Constant	21.84*** (3.819)	17.01*** (3.798)	17.35*** (3.799)	17.08*** (3.860)

Observations	541	541	541	541
R-squared	0.510	0.540	0.538	0.551
Number of countries	20	20	20	20
Country		YES	YES	YES

Standard errors in parentheses

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

The results of the control variables we can say that some are in line with what we expected and that support a lot of empirical study some are outside our predictions. Specifically, the role of Market Size, measured by GDP per capita differs from our expectations. Market size is one of the key considerations for multinational companies when selecting their next FDI destination. However, the size of a country does not always translate into purchases. Purchases are made by people. These people must have income to buy. For this reason, we chose to present the market size in terms of GDP per capita and we expected that this variable would have a positive correlation with FDI. Contrary to our expectations, it turned out that market size is a statistically significant

variable but related negatively in the attraction of foreign investments. Our results can be explained by the fact that being countries where the majority are low-income countries and our model shows an average result among these countries, our findings affirm that foreign investors do not decide to invest in these countries to trade there. The size of the market or more precisely the purchasing potential of these markets is not a reason that motivates them in choosing the countries. Also, Walsh & Yu, in a study conducted in 2010, find a negative effect of market size in the attraction of FDI, probably explained due to the rising costs in the development countries. Contrary with our finds, L. Artige and

R. Nicolini, 2010, in their paper show that regional market size, market potential and unit labor costs are significant positive determinants of FDI inflows into three regions, Baden-Württemberg (Germany), Catalonia (Spain) and Lombardy (Italy). Even Sookram et al. 2022, which studied the factors influencing FDI inflows into the Caribbean during the period 2000-2019, confirmed the potential of market demand as an essential factor in attracting FDI. Their results showed that FDI is affected by the size of their small market, high energy costs, prone to exogenous shocks from commodity prices, natural disasters and climate change that discourage them.

Our results affirm that one of the motivating variables that influence the attraction of FDI in these countries is human capital. The results are in line with what we expected because an improvement in human capital means more qualified and healthy workers. The presence of more skilled workers suggests higher productivity and involvement in more complex functions. In fact, the theoretical relationship between human capital

and FDI has been demonstrated by Zhang and Markusen since 1995. Similarly to our results, Pantelopoulos, in a 2022 study, showed that an educated workforce positively affects the attraction of FDI. The author analyzed the OECD countries for the period 1960-2010 with the objective of empirically investigating the relationship between the labor force at all educational levels and FDI. The results confirmed that the different educational levels did not have the same level of importance. Tertiary education has a greater impact on the attraction of FDI.

Foreign investors when investing abroad appreciate also the infrastructure because the lack of the necessary infrastructure means into additional costs that the investor must realize to develop his activity. Contrary to what we expected, our results confirm that infrastructure is a statistically significant variable but that negatively affects the attraction of FDI towards these countries. The proxy for infrastructure varies. In this research we use the mobile cellular per 100 people. Contrary to our result Ta et al., In 2021 showed that infrastructure is a strong variable in FDI attraction. They have explored and measured the impact of factors influencing the attraction of foreign investors in Quang Ninh province. The empirical analysis used data from a survey of 206 domestic and foreign investors in this province of Viet Nam. According to the results, the factors that have a strong positive impact on the attraction of FDI are infrastructure, public services and human capital

The purpose of our study was actually to show if the engagement of the government to support the diaspora with institutions could also affect the volume of FDI. Thus, in the second model we introduce our interest variable DI if they affect the attraction of a higher level of foreign investment flows. Diaspora Institution is a simple dummy that shows whether the government has an institution to support the diaspora or not, regardless of the type of institution. The results of the

second model affirm that the government, by engaging in the issue of the diaspora, is contributing positively to the attraction of a higher volume of FDI.

But we consider it necessary to go further with this analysis, because it is not the same level of engagement as simply having an office that informs and supports the demands of the diaspora, having a department or even a ministry dedicated to the issue of the diaspora. So, the difference between the second, third and fourth model lies in the way our interest variable DI is organized. Through the second model, it was shown that the commitment of the government in supporting the diaspora has a positive effect on the volume of FDI. In the third model, our variable of interest is organized as a dummy with three categories where level 0 indicates that the government has no institution for the diaspora, level 1 indicates that the government has a representative institution or department and level 2 the government has an institution at ministerial level. While in the fourth model we have made an even more detailed division for the type of the government's engagement in the issue of diaspora support. The purpose of moving from the second to the third and fourth model is to study firstly if the engagement of the government with institutions for the economy is affecting the

volume of FDI and secondly, we want to show if this influence changes according to the type of engagement. In other words, we expect that a country that engages in the issue of the diaspora at the ministerial level will have made greater institutional and legal reforms and therefore have a greater impact than a country that supports the diaspora with a quasi-governmental institution.

The results confirm that despite the institutional organization, the engagement of the government in support of the diaspora with any type of institution has a positive effect on attracting a higher volume of foreign investment. In other words, the state through reforms and programs undertaken to create a climate of stability and motivation for members of the diaspora and especially by institutionalizing this relationship is contributing at the same time in expanding relationship with other countries and improving the image of the country in the eyes of foreign investors motivating them to invest in them.

To summarize we can say that our model is a good model (F-test) and the Foreign Direct Investment inflows are explained as 54% by the independent variables. Our interest variable (Diaspora Institution) has a positive effect on FDI regardless of the type of institution engaged in the issue.

6. Conclusions and Recommendations

Against the background of increasing interdependence between states, integration into the global economy and expansion abroad has become the focus of national policies. To break the walls of isolation, a window to the world is the diaspora. In recent years, in order to strengthen the diaspora as actors for development, state structures have been engaged in addition to social, cultural and humanitarian structures. Our results provide support for the solution of many governments which are paying increasing attention to the diaspora community. We showed that their commitment to the issue of emigration and the diaspora is important not only to better channel their contributions to the economic development of the country but also to attract higher FDI flows. Both diaspora and foreign investors can contribute to development.

On the one hand, the diaspora represents the information channel for the world, knowing the country, the legislation, the language, the culture. On the other hand, the governments engaged in the issue of the diaspora have undertaken a series of reforms, the implementation of which has imposed and brought about a radical change, both in the legal framework, in the economic reforms, favoring the business climate. Changing political and economic panorama can motivate foreign investors who also contribute to the country's economic growth. Economic growth means improved living conditions and this can reduce incentives to migrate. So even though these two phenomena are completely different, they should be considered as two sides of the same coin that both contribute to meeting a country's needs for financial capital, technological innovation, human capital development, overcoming relative isolation from global flows of trade and where the hand of the state with the power given by law can give life to this relationship.

Regardless of the economic and political problems of the countries subject to the study, we empirically showed that the countries that are engaging in the diaspora issue are improving the climate for doing business and attracting a higher volume of FDI. For more the results confirm that despite the institutional organization, the engagement of the government in support of the diaspora with any type of institution has a positive effect on attracting a higher volume of foreign investment.

So, our results support the countries that have taken initiatives to create bridges of cooperation with the diaspora. This partnership is a hope to change the image of the country in the eyes of the international community and to attract more of their attention.

Therefore, our results support the countries that have taken initiatives to create bridges of cooperation with the diaspora. This partnership is a hope to change the image of the country in the eyes of the international community and to attract more of their attention. Let these results be not only a message for policymakers, who we recommend to intensify policies and programs for building cooperation with their diasporas, but also a reflection on the complexity of this long-term process, which has a greater chance of being successful if is based on good communication, with the common belief that all parties benefit from this cooperation. Having said that, we understand that the regulatory framework and institutional capacities are important, but they cannot necessarily generate effective cooperation. What is essential is ensuring the applicability of the laws closely monitored by the competent authorities and a coordination of functions between the institutions without disconnection between the institutional chain. We showed the statistically significant positive impact of diaspora institutions, but obviously this analysis can be expanded by including a larger number of countries and above all by including a wider range of variables such as variables related to the political situation in country, to take into consideration the effect of the time of policy implementation, to see the effect of the size of the diaspora on the initiatives of the country of origin to institutionalize this relationship, etc.

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Impact of Sustainability on the Strategic Direction of Luxury Companies

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Abstract

Today's society is undergoing a paradigm shift driven by the megatrend of sustainability. This undeniably affects all areas of Western life. This paper aims to find out how the luxury industry is dealing with this change and what adjustments are made by the companies. For this purpose, interviews were conducted with managers from the luxury industry, in which they were asked about specific measures taken by their companies as well as trends in the industry. In a subsequent evaluation, the trends in the luxury industry were summarized for the areas of ecological, social, and economic sustainability. It was found that the area of environmental sustainability is significantly more focused than the other sub-areas. Furthermore, the need for a customer survey to validate the industry-based measures was identified.

Keywords: Change, Luxury, Brands, Operations

Introduction

The phenomenon of luxury has been known for centuries and has not lost its relevance in modern times (Berry 1994). Nevertheless, a paradigm shift is currently taking place in the modern luxury industry. An industry often associated with a lifestyle of excess, indulgence, and waste (Dubois et al. 2005, p. 115) – and in some ways contrary to the concept of sustainability – luxury brands have recently

embraced sustainability as part of the luxury essence and are exploring ethical consumer trends (Prüne 2013, p. 21; Bendell and Kleanthous 2007; Davies et al. 2012, p. 37). Challenged by the balancing act between brand exclusivity and the globalization of luxury brands, marketing managers face serious issues, such as the widespread use of counterfeits, consumer concerns about poor working conditions, blood diamonds, wildlife products, fur, and anorexic models (Tynan et al. 2010; Bendell and Kleanthous 2007). Moreover, luxury brands, especially in emerging economies, are accused of exacerbating social inequalities and the tensions between rich and poor (Kleanthous 2011).

Given that the luxury industry is extremely sensitive to reputational damage, and consumers from all walks of life are increasingly concerned about social and environmental issues (Bendell and Kleanthous 2007), the concept of sustainability must also become a priority for luxury brands. Digitalization has drastically accelerated the exchange of negative impressions so that a failure to meet expectations now poses an existential threat to entire companies. In general, a link can be established between the quality and longevity of luxury products and the resulting sustainability (Janssen et al. 2014).

However, existing studies suggest that the luxury industry still lags behind other industries in terms of sustainable commitment. Nevertheless, the concept of luxury, traditionally based on high quality, superior durability, and deeper value, is a perfect foundation for designing and marketing products that preserve fundamental social and environmental values (Atwal and Alistair, 2010). This leads to the following research questions:

How do luxury brands integrate ethical excellence into their operations?

How can brand managers communicate sustainability efforts to their consumers?

Our paper aims to provide a comprehensive framework of sustainability efforts currently being undertaken by luxury brands. We therefore use semi-structured expert interviews to explore strategic and operational directions followed by industry executives.

Research Methods

The following section explains the approach and methodology underlying this work. The goal of qualitative content analysis is to understand human behavior and decision-making through the systematic analysis of communication. With the methodology of semi-structured interviews and qualitative content analysis, it is possible to approach the research question with the greatest possible openness. This

leads to a detailed and subjectively perceived account of the causal relationships, in the case of this work, between sustainability and its impact on the luxury goods industry (Prüne 2013; Pietzcker and Vaih-Baur 2018; Grützmacher 2020).

The basic idea of qualitative content analysis was to build on the rule-based systematic principles of quantitative content analysis. Furthermore, qualitative procedures that do not exclude quantitative analyses (category frequencies) have been developed and substantiated for a variety of qualitative text analysis tasks (summarizing, explicating, structuring text material) (Flick et al. 2004).

In order to carry out an appropriate analysis, suitable data must first be collected. To this end, this paper uses the guided interview method, which will be presented in more detail in due course. The scientific community and literature have presented various guidelines and approaches for the systematic elaboration of qualitative datasets. Among the best-known proponents of this method of research and analysis is *Mayring* (Mayring 1991; Flick 1991). Therefore, *Mayring's* approach was chosen for this work, and his eight-step guide was adapted and condensed into an agenda specifically tailored to the needs of this analysis (Mayring 1991, 209 ff.).

Methodology

The selection or procuring of appropriate source material and datasets is an elementary part of qualitative research and accordingly the first part of *Mayring's* approach to analysis. Due to the complex and very specific research question, individual qualitative interviews are essential for this work. To this end, various research approaches were considered, with the decision being made in favor of a guideline-based expert interview, which is considered in more detail in the following section. The field of qualitative market and consumer research includes a variety of approaches to conducting field research. Among the different approaches, the semi-structured interview is distinguished and methodologically elaborated. Therefore, they are often used to obtain qualitative data (Helfferich 2014, p. 559). This technique can be further specified by the targeted audience.

The starting point of a semi-structured expert interview analysis is to define a field of research and define one or more lead questions, which shall be investigated throughout the research process.

Semi- structured interview

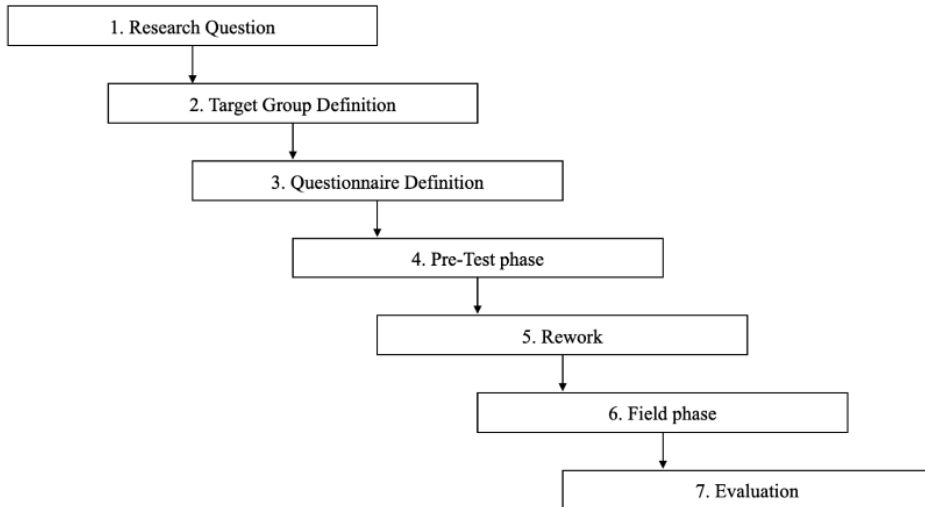


Figure 1: Semi-structured interview; Source: Own representation derived from (Flick et al. 2004)

The figure shown illustrates the seven steps necessary to conduct a structured guided interview and ensure that the material and data obtained are suitable for qualitative analysis. The detailed conduct of the guided interviews for this work is explained in the following overview:

The defined research question is: “How is the sustainability megatrend affecting the luxury industry?”

