SAIMS

The Southern Africa Institute for Management Scientists

35th ANNUAL CONFERENCE

PROCEEDINGS

THEME:

A SENSE OF GOOD BUSINESS

8–11 SEPTEMBER 2024

STELLENBOSCH

DEPARTMENT OF BUSINESS MANAGEMENT

100 1924 – 2024

GENERATIONS OF BUSINESS INFLUENCE

Stellenbosch UNIVERSITY IYUNIVESITHI UNIVERSITEIT

Compiled by: Dr Stefanie W. Kühn, Emile Terblanche and Sabrina Matthee
Edited by: Dr Stefanie W. Kühn
Design of front page and layout: Dr Debbie Human-Van Eck and Lisa Esterhuyzen

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SAIMS 35TH ANNUAL CONFERENCE PROCEEDINGS

This manuscript represents the proceedings
of the 35th SAIMS conference hosted at the
Stellenbosch Institute for Advanced Study (STIAS)
in Stellenbosch from 8 to 11 September 2024.

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MESSAGE FROM THE SAIMS AND 2024 CONFERENCE CHAIRPERSON

DR DEBBIE HUMAN-VAN ECK

In 2024 management scientists gathered in beautiful Stellenbosch for the **2024 SAIMS conference**! With the old oaks dressed in their new green spring coats, it was a wonderful opportunity to discuss new ideas that can make the world a better place. This year the conference was hosted by the Department of Business Management at Stellenbosch University as part of its centenary celebrations – 100 years young provided a platform to reflect, to learn from the past and to set our intentions for the future. Thank you for joining the department in celebrating this important milestone! 2024 marked **my first SAIMS conference as president** of the organisation. It was important to me that the conference reflected the newly adopted SAIMS purpose and vision that centres around community – specifically the SAIMS management scientists community – and how we can learn together, grow together, dream together and support one another.

The **conference theme** was carefully selected in response to the 2023 theme where we explored possibilities, pioneering and progress. Now the question became - how do we pursue all these endeavours in a meaningful, purposeful, intentional and ethical manner? We need A Sense of Good Business. An inherent compass that guides us, keeps us to the highest moral standards, and translates clearly to the future leaders we are educating. Our **guest speakers** contributed to this endeavour: Tobie Vermeulen (Media24); Rafal Ohme (Digital Emotions); Marlene Coetzee-George (Laureus Sport for Good Foundation); Pierre Erasmus (Department of Business Management, SU); Willem Fourie (The Policy Innovation Lab, SU); Lebo Lekoma (Sea Monster); Marlize Boshoff (MANE); Johan Fourie (Department of Economics, SU); Suzette Viviers (Department of Business Management, SU); Sabrina Matthee (Department of Business Management, SU); and Gert Human (Department of Business Management, SU).

The conference was made possible by our contributing authors, our generous partners, and a dedicated team. I would like to acknowledge the excellent **SAIMS 2024 organising committee** who devoted themselves to creating an opportunity for our community to discuss the important matter of good business: Stefanie Kuhn, Lisa Esterhuyzen, Annali Maass, Chris Pentz, Suzette Viviers, Lucea Toerien, Sabrina Matthee, Johan Steyn, Emile Terblanche, Valdon Theron, Jomarie Pretorius, Zurica Anthony and Denver Anthony.

Our gratitude goes to our **sponsoring partners** for their important contributions: JUTA, Oxford University Press, the Department of Business Management (SU), Stellenbosch University, Cengage, Van Schaik Publishers, Maskew Miller Learning, the Economic and Management Sciences Faculty (SU), MANE, Stor-Age, Nomu, Carmien Tea, Lindt, Koelenhof, and Morgenhof.

To each author who presented their work at the 2024 SAIMS conference – thank you for sharing your knowledge and for dedicating yourself to the advancement of management sciences through research. The conference theme was central to the majority of the papers presented and left all delegates with a sense of urgency regarding good and ethical business practices.

As we read this proceedings from around the globe, may the majestic mountains surrounding quaint Stellenbosch be a reminder of the greatness that lies within us all and may this impel us to continuous kindness.

SAIMS 2024 CONFERENCE
ORGANISING COMMITTEE

Debbie Human-van Eck
Conference Chairperson

Stefanie Kühn
Publications Chairperson

Chris Pentz
Partners committee

Lisa Esterhuyzen
Communications

Annali Maass
Functions

Suzette Viviers
Publications committee

Lucea Toerien
Partners committee

Sabrina Matthee
Publications committee

Johan Steyn
Finances

Emile Terblanche
Publications committee

Valdon Theron
Partners committee

Jomarie Pretorius
Administration

Zurica Anthony
Administration

Denver Anthony
Music commitee

SAIMS 2024 CONFERENCE REVIEW PROCESS

LETTER FROM DR STEFANIE KüHN, PUBLICATIONS CHAIRPERSON

Stellenbosch UNIVERSITY IYUNIVESITHI UNIVERSITEIT

Department of Business Management
CGW Schumann Building
Stellenbosch University
Bosman Street
Stellenbosch, 7600

21 October 2024

To whom it may concern,

SAIMS 2024 CONFERENCE: REVIEW PROCESS

The Department of Business Management hosted the 35th annual conference of the South African Institute of Management Sciences at STIAS in Stellenbosch, from 8 to 11 September 2024. Below are details of the call for papers and the review process that was followed:

1) The first Call for Papers was announced and distributed on 13 March 2024, followed by a final call for papers on 10 May 2024
2) The conference called for two types of submissions, namely full paper and work-in-progress. All contributions were submitted by authors on the ConfTool system, with the deadline for final submissions set on 31 May 2024.
3) In total, 121 submissions were registered on the ConfTool system, which included 74 full papers and 47 work-in-progress papers.
4) All submissions were blind-reviewed, and only the Publication Committee knew the identities of authors and reviewers. Because full papers are subsidy-bearing, a minimum of two reviewers were assigned per submission, whereas a minimum of one reviewer was assigned per work-in-progress paper.
5) Reviewers were assigned based on expertise and selected priority topics on their ConfTool profile. All reviews were assigned, distributed, and recorded on the ConfTool system.
6) Comprehensive evaluation criteria based on submission type (full paper versus work-in-progress) were provided to all reviewers. For full papers, the following evaluation criteria were applied:

CATEGORY	DESCRIPTION	WEIGHT
Title, Abstract, Keywords	The title clearly identifies the main research topic. The Abstract adequately summarises the following: 1) what the authors set out to achieve and why the research is relevant/interesting/important 2) the research methodology followed 3) the research findings and their implications The keywords appropriately reflect the main research topics covered.	10%
Introduction	The introduction properly articulates the knowledge gap, the contextual background against which it is set, and the justification for undertaking the research.	10%
Literature review and problem investigated	The paper demonstrates an understanding of the relevant and significant literature in the field and cites an appropriate range of literature sources. The literature review supports the research problem and research objectives/and or hypotheses.	20%

Research objectives and/or hypotheses	The research objectives and/or hypotheses are clearly formulated.	5%
Methodology	The selected methods are appropriate and applied correctly.	10%
Results/findings	The results are presented in a systematic manner and analysed appropriately. The findings are consistent with the results, and its discussion ties together with other elements of the paper.	20%
Practical managerial implications and recommendations	The implications and recommendations offered are realistic and tie together with the results/findings.	15%
Quality of communication	The paper offers clarity of expressions and readability. The language and technical editing of the document is appropriate.	10%
Fit of topic to the conference theme	There is a clear overlap between the topic of the full paper and the conference's theme, namely 'A sense of good business'.	Yes No