In order to answer the research question accurately, strict parameters were set to define the target group. To be eligible as respondents, respondents must be managing directors or senior managers with strategic responsibility in a German luxury company. This ensures that the answers have the necessary significance and that the respondents have the appropriate decision-making authority in their companies.

In accordance with the research question and the defined target group, an adequate guideline must be developed that considers the corresponding spatial and temporal determinants. Due to the current pandemic situation, the questions are designed to be asked via telephone or online conference. In this context, it is also necessary to determine the appropriate recording method. The apps *TapeACall* and *Microsoft Teams* recordings are considered suitable. For the structure of the questionnaire, the

research question was divided into question blocks that logically build on each other. At this stage, the questionnaire consists of 15 questions.

In the pre-test phase, the developed questionnaire is tested on a group of representative respondents with regard to its usefulness, its structure, but also the necessary time component for the survey. Here it has become apparent that some of the questions are not sufficiently clearly delineated and the questionnaire is too extensive. For the defined target group of managing directors and senior executives, time is a key determinant and therefore plays a decisive role in their willingness to support the survey by participating.

In the event of a rework, the question blocks and questions are revised based on the results of the test phase. This results in a questionnaire consisting of a total of 10 questions, starting with a general icebreaker question and three identically structured question blocks.

The conception of the questionnaire is followed by the field phase and the practical implementation. In this case, 14 people from the target group were interviewed. A total of 215 minutes of audio recordings were generated. The previously defined minimum number of 10 interviews was thus exceeded. The actual interviewing is done via phone calls and Microsoft Teams calls.

The raw data obtained must be processed for further analysis. This requires accurate transcription following the given transcription rules (Azevedo et al. 2017). Therefore, the smoothed verbatim transcription method was used (Mergenthaler 1996). In total, the transcriptions comprise 22,140 words. At this point, a thorough review of the previous steps must be done, and they must be checked for errors before the data is used for further analysis.

Based on the previously defined five steps of qualitative content analysis according to Mayring, the data obtained can now be further evaluated.

Analysis and Findings

In the following chapter, the interviews are analyzed and summarized by forming content-related categories. The basic structure of the interviews continues to serve as a guide. However, the content-related statements are linked across questions and interviewees. Furthermore, external references and studies are integrated and used for cross-referencing.

The unanimous opinion of the respondents showed that the topic of sustainability is attributed a steadily growing importance for the luxury industry. Each of the

companies surveyed also indicated that they had already begun evaluating ways to adapt to this megatrend. The influence of sustainability is growing accordingly and is becoming increasingly relevant for day-to-day business and customer relations. Luxury consumers' demands on products are changing, and companies need to adapt their portfolios accordingly. Luxury and sustainability sound like a contradiction, but nowadays they must be combined and must go beyond the products themselves and be a holistic, industry-wide approach, that is closely linked to the company's own corporate DNA, which was also noted in the World Wildlife Fund (WWF) report by *Bendell and Kleanthous (2007)* (Athwal et al. 2019, p. 407; Bendell and Kleanthous 2007). Derived from this and evidenced by the present research, sustainability can be an integral part of an entrepreneur's start-up motive in the luxury industry, which is also pointed out by *Li and Leonas (2019)* (Li and Leonas 2019, p. 110). For existing companies, it should be a motivation to question current practices and business operations. Sustainability can therefore be an integral part of a company's business foundation. Sustainable production and products also justify a higher price in combination with marketing potential and more pleasant user experiences. The trend towards greater sustainability in the luxury industry is one of seven developments in the industry towards what is known as *NEO luxury*, which in 2019 was largely shaped by the work of *Meurer and Riedmeier*. The results of the study with regard to sustainability were again confirmed by this study (Meurer and Riedmeier 2019, 10 ff.).

Luxury in itself is very personal and therefore cannot be standardized. Expectations of sustainability are also individual. This is particularly determinant of the secondhand and recycled luxury market (Atwal and Williams 2017, p. 44).

Even industries that tend to be diametrically opposed to sustainability and green thinking, such as the superyacht industry, are beginning to develop a more sustainable and environmentally friendly approach. In this context, alternative fueling systems are being designed and tested, as well as the introduction of marine-care programs by industry-affiliated companies in cooperation with private owners. Nevertheless, all efforts in this industry must follow the need to be profitable. For example, the *Lürssen Kröger* shipyard in northern Germany recently signed the first order to build a superyacht with fuel-cell technology (Webster 2021).

Other companies have a more sustainable approach, defined by the materials they use in their products. Nevertheless, current trends are moving in the direction of resource conservation and environmentally friendly production methods. Demand for

sustainable luxury vacations is steadily increasing, and companies in the industry are adapting their product portfolios accordingly.

Although the issue of sustainability is ubiquitous, not all companies in the luxury industry have integrated it into their current strategic and operational development. While the previous approach is relatively rare, other companies state that luxury and sustainability are inseparable and integral. At this point, it must be emphasized that this study only refers to the German industry and its views. A 2019 study by Dekhili, Achabou, and Alharbi highlighted that attitudes towards the link between luxury and sustainability can vary depending on cultural background (Dekhili et al. 2019).

Impact of Environmental Sustainability on the Luxury Industry

Environmental sustainability is currently one of the biggest challenges, and at the same time, opportunities for the luxury industry, and will continue to grow in importance, mainly because the CO₂ footprint of luxury consumers is significantly higher than average (Lynch et al. 2019, p. 377). From a historical perspective, luxury is strongly associated with a dissolute and lavish lifestyle, and sustainability has been neglected in recent decades. The industry must adapt to the new demands of consumers and implement appropriate reforms. Accordingly, the integration of environmental sustainability is inevitable. Sustainability starts in the company itself but is increasingly expected along the entire value chain. This trend towards a more sustainable approach in the luxury industry continues to evolve and grow.

Digitalization has made the consequences of environmental pollution more visible than ever before and has reached the general public, especially in relation to nature in remote regions of the world. These have become virtually accessible through the Internet, and global education about the overexploitation of the Earth is taking place. It can be deduced that companies need to control and optimize their value chain in order to achieve their own environmental goals, but also to avoid social pressure from their customers (Lynch et al. 2019, p. 377). The major luxury conglomerates have launched extensive transparency campaigns in response to massive pressure from environmental activists, politicians, and not least, their customers. As a result, pressure has been put on all companies in the industry to challenge their environmental impacts and provide transparency to customers and stakeholders. At the same time, investments were made at all levels to reduce the impact on the environment. Nevertheless, many luxury products are based on expensive and rare raw materials, for which currently only abandonment or, in some cases, recycling is an option. The resulting threat to existing companies has enabled an emerging generation of new luxury brands with a strong focus on sustainable resource use to

successfully position themselves in the market. However, there are also companies that deal with the issue of environmental sustainability, but this is not demanded by the customer. In principle, quality and the resulting longevity can also be seen as an environmentally friendly use of resources (Amatulli et al. 2017, 97 ff.; Lynch et al. 2019, p. 378). A trend that has now reached the luxury industry is the recycling or upcycling of products, including the use of ocean plastic as raw material for production. This trend is now also being followed by major brands like Gucci, Versace, and Burberry. However, these campaigns are exceedingly rare and designed primarily for positive media effects. In this context, it is also important to point out the often long supply chains through Far Eastern production, which have a significant impact on the overall CO₂ footprint of luxury products in Europe. Overall, the work of *Lynch, Long, Stretesky, and Barrett* found that the environmental impacts of customers in the luxury segment remain significantly higher than those of ordinary consumers, a finding confirmed by *Kenner and Grützmacher* as well as by the statements of the companies surveyed (Lynch et al. 2019; Kenner 2015). Nevertheless, this question has shown that customers are becoming increasingly aware of the environmental impact of their purchases and that this trend is also affecting the luxury industry. Another important aspect of the modern interpretation of luxury is dematerialization, which is a decisive purchasing argument for a new target group with purchasing power, but which has grown up with luxury. These predominantly younger buyers are looking for sustainability-oriented luxury experiences and are less focused on material luxury (Bosshart et al. 2019). However, this target group defined by *Bosshart, Gurzki, and Mei-Pochtler* was not a central part of the present study but must be mentioned for the sake of completeness. In the further course, the materialistic luxury is in the foreground.

Measures to Combine Environmental Sustainability and Luxury

In the following section, the measures taken by the companies to improve their environmental sustainability are listed and simultaneously analyzed. It becomes clear that the reduction of CO₂ emissions is a central starting point for sustainable economic corporate management. However, reducing CO₂ emissions alone is a general measure and not specific to luxury companies. This also applies to the offset of CO₂, which is also becoming increasingly important in the luxury consumer segment. When asked for more specific details, interviewees emphasized above all the optimization of production processes and the reduction of employee travel through the introduction of digital structures. Furthermore, many companies are reducing printing and the use of paper. Reducing water and avoiding plastic also fall into this category. One specific measure that has been mentioned several times is the recycling of second-hand

products and materials. According to *Cimatti*, this approach is particularly common in the luxury fashion industry (*Cimatti et al. 2017*).

Communicating Environmental Sustainability

The literature review found that sufficient consideration of the communication of any environmental sustainability measures has not been done to date. Accordingly, the survey examined the extent to which the measures implemented by the companies are communicated to the stakeholders. It also asks whether ecological sustainability is used as a marketing tool in the luxury industry.

A distinction must be made in the responses as to whether the company's target group is primarily B2C or B2B customers. For customers in the B2C sector, environmental sustainability measures are mainly used in individual campaigns and rarely communicated as a holistic approach. Transparency and traceability are provided for the campaigns, but the basic internal company processes with regard to sustainability are not communicated. Accordingly, the measures described in the previous chapter must be critically examined. In contrast, customers in the B2B sector expect more transparency and recognition of suppliers' compliance regulations. These can be achieved, for example, through the introduction of various national and international seals of approval, which serve as indicators for the use of sustainable packaging and transportation.

Social Sustainability and Luxury

The social component or corporate responsibility in the social area is becoming increasingly important for companies and the luxury sector. Modern sustainability goes far beyond the ecological aspect. For a holistic sustainability concept, social factors must therefore also be considered. The luxury industry in particular is committed to a strong sense of social responsibility. Part of the new luxury is taking care of your employees and your community. Providing customers with products and services that go well beyond what is necessary is only accepted by society if it includes a certain giveback. Employee satisfaction and long-term employee loyalty have a significant positive impact on the company's success. Especially with service-intensive luxury products and services, employee satisfaction is critical to a positive customer experience. Employee development and the opportunity for further training are essential for a long-term employment relationship and thus part of a sustainable social strategy. Companies must therefore provide opportunities for continuous personal and professional development. As part of holistic employee advocacy, the relationship between customers and employees must also be

considered. Discrepancies are common in the luxury industry. On the entrepreneurial side, a code of conduct for customers can be used as well as easy and safe ways for employees to report customer misconduct. However, this type of social sustainability is not yet widespread.

Transparency of Social Sustainability in the Luxury Industry

Although the importance of social sustainability was emphasized by all companies surveyed in the previous question, the answers to the question about specific measures varied. Only half of the respondents were able to provide specific information on the social sustainability concept in their company, while the other half were unable to name any specific measures. The measures indicated are explained in more detail below.

In order to meet social requirements such as work-life balance, flexible working options and a comprehensive home-office program are offered. In addition, opportunities for independent further training are offered by the company. These measures are supported by a high degree of flexibility in work activities. This also includes a continuous exchange with employees about their individual careers.

One approach that takes place outside the company and is therefore assessed as external social engagement is the charitable sponsoring of products or pro bono work. In this context, the share of proceeds from products or services sold for the benefit of charitable events should also be considered. The latter is often strongly motivated by positive marketing effects.

In summary, the socially sustainable engagement of luxury companies rarely exceeds the standard expected of good corporate citizenship.

Economic Sustainability in the Luxury Industry

The economic sustainability of luxury companies caused difficulties for the interviewees. In many cases, the topic has not yet been considered in a differentiated way. Economic sustainability relates to both the economic processes within the company and to long-term customer loyalty. In principle, every company in a free-market economy must operate economically in order to survive, so the focus of this question is on concrete measures to ensure long-term success. A sustainable success strategy means for companies to continuously develop with intrinsic motivation and to adapt to new market conditions. This change has not yet been noticed by all traditional luxury brands.

Results and Discussion

The modern kind of luxury is focused on experiencing and consciously perceiving. This includes the traceability of production chains and close personal identification with the brand offering the product or service. The luxury brand is therefore forced to reconnect with its customers, although it must maintain its limited availability and scarcity. The concept of sustainability is now closely linked to quality, so it is essential for premium-priced products to meet this standard. Customers are expected to have a strong focus on sustainability while expecting high-end luxury. Companies will therefore have to invest in suitable solutions. It should be emphasized that the expectations go well beyond a reduction in CO2 emissions and the sustainability approaches already in use. These will be defined as basic requirements in the future. Especially for young companies with flexible structures, these fundamental market changes can offer a great opportunity for market entry.

Measures to Combine Environmental Sustainability and Luxury

Some companies mentioned sustainability-related adjustments to their product portfolios and the introduction of alternative raw materials. In the case of product portfolio adjustments, the long-term sustainability of measures to promote ecology must be discussed controversially elsewhere, especially in the case of electromobility and the associated demand for lithium batteries. Some companies have not changed their product portfolio because it already meets modern requirements for sustainable ecological product design and production. In this case, however, a focus on the use of sustainable energy sources such as solar is worth emphasizing. One aspect highlighted by several companies is the reduction of plastic packaging material and the exploration of alternative biodegradable packaging. However, customer expectations are often a problem here. High-priced products are expected to come in high-priced packaging with a corresponding look and feel. In practice, it is still difficult to produce these with biodegradable materials. Overall, it can be seen that almost all companies are implementing targeted measures to make their business activities more environmentally sustainable.

Communicating Environmental Sustainability

In summary, it can be concluded from the responses that there is an increasing demand for environmental sustainability, but not yet an increased interest in actually monitoring these measures. Campaigns around the topic of sustainability are becoming more and more popular, but at present, they can hardly be distinguished from greenwashing measures. If the trend towards sustainability and the associated

traceability continues in the luxury segment, companies will have to back up their promises with transparency.