For work-in-progress, the following evaluation criteria were applied:

CATEGORY	DESCRIPTION	WEIGHT
Research problem	The Abstract properly articulates the knowledge gap and justifies the need for the study to be undertaken	33.3%
Envisioned research approach	There is a clear indication of the research approach that was/will be taken for the study	33.3%
Research topic	The research topic will generate discussion/debate at the conference	33.3%

7) Reviewers were instructed to score each category using a 10-point scale, specifically:

SCORE	LABEL
10	Outstanding
9	Excellent
8	Very good
7	Good
6	Satisfactory
5	Average
4	Below Average
3	Weak
2	Questionable
1	Unacceptable

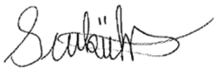
8) The Publications Committee scrutinised all scores and reviewer feedback. For full papers, the difference in reviewer scores per submission was considered, and, if needed, a third reviewer was assigned for adjudication. For rejected work-in-progress submissions, a second and, in some instances, a third reviewer was assigned for adjudication.
9) Of the total 74 full paper submissions received, 59 were accepted as full papers, and the remaining 15 were accepted as work-in-progress. Seven full papers were withdrawn from the conference following the authors' instructions and no-shows at the conference. The acceptance rate was therefore 70.27%.
10) Of the 47 work-in-progress submissions, 44 were accepted as work-in-progress. In total, ten work-in-progress submissions were withdrawn following the authors' instructions.
11) The outcome of the review process was communicated to the authors via the ConfTool system. In addition to accessing reviewer scores, authors could also obtain reviewer comments and feedback.
12) Authors were instructed to incorporate reviewer comments and feedback in the final uploaded version of their submissions on the ConfTool system.

13) In total 52 full papers and 34 work-in-progress submissions were presented at the conference.
14) Authors of full papers who did not present at the conference were excluded from the conference proceedings.

The review process was managed by Dr SW Kühn and Professor S Viviers from Stellenbosch University, and Professor Jacques Nel from the University of the Free State. The Publication Committee ensured that a rigorous and unbiased process was followed.

I trust that you will find this information in order.

Yours sincerely,



Dr SW Kühn
SAIMS 2024 Conference: Publications Chairperson

CONTRIBUTION OF INSTITUTIONS

Department of Business Management
CGW Schumann Building
Stellenbosch University
Bosman Street
Stellenbosch, 7600

21 October 2024

To whom it may concern,

SAIMS 2024 CONFERENCE: CONTRIBUTIONS OF INSTITUTIONS

Following the double-blind review, a total of 52 papers were accepted and included in the SAIMS 2024 Conference Proceedings.

Table 1 provides the institutions' contributions in alphabetic order. It is evident from Table 1 that Stellenbosch University (Conference host) contributed 10.58% of the full papers, which means that 89.42% of the full papers accepted at the SAIMS conference were contributions from other institutions. This indicates that the DHET 60% rule was met.

Table 1: Institutions' contributions in alphabetic order

INSTITUTION	ABBREVIATION	WEIGHTED AUTHOR CONTRIBUTION	INSTITUTIONAL PERCENTAGE
Akademia, South Africa	AKA	0.50	0.96%
Auckland Institute of Studies	AIS	0.50	0.96%
Capitec Bank, South Africa	CAP	1.00	1.92%
Central University of Technology, Free State, South Africa	CUT	0.50	0.96%
Durban University of Technology, South Africa	DUT	2.00	3.85%
Financial and Fiscal Commission, South Africa	FFC	1.00	1.92%
Ford South Africa	FORD	0.50	0.96%
Johannesburg Business School, South Africa	JBS	1.00	1.92%
Nelson Mandela University, South Africa	NMU	6.33	12.18%
Open University of Tanzania	OUT	0.50	0.96%
Providata GmbH, Germany	PG	0.33	0.64%
Reutlingen University, Germany	RUG	0.33	0.64%
Rhodes University, South Africa	RU	3.00	5.77%
Stellenbosch University, South Africa	SU	5.50	10.58%
The Independent Institute of Education, Monash South Africa	IIEM	2.00	3.85%
University of Antwerp, Belgium	UA	0.50	0.96%
University of Johannesburg, South Africa	UJ	4.00	7.69%
University of Kwazulu Natal, South Africa	UKZN	1.50	2.88%
University of Pretoria, South Africa	UP	2.50	4.81%
University of South Africa, South Africa	UNISA	3.50	6.73%
University of the Free State, South Africa	UFS	5.00	9.62%
University of the Western Cape, South Africa	UWC	1.00	1.92%
Vaal University of Technology, South Africa	VUT	8.00	15.38%
Walter Sisulu University, South Africa	WSU	1.00	1.92%

Table 2 provides the author affiliation of the full papers published in the SAIMS 2024 Conference Proceedings.

Table 2: Author affiliation of full papers

TITLE	AUTHORS	ORGANISATIONS
Track: Consumer Behaviour		
Virtual Temptations: The allure of e-WOM in satisfying South African e-commerce retail organisations' consumers	Williams, Alyssa Shawntay; Oosthuizen, Nadine	RU
Who am I? An exploration of extant brand identity models and frameworks	Human-Van Eck, Debbie (1); Ferreira, Danie (2)	1: SU 2: NMU
Track: Corporate Social Investment and Business Ethics		
Making sense of letters to shareholders during the COVID-19 crisis: The effect of readability, tones and sentiment	Esterhuyse, Leana (1); Du Toit, Elda (2)	1: UNISA 2: UP
Track: Digital Marketing (including Social Media)		
What drives brand anthropomorphism within online brand communities?	Mkhize, Owami; Verbeek, Jade; Van Heerden, Danita	UP
A trend analysis of information-seeking behaviour concerning the terms "making money" and "debt" in South Africa: a YouTube perspective	Alsemgeest, Liezel; Combrink, Herkulaas	UFS
Exploring mobile live stream shopping readiness among young South African consumers: insights from the Technology Readiness Index	Amofa, Henrietta Akosua Pokua; Humbani, Michael	UP
Influencer charm: Building genuine connections to drive sales	Ngobeni, Marina Precious (1); Oosthuizen, Nadine (2); Williams, Alyssa Shawntay (2)	1: VUT 2: RU
Making sense of source credibility on the purchase Intentions of generation Z in the fashion industry: Instagram influencer marketing	Pheko, Tshepang (1); Boshoff, Salomien (2)	1: UFS 2: AKA
I am persuaded: Antecedents of persuasive online reviews in the hospitality industry	Mpinganjira, Mercy	UJ
Track: Economics		
Public-private partnership and infrastructure: an adaptation of economic theory	Tseng, Chen-Wei	FFC
Track: Entrepreneurship and Small Business Management		
The role of national cultural values in the business success of Tanzanian small businesses	Chachage, Bukaza (1); Arnolds, Cecil (2)	1: OUT 2: NMU
Contrasting South Africa's entrepreneurial outlook with its African and BRICS partners	Ismaila, Bouba; Beneke, John	VUT
Small and medium enterprise performance improvement through entrepreneurship management and operational efficiency	Masuka, Zamurai; Langton, Irvine; Mafini, Chengedzai	VUT
Financial co-operatives development: A comparative analysis between South Africa and the best practice worldwide	Ismaila, Bouba (1); Gamede, Vangeli (2)	1: VUT 2: UKZN
Conceptualising a university-based student entrepreneurial ecosystem framework	Farrington, Shelley M. (1); Ismail, Riyaad (2); Nkotha, Atlehang (1)	1: NMU 2: UA