Social Sustainability and Luxury

Social sustainability is also reflected in the company's internal leadership style and management. Family-run companies in particular excel in terms of employee development and leadership. The benefits package includes above-average wages and a good work-life balance. Flat hierarchies enable fast communication and a high degree of personal responsibility for the employees. Social sustainability goes beyond the company's employees and must be demanded and verified along the entire supply chain. Companies, especially in the high-price segment, must be able to answer questions about the ecological and, above all, the social behavior of their manufactories and suppliers at any time. Digitalization has made value chains more transparent and accessible for clients and critics, so a transparent and compliant approach is essential. In general, any entrepreneurial activity should also bring benefits to society. Companies need to review the impact of their actions on society per se and also on the local community and sphere of influence. Especially in the luxury industry, this is sometimes only possible through donations or other involvement outside of the actual business operations. Giving back to society and donating a portion of the revenue of products or certain campaigns is becoming a popular tool among companies in the luxury industry. The idea of philanthropy is widespread among clients in the luxury segment, especially in the Anglo-Saxon world. Accordingly, companies can take advantage of the wishes of their customers and develop projects or charities together with the customers. Social responsibility and sustainability also mean that people who are less privileged can use part of the margin to expand social programs.

In conclusion, the luxury industry needs to be holistic in the social sphere, in line with the demands and expectations of its discerning clientele. This applies to internal company structures but also to the entire value chain. Digitalization means that deviations from expected standards quickly become public and can have far-reaching consequences.

Transparency of Social Sustainability in the Luxury Industry.

All but three respondents indicated that they did not communicate their social sustainability strategy externally. The measures communicated externally are predominantly fundraising campaigns and revenue participation campaigns for the

benefit of social projects, which are used to create media attention and a positive effect on the brand image.

There is no active communication regarding internal social sustainability measures. Employee training and retention is only communicated internally and is not communicated externally. This is a marked difference from the FMCG industry, where various companies use their employees and any support measures for marketing purposes. Furthermore, although measures to ensure compliance standards along the value chain are an integral part of the social and environmental sustainability concept at some companies, they are not communicated or made transparent to customers.

Economic Sustainability in the Luxury Industry

Sustainability and change are sometimes viewed critically, although the experience of the interviewees shows that measures to promote sustainability can also promote economic success. A reduction in production costs can be achieved by optimizing the use of resources. This results in two positive effects with regard to the sustainability of the company. A similar effect is achieved when energy is generated by wind or the sun. The interest in and need for ecological sustainability and social sustainability are much more pronounced than the awareness of economic sustainability.

Overall, it must be mentioned at this point that the opportunity to be sustainable through the choice of resources used for products is itself a luxury and should not be underestimated.

Conclusion

The presented survey and subsequent evaluation have shown that the luxury industry is at the beginning of a transition. The topic of sustainability has inevitably arrived in the industry and can no longer be ignored. Currently, the area of environmental sustainability is almost exclusively addressed. The resulting insight is that companies need to adapt even more to the new expectations of customers. Furthermore, the industry needs to break new ground in terms of communication and transparency of its production and sustainability. The measures implemented are currently hardly communicated and are not comprehensible for customers. Purely striking marketing does not do justice to the claim of luxury, but the possibility of traceability must be created. Overall, the results of the study conducted provide the basis for further research. Based on the findings and statements of the participants from the luxury industry, the perspective and perception of the customers must be examined in a further study. The research gap identified in the literature regarding the relationship between sustainability and luxury can also be adopted from the customer perspective.

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Marketing Study of Customer Loyalty in Georgia and Its Impact on Hospitality Business: Case of Imereti Region

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Abstract

Businesses, including the hospitality sector discovered the importance of customer maintenance as a key success factor. This study aims to investigate the impact of customer satisfaction, experience, and loyalty in Georgia, particularly in Imereti Region. Results indicate that a significant relationship exist between service quality attributes and customer satisfaction. Results conjointly revealed that service quality results in satisfying customers and customers' satisfaction results in customer loyalty. Hotel managers should offer better services to their customers for gaining competitive advantage, and it will facilitate them to guide the market with efficiency. Market orientation produces a positive effect on customer loyalty, which in turn has a positive effect on business performance, showing that market orientation has a significant and positive indirect effect on business performance.

Keywords: Customer loyalty, management, marketing, performance, service

Introduction

The notion of "loyalty" has established itself in Georgian scientific literature only recently, though it has firmly attracted the attention of marketers, managers and company leaders. Abroad, the customer loyalty issue has been studied much earlier by foreign researchers such as (Aaker D. 1991) (Leisse J. 1992). (Schlueter S. 1988) Ken Blanchard, Jim Billard, Fred Finch, R.Oliver, (Vilton P. 1988) etc. The word itself has migrated from the English language into Georgian without major changes and carries primarily the same meaning.. Foreign authors mainly focus on the emotional and rational components of the product, which represent a complex phenomenon of

consumer behavior and at the same time determine the customer's relationship with a particular type of organization and the products and services it offers.

Brand loyalty can provide essential benefits for both consumers and companies. For consumers, a brand toward which they feel loyal, can act as a signal of achieved expectation. Because of familiar and favorable signal that a brand sends consumers buy the brand with more comfort believing that the brand will meet their expectations.

Today, in the wake of the problems caused by the COVID-19 pandemic, large hotel complexes and small family hotels are busy looking for "their" clients and once they are found, retaining their favorable attitude. However, it should be noted that the practice of creating loyalty programs is rather small in Georgia (Tateishvili A; Gugushvili N. 2014).. Hotels that are aware of the need for such programs usually establish regulations based on foreign experience, creating their own standards and loyalty programs. A customer loyalty program is not just a calling card with a hotel logo, but also a combination of marketing activities (offering additional goods and services) to promote repeat purchases. (Tsotskolauri F. 2019) Consumers will decide, based on their brand knowledge, where they think the brand should go and grant permission (or not) to any marketing action or program (Keller, K. L. 2008) Unlike retail, where consumers can make multiple and frequent purchases, loyalty programs for hotels have their own specifics, since hotels must be satisfied with far rarer visits that are related to the consumption lifecycle, so blind copying of someone else's loyalty program is pointless (Katsitadze N. 2018) The hotel loyalty program should be deeply integrated into the service model and combine various types of encouragement, including immaterial incentivization aimed at stimulating positive emotions. The understanding of these experience dimensions can be helpful to managers in crafting and executing strategies that have the most positive effect on consumers' behavior. Consequently, this will allow organizations to manage customer experience properly that ultimately results into customer satisfaction, loyalty and positive word-of-mouth. (Khan, I., Garg, R. J., & Rahman, Z. 2015). Customer satisfaction is the use of the product, its appearance and quality of services. Product application and its appearance directly effects on product satisfaction and dissatisfaction. (Souri, F. 2017).

Methodology

Scholarly marketing journals were reviewed from a marketing doctorate-/non-doctorate-granting institution criteria. To test the proposed model empirically, personal surveys of hotel customers were conducted in Georgia using a structured questionnaire. A structural equations model was developed to test the research hypothesis. By synthesizing extant customer loyalty literature, this article seeks further understanding of loyalty and offers priorities for ongoing loyalty components.

Discussion and analysis

The success of hotel activities is primarily determined by an indicator such as the hotel load ratio, which by 2017, among Georgian hotels, amounted to 62% (+9% increase compared to the previous year). According to statistics, 177 new hotels were opened in Georgia in 2017, which increased the overall area of hotels in the country by 26%. Currently, hotels in Georgia occupy about 1 317 000 sq/m, with 619 000 sq/m of that number being rooms. As for brand hotels, 12 operate in Tbilisi with a total of 3,414 beds, 8 in Batumi with 2,142 beds, the other 6 hotels provide a total of 1,228 beds - three in Bakuriani, one in Stepantsminda, one in Kutaisi and one in Borjomi (dt.sangu.ge). 99.7% of operating hotels are privately owned, with 9.8% of owners being foreign citizens, while the state owns 0.8%.¹

Hotels in Georgia are mainly visited by foreigners for rest and recreation (67.1%), for professional and business purposes (25%), for medical reasons (1.7%) and for other purposes (9.5%). In 2018, tourists were served by 1051 facilities with a total of 34 752 beds². Almost all small hotels monitor the interest of customers in specific services and immediately try to include them into their list (sauna, pool, bowling, gym, spa services, etc.). The high level of competition in the hotel business generates the demand for companies to fight for customer loyalty, as this will only help them develop and out-compete others.

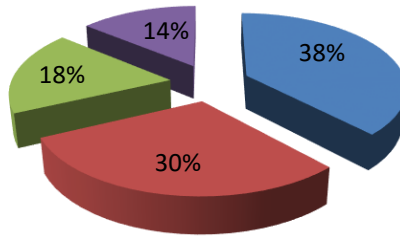
The essence of all loyalty programs in the hotel business is roughly the same. Every time the client chooses the same hotel for his stay, he collects points, which can later be redeemed for a free stay, comping of certain services, a better room, etc. In case of more frequent use of network services, the status of the participant increases, which means that the range of rewards available to him expands³. In order to study client loyalty of hotels in the Imereti region, we conducted a marketing survey via a questionnaire. 295 respondents were interviewed. Respondents were selected based on statistical methods, both on the principles of deliberate and random selection. The survey was limited to the Imereti region.

Responses to the question "What information sources do you base your choice of accommodation on in Georgia in general and in Imereti in particular?" were distributed as follows: 14% relied on personal experience, 18% on advertising, 22% on friends' recommendations, 38% on online resources (see figure 3).

Responses to the question "Which means of accommodation do you prefer?" were distributed as follows: 26% preferred hotels, 20% hostels, 8% stayed with friends/relatives, 22% - in sanatoriums.

Figure 1: "Which means of accommodation do you prefer? "

■ Hotel ■ Hostel ■ Friend's/relative's home ■ Sanatorium

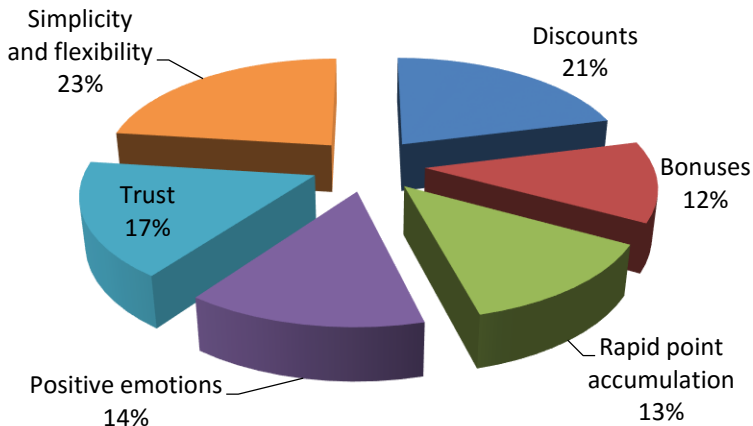


Source: Own compilation

Responses to the question "Do you make use of loyalty programs offered by hotels in the Imereti region?" were distributed as follows: 52% use loyalty programs, 32% are unable to give a definitive answer, 6% do not want to be involved in loyalty programs.

Responses to the question "What is the most important aspect of a loyalty program?" are distributed as follows: simplicity and flexibility (23%), discounts (21%), trust (17%), bonuses (12%), positive emotions (14%), and rapid accumulation of points (13%) (see figure. 2)

Figure 2: „What is the most important aspect of a loyalty program?“

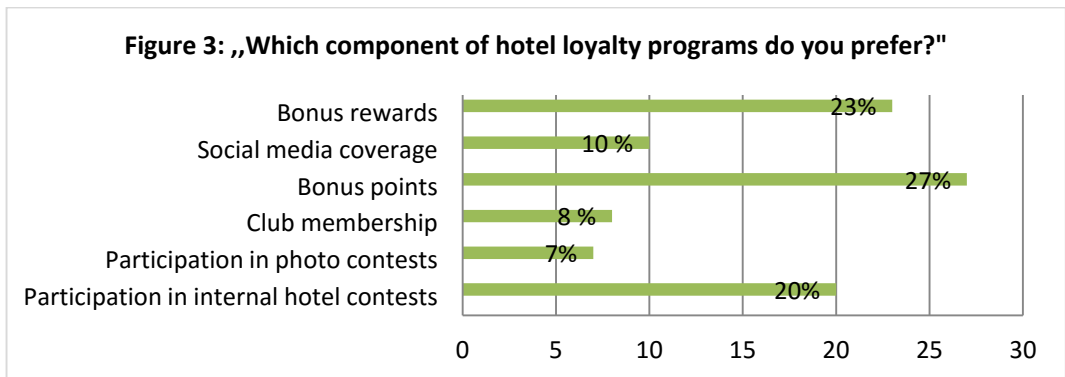


Source: Own compilation

As the research shows, "simplicity and flexibility" are more important than the possibility of getting a discount. At the same time, 7% of buyers refuse to participate

in loyalty programs if they take a long time to generate points. In order to prevent the program from turning into a headache for guests, one should not overdo it with complicated reward systems and differentiation between loyalty levels.

Responses to the question "Which component of hotel loyalty programs do you prefer?" were distributed as follows: bonus points (27%) bonus rewards (23%), participation in internal hotel contests (20%), social media coverage and activity (10%), club membership (8%), participation in photo contests (7%), and other activities.



Source: Own compilation

It is worth considering which additional services make a hotel more attractive: most respondents think that if there is a restaurant, bar or nightclub in the hotel, they will definitely make use of them, as hotels often only offer guests breakfast. Guests then have to have their dinner and supper elsewhere – something many of them find uncomfortable. Also, a large percentage – 23% - of hotels offer dry cleaning/laundry services, which are appreciated by guests. Most other hotels outsource this service, while guests prefer to receive it locally, without their items leaving the hotel. 23% of the visitors also mentioned that if a hotel offers its own tours of the surrounding areas, they save time by not having to look up guided tours online. We believe that loyalty programs give hotels a lot of benefits, including, but not limited to:

- Detailed information on the guest and his family, which can be used to increase their satisfaction;
- Encouragement of guests to make direct bookings through the hotel's website or sales department, and not through booking websites that take a commission for their services;
- Increased sales of additional services;
- Increased average number of bookings;
- Increased share of regular customers;

- Growth in profits.

At the first glance, it may seem easy to develop a loyalty program. This assumption is far from the truth, however. Beyond the obvious simplicity, there are mechanisms that require a very careful approach. A well-designed program is comprised of a mathematical model, customer psychology and trade marketing – all intertwined. Distribution of bonuses does not automatically increase economic indicators. Each new level of loyalty program should bring more benefits to the guest, a higher status, and more affordable services. Active participation in such a program can be compared to a computer game where the player's goal is to achieve a new, more difficult level. The program should be able to provide new services and privileges for different levels at different times. A well-designed loyalty program serves to increase the overall number of regular guests and the hotel's profits.