A review of the influence of entrepreneurial leadership to the performance of construction SMEs in the Eastern Cape, South Africa	Flepisi, Lubabalo; Womack, Anna Johanna Catharina; Lekhanya, Lawrence Mpele	DUT
Students' perspectives on widening career trajectories in fashion and beauty through digital entrepreneurship	Maphanga, Ezile; Moyane, Smangele Pretty; Nkomo, Ntando	DUT
Evaluation of the current state of the Gabonese entrepreneurial environment of national parks tourism.	Nkogho Beyeme, Renaldy; Thomas, Peta; Schachtebeck, Chris	UJ
Formal financial institutions' financing criteria for family businesses in South Africa	Asah, Francis Tangwo	NMU
The role of employee engagement in enhancing sustainability within SMEs: strategies for attracting, developing, rewarding, and retaining a committed workforce	Adekomaya, Victoria Oluwafunmilayo; Sheik, Adelaide	UJ
Enabling factors for women's advancement in leadership positions: insights from the ICT industry	Ngo Ndjama, Joelle Danielle; Van Der Westhuizen, Johan	VUT
Exploring the role of values on innovation practices in indigenous black South African family businesses	Kupangwa, Welcome; Farrington, Shelley Maeva; Venter, Elmarie	NMU
South Africa to Norway: The social enterprise diverge	Maree, Lelani; Boshoff, Caleigh	SU
Networking for performance: the influence of social ties on small and medium enterprise (SME) prosperity in South Africa.	Siso, Masiso (1); Louw, Lynette (2); Oosthuizen, Nadine (3)	RU
Track: Finance and Investments		
Testing the reliability and validity of the input-process-output board effectiveness model in South Africa	Coetzee, Dominique; Mans-Kemp, Nadia; De Vries, Annalien	SU
The influence of financial socialisation techniques and financial knowledge on young black individuals' financial behaviour	Antoni, Xolile (1); Goldman, Danica (2); Phiri, Faith (2)	1: RU 2: NMU
Empowering Futures: Assessing the relationship between parental, peer, and social media financial socialisation and retirement investment Intentions of young women in South Africa.	Mulholland, Hanli	SU
A case of employer retirement fund communication with and engagement of members - a disconnect	Grobbelaar, Chrizaan (1); Alsemgeest, Liezel (2)	1: CUT 2: UFS
Track: General and Strategic Management		
Unravelling the nexus of organisational politics and time stress in Small and Medium Enterprises in South Africa	Chinomona, Elizabeth; Letshaba, Kenneth	VUT
Transformational leadership, innovation and university performance in South Africa: A balanced scorecard perspective	Mofokeng, Goerge; Langton, Irvine; Mafini, Chengedzai	VUT
Factors impacting the performance of female supervisors in the coal mining industry	Thobedi, Thembeka; Mosupye-Semenya, Lebogang	JBS
Top 10 Companies listed on the JSE: What is their sense of good business?	Botha, Jo-Anne; Botha, Tersia	UNISA

Pre-assignment challenges for expatriate managers in South Africa	Hemker, Lena; Van Greunen, Conrad	IIEM
Repatriation challenges for expatriate managers in South Africa	Hemker, Lena; Van Greunen, Conrad	IIEM
Carrots or sticks for virtual trust? An exploration of how leader-imposed sanctions affect trust within virtual innovation teams	Maree, Lelani; Grenfell, Aeron	SU
Track: Human Resource Management		
Effect of talent attraction on organizational performance	Wesonga, Justus Nyongesa (1); Westhuizen, Prof Johan Van Der (2)	VUT
Antecedents of employee motivation at the perishable products export control board in south africa	Mkhungo, Sbongiseni; Delport, Marthinus	UFS
Talent management in Sub-Saharan Africa: Best practice or negligible?	Schutte (Barkhuizen), Emmerentia Nicolene	UFS
Promoting sound HR Practices in the New World of Work: Professional Digital Competencies for HR 5.0	Schutte, Nico Eric	UWC
Work engagement factors influencing the sustainability practices of automotive retailers in South Africa	Muller, Roger	NMU
Navigating the challenges associated with work arrangements in the post-pandemic era in South Africa	Maharaj, Prof. Ashika	UKZN
Track: Innovation		
The effect of innovation management practices in enhancing competitiveness of SME liquor retailers	Mashego, Kagiso; Sewdass, Nisha	UNISA
Innovative pathways to AI acceptance: How perceived AI utility and AI self-efficacy shape cross-generational adoption	Frazer, Mariette	UJ
The impact of innovation on value chain performance: Insights from SMEs in the textile industry in South Africa	Mapanga, Arthur	WSU
Track: Logistics and Supply Chain Management		
The antecedents of supply chain sustainability: the case of the petrochemical sector in the gauteng and free state province in south africa	Govuzela, Sithembiso; Pitikoe, Puleng	VUT
Influence of Covid-19 on effective inventory management decisions in the South African automotive component manufacturing industry	Krüger, Janine (1); Perks, Sandra (1); Delport, Jason (2)	1: NMU 2: FORD
Track: Management Education		
Spirituality and Meaning in the Workplace – The Incorporation of Spirituality in the Workplace to Enable Employees to Experience Greater Meaning	Mosupye, Katlego Elsie	CAP
Track: Marketing (excluding Digital Marketing)		
E-Shopping expectations: A comparative study between South Africa and Germany	Ferreira, Danie (1); Jonas, Altouise (1); Schmäh, Marco (2); Kern, Sarah (3)	1: NMU 2: RUG 3: PG
How millennials perceive local buying: an extended theory of planned theory	Mkhize, Njabulo	UNISA

Marketing the Corporate Reputation of a Higher Education Institution: An approach that appeals to parents	Bakkes, Ilze; Niemann, Rita	UFS
Making sense of the concept 'local' in South Africa	Esterhuyzen, Lisa; Theron, Edwin; Kühn, Stefanie W.	SU
Track: Specialised Topics		
Destination selection: The effect of socio-demographic characteristics of tourists, risk aversion and safety concerns	Ferreira, Danie (1); Menzies, Leonie (2)	1: NMU 2: AIS

Yours sincerely,

Dr SW Kühn
SAIMS 2024 Conference: Publications Chairperson

LIST OF PARTICIPATING REVIEWERS

Department of Business Management
CGW Schumann Building
Stellenbosch University
Bosman Street
Stellenbosch, 7600

21 October 2024

To whom it may concern,

SAIMS 2024 CONFERENCE: LIST OF REVIEWERS

The Publications Committee would like to thank each reviewer that assisted us with the reviews of the papers. Table 3 presents the list of reviewers of the 35th SAIMS Conference.

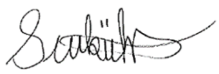
Table 3: List of reviewers

SURNAME	INITIALS	INSTITUTION	SURNAME	INITIALS	INSTITUTION
Abrahams	E	SPU	Mahosi	B	UNISA
Adewumi	SA	CUT	Mans-Kemp	N	SU
Alsemgeest	L	UFS	Mapanga	A	WSU
Amofa	HAP	UP	Maphanga	E	DUT
Antoni	X	RU	Maree	L	SU,
Arnolds	C	NMU	Maree	T	UP
Asah	FT	NMU	Mashego	K	UNISA
Bagraim	J	UCT	Massyn	L	UFS
Bakkes	I	UFS	Matiza	T	NWU
Berning-Van Zyl	A	SU	Matthee	S	SU
Boshoff	S	AKA	Mbi	T	RU
Botha	J	UNISA	Mbinda	B	DUT
Bothma	M	NWU	Mkhize	N	UNISA
Chinomona	E	VUT	Mmako	MM	TUT
Chipunza	C	CUT	Molema	LM	TUT
Coetzee	D	SU	Mpinganjira	M	UJ
Crous	C	UFS	Mulholland	H	SU
Das	S	UP	Muller	C	NWU
de Villiers-Hunt	N	AKA	Muller	R	NMU
de Vries	A	SU	Neethling	A	SU
Delport	M	UFS	Nel	J	UFS
Desai	II	UP	Ngo Ndjama	JD	VUT
Dilotsotlhe	N	UNISA	Nxumalo	MM	UFH
du Toit	E	UP	Nzama	ML	DUT
Ehlers	L	SU	Odendaal	B	AKA
Esterhuyzen	L	SU	Okeke-uzodike	O	DUT
Faleni	N	WSU	Olckers	C	UP

Farrington	S	NMU	Palmer	EP	CUT
Ferreira	D	NMU	Pentz	C	SU
Flepisi	L	DUT	Phiri	KO	ZCASU
Fourie	GF	SU	Rangaza	K	VUT
Frazer	M	UJ	Sarpong	PK	UFS
Govuzela	S	VUT	Schutte	NE	UWC
Grobbelaar	C	CUT	Schutte (Barkhuizen)	EN	UFS
Gulele	FW	UP	Semono	CA	UWC
Human	G	SU	Smit	D	SU
Human-Van Eck	D	SU	Solomon	G	SU
Hutton	A	SU	Steyn	J	SU
Ismaila	B	VUT	Terblanche+	GC	AKA
Johnson	R	SU	Theron	E	SU
Jooste	T	ADFUSION	Tobias Mamina	RJ	UP
Khumalo	V	MUT	Toerien	L	SU
Kokt	D	CUT	Tseng	C	FFC
Krugell	W	NWU	van Greunen	C	IIEM
Krüger	J	NMU	van Rensburg	B	NWU
Kühn	S	SU	Van Zyl	C	ATS
Kupangwa	W	NMU	Venter	C	SU
Kussing	U	SU	Venter	E	NMU
Langton	I	VUT	Verbeek	JL	UP
Louw	L	RU	Viviers	S	SU
Maharaj	A	UKZN	Wesonga	JN	VUT
			Williams	AS	RU

I trust that you will find this information in order.

Yours sincerely,



Dr SW Kühn
SAIMS 2024 Conference: Publications Chair

BEST PAPER AWARD

BEST PAPER AWARD

SAIMS CONFERENCE 2024

Paper title

Conceptualising a university-based student entrepreneurial ecosystem framework

Awarded to

Shelly Farrington, Riyaad Ismail and Atlehang Nkotha

SAIMS
The Southern Africa Institute for Management Scientists

Dr. Debbie Human-Van Eck
Chairperson of the board of director 2024

GUEST SPEAKERS

SUNDAY – 8 SEPTEMBER

Prof Thulani Makhalanyane
Department of Microbiology and the School of Data Science and Computational Thinking
Opening address

MONDAY – 9 SEPTEMBER

Tobie Vermeulen
Chief Information Officer, Media24
Keynote address sponsored by Cengage

Prof Rafal Ohme
Digital Emotions, Neurohm
Masterclass sponsored by Oxford University Press

GUEST SPEAKERS

TUESDAY – 10 SEPTEMBER

Jo-Ann Strauss
Stellenbosch University Alumnus, former Miss South Africa and businesswoman

Panel leader: A Sense of Good Business panel discussion sponsored by Maskew Miller Learning

Marlene Coetzee George
Laureus Sport for Good

A Sense of Good Business panel discussion sponsored by Maskew Miller Learning Foundation

Prof Willem Fourie
The Policy Innovation Lab at Stellenbosch University

A Sense of Good Business panel discussion sponsored by Maskew Miller Learning

Lebo Lekoma
Sea Monster

A Sense of Good Business panel discussion sponsored by Maskew Miller Learning

Prof Pierre Erasmus
Department of Business Management at Stellenbosch University

A Sense of Good Business panel discussion sponsored by Maskew Miller Learning

Marlize Boshoff
MANE

A Sense of Good Business panel discussion sponsored by Maskew Miller Learning

Brian Wafawarowa
CEO of Juta and Company Ltd

GUEST SPEAKERS

WEDNESDAY – 11 SEPTEMBER

Prof Johan Fourie

Department of Economics, Stellenbosch University, author of amongst others Our Long Walk to Economic Freedom and first director of LEAP

Keynote 1: The Power of History

Prof Suzette Viviers

Department of Business Management, Stellenbosch University

Keynote 2: Reflecting on 100 Years of Management Sciences

Sabrina Matthee

Department of Business Management, Stellenbosch University

Keynote 2: Reflecting on 100 Years of Management Sciences

Prof Gert Human

Department of Business Management, Stellenbosch University

Keynote 3: The Future of Management Sciences and Discussion

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CONFERENCE TRACKS

Authors were welcome to submit papers in one of the following tracks:

Track 1:	Accounting, Banking and Insurance
Track 2:	Finance and Investment
Track 3:	Economics
Track 4:	Entrepreneurship and Small Business Management
Track 5:	General and Strategic Management
Track 6:	Marketing (excluding Digital Marketing)
Track 7:	Digital Marketing (including Social Media)
Track 8:	Consumer Behaviour
Track 9:	Corporate Social Investment and Business Ethics
Track 10:	Logistics and Supply Chain Management
Track 11:	Information and Communication Technology
Track 12:	Human Resource Management
Track 13:	Management Education
Track 14:	Public and Development Management
Track 15:	Innovation
Track 16:	The Business of Wine
Track 17:	Specialised topics

The aim of this track was to invite submissions from a diverse background that do not necessarily resort under any of the above-mentioned tracks.

Examples hereof are sports management, tourism management, non-profit management, globalisation, doing business in an emerging economy, international business, as well as any other submissions that support the overall theme of the conference.

CONFERENCE TRACKS AND PAPERS

TRACK FINANCE AND INVESTMENT

TESTING THE RELIABILITY AND VALIDITY OF THE INPUT-PROCESS-OUTPUT BOARD EFFECTIVENESS MODEL IN SOUTH AFRICA

Dominique Coetzee (Stellenbosch University); Nadia Mans-Kemp (Stellenbosch University); Annalien de Vries (Stellenbosch University)

ABSTRACT

As the board of directors is deemed a focal corporate governance mechanism, interactions between board members warrant more scholarly inquiry to ultimately account for board effectiveness. Board researchers in South Africa largely used a direct (input-output) approach to explore the linkages between board characteristics and corporate financial performance. Some international scholars incorporated board processes in the procedural (process-output) approach. The direct and procedural approaches were combined in the input-process-output (I-P-O) model that is proposed for the local context, based on a critical literature review. The reliability and validity of this model were tested by distributing a questionnaire covering the I-P-O aspects to selected directors of South African companies. The results showed that the measurement of cohesiveness and the relationship between companies' chief executive officer and their board warrant further refinement. Nomination committees can use the questionnaire and I-P-O model to allocate board tasks to specific directors to, ultimately, enhance board effectiveness.