Conclusion

This study has identified a new and unexpected perspective on the relational marketing debate. Although the study originally sought to explore the relational approach to customer loyalty, it was surprising to find that it actually identified an alternative approach to customer loyalty through transactional marketing. The study found that relational approaches to marketing can promote customer loyalty in hotels, through a sense of transparency and consistency in their dealings with customers. The chain of conversion of a guest to a loyal customer may be as follows: first of all, thanks to marketing, a potential guest becomes an actual guest. Then a repeat visitor, a regular client and finally a loyal client. The task of marketing is to move the guest along this chain. Loyalty allows to retain a client for a long time. In this case, the loyalty program can be defined as a set of marketing activities for the development of repeat sales to existing customers, for selling additional goods and services, promoting corporate ideas and values, etc. A well-designed loyalty program allows for the growth of financial indicators. In markets where relational approaches characterised by loyalty schemes dominate, the transactional approach seems to provide an opportunity for a differentiated market position.

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Service Dominant Logic Centered Brand Management

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Abstract

Word of Mouth (WOM) become more significant nowadays with the raise of social media platforms, and internet. Therefore, we experience a shift of communication power from company towards masses. Customers share their own experiences on internet and that makes obvious the need to reconsider many practices. Information which exists and is uploaded on internet stands among the catalyzers of the power shifting that occurred. It is then obvious the shift of power from companies towards customers. Marketing experienced a major shift in its mindset. Brand choice, and value do not withstand apart, and critical elements such as relationships, and the cost of jumping in another relationship must be taken in consideration too. In this context, the need to consider brand management from a Service Dominant Perspective emerges. Not only brand value co-creation but also brand value co-evaluation has become concerning for firms in today's dynamic context.

Keywords: Service Dominant Logic, Service Dominant Branding, Value co-creation, Value co-evaluation

Introduction

Marketing has become complex (Möller, 2006a, 447). Marketing has the necessity to implement a mindset which considers customers as the cocreators of the value (Lusch, 2007, 265). Production companies need to include other actors (ex. buyers, suppliers) while defining their value propositions (Edvardsson et al., 2008, 339). It has become essential to consider marketing from a systemic and practical perspective (Gummesson, 2008, 17). Although the fear that marketing sub-disciplines (i.e. brand management) might show different attitude towards the new service mindset (Jacob and Ulaga, 2008, 248), the general tendency of marketing goes towards the implementation of a service dominant logic (Karpen and Bove, 2008, 214) which challenged traditional marketing and its status-quo (Lusch et al., 2008, 6). The shift of power from companies towards customers has become possible under the new

dominant mindset which calls for focus on operant resources as the core of the competitiveness (Madhavaram and Hunt, 2008, 79). Focus from manufacturing mindset towards service mindset has facilitated the shifting of power. Marketing can benefit from this shift from several perspectives. These perspectives have implications for brand management too. Some of these perspectives have been listed below (Vargo and Lusch, 2008, 258).

Customer becomes part of the process of value proposition offering, and active participant in the communication strategy.

Instead of acquiring something owned by the company alone, customers acquire a value proposition which not only has been cocreated with them, but at the same time is valuable to them in their own context.

Customers are seen as parts of a bigger picture

Focus on operant resources (i.e. brand, knowledge, skills) become obvious. Customers on the other hand, are not solely targets but are considered as resources at the same time.

Such new face for marketing requires strong decision-making and managerial will rather than investments and costs. The late ones are the main obstacles for implementing a new mindset due to the fear of managers that new practices bring out new costs. However, implementing service logic for marketing and brand management requires at first a managerial shift and avant-garde decision-making skills.

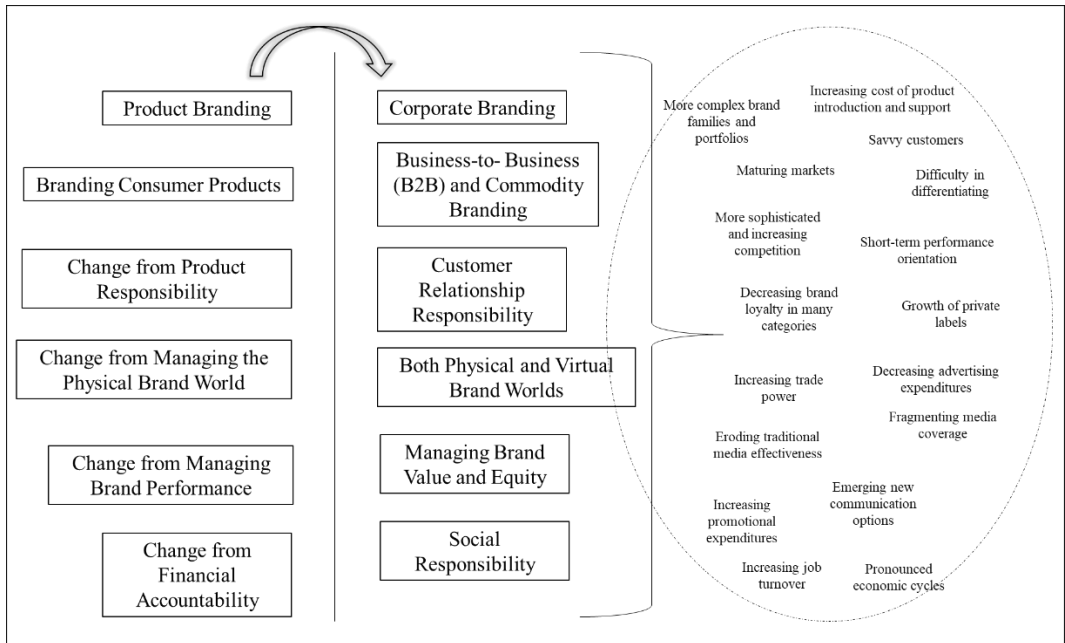
The exchange that occurs between actors (Vargo and Lusch, 2008b, 26) is at the core of marketing. The novelty is that what is exchanged in market is much more than market offering (products, etc.). Actors exchange and integrate their own resources. And this is the actual reason for the shifting of power. Nevertheless, the way how companies engage with customers to establish lasting relationships is at the core of the value proposition (Brohman et al., 2009). Therefore, shifting the mindset contributes in changing the view on customers. This will create a 'domino effect' and will have an impact on every business function; specifically, on marketing and particularly on brand management.

Branding and Brand management in a new emerging context

The new context requires marketing to consider customers not just as information providers (Mahr et al., 2013, 601) for the sake of developing innovative (but incomplete) solutions. In 80s it started the rise of service marketing as a need to break out a little from the good dominant logic. However, as years passed, and the context changed service marketing experienced an evolution by becoming a subdiscipline of marketing in late 80s (Baron et al., 2013, 5). In 2004 occurred the breaking point where Vargo and Lusch (2004) initiated the discussion on Service Dominant Logic which gave to marketing a contemporary, competitive, and modern face.

Still before entering in detail the discussion on branding is valuable to state that brand went through some changes in time. For instance, during 1980s brand became a valuable asset within the balance sheet and `goodwill` value was considered essential. Many underperforming branded goods companies were worried and started to recognize the power of brand as an element that could affect investor perceptions (Temporal, 2010, 294). Brand management started to evolve together with marketing environment (Kapferer, 2008, 160). Changing role of brand management from industry to market focus, and from tactical to strategic thinking were just some of the areas that showed the change in brand management. Brands started to implement a global market focus rather than local focus, and from product to category management (Temporal, 2010). Figure 1 indicates the shift of thinking in brand management, and a lot of challenges surrounding brand management, and these became the proofs of the evolution of branding. Another valuable work which indicates how brand management evolved comes from a study based on an extensive analysis of the most influential brand research articles (more than 300 articles) published between 1985 and 2006 in some influential academic journals such as: European Journal of Marketing, Harvard Business Review, Journal of Consumer Research, Journal of Marketing Research, and Journal of Marketing (Heding et al., 2008).

Figure 1: Shift of the focus, and challenges in brand management



Source: Elaboration of the author from Temporal, 2010 and (Keller, 2013, 53)

These approaches (approaches are listed in alphabetical order) have been listed below and these are (Heding et al., 2008, 3):

community approach: brand is the pivotal point of social interaction,

consumer-based approach: brand is linked to consumer associations,

cultural approach: brand is part of the broader cultural context,

economic approach: brand is a piece of traditional marketing mix,

identity approach: brand is linked to corporate identity,

personality approach: brand has a human-like character,

relational approach: brand is a viable relationship partner.

In the light of the above information, it is clear the evolution of branding. Considering the evolution that it had through different periods it also logical the need for new considerations. Given the hypercompetitive context it is impossible to predict in advances development and a new shift is essential to navigate safely (Temporal, 2010, 234) despite the challenges (Keller, 2013, 53). One widely accepted truth is that

brands are not owned anymore by companies (Temporal, 2010, 17; Kornberger, 2010,23)

Service Dominant Logic rooted Branding

Some of the first brands started the activity with their focus on the commodity but later on they managed to become a sign that reflected much more than the commodity itself. Ivosy Soap for instance; a soap brand from Procter and Gamble, or Sunlight, a soap brand from Unilever, managed to be linked to the idea that it represented purity (Aaker, 1991; Kornberger, 2010,15). Swatch for example made to convince customers that wearing a watch is not about its functionality if measuring time but rather it is about having an accessory as part of a particular lifestyle (Kornberger, 2010,18). Brands do have history, as the example of the Royal Bank of Scotland indicates. The bank has had its headquarters in Edinburgh since 1695 (Kornberger, 2010,90). One of the main elaborations that has been in the literature of branding is the evolution of branding from Kapferer (2012). Figure 8 shows the evolution of branding.

One of the main questions that takes place when discussing branding is its actual meaning. A brand is a name which can influence buyers via differentiability and/or trust (Kapferer, 2008, 11). Furthermore, brand is at the same time a shared idea that has been embodied within a market offering (Kapferer, 2008, 13). It is a concept that literature offers ambiguity and there is not a clear consensus on the concept (Kornberger, 2010,14-15). What we could say is that brand is not owned by the businesses and *“relies on interpretation and sense-making by both insiders and outsiders”* (Kornberger, 2010,14-15).

Brand is a sign and a collection of tools. Brand is not a single thing, but many things combined (Kornberger, 2010). Brand in general has been accepted as *“a distinguishing name and/or symbol (such as a logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors”* stated David Aaker which is one of the most influential scholars on branding and brand management (Aaker, 1991). As stated above, there is no international consensus on the definition of branding. However brands in the past served to protect producer, late in old times. They were used to identify olive oil or wine and wineries (Kapferer, 2012, 8).

Brand has several advantages because it produces trust (Heding et al., 2008, 22; Kornberger, 2010,14) and produces financial value (Kapferer, 2012, 446).

In this research, in brand valuation (or evaluation) we are not suggesting to leave out financial valuation. Rather, we do require do take in consideration also the other

actors while making this valuation (or evaluation). Furthermore, we do require to make also an evaluation of what brand means to other actors. This means that it is essential to find the importance of the brand for other ecosystem actors. Our main hypothesis, and ground of this research is that brand is co-created. Therefore, someone (a specific actor) who participates in brand co-creation has also an attitude (or an evaluation to make) for that brand. Automatically, naturally and logically this evaluation form of an actor (what the brand is to the actor) is at the same time a basis for the next co-creational steps/activities/practices.

Shaping brand value co-creation and brand value co-evaluation under Service Dominant Logic

Brand management is a strategic process. The main steps include (Keller, 2013, 59):
Identifying and establishing Brand Positioning and values (i.e., core brand association)

Planning and implementing brand marketing programs (i.e., mixing and matching of brand elements)

Measuring and interpreting brand performance (i.e., brand audit)

Growing and sustaining brand equity (i.e., brand expansion strategies)

Brand has strategic implications as it can transform the product category and is a long-term vision (Kapferer, 2008). Furthermore, brand management requires adequate brand strategy (Temporal, 2010). So far we understand the essential importance of branding.

Since brand importance affects the overall financial performance of the company (Kapferer, 2008, 507) it is important the planning activities of the branding (Bureau, 1981, 3). In this context, the presence of a brand strategy increases internal and external opportunities. Moreover, a brand strategy must be “*proactive rather than tactical and reactive*” (Heding et al., 2008, 15)

The right model for expansion, understanding perception, defining a market-driven positioning, and take advantage of digitalization and co-creation opportunities given the current context are among the most useful steps to have a successful brand strategy (Schaffmeister, 2015, 385-387). Brand strategy impacts brand identity (Aaker, 1994) which in turn affects brand positioning (Kapferer, 2008, 171). Despite the potentiality to deliver brand positioning via promotional mix (Temporal, 2010, 161), is important to align the perception of the receiver and the delivery of the sender (Temporal, 2010, 36; Keller, 2013, 68).

Brand does not belong anymore to brand managers (Ballantyne and Aitken, 2007, 364; Franzak and Pitta, 2011, 398; Pongsakornrungsilp and Schroeder, 2011, 305). Despite the extensive literature on branding (Tynan, 2010, 1156) still there is a blurred framework on how branding should be managed. It offers advantages that are unique to the firms (Cravens, 2006, 69; Edvardsson et al., 2006, 232) but at the same time assist customers in their choices too (Ballantyne and Aitken, 2007, 365). Brand has different meanings (Hollebeek, 2011, 562) but Service Dominant Logic puts an end to this dilemma by stating that “value is experiential and meaning-dependent” (Fyrberg and Juriado, 2009,422). It is essential that in each interaction there is trust (Baumann and Le Meunier-FitzHugh, 2014, 16). Ignoring the receiver can result in catastrophic results such as for instance the companies that do not take in consideration contextual changes (Gohary and Hamzelu, 2016, 19). Brand itself has an iterative nature (Aitken and Campelo, 2011, 915) and is a key asset for organizations (FitzPatrick et al., 2013, 91). The focus must not be only on positive but also on negative outcomes of branding (Strandvik and Heinonen, 2013, 505-506). Not only customers or other parties are interested in brand but also employees are interested in the brand. Furthermore, employees are part of the brand value of an organization (King and Grace, 2009, 122) and an important source of creating brand value (Merz et al., 2009, 336; Schlager et al., 2011, 498). Advantage of brand equity (Berry, 2000, 136) brings together the necessity to accurately measure it (Merz et al., 2009, 341). Some authors consider brand to have the full potential to be a separate academic field, especially under the Service Dominant Logic (Cova et al., 2009, 573). Brand is not anymore `for the customer` (Strandvik and Heinonen, 2013, 508-509). Service Dominant Logic under which we prepare this research is itself a powerful brand in the academia (Ford, 2011, 231). So far we understand the importance for having a new mindset to on go with branding and brand management as current practices neglect the importance of other actors. One of the most valuable studies that goes in alignment with the research logic of this study, and which assist research questions and data collection tool is the stakeholder view on branding (Balmer et al., 2017).

Brand can grow only if they are considered from a wide perspective that resembles to a holistic one (Kapferer, 2008, 269). Internet and social media have become incremental actors in enabling brand to be more dynamic. In this way, customers easily became important actors that directly influence brand value, and brand value creation (Riley et al., 2016, 255). The rise of brand communities (Kapferer, 2008, 215) enabled the brand to become viral (Heding et al., 2008, 17) thanks also to the effect that relationships bear on creating brand value (Balmer et al., 2017, 135-136).

Relationships make the brand to be co-created and relationships do occur among the brand and its stakeholders (Balmer et al., 2017, 142). We go beyond simple dyadic relations which are combined to form the whole picture, and we suggest that the complexity of interactions empowered by the context is the true picture of branding and brand management.

The systemic view on branding even though unintentionally has been recognized even before Service Dominant Logic. The power of skills to make the company and the brand unique, require a holistic approach as the challenges include finding the right set of competitive advantage forces (Brodie et al., 2008, 145). In this regard, Aaker (1991) recognized the importance of operant resources as a source for competitive advantage in brand management. The value proposition must be thought systemically too as it appeals to existing and new customers (Aaker, 1994; Laud and Karpen, 2017, 790).

Furthermore, the systemic view on branding requires considering the cultural context as market meaning can affect value co-creation (Akaka et al., 2013, 278). Different scholars urged on the necessity for a much more integrated and holistic approach on brand management (Brodie and Chernatony, 2009; Cova et al., 2009, 572; Healy and McDonagh, 2013, 1535) given that brand is a relational tool (Vargo and Lusch, 2004, 14) which connects different actors (Brodie et al., 2006, 375; Ballantyne and Aitken, 2007, 366; Christodoulides, 2009, 293; Payne et al., 2009, 380).

Brand is an experience and a symbolic source that is integrated with other sources (Fyrberg and Juriado, 2009,422; Chandler and Vargo, 2011, 37). Brand is a resource that is determined within the context and is an interacting phenomenon (Gummesson, 2008a, 323) with emotional aspects (Sandstrom et al., 2008, 115) which serves as a communicator of value (Edvardsson et al., 2006, 231).

Brand changes over time, and throughout the markets thus it is required to produce different solutions (Keller, 2013, 511). Lastly, the necessity to re-think branding from a systemic perspective comes due to the view of the actors on the brand. They choose to see brand according to their context and give a meaning to the brand based on their own experiences.

Brand management requires multidimensional thinking (Heding et al., 2008, 4) and a holistic perspective (Riley et al., 2016, 521). The need to systemically consider the brand systemically (Keller, 2013, 260) is influenced by the culture and context affecting brand management nowadays (Heding et al., 2008, 25) and the importance

of other actors for the brand (Kapferer, 2012, 133). Interaction between different actors co-create value of the brand (Kornberger, 2010,131, 144).

Service Dominant Logic provides the ground for brand value co-creation as “brand value concerns the study of how value is created” (Balmer et al., 2017, 120). The co-creational nature of brand value indicates that brand is not owned by one actor only (Aitken and Campelo, 2011, 916). It is true that some actors do have a powerful impact on brand value as consumers for example play an important role in the successful performance of modern brands (France et al., 2015, 849; Nysveen and Pedersen, 2014, 807). Brand value co-creation is supported by also by one of the keystones of Goods Dominant Logic which is customer-based brand equity (Merz et al., 2009, 334).

Brands have a dynamic nature that requires them to engage with actors in order to reach their goal. It has been recognized the need to implement a holistic view when trying to understand the behaviors of consumers in the market (Christodoulides, 2009, 292). It means that consumers are subject to complex relations, interactions, and resource integration within a definite ecosystem. As they are among the integral actors in brand management (Fisher and Smith, 2011, 330), they are affected by other actors and this influences their view on the image of the brand (Strandvik and Heinonen, 2013, 507). This goes in alignment with the logic of this research which claims that brand value is co-created among actors that interrelate, interact, and integrate resources within an ecosystem. Some scholars state that what is co-created is the ‘brand meaning’ (Ballantyne and Aitken, 2007, 365) rather than brand value. However, considering that brand meaning requires social and public domain it becomes a notion that is influenced by other actors too and as an output has the brand value. Therefore, brand value is co-created.

Service Dominant Logic supports brand value co-creation (Ballantyne and Aitken, 2007, 369) as customers unintentionally and “*simultaneously co-create the brand and value for themselves, since the brand becomes a resource for defining their own identities*” (Lusch et al., 2008, 10). Branding must be considered in a broader view by taking in consideration other actors too (Brodie, 2009, 107) especially in the “*age of openness and co-creation*” (Christodoulides, 2009, 291). Thanks to Service Dominant Logic the brand is seen as a collaborative and integrative term (Merz et al., 2009) and has been recognized by plenty scholars (see: Gambetti and Graffigna, 2014, 4).

Several studies tried to bring together branding theories under a unifying and up-to-date lens (France et al., 2015; Ramaswamy and Ozcan, 2016, 64; Yuksel et al., 2016, 21) however the current literature that considers brand value and brand value

evaluation from a co-creative perspective are still in initial steps. This research aims to fill this gap too.

Brand value co-creation is consistent with the Foundational Premises of Service Dominant Logic (Merz et al., 2009, 335; FitzPatrick et al., 2013, 91). Brand is not unilateral anymore and other actors rather than customers and companies are involved (Nguyen et al., 2012; Vallaster and Von Wallpach, 2013, 1501).

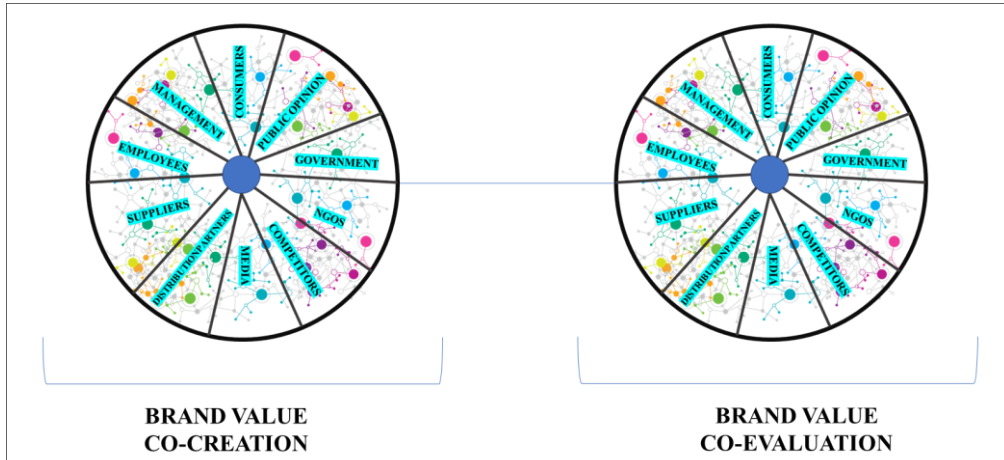
Brand value is co-created among other actors as they are resource integrators (Merz et al., 2009, 340). Understanding the network nature of relationships *“will help firms navigate away from overly trying to manage their brand, to collaborating with customers and other stakeholders to cocreate a brand”* (Akaka et al., 2012, 45-46). Brand value co-creation has been recognized in some studies such as the case study on Lego (Gyrd-Jones and Kornum, 2013) or higher education (Nguyen et al., 2012).

The support that brand value co-creation gets from Service Dominant Logic (Merz et al., 2009, 340) becomes the first step towards the second one which is the co-evaluation of brand value. This research investigates as the second research question precisely brand value co-evaluation among actors.

The dynamic context in which brand is co-created requires to all actors` to interact with each other. In this perspective, across the ecosystem the interactions shape the perceptions and the judgement of every single actor (Vargo and Lusch, 2011, 186). Service Dominant Logic concepts that are the basis in value co-creation are Actors, Resources (and resource integration), Context, Service System, Experience, Generic actor, value co-creation (Wetter-Edman et., 2014, 108; Ekman et al., 2016, 54). Service dominant branding (Strandvik and Heinonen, 2013, 515) sometimes is used as a concept but in the old context (Spring and Araujo, 2009; Skaalsvik and Olsen, 2015). The brand is in continuous engagement with other actors in the ecosystem (Webster and Lusch, 2013, 393). The brand is seen as co-created by the customer at first, and therefore one of the main actors that could evaluate brand value are the consumers themselves (Strandvik and Heinonen, 2013, 507; Wilden et al., 2017, 8)

Brand went through some shifts which justify the fact that brand is co-created, and that In the light of above information, it is obvious that value co-creation occurs among actors within a given ecosystem. Therefore, the value is at the same time evaluated by each actor in its own context and background. Logically, brand value is evaluated by each actor again in in its own context and background. Just like a simple mathematical equation we obtain Figure 2. The colorful dots represent the systemic interactions, and resource integrations that occur within the ecosystem.

Figure 2: Brand Value Co-creation, and Brand Value Co-evaluation



Source: Author's elaboration

Lastly, the brand value that is co-evaluated by the authors is the novelty of this research and has been empowered thanks to the new dominant mindset in marketing, Service Dominant Logic (Ballantyne and Aitken, 2007, 366; Fyrberg and Juriado, 2009,425; Diaz-Mendez and Gummesson, 2012, 574).

Conclusion

Service Dominant Logic rooted brand management is a result of the novelties in the marketing literature. This new emerging mindset brought changes in different fields including branding. Marketing field experienced emerging mindset and thought such as H2H Marketing (Human to Human Marketing) (Kotler et al., 2020). This study showed how brand value is co-created and how it is co-evaluated among actors. The context, the solutions, loyalty, and presence were found to be the main elements that constitute the brand value creation among actors. This study revealed that brand is co-created among actors. In this context, it is essential that brand management should be done in accordance with the new context and by realizing the importance of all actors in establishing brand value. Brand value is not created anymore between customers and companies. This study revealed that dyadic relationships are not relevant anymore in creating brand value. This study showed too the importance of every single relation and interaction among actors.

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The Impact of Standardization of Livestock Products on the Economy of Farmers and the Local Economy

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Abstract

There is a strong link between agriculture and the economy. Smallholder farmers are the foundation of the livestock sector and an essential element in building and developing the local dairy value chain, critical to the development of its local economy. Economic growth is necessary for poverty reduction. The main objective of the study is to know the impact of livestock production on the regional economy of Gjirokastra. The result of the study identifies employment generation and income generation as the major benefit of standardized livestock production. The study hereby recommends that the government should take standardized livestock production as one of the major factors contributing to the economy and also put some policies in place in order to encourage farmers to collaborate in this regard. In Gjirokastra, and despite the efforts made since the transition from the communist regime until now, farmers still face many problems that prevent them from participating effectively in the development of the milk value chain. This research study refers to the views of small farmers in the Gjirokastra region about the milk production sector and the problems faced by these farmers. This study also investigates the effect of several factors (ethical factors, tradition, animal welfare, cultural factors, etc.) on the milk value chain. Convergence model was used in mixed method triangular design as a methodology for this research study. As part of the social data, 34 farmers who produce and sell milk and cheese in the Gjirokastra District were interviewed. The results showed the influence of ethical, cultural and traditional factors on the development of the value chain. The results also showed the problems and difficulties faced by small farmers in rural areas, on the one hand, and the gap between these farmers and government and private organizations on the other.

Keywords: standardization, dairy products, value chain, small farmers, Food safety, Gjirokastra District

Introduction

This study was financed by the National Agency for Scientific Research and Innovation within the project "Standardization of Livestock Products in Gjirokastër District".

Livestock systems occupy about 30 percent of the planet's ice-free terrestrial surface area and are a significant global asset with a value of at least \$1.4 trillion. (Steinfeld et al. 2006) The livestock sector is increasingly organized in long market chains that employ at least 1.3 billion people globally and directly support the livelihoods of 600 million poor smallholder farmers in the developing world (Thornton et al. 2006).

Livestock are important in supporting the livelihoods of poor farmers, consumers, traders and laborers throughout the developing world. The greatest impact of livestock in sustainable development designed to help the poor is an enhancement of livestock-production systems. Animal diseases are crucial constraints in this: the animals of poor people are particularly vulnerable to disease because of the expense, absence or unsuitability of animal-health and production inputs. (FAO 2010). Livestock production is an important part of the national economy and an integral component of state and local economies. The production of livestock, as well as other commodities, causes ripple effects throughout the economy in the form of employment; production in allied industries; taxes paid to local, state and federal governments; indirect impacts from purchases of input supplies; and induced impacts from household spending throughout the state.

In Albania, about half of the farmers are engaged in animal husbandry, including the dairy sector. Dairy products occupy an important part in the consumption basket of Albanian families. Milk production is mainly dominated by cow's milk, with a contribution higher than 4/5 of the milk produced.

In general, dairy products are destined for the domestic market, so the increase in production is mainly driven by the increase in domestic demand, while the balance of international trade in dairy products shows a structural deficit ¹. The dairy sector is considered a priority sector based on the potential for import substitution.

Many processing factories have problems with liquidity related to the process of cheese production technology. For this reason, there is a need for short-term loans in this value chain. Also, milk processors as leaders in the milk value chain can be considered for financing under the value chain approach.

¹INSTAT, Foreign Trade, of Goods, November 2022

Studies show that about 75% of farms in the world are family farms. According to official data ¹, the number of farmers registered and equipped with NIPT in Albania during 2022 is 62,922, approximately 35% of the total of 181,549, of which 14,206 were registered only during 2021. Despite different development policies and modernization that each country adopts to advance the field of agriculture in all its sectors, small farmers face numerous challenges at the local and international level. Smallholders are the backbone of the economy in countries that depend heavily on agriculture and livestock. The dairy sector is one of the most important agricultural sectors for smallholder farmers, as it plays a fundamental role in their daily income and self-sufficiency, as well as food security. If farmers are forced to change their behavior due to international hygiene standards, without appropriate government solutions to support them, social problems will arise and economic issues will arise for society. These potential events could lead to farm abandonment by farmers. The resulting consequences can be drastic and have a long-term impact. These consequences can cause substantial changes in the natural landscape of the district due to the lack of livestock.