Keywords: input-process-output model; board processes; board tasks; board effectiveness

INTRODUCTION

Collaboration between individuals plays an integral part in achieving effective team dynamics and enhancing a team's performance (Kozlowski and Bell, 2013). The board of directors is the focal leadership team in companies (Charas, 2015). Directors should act in the best interests of their company, shareholders and other key stakeholders (Deloitte, 2017). As such, board members are accountable for divergent tasks, including overseeing managerial decision-making (the monitoring and control task), obtaining essential resources (the service task), and conducting strategic planning (the strategic task) (Naciti, 2019; Namoga, 2011).

Board task performance thus indicates how well directors have performed these divergent tasks (Minichilli, Zattoni, Nielsen and Huse, 2012). Some prior researchers used board task performance as a proxy for board effectiveness. The latter term refers to the ability of the board to function as a cohesive unit. An effective board creates value for divergent stakeholders (Grofcikova and Musa, 2020; Huse, 2009).

However, local corporate governance researchers primarily focused on the linkages between board characteristics and corporate financial performance (Kok, Van Schalkwyk and Du Toit, 2021; Tshipa, Brümmer, Wolmarans and Du Toit, 2018; Willows and Van der Linde, 2016), thereby ignoring board task performance and using corporate financial performance as a proxy for board effectiveness. These researchers reported inconclusive evidence.

As the direct board research approach does not take board processes into account, it implicitly treats these processes as a proverbial governance "black box" (Erakovic and Overall, 2010). Some international researchers hence accounted for the interactions, behaviour and socio-psychological aspects of board members to explain board effectiveness by applying the process-output model. The board processes identified by seminal authors Forbes and Milliken (1999) are mostly used, namely effort norms, the use of knowledge and skills and cognitive conflict (Minichilli *et al.*, 2012; Ong and Wan, 2001). Other researchers proposed that affective conflict, cohesiveness, the quality of communication and the relationship between the chief executive officer (CEO) and the board should also be incorporated when investigating board processes (Heemskerk, 2019; Jansen, 2019; Farquhar, 2011; Namoga, 2011).

The input-output and procedural model could be combined in the so-called integrated input-process-output (I-P-O) model (Jansen, 2021). This model was mainly tested in developed countries. Yet, South Africa is deemed a corporate governance pioneer, not only in Africa but globally (Corvino, Doni and Martini, 2020; Armstrong, Segal and Davis, 2005). This study was hence conducted to address three research objectives: Firstly, to outline the components of the direct and process-output approaches by conducting a critical literature review. Secondly, to compile a questionnaire that could be used to assess board characteristics, board processes, board tasks and board effectiveness in South Africa. Thirdly, to test the applicability of the integrated I-P-O model in the local corporate context by testing the reliability and validity thereof.

LITERATURE REVIEW

Divergent methodological approaches were adopted by prior board researchers. As explained in the introduction, the direct approach was extensively used in South Africa. This approach entails that researchers make a direct link between board characteristics (such as board size, board gender and race diversity and board independence) and corporate financial performance metrics. However, the usage of the direct approach delivered divergent results, as boards that appear to be comparable in terms of board characteristics had different performance outcomes (Bezemer, Nicholson and Pugliese, 2014). Such divergent outcomes can be ascribed to the impact of the inner workings of boards that fall outside the scope of the direct model.

To enhance board effectiveness and, by extension, firm performance, the King IV Report on corporate governance suggests that the board should comprise mainly of independent non-executive directors (NEDs). Boards should also set board gender and race diversity targets (Institute of Directors South Africa (IoDSA), 2016). Another key board characteristic is board size, as it might impact directors' ability to effectively complete their tasks as a cohesive unit (Namoga, 2011). These board characteristics should thus be incorporated as an input consideration in the I-P-O model (Jansen, 2021).

Based on the critical literature review, it was evident that several prior board researchers only focused on one theory and, by implication, one board task. Such scholars reported inconclusive results (Keay, 2017; Hillman, Cannella and Paetzold, 2000). Other authors argued that a multi-theoretical perspective should rather be adopted to account for the divergent responsibilities of directors. By adopting a multi-theoretical perspective, some prior scholars have linked various theoretical perspectives to specific board tasks (Kolev, Wangrow, Barker and Schepker, 2019; Bordean, Crisan, and Pop, 2012).

A board's monitoring and control task is mainly associated with the renowned agency theory. Directors are accordingly tasked with providing executive oversight to mitigate managerial opportunism and protecting shareholders' interests (Zona and Zattoni, 2007). In turn, their service task centers on providing resources through external connections and honing directors' knowledge and skills. Emphasis is also placed on stakeholder relationships. Directors' service task is hence related to the resource dependency and stakeholder theories (Grofcikova and Musa, 2020). Board members should also actively participate in the strategic planning process, as outlined by the strategic choice theory (Aberg and Torchia, 2020).

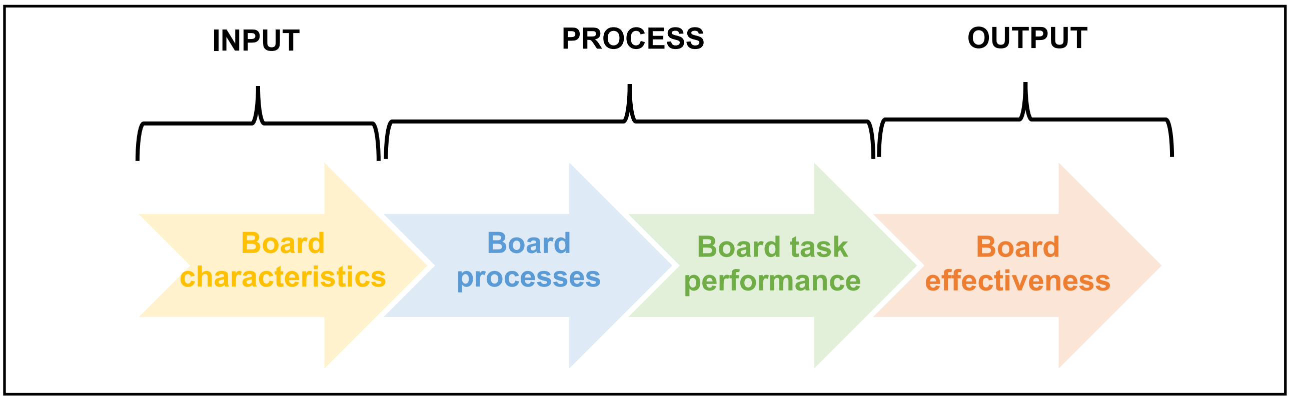
The process aspects that were included in the I-P-O model incorporate board tasks and selected processes. Board processes outline how directors work together to accomplish their respective tasks. Directors are accordingly required to participate in team discussions, information sharing and problem-solving (Zhu, Wang and Bart, 2016). Forbes and Milliken (1999) highlighted three key board processes, namely effort norms (linked to motivation and cognitive behaviour when completing board activities), cognitive conflict (related to divergent opinions and ideas of board members), and the use of knowledge and skills. Other socio-psychological board processes that were explored by prior researchers include cohesiveness (motivation to continue working together), the quality of communication, affective conflict (related to unfavourable feelings and emotions during conflict situations), and the relationship between the CEO and the board (Jansen, 2021; Grofcikova and Musa, 2020; Namoga, 2011).

Some international researchers adopted the procedural approach to explore the linkages between these board processes and board-level outcomes (Grofcikova and Musa, 2020). This model does not only allow investigations into the extent to which board duties are related to corporate financial performance but also accounts for board members' behaviour. Yet, as far as could be established, this model has not been applied in the local context.

Some researchers have classified board tasks as the output aspect (Namoga, 2011). However, other scholars have propagated that board task performance leads to board effectiveness and should thus be classified as a process aspect (Jansen, 2019; Minichilli *et al.*, 2012; Farquhar, 2011). Board effectiveness refers to directors' ability to function as a cohesive unit with a collective purpose to effectively perform their tasks and, ultimately, enhance corporate financial performance (Forbes and Milliken, 1999). In the integrated I-P-O model, the process aspect hence incorporates board processes and board tasks. In turn, board effectiveness is classified as the output aspect.

The input-output and process-output models are combined by incorporating board members' interactions and behavioural processes, in addition to their characteristics, to investigate board effectiveness. Furthermore, multi-theoretical lenses have been incorporated to derive the integrated I-P-O model as shown in Figure 1.

FIGURE 1
CONCEPTUAL I-P-O MODEL



Source: Adapted from Jansen (2021) and Farquhar (2011)

The reliability and validity of the I-P-O model was tested in the South African context based on the compiled questionnaire, as explained next.

METHODOLOGY

To address the first research objective, prior board research was critically reviewed to determine a suitable board research model for the South African corporate context. In line with Wallace and Wray (2011), criteria were set for selecting sources for inclusion in the critical review. Journal articles and textbooks that accounted for board processes, characteristics, board tasks and/or board effectiveness were considered. Seminal and contemporary publications were incorporated. Details pertaining to the author(s), name of the article/book, publication date, methodological approach and key findings were captured.

Based on the comparison of the approaches of prior board researchers, a research gap was identified to determine the applicability of the I-P-O model in the South African context. The country offers well-developed corporate governance guidelines to companies since the previous century (Armstrong *et al.*, 2005). To address the second research objective, the questionnaire that is outlined in Table 1 was compiled based on the critical literature review.

TABLE 1

OUTLINE OF THE QUESTIONNAIRE

Construct		Operational statement
Board Characteristics		Number of directors on this board Number of women directors serving on this board Number of directors per race category serving on this board Number of executive, independent and non-executive directors serving on this board
Board processes	**Effort norms (EN)**	EN1: Directors carefully review the information provided before a meeting EN2: Directors take notes during board meetings EN3: Directors put effort into matters regarding the board and company EN4: Directors conduct frequent research on issues relevant to the company EN5: Directors have a positive attitude towards their workload when assigned specific tasks
Board processes	**Use of knowledge and skills (UKS)**	UKS1: Board members are aware of each other's areas of expertise UKS2: Task delegation on the board represents a good match between members' knowledge and the task at hand UKS3: When an issue is discussed, the most knowledgeable board members generally have the most influence UKS4: The board members' knowledge and skills are utilised to its full potential
Board processes	**Cognitive conflict (CC)**	CC1: The board considers different viewpoints of its members CC2: Board members who disagree still respect each other's viewpoints CC3: Disagreements are subject-related rather than personal CC4: The atmosphere in the boardroom encourages critical thinking CC5: Ideas, beliefs and assumptions are constructively challenged in meetings CC6: Board discussions are open and candid CC7: Board decisions are settled amicably CC8: Board meetings often result in a clear decision
Board processes	**Affective conflict (AC)**	AC1: Personality clashes occur during decision-making AC2: Relationships between board members are strained AC3: Board members are unwilling to work together AC4: At least one board member is typically not satisfied with a decision AC5: Win-lose relationships are evident among board members AC6: Tensions frequently run high during board meetings
Board processes	**Cohesiveness (COH)**	COH1: There is trust and respect among board members COH2: Board members cooperate with each other

Board processes		COH3: Board members socialise with each other outside board meetings COH4: The board obtains feedback from directors for decision-making COH5: The board receives assistance from directors in decision-making
	Communication (COM)	COM1: The board has a clear idea of the information required for decision-making COM2: Directors receive extensive and timely information from top management COM3: There is effective bottom-up information flow from functional departments to directors COM4: Information received by the board is in a form that allows directors to fully comprehend the firm's position
	CEO-board relationship (CBR)	CBR1: The CEO readily accepts the board's advice CBR2: The CEO has the ability to resist the board's advice CBR3: The CEO has good social ties with other board members CBR4: The CEO is informed of performance expectations determined by the board CBR5: Once policies and strategic choices have been made, the board allows the CEO to conduct business as usual
Board tasks	Monitoring and control task (MC)	MC1: The board has an internal mechanism to evaluate firm performance MC2: The board analyses the budget allocation against firm performance MC3: Board members require information that shows progress based on set targets MC4: The board monitors decisions taken by top management MC5: The board evaluates top management's performance MC6: Board members formally evaluate each other MC7: Board members engage in succession planning for the CEO
	Service task (SER)	SER1: Board members act as mentors to executives SER2: Directors offer advice on marketing-related issues SER3: Directors offer advice on technical issues SER4: Directors offer advice on financial issues SER5: Directors offer advice on accounting issues SER6: Board members contribute to building networks SER7: Board members contribute to lobbying and building legitimacy SER8: The company and the board often take advantage of the members' networks to gather information and advice
	Strategic task (STR)	STR1: The board formulates the mission statement of the company STR2: The board conducts internal analyses (strengths and weaknesses) STR3: The board conducts external analyses (opportunities and threats) STR4: The board is involved throughout the strategic planning process STR5: The board communicates the strategic direction throughout the company STR6: The board benchmarks the strategic plan with comparative industry data STR7: The board receives plans for strategy implementation from the CEO
Board effectiveness (EFF)		EFF1: The board adds value to the company EFF2: The board improves firm performance EFF3: Board members are satisfied with the board's performance EFF4: The board is satisfied with board members' performance of their tasks

Source: Compiled by the researchers based on Jansen (2021), Farquhar (2011) and Namoga (2011)

The questionnaire, designed on the Qualtrics platform, was distributed to the IoDSA's director membership database. Reputable industry contacts also assisted in distributing the questionnaire to directors who serve or have served on the boards of local companies, resulting in 105 complete responses. Respondents were requested to answer the questions based on the board where they have served the longest period. Open-ended questions were used for the board characteristics questions. A five-point Likert scale was applied to the board tasks, board processes and board effectiveness questions. Ethical clearance was obtained before commencing with data collection.

Partial least squares structural equation modelling (PLS-SEM) was conducted to test the applicability of the measurement model. Pertaining to reliability, Cronbach alpha values were computed to account for internal consistency. The commonly accepted threshold for Cronbach's alpha is 0.70, but the authors accounted for the view of Sharpe, De Veaux and Velleman (2018) that a value of 0.60 might also be deemed acceptable. Furthermore, Hair, Hult, Ringle, Sarstedt and Danks (2022) cautioned that a maximum value of 0.95 should be accepted to avoid redundancy of questionnaire items, which could reduce content validity. Compared to Cronbach's alpha, composite reliability could provide a more accurate assessment of internal consistency. As such, composite reliability was also computed as it acknowledges that measurement items have different loadings and the metric is less vulnerable to the number of measurement items (Hair *et al*., 2022). A value of 0.70 or above was considered acceptable (Hair *et al.,* 2022).