In Gjirokastra and in most developing countries, milk production depends on small farmers. It also contributes to ensuring family livelihoods, supporting food and nutrition sovereignty and maintaining food security. Therefore, small farmers in these countries, and especially in Gjirokastër, are considered as one of the most important actors in the development of the agricultural sector.

Milk production is an integral part of the small farm economy in Albania and many other countries. It is what gives them self-sufficiency in terms of food and some cash. For example, small milk producers in countries such as Greece and Macedonia are represented by a large part of the economic policies adopted in the development of the dairy sector. Many small farmers in these countries have managed to increase their production and compete in larger markets.

The increase in milk production in developing countries globally results from an increase in the number of animals kept and not from an increase in productivity per head. Low food quality, animal care and disease prevention, demand for access to markets and use of all available services on their part lead to the underdevelopment of the milk value chain.

Factors Affecting Livestock Production in Gjirokašter District

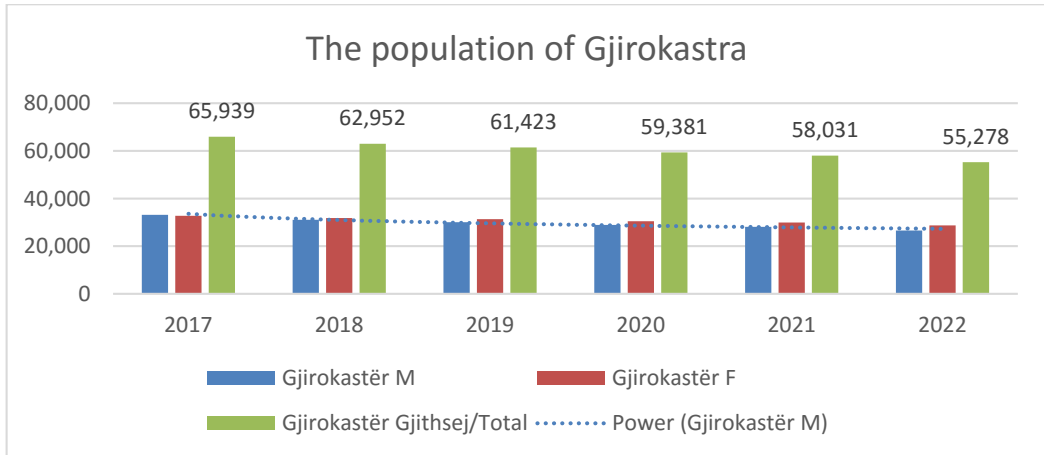
Socio-demographic and socio-economic factors

Socio-demographic factors such as gender, family and age, socio-economic statuses such as income, education, employment and residential area are essential vital factors that directly affect farmers and the existing agricultural economic system.

¹ INSTAT, Business Registers, 2021

According to INSTAT's official publications, the District of Gjirokastra has the lowest percentage of the population, with about 2.0% of the total population. The population of Gjirokastra District has been decreasing in recent years, reaching the lowest figure of 55,278 inhabitants in 2022 .

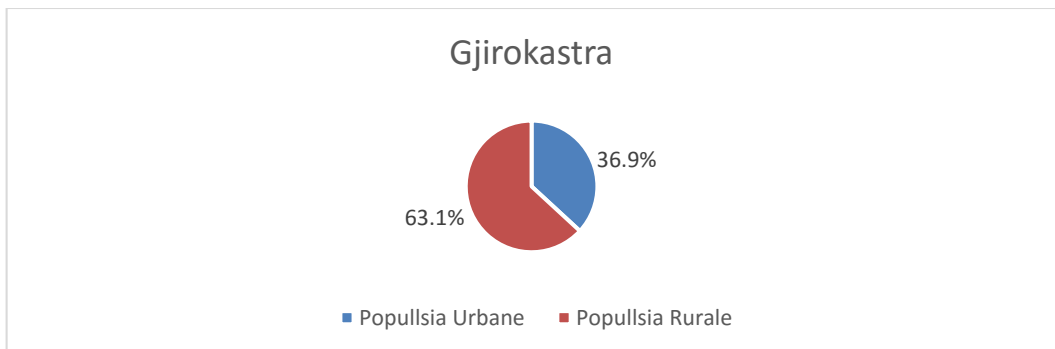
Figure 1: Population of Gjirokastra 2017-2022



Source: Graphic presentation made by the author, based on INSTAT data

The division of the population according to the Urban and Rural classification was last developed in 2014, and according to this division, the rural population in Gjirokastra occupied 36.9% of the total population. picture 2 shows change IN population between areas Urbana AND rural IN Gjirokastra. During the last years, the rural population, at the national level, has decreased by about 7%, which means that, on average, the current rural population in Gjirokastra District is approximately 30%, that is, about 16,580 inhabitants.

Figure 2: Urban/rural population classification



Source: INSTAT, 2014

While Gjirokastra has undergone massive changes over the past few years, many constructive initiatives and programs have emerged that help develop the village and support small farmers.

Budget 2022 represents the largest fund for direct support and investment for farmers. According to official data, for 2022, the budget for farmers is 3.2 billion ALL or 26 million euros.

For 2021, the budget was worth about 22 million euros, while the budget in 2022 is 4 million euros more than a year ago. But, compared to the countries of the region, Albanian farmers have the lowest support from the government. Over the years, it has been considered the largest fund, but in comparison to itself, because compared to the Region and the Balkans, these figures are the lowest.

Meanwhile, Kosovo's direct support for farmers has been around 50 million euros, and there is also a big difference with Montenegro, Kosovo, Macedonia and Serbia.

Recent developments in the global economic crisis have also had their impact on Albanian farmers. According to the Income and Standard of Living Survey (IAS) 2021, which measures the standard of living, relative poverty and material deprivation in Albanian families, it results that the Indicator of the risk of being poor in Albania in 2021 is 22.0 %, marking a slight increase of 0.2 percentage points, compared to 2020.

Farmers' access to rural areas and market control is complicated, especially in relation to climate change. Small farmers face new risks, but they do not have enough knowledge about adaptive measures and cannot cope with them. This development presents a new threat that could threaten rural areas

All these factors subject Gjirokastra's milk production to significant challenges: the decline of the population in rural areas, the increase in poverty and the loss of dynamism and entrepreneurship in those areas with an increase in emigration of young people and a small number of retirees, who depend for their livelihood on remittances as well as social transfers.

Ethical Factors

The consumption of the Albanian population relies heavily on animal products, in particular, on animal products milk. The demand for these products has always been high, as they constitute an important part of the average consumption basket of Albanian families.

Livestock production raises a wide range of ethical issues. One of the most important issues is concern for animal welfare.

Consumer awareness of food quality and safety has increased dramatically, as the ethical factor of animal products has played an important role in consumer behavior. On the other hand, dairy producers, retailers and the food industry are demanding higher animal welfare standards to obtain excellent quality, which supports the economy on the one hand and maintains food safety and food safety standards on the other. .

Animal welfare is a complex subject that varies from culture to culture. It is a subject that has scientific, cultural, social, ethical, religious and political dimensions.

The production of safe food for humans depends on the health and productivity of these animals.

For example, state legislation intended to support animal welfare in the opinion of farmers is not entirely fair from a political point of view. Increasing such laws creates a sense of insecurity among farmers and undermines confidence in the political decision.

Regarding traditions, studies have shown that rural farmers have a shared understanding of the cultural, political, economic, and social context of what it means to be a good farmer. Therefore, modern financial plans and legislation aimed at developing the dairy sector and increasing interest in animal welfare are considered by many farmers as a threat because it conflicts with their deep-rooted culture and traditions.

In addition, the experience of these farmers is also an important factor, especially in the ethical issue. Political decisions, which aim to increase the awareness and knowledge of farmers, play a major role in creating a communication bridge between them and the responsible parties. As a result of all the circumstances and events affecting the county's population, small farmers faced and still face many problems in the milk production sector. Lack of fodder and limited pastures available for grazing cows are among the most critical problems facing farmers. The lack of adequate housing for animals or places prepared for them in terms of health in rural areas increases the risks that animals suffer. The farmer's use of antibiotics in animal feed is due to the lack of health care caused by the lack of veterinarians. Human consumption of these dairy products and its by-products can generate disease and resistance that can be transmitted to farmers and threaten their safety and health.

In an effort by small farmers to take care of animals and to try to increase the quality of dairy products, families with many cows are trying to provide enough food from grass in summer and wheat, corn and straw in winter, despite the high prices of these materials, and to keep pace with animal welfare regulations. In the region under consideration, most farmers own a small number of cows with low productivity. Thus, providing the necessary food can be a problem for them compared to those with large farms.

Methodology

Study Area

The research study was conducted in Gjirokaštër District, which is one of the 12 districts in Albania and has an area of 2,884 km². Until 2000, the District of Gjirokastra was divided into three districts: Gjirokastra, Përmet and Tepelën. Since the 2015 local government reform, the district consists of the following 7 municipalities: Dropull, Gjirokaštër, Këlcyre, Libohovo, Memaliaj, Përmet and Tepelenë ¹. The District Municipalities consist of about 270 municipalities and villages in total.

Figure 3: Map of the study area



From the research in this district, 34 milk processors were identified and studied, about 47% of whom operate in the Gjirokaštër District, and 26% in the Përmet and Tepelën districts

¹"Law no. 115/2014" (PDF, pg. 6371. Retrieved on November 25, 2022.

Table 1: Milk processors by District

District	Milk Processors
Gjirokastra	16
Permet	9
Tepelena	9
in total	34

Source : Author, result of the study

Mostly, farmers are concentrated in the administrative units Antigone, Carshove, Cepo, Dhemblan, Dropull i Siperim, Kelcyre, Qender Municipality, Kurvelesh, Kurvelesh, Lazarat, Lekel, Libohove, Lopes , Odrie, Picar, Suke e Zagori.

Methodology- Mixed Method

This study relied on the convergence model in the tripartite design of the mixed method approach. Using a mixed method design allows questionnaires or surveys and interviews to be conducted together. Mixed method is a methodology that attempts to break down the qualitative-quantitative divide by integrating aspects of both approaches. However, both methods are not mutually exclusive, but can be used together to create combined results.

We used the experimental design of qualitative and quantitative surveys and interviews as primary data. Data and information about the dairy sector in Gjirokastër County were adopted as supporting data.. This publication aims to present a quantitative survey of farmers in Gjirokastër County and discuss the factors provided by expert opinions.

Survey and data collection

All the data used in this study were collected through a survey distributed to all farmers who were included in the study. These data were collected from 34 women working in 18 administrative units: Antigone, Carshove, Cepo, Dhemblan, Dropull i Siperim, Kelcyre, Qender Municipality, Kurvelesh, Kurvelesh, Lazarat, Lekel, Libohove, Lopes, Odrie, Picar, Suke of Zagori. In this selection are included all the farmers who have been identified and who exercise the activity within the geographical area of the study. The farmers have completed the distributed survey, and personal interviews have also been conducted during the visits that have been made to their work environments. The questions were arranged in a logical manner and related to each other, depending on the purpose of this research. All interviews were face-to-face and all these questionnaires were completed during the interviews.

Some of the factors that were taken into consideration in this study are: location, gender, socio-economic sphere of the family, family size, milk supply, range of products, annual profits, accumulated experience, points of sale and marketing of products.

The survey included 34 small farmers, of which 34 were men. The data collected through the survey was transferred and stored in English.

After the survey was completed, all survey data were transferred to an Excel spreadsheet. The number of interviewed farmers was 30, so the size of this sample allows the generalization of the results to all small farmers in Gjirokaštër.

Data Analysis

The results of the survey were transferred to an excel sheet as coded data, to show the descriptive statistical results for each section of the variables.

SPSS software version 27.0 (IBM, USA) was used for all statistical analyses, where the general comparison between survey factors was calculated using Spearman correlations (rs). An independent samples t test tested whether the means of two independent samples were different. ArcGIS Pro was used to map the study area.

Results and Discussion

The results showed that the percentage of male farmers who participated in the survey was higher than the percentage of women (100%).

The demographic characteristics of the questionnaire show how Girokastrri society has been influenced by ancient culture and traditions. Women in rural areas still do not have enough freedom or access to the market and follow all developments in agriculture, especially the cheese production sector. As the results of the questionnaire show, women are mainly responsible for livestock on the farm or at home. They are the ones who milk the cows and prepare the milk for sale or for home use to make cheese or other products. Some of the women we interviewed reveal this situation as:

"We are the ones who do all the work at home. The men mainly deal with the trade and the distribution network, while we collect the milk and prepare it for sale or to make cheese. This is the hard work that makes selling milk and cheese possible."

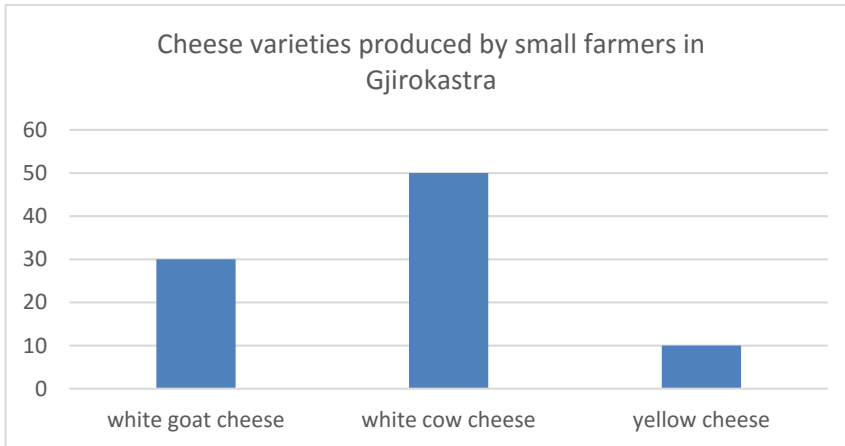
Other women stated that: "My mother and grandmother have done this work in the past; they milked the cows and made cheese and prepared it for sale or consumption at home. And here we are doing the same job, nothing has changed."

Most of all, regional culture and traditions play an important role in rural society and directly affect livestock breeding and marketing.

The results show that 47.9% of the interviewed small farmers use a part of

of milk to make only two types of cheese, white goat cheese and white cow cheese, but with different qualities, as these are the most sought after types of cheese.

Figure 4: Cheese varieties produced in the interviewed farms (N = 34, Mean = 27, Std. Dev. = 31,112).



Source: Questionnaire results

It is essential to consider the cultural and social background of smallholder farmers. With few reservations, women in rural areas are still the ones who make the cheese at home and milk the cows.

Hygiene standards in the production process and food safety measures are mostly strictly enforced. The produced cheese is sold in the premises where it is produced or at their points of sale, in small markets or supermarkets, and therefore it is difficult to monitor it continuously.

Based on all this, the social and cultural identity of small farmers is an important and essential factor in the development of the value chain for cheese production and the support of the rural community, which helps to grow the local economy.

According to the report of the United Nations Organization, the roles of men and women in agriculture and animal husbandry are justified on the basis of various factors, among which the main ones are the differences in physical strength between them and gender stereotypes.

Women's and men's roles are defined by the activities available, as men believe that all jobs and activities that require physical strength are their responsibility.

This patriarchal system is still widespread in the Gjirokastra region, especially in rural areas, as the traditions of this society place women as responsible people.

Thus, a proper understanding of the role of women in the dairy chain helps in developing and strengthening the dairy value chain. Rural women are the cornerstone of this activity, starting from the milking stage to the preparation or production of cheese for sale.

Therefore, these Albanian laws and legislation should pay more attention to the roles of rural women and provide them with all the necessary support to include them in the development phase of the local economy

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A Study on Key Retailing Strategies of Carrefour and Its Intervention Plan During the Pandemic (Covid-19): UAE

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Abstract

An economy is governed by its markets and for a growing economy retailing is a blooming industry. The secret of successful retailing is to give the customers what they want. Keeping this in mind a French Retailer, 'CARREFOUR' is progressing high across various nations of the world keeping in mind the cross national and demographic styles of various countries. It adapts itself with the form and culture of every nation and penetrates deep though its roots. The pandemic of COVID-19, gave carrefour an immense exposure of the new marketing plans which rescued it and gave it a new strategic insight. The scope of this paper is to study key strategies of this retail giant in Dubai (UAE). This paper also focuses on the various strategies adopted by this retail joint keeping in mind the complete marketing mix and adoption of the new era of online shopping post the pandemic time.

Keywords: Retailing, marketing mix, one stop shopping, consumer and product centric, online and DSF,

Introduction

Retailing is a distribution process which involves all the activities which are involved in selling the goods or services directly to the final consumer. It will include all the activities of sale of goods and services to the end consumer who is also the user of these services.

Retail marketing is the range of activities undertaken by a retailer to promote awareness and sales of the company's products. This is different from other types of marketing because it involves selling finished goods in small quantities to the consumer or end user, usually from a fixed location. It is comprised of such activities

related to selling directly to consumers through channels such as stores, malls, kiosks, vending machines or other fixed locations. The savvy marketer must have a thorough understanding of his or her customers to answer the questions that are implied by each of the 4 P's.

As grocery retailers battle for market share, the competitive landscape is changing. While the traditional supermarket retail format still accounts for the largest share of grocery purchases, consumers are increasingly turning to multiple retail formats. Foremost among these are hypermarkets, whose broad selection of groceries and general merchandise provide consumers with the added benefit of one-stop shopping as well as low prices. Within both retail formats, a different kind of shift is playing out on the shelves. In an effort to sustain growth and strengthen their brand, grocery retailers are increasingly offering their own private label brands alongside branded products. These examples demonstrate that the battle for the grocery wallet share is intensifying, and the rules of the game are changing.

Retailing has been an added advantage to the development of any economy. With the opening of retail outlets in a nation, the growth of the economy is lined. The identification of geographic target markets is critical to the success of companies that are expanding internationally. Country borders have traditionally been used to delineate such target markets, resulting in accessible segments and cost efficient entry strategies. In response to the accelerating trend towards global market convergence and within-country fragmentation of consumer needs, cross-national consumer segmentation is increasingly used. This has helped in consumers of different countries which are grouped based on the similarities in their needs, ignoring the country borders.

Literature Review

Retailing includes all the activities in selling goods or services directly to final consumers for personal, nonbusiness use. A retailer or retail store is any business enterprise whose sales volume comes primarily from retailing. Any organization selling to final consumers—whether it is a manufacturer, wholesaler, or retailer—is doing retailing. It doesn't matter how the goods or services are sold (in person, by mail, telephone, vending machine, or on the Internet) or where (in a store, on the street, or in the consumer's home). (Kotler keller, 2012).

For the purpose of retailing, it should be prime concern of the marketer to study the marketing mix and then adopt a strategy based the marketing mix of the company. The term 'marketing mix' is a foundation model for businesses, historically centered

around product, price, place, and promotion. Activities might include advertising, sales promotion, personal selling, and public relations. This also requires a strategy for communicating with consumers in terms of obtaining feedback and defining the type of feedback being sought. (Marketing-Mix - einfache Erklärung & Zusammenfassung (Approved 2017) Definition of Marketing Research.)

Along with these few points in mind one most important consideration which a marketer should have been the budget assigned to the marketing mix. Successful organizations strongly focus on the service paradigm with investment in people, technology, personnel policy and remuneration systems for their employees. These few points should also be kept in mind while following the marketing mix model.

Supply chain management and maintaining logistics is an important tool for the operational infrastructure and expansion strategies. It has kept in mind its transport, customer support, demand management, procurements which helped it to outstand. (Sandybayev, 2019)

A proper strategy is suggested by analyzing the model of the company and for this the SWOT analysis is done. "SWOT Analysis is a simple but powerful tool for sizing up an organization's resource capabilities and deficiencies, its market opportunities, and the external threats to its future" (Thompson et al., 2007: 97)

Methodology

The study focuses on the retailing strategies of Carrefour in UAE. Carrefour – "The giant French retailer", captured the market and slowly maintained its position post COVID-19. All the aspects of marketing mix are studied and the strategies followed by them in the UAE market are analyzed. Using a Descriptive research model all the aspects of growth and maintenance of the retailer are studied. The business model is analyzed and the various marketing plans are discussed.

SWOT analysis is further done and the different dimensions of the market are studied because of which conclusions are made. Further, how Carrefour not only survived but emerged as a market leading company post COVID-19 scenarios. With adequate data its position post COVID-19 is explained and studied.

A Study on Key Strategies of Carrefour - UAE

With the analysis of this industry in international parameters there are companies which have been showing tremendous growth. There is again a chain of hypermarkets - CARREFOUR which have been capturing the international markets.

Carrefour is a French group, and a leading global retailer. They are market leaders for over 60 years and are spreading their wings over such a large sector including affordable and accessible products all over the world. They went into Carrefour bioorganic range in 1997 and gave the world a whole lot of healthy and organic options.

This paper focuses on the UAE markets with the primary focus on Carrefour (world's second largest retail joint after Wall Mart which has spread its wings in various countries all over the world). It is a French multinational retailer and has its chain of hypermarkets throughout the globe. It basically means "crossroads" in French.

Carrefour's Business model

CARREFOUR'S SALES DRIVEN MODEL



Fig. 1. The sales driven model of Carrefour which shows the company's strategy

Marketing mix of Carrefour

The study on Carrefour is made by keeping in mind all the 4 P's of marketing – Product, Price, Place and Promotion



Source: <https://heidicohen.com/four-ps-of-marketing-mix>

Fig. 2. Marketing mix of Carrefour

Place

Carrefour had originally pioneered decades ago into Dubai, United Arab Emirates. Following a cautious country-by-country expansion strategy into Emerging Markets, Carrefour saw potential in the Dubai emirate. The emirate had a flourishing retail industry and exhibited strong fundamentals in its flourishing economy. The rationale behind adapting the traditional hypermarket was due to the fact that Dubai has a very strong mall culture, owing largely to Dubai's cultural dynamics and harsh climate. The climate in Dubai is often so harsh that going to the mall is one of the few options to keep cool and entertained. Dubai's multicultural and cosmopolitan society has adapted to the convenience of being able to get high quality consumer goods pertaining to their taste and dynamics in one stop shop and people are enamored by the popular brands, found in malls. For many of these reasons, retailers must often accept malls as the place to locate their stores.

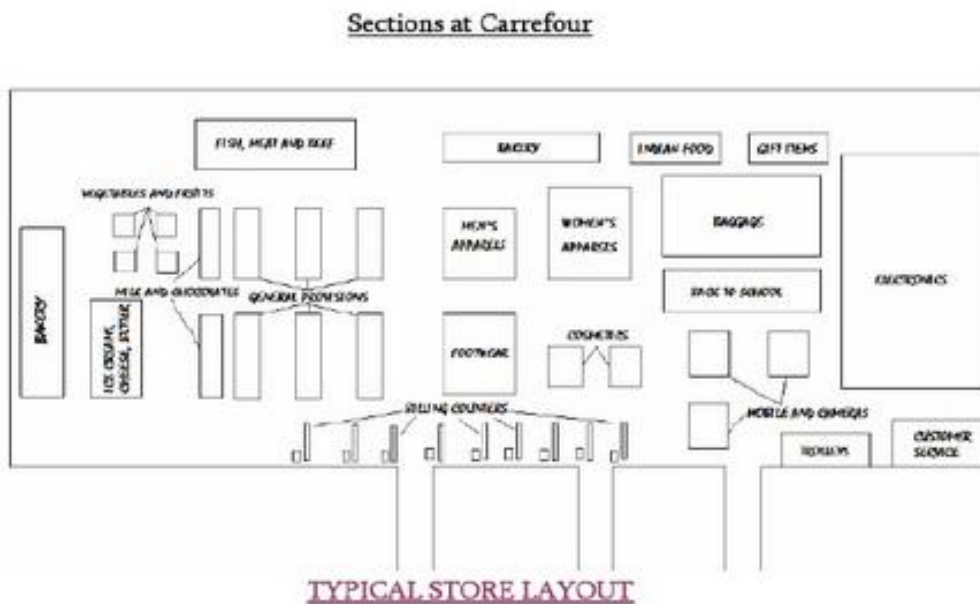


Fig. 3. Typical Carrefour layout

The Store Layout & placement is classified as below:-

- Electronic Goods :- Television, Hi-Fi Sound equipment, Computer & office automation etc.
- Household Goods Section :- Luggage, house ware, Library house equipment

- Light Household Section :- Stationery, sports goods, toys, gardening, camping, car accessories etc.
- Consumer Good Section :- Cleaning products, toiletries, cold beverages, biscuits, confectionary etc.
- Accessories Section :- Jewellery, watches, mobile
- Textile Section :- Kids, children, men, women, home linen, footwear etc.

Carrefour for its entry in this emirate chose the Majid Al Futtaim group, one which owns many malls in the emirate and has credibility across the UAE (Pic 1).



Pic: 1 The oldest carrefour in UAE

Product

Carrefour's key to success is the hypermarket, the all-in-one shop that sells everything from bananas to baby strollers at discount prices. It was the company's original idea and has now expanded worldwide. Carrefour's price position was as a discounter, and used pricing as part of its promotional effort. Because of its strong brand name, Carrefour did not have to worry about brand dilution due to its discounted products.

Promotion

To maintain its leadership in the increasingly competitive retail grocery industry, Carrefour sought to gain more control over its marketing processes and more effectively leverage its business intelligence with the ultimate aim of strengthening customer loyalty and thereby achieving sustained profitable growth in an increasingly competitive environment. To acquire maximum satisfaction and loyalty, grocery retailers have traditionally focused on the most visible and high-profile elements of the customer experience, from the products they stock, to the look, feel and layout of the stores, to the courtesy of their employees. Equally important to

customer experience, though less visible, is the value customers derive from their relationship to the retailer through such promotional activities as points-based loyalty programs and couponing, through which retailers reinforce the value of their ongoing relationship with the customer.

Carrefour saw the opportunity to enhance its business performance and become an even stronger competitor by embracing a new promotional paradigm. It recognized the growing importance of customer loyalty to its future growth.

The solution Carrefour conceived is predicated on the idea that loyalty sales and profitability can be enhanced by compelling promotional offers that reflect each consumer's individual purchasing patterns. Providing Carrefour's marketers with a means of designing and executing these offers presented another set of challenges. In defining its needs, one of Carrefour's most important attributes was flexibility—both in terms of the system's ability to configure highly tailored offers for specific customer segments, and in its ability to creatively integrate its promotional activities with its existing loyalty programs.

“With this solution, we have a unique opportunity to be both customer- and product centric in the way we manage our marketing campaigns in our different store formats.” — Hervé Thoumyre ; Group & France CIO and Executive Committee member at Carrefour

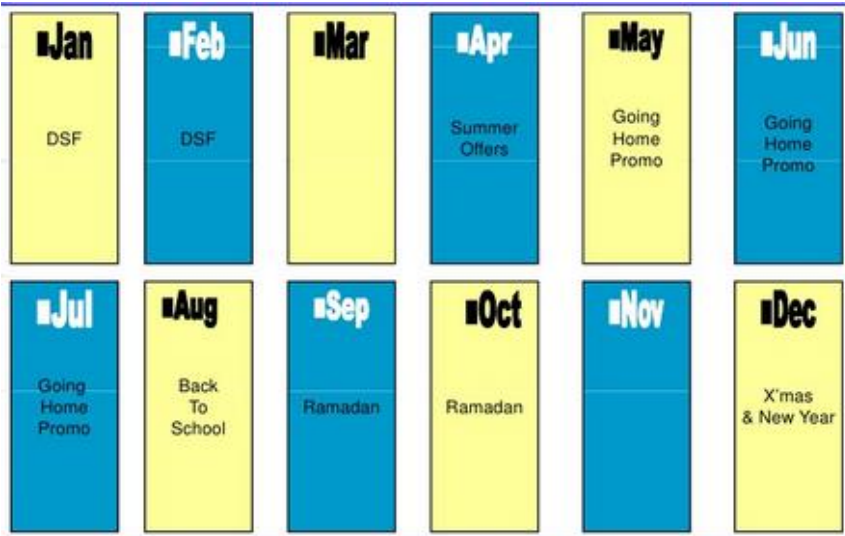
It regularly makes it target customers realize about the upcoming events and about the discounted products by various advertising media. Carrefour lets its advertising regime over the internet media by giving e-catalogues and targets its customers. Advertisements of Carrefour are shown in its Facebook page which is one important key strategy of the company. This style of advertisements shows an imagery effect in the mind of the consumers and above all the likes obtained by the products induces more buying.

It has identified portions of the market that are different from one another. It has identified these segments and lays down its marketing process based on these market segments. It targets its potential customers and focuses to satisfy their needs.