The average variance extracted (AVE) score was computed to assess convergent validity. This score reflects the average percentage of variation in the underlying measurement items of a construct (Fornell and Larcker, 1981). The acceptable threshold of 0.50 or above was applied. The outer loadings were also determined to reflect on the total contribution of each measurement item to its respective construct. A value of 0.70 or above was deemed sufficient (Hair *et al*., 2022). To assess discriminant validity, the Heterotrait-Monotrait (HTMT) ratio of correlations values were computed. Scholars disagree on whether the threshold is 0.85 or 0.90 and also whether higher HTMT values necessarily indicate a definite lack of discriminant validity (Henseler, Ringle and Sarstedt, 2015).

RESULTS

Table 2 reflects the internal consistency reliability outcomes for the I-P-O model in the local context.

TABLE 2

RELIABILITY RESULTS

Construct	Cronbach's alpha	Composite reliability
Effort norms	0.82	0.88
Use of knowledge and skills	0.70	0.82
Cognitive conflict	0.90	0.92
Affective conflict	0.88	0.91
Cohesiveness	0.69	0.84
Communication	0.79	0.86
CEO-board relationship	0.50	0.72
Monitoring and control task	0.87	0.91
Service task	0.79	0.85
Strategic task	0.87	0.90
Board effectiveness	0.90	0.93

Source: Compiled by the researchers

Perusal of Table 2 indicates that there is no redundancy in the usage of the questionnaire items, as the maximum Cronbach's alpha value of 0.95 suggested by Hair *et al*. (2022) was not exceeded by any of the considered constructs. Except for the CEO-board relationship, the Cronbach alpha values of all the other constructs ranged between 0.69 and 0.90, which indicates adequate reliability. Jansen (2021), Farquhar (2011) and Namoga (2011) largely reported similar Cronbach alpha values for the respective constructs, ranging between 0.74 and 0.91. However, in comparison with Namoga (2011), substantially lower Cronbach alpha values were reported for the cohesiveness and CEO-board relationship constructs when testing the model in the local context. Namoga (2011) reported a Cronbach's alpha of 0.88 for the cohesiveness construct and 0.77 for the CEO-board relationship construct. Notably, the monitoring and control task construct resulted in a higher Cronbach's alpha in this study than the value (0.74) reported by Namoga (2011).

For PLS-SEM analysis, composite reliability is, however, considered a more accurate reflection of internal consistency (Peterson and Kim, 2013). The composite reliability values for all the constructs, including CEO-board relationship, were above the acceptable threshold, ranging between 0.72 and 0.93. The internal consistency reliability of the constructs that are proposed to measure board processes, board tasks and board effectiveness in South Africa were thus confirmed based on the outlined multi-theoretical perspectives, including the agency (Zona and Zattoni, 2007), resource dependency, stakeholder (Grofcikova and Musa, 2020) and strategic choice theories (Aberg and Torchia, 2020). Yet, the reliability of a measurement model is not necessarily indicative of construct validity. Convergent and discriminant validity were thus also assessed. Table 3 indicates the outer loadings per measurement item and the overall AVE scores for the constructs, while Table 4 provides the HTMT results.

TABLE 3

CONVERGENT VALIDITY RESULTS

Construct	Measurement item	Outer loading	AVE score
Effort norms	EN1	0.86	0.59
	EN2	0.69	
	EN3	0.83	
	EN4	0.73	
	EN5	0.71	
Use of knowledge and skills	UKS1	0.74	0.54
	UKS2	0.78	
	UKS3	0.60	
	UKS4	0.80	
Cognitive conflict	CC1	0.73	0.59
	CC2	0.73	
	CC3	0.85	
	CC4	0.85	
	CC5	0.73	
	CC6	0.75	
	CC7	0.81	
	CC8	0.71	
Affective conflict	AC1	0.71	0.64
	AC2	0.83	
	AC3	0.77	
	AC4	0.79	
	AC5	0.85	
	AC6	0.84	
Cohesiveness	COH1	0.81	0.51
	COH2	0.80	
	COH3	0.43	
	COH4	0.76	
	COH5	0.71	
Communication	COM1	0.62	0.61
	COM2	0.84	
	COM3	0.82	
	COM4	0.84	
CEO-board relationship	CBR1	0.56	0.34
	CBR2	0.49	
	CBR3	0.58	
	CBR4	0.61	
	CBR5	0.66	
Monitoring and control task	MC1	0.79	0.59
	MC2	0.79	
	MC3	0.80	
	MC4	0.76	
	MC5	0.82	
	MC6	0.70	
	MC7	0.69	
Service task	SER1	0.60	0.41
	SER2	0.61	
	SER3	0.60	
	SER4	0.72	

	SER5	0.67	
	SER6	0.63	
	SER7	0.68	
	SER8	0.60	
Strategic task	STR1	0.81	0.57
	STR2	0.84	
	STR3	0.82	
	STR4	0.82	
	STR5	0.78	
	STR6	0.70	
	STR7	0.39	
Board effectiveness	EFF1	0.88	0.78
	EFF2	0.89	
	EFF3	0.88	
	EFF4	0.86	

Source: Compiled by the researchers

TABLE 4

DISCRIMINANT VALIDITY RESULTS

Construct	EN	UKS	CC	AC	COH	COM	CBR	MC	SER	STR	EFF	BS	BGD	BRD	BC
EN		0.91	0.86	0.65	0.86	0.79	0.77	0.73	0.68	0.65	0.83	0.37	0.29	0.30	0.29
UKS			0.99	0.68	1.02	0.86	0.90	0.87	0.81	0.82	1.00	0.41	0.44	0.34	0.35
CC				0.80	0.99	0.93	0.92	0.82	0.65	0.78	0.89	0.41	0.36	0.40	0.37
AC					0.81	0.63	0.80	0.50	0.47	0.48	0.70	0.47	0.27	0.27	0.40
COH						0.93	1.16	0.88	0.83	0.86	0.99	0.43	0.37	0.31	0.33
COM							0.90	0.74	0.74	0.68	0.74	0.38	0.27	0.28	0.27
CBR								0.82	0.79	0.75	0.84	0.45	0.46	0.42	0.49
MC									0.64	0.84	0.82	0.51	0.41	0.33	0.43
SER										0.59	0.69	0.28	0.30	0.39	0.37
STR											0.86	0.53	0.48	0.46	0.37
EFF												0.43	0.42	0.38	0.29
BS													0.44	0.36	0.54
BGD														0.50	0.44
BRD															0.47
BC															

Key: EN – effort norms; UKS – use of knowledge and skills; CC – cognitive conflict; AC – affective conflict; COH – cohesiveness; COM – communication; CBR – CEO-board relationship; MC – monitoring and control task; SER – service task; STR – strategic task; EFF – effectiveness; BS – board size; BGD – board gender diversity; BRD – board racial diversity; BC – board composition

Source: Compiled by the researchers

Based on the AVE scores shown in Table 3, it is evident that most of the constructs in the proposed I-P-O model explained 50 per cent or more of the variation in their indicators for the sampled South African boards. As each of the board characteristics was measured by a single questionnaire item, AVE scores were not computed for board characteristics. The CEO-board relationship and service task constructs generated AVE scores of 0.34 and 0.41, respectively. When interpreting these low scores, it should be considered that some of the outer loadings of these constructs' individual measurement items were below the acceptable threshold of 0.70 (Hair *et al*., 2022). However, all the outer loadings were statistically significant since none of the confidence intervals for the measurement items contained zero.