UAE being a big nation of expats where people from throughout the world come and live together. While they stay here, they live each moment of their life together. They celebrate their festivals together with full hope and joy. Halloween, Easter, Onam, Diwali and of course the holy month of Ramadan followed by Eid. These festivals of colorfulness are celebrated in this nation by people from all around the globe as they live together. About 90% of the population in Dubai comprises of expatriates. They

exchange gifts and purchase sweets, chocolates and other requirements for their festivals.

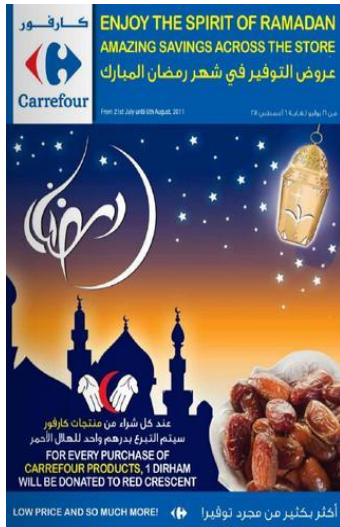
Carrefour's Promotional Calendar looks like



Pic: 2 Promotional Calendar

Carrefour being a great retailer uses its different promotional strategies and caters to all the people with different needs. It celebrates Christmas, Diwali, Eid and many other festivals of different nations together (Pic 3). The outlets are dressed differently during the festivals of each nation thereby caters more and more people, fulfills their needs and persuades them to constantly visit the outlet and enforces repurchase. It provides heavy discounts, e-catalogues and coupons on these festivals. Carrefour even distributes it handouts throughout the nation.

During the Dubai Shopping Festival (DSF) Carrefour again gives heavy discounts as it is the time when buyers from all over the world visit Dubai for its extraordinary discounted products. In 2021 about 3.2 million visitors were expected to visit Dubai during these 32 days Dubai Shopping Festival (as per Khaleej Times Report).



Ramadan offers



Diwali in Carrefour

Pic:3 Catalogues of Carrefour

Price

On the criteria of pricing, Carrefour provided products with heavy discounts. As discussed earlier during the various events it gave products with lower prices as compared in the market. This proved to be the USP of the company.

Carrefour's overall pricing was heavily promotional, with frequent sales and special discounts supported by weekly circulars, its private label also offers products at a lower price.

Carrefour Ranks 1st – In Consumer-friendliness Index

The Commercial Compliance and Consumer Protection (CCCP) sector in the Department of Economic Development (DED) in Dubai has announced the first-ever index of businesses in Dubai classified on the basis consumer-friendliness.

The indexing was based on customer service levels in 24 leading outlets in the Hypermarkets, Automobiles and Electronics categories and a survey of 1,700 consumers in Dubai.

The key criteria in the classification were: consumer satisfaction and consumer perception of the business (60 per cent); the number of consumer complaints received and the time taken by the business to solve the complaint (20 per cent); and

a comparative analysis of product prices in the outlet and its competitors (20 per cent).

According to the survey findings, **Carrefour stood top** in terms of customer loyalty in hypermarkets with a strong preference among 90 per cent of the consumers, and scored the highest – 69 per cent – in consumer loyalty in the Electronics sector.

SWOT Analysis – Carrefour

Strengths of Carrefour

Low priced items

Use of coupons and heavy discounts on products.

Consumers of different geographic locations in one emirate (Dubai)

Strengthening the loyalty of retail grocery customers through more targeted promotions.

Increased revenue through more targeted promotional campaigns

Greater control over marketing strategy and customer relationships resulting in stronger customer loyalty and a stronger Carrefour brand.

Deeper knowledge of customers via analytics and segmentation

Shorter campaign planning to execution cycle

Closer supplier relationships Lower

Weaknesses of Carrefour

Long waiting queues for customers because of less employees and absenteeism of employees is more as they are not much satisfied with the salary structure of the company. The employee turnover is more.

Cases of theft are more in the company and investigation of a particular employee costs higher.

Searching for good employees for Carrefour is difficult as they need a good level of experience and such people will demand more from the company.

Opportunities of Carrefour

Opportunity basically means a situation or a condition which is suitable for any action to happen. It is the advantage or the driving force. It helps the firm to continue or move forward. Opportunities are those that would yield positive results for the

organization determined as a result of the analysis of its environment. Competition presents organizations big opportunities. For example in UAE there are many companies giving carrefour hard competition in the field of retailing. LULU hypermarkets, UNION COOP are few big giants giving tough competition to carrefour. Intense work force is also a point of opportunity and keeping this work force intact is a hard nut to crack. This being a great opportunity can help the company to grow.

Threats of Carrefour

Threats are a condition that jeopardize the activity and refers to the disadvantageous situation. As it has this property it, has a negative characteristic that should be avoided or taken care of.

For organizational managements, a threat is the element that makes it difficult or impossible to reach the organizational goals. Threats are situations that are not favorable for the organization (Ülgen and Mirze, 2010:161). They can constitute an impediment to the success of the organization, and cause unrecoverable damages.

For such a company as carrefour which has a strength of its employees, maintaining the task force and retaining them is a big threat. The giant inventory system with the maintenance of cost is again a threat in this global environment. UAE being a nation having maximum imports can cause a threat to the existing firm.

Carrefour also has some external threats which can be controlled in order to the changing environment.

Carrefour has continuous threat of change of buying behavior as the pattern is changing and the shift is more over from instore to online buying.

Government policies keep changing which poses a threat and time consuming for the company. For ex. The implementation of VAT in UAE had to change the whole billing structure and many more formalities while purchases are being made.

The retail industry is becoming more and more price competitive. As the other stores are reducing the prices, carrefour has to be in competition to reduces the prices.

Advantages of SWOT Analysis

SWOT Analysis is a method to compare the internal and external factors to generate ideas about how their firm might become more successful. In general, it is wise to focus on ideas that allow a firm to leverage its strengths, steer clear of or resolve its weaknesses, capitalize on opportunities, and protect itself against threats. Carrefour

being a big giant in the retail industry is continuously reviewing its process and coming up with a new strategy each and every time.

Unveiled in 2018, the Carrefour 2022 plan embodies the goal of bringing eating well – healthy, fresh, organic, local food – to within everyone’s reach. To become the world leader in the food transition for everyone, they identified four key areas in which they were working at both global and local level. (Carrefour group strategy)

streamlining the organizational structure to make it more agile, without losing sight of their end customers

achieving gains in productivity and competitiveness

creating a leading omnichannel ecosystem uniting stores and e-commerce

overhauling the food offering with emphasis placed on greater quality

Digitalization of Carrefour

Covid came as a disaster across the world which changed the lives of many people across the world. The whole world suffered and many people across the globe faced monetary, emotional and social problems. In this situation of stress and unexpected happenings the mind of the consumers was also changed. The competitiveness of the stores changed from store size to high level of service. The consumers were now demanding convenience from all the supermarkets.

In the conditions of stress and trauma, the consumers shifted their focus from cost effectiveness and in store luxury to service which is quick and efficient and available on whatsapp and e-portals. Meeting the needs of new level of expectancies of customers, digitalization became the priority and had to be implemented. Home deliveries were increased wherein elders and all the people at home had to be supplied with quick service.

In this context, retailers rapidly sought to provide customers with a seamless mobile and desktop shopping experience. It was also crucial to embrace an omnichannel strategy (A strategy in which consumers are served by all the channels of marketing starting from WhatsApp to app-based shopping to Instagram shopping) in terms of distribution, promotions and pricing.

Carrefour had to keep in mind the excellency of the customer experience (speed, personalization, clarity) which was always their priority. Their goal as an operator of essential services, was always to ensure access to quality food to everyone during the

lockdown. In these circumstances, technology could only be an accelerator and savior which helps the retailer to survive and prosper in this field.

Philippe Peguilhan, country manager of Carrefour UAE in 2020 during the covid times stated about the retailing of gulf business of Carrefour. It was mentioned in the report (gulf business) about the agility of exercise of shift in the customer preferences and the company's retail transformation in a wink of the eye. A quick evolution of the operations, guided of course by the shifting needs of our customers became the priority and need of the hour.

Specifically, there was a big rise in demand for their online shopping services when compared to the same period in 2019. As a result, they started replenishing stocks more frequently and increasing resources at the fulfilment centers to guarantee timely delivery to customers who choose to shop online.

With all these transformations taking place Carrefour planned a **click and collect** strategy for their survival of business. This served them to emerge as one of the leading groups which also survived during this pandemic.

Carrefour's online customers now had the option to collect their orders from select locations, avoiding the need to shop in-store yet still giving them control of when they collect their goods. Having taken this concept a step further, they launched the Automated Click and Collect service at DIFC, which dispenses online grocery orders to customers through a dedicated robot.

The pandemic also required an evaluation of their in-store offering and how they could balance customer and employee safety with the need to maintain the exceptional experience customers expect from them. The safety of their employees and customers has always been Carrefour's number one priority as told by the country manager.

In order to recently keep in sync with the inventory, they launched a new fulfilment centre in Dubai's Al Garhoud to optimize the delivery of online orders. Many self-check-in counters were also opened at Wafi Mall in response to this situation.

Carrefour sales rose to 300% amidst of this situation of Pandemic all because of the instant digitalization and the changes in the corporate policy. As stated in an interview by Arabian Business magazine, the Majid Al Futtaim Retail CEO Hani Weiss mentioned about the development of its outlets as Mini Fulfilment centres to meet the increasing demand. It was the time when people were stocking up everything at home and mostly were working from home. The rise of most of FMCG products like soaps, sanitizers, masks, printers, routers etc helped in the business growth of the giant.

Moving forward to the results declared by the company in first half (H1) of 2022, the conglomerate recorded a 73 percent (AGBI, 2023) year-on-year rise in digital grocery sales in the first half of 2022, helping its total pre-tax earnings to rise 18 percent. The company, which operates the Carrefour supermarket brand in the Middle East, Africa and Asia, said earnings before interest, taxes, depreciation, and amortization in the first six months of the year amounted to AED1.9 billion (\$517 million), as revenue rose 15 percent year-on-year to AED18 billion.

While revenue for the retail segment grew nine percent in the same period to AED14.4 billion, digital sales surged 73 percent to AED453 million. (Jan 09, 2023, AGBI)

Carrefour strategy 2022

Carrefour is always known to be the leaders in retail sector. It had devised a strategy in which it focuses on the local produce which is healthy, organic and is reaching to maximum people by all focused means and channels. It embodies the goal of bringing eating well to everyone’s reach. For this purpose, the giant devised a strategy which rests on following four pillars.

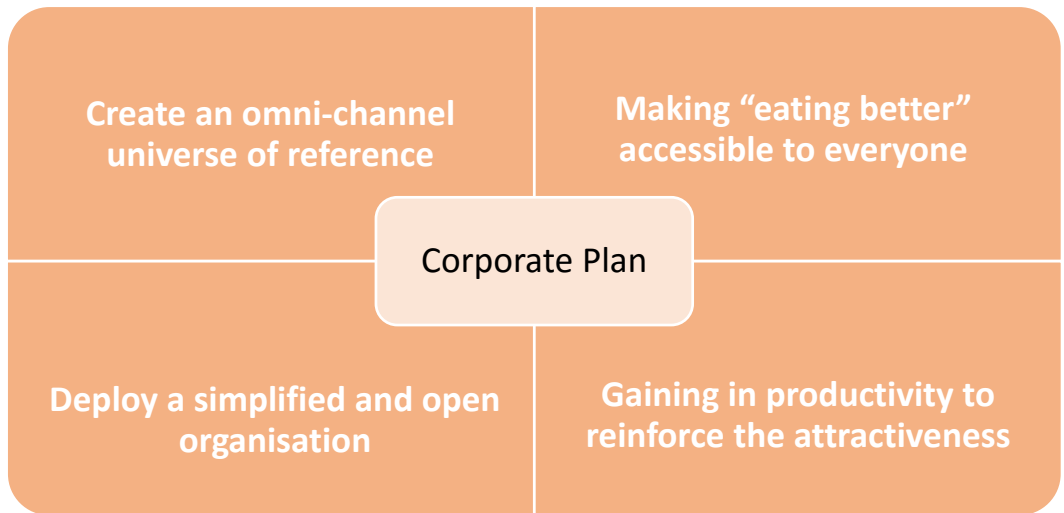


Fig 4. The corporate plan

Discussion

The findings of the study conclude with the retailer as one of the leaders in the UAE markets, who had always being transforming itself in lieu with the changing economic and natural problems inferring at all times. On analyzing the strengths of the company, it was highlighted that the company is having long terms plans of customer

loyalty because of which it is always a consumer centric company. It focuses on its promotional plans and keeping in mind the inventory and its retail system.

The management of the group is always ready to change itself with the changing situations. All these are very much shown in the digitalization of Carrefour. It adopted a very different strategy in the time of COVID-19, when even in challenging times it survived and flourished. The weakness at the time of pandemic in UAE was the management of logistics and deliveries, which started piling up because of increased number of orders. The retailer very strategically shifted to token system in sequence of the placement of online orders, which helped it maintain its policy of satisfaction of each and every customer in the market.

The study also explains about the way the company handled the pandemic and survived with a vision to grow further at an increasing rate. Among such a situation its sales rose by 300% at a particular moment of time which is an exemplary example of the effective leadership and control.

Conclusion and Recommendations

The review of the activities and the strategies reveals that Carrefour processes rely on the effective planning and analysis of the strengths and weaknesses. Among the major advantages of the retailer were its effective costs and planning, its distribution system, its policies of quick transformation and the availability of a wide range of products.

The study concludes by giving an exhaustive view of the retailing strategies and marketing mix of the retailing giant Carrefour. The company has a very stable position in terms of product, price, place and promotional strategies. In order to not to be wiped out from the market, Carrefour did not delay in switching over its strategy from instore to online shopping instantaneously. It made transitions as it was the need of the hour, to perform or to perish.

SWOT Analysis which has been used over the last fifty years in the field of strategic management is a valuable technique for planning and decision making. In the strategic management process a number of analysis techniques are used to achieve long-term goals of an organization.

The post covid study of the policies of the companies' strategies have also shown the need and adoption of digitalization by Carrefour which could help it sustain its position in the retail markets.

This study presents the keen understanding of the UAE markets with respect to Carrefour as one of the biggest retailing giants.

Added research can be done on adequate management of long queues, which can be one of the points to be highlighted as a change. A separate division of pharmacy can be added in the list of products, division and layout of the store. Although digitalization is the need the hour, more emphasis can be given on store visits as it increases the 'touch and feel' aspect of the products and can increase in emotional marketing of the related products.

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