Perusal of Table 4 shows that most of the HTMT values were less than the generally accepted threshold of 0.90. As scholars disagree on the cut-off value to confirm discriminant validity, values above this threshold do not necessarily indicate a definite lack of discriminant validity (Hair, Risher, Sarstedt and Ringle, 2019). The HTMT ratio between the use of knowledge and skills and cohesiveness constructs was 1.02, while the HTMT value between cohesiveness and the CEO-board relationship was 1.16. As such, these constructs might not be truly distinct. The applicability of the I-P-O model was hence confirmed in the local context. The questionnaire can be further refined by focusing on the constructs that had reliability and validity values outside the threshold values.

CONCLUSIONS, PRACTICAL MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

The critical literature review showed that board research expanded from adopting a uni-theoretical to a multi-theoretical perspective globally. Two models that were mainly utilised by prior scholars to conduct board-related research were identified and discussed, namely the direct (input-output) and process-output (procedural) models. Prior local board researchers mainly used the direct approach to explore linkages between board characteristics and corporate financial performance. Yet, they did not account for behavioural board dynamics.

Although the procedural model enables researchers to explore board interactions, this model is not commonly applied in emerging markets. These models can be combined to form the I-P-O model. The reliability and validity of this integrated model were empirically tested in the local context. South Africa is deemed a corporate governance pioneer, as the country offers well-developed corporate governance guidelines to listed companies for almost thirty years. Nomination committees could use the questionnaire to allocate specific board tasks to certain directors. They can also use the I-P-O model to reflect on how board processes ultimately impact board effectiveness.

The PLS-SEM measurement model results show that the questionnaire is deemed reliable and valid to test the intricate linkages between board characteristics, tasks, processes and board effectiveness in South Africa. While prior studies mainly focused on the monitoring and control, and service tasks, the strategic task was also included in this study. The outlined statements to measure the strategic task were proven to be reliable and valid within the South African context. The applicability of this task in other contexts warrants further investigation. In addition, more research is required to determine how the operational statements of the cohesiveness and CEO-board relationship constructs could be refined for the local context.

By utilising the reliable and valid I-P-O model, future researchers can gain insights on how board processes impact board outcomes in South Africa and other emerging markets. Such researchers could consider a larger sample of directors serving on the boards of companies operating in diverse industries. The questionnaire items can then be further refined based on the reported outcomes. In addition, direct observations of boardroom meetings could provide deeper insights on boardroom interactions.

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THE INFLUENCE OF FINANCIAL SOCIALISATION TECHNIQUES AND FINANCIAL KNOWLEDGE ON FINANCIAL BEHAVIOUR OF YOUNG BLACK INDIVIDUALS

Xolile Antoni
Department of Management, Rhodes University
PO Box 94, Rhodes University
Makhanda (Grahamstown), 6139,
Email: x.antoni@ru.ac.za

Danica Goldman & Faith Phiri
Nelson Mandela University
Department of Business Management, Nelson Mandela University
PO Box 77 000, South Campus
Email: busman@mandela.ac.za

Abstract

Black young individuals have low levels of financial knowledge and behaviour. Financial behaviour is found to be influenced by parents through financial communication and parental financial behaviour. However, no notable studies have investigated the influence of financial socialisation techniques and financial knowledge on the financial behaviour of young black individuals in the Eastern Cape. This study will investigate these factors and adopt a quantitative research approach. A non-probability sample size of 175 young black respondents was surveyed using self-administered questionnaires. The primary data collected in this study were subjected to Exploratory Factor Analysis (EFA) and Cronbach's alpha coefficient. The study also used Pearson's product-moment correlation to determine the correlations between the factors, and multiple regression analysis was performed to validate the study's hypotheses. The results showed that financial knowledge and parental financial communication influence financial behaviour. Parents should communicate about money and seek to improve the financial knowledge of young black individuals to promote financial behaviour such as savings regularly. This study contributes to personal finance literature in the Eastern Cape by providing evidence of financial socialisation techniques and financial knowledge among young black individuals.

Keywords: *Financial socialisation; financial communication; financial knowledge, financial behaviour; young black individuals; Eastern Cape.*

Introduction and background

Financial behaviour is important for young individuals to achieve financial success. Financial behaviour refers to any human behaviour that is relevant to financial practices (Xiao 2008). Financial practices include cash, savings, credit, investments and insurance (Ksendzova, Donnelly & Howell 2017; Dew & Xiao 2011). This study will focus on savings behaviour, which refers to money individuals put away for future use (Omar, Mokhtar & Arshad, 2019). It may also refer to individuals reducing expenditure and deferring consumption (Andrew, 2017) Nkoutchou and Eiselen, (2012) indicate that South Africans do not save in general; thus, the saving rate of the South African household has been declining. This is also the case for young South African individuals, with black students in South Africa demonstrating low savings behaviour (Kekana, 2014:2).

This study will focus on young black individuals between 18 and 35 years old (Ndou & Ngwenya, 2022). This is because black individuals have the lowest levels of financial knowledge (Roberts, Struwig, Gordon, and Zondi 2021; Nanziri & Leibbrandt, 2018) and demonstrate poor financial behaviour, particularly savings behaviour in South Africa (Kekana, 2014). This is not surprising since financial knowledge influences black individuals' financial behaviour in the Eastern Cape (Rootman & Antoni, 2015). Therefore, this study will include financial knowledge as an independent variable of savings behaviour. Financial knowledge can be classified as objective or subjective. Subjective financial knowledge is mainly used because it has the strongest influence on financial behaviour (Lind, Ahmed, Skagerlund, Strömbäck, Västfjäll, & Tinghög, 2020:633; Xiao, Ahn, Serido & Shim 2014:600). Financial behaviour is also influenced by financial literacy, family background, and risk perceptions (Kassim, 2020; Mudzingiri, Muteba Mwamba & Keyser, 2018) with financial socialisation being considered the most influential independent variable (Pak, Fan & Chatterjee, 2023; Ameer & Khan, 2020). Financial socialisation refers to the process of acquiring and developing values, attitudes, standards, norms, knowledge and behaviours from family members (Danes 1994). Parents are the most important social agents in transferring financial information and educating children on saving habits (Kassim, 2020; LeBaron & Kelley, 2020). Parents use different techniques to shape financial behaviour, such as parental financial teaching, parental financial communication, parental financial monitoring and parental financial behaviour. Parental financial communication is the most influential on the financial behaviour of young black adults in South Africa (Ndou & Ngwenya, 2022). In addition, parental financial behaviour is the most influential factor in financial behaviour among students in the Eastern Cape (Antoni, Rootman & Struwig 2019). More international evidence shows that parental financial communication and financial behaviour influence financial behaviour (Shim, Serido, Tang & Card, 2015; Shim, Barber, Card, Xiao & Serido, 2010). Therefore, this study will focus on parental financial communication, parental financial behaviour and financial knowledge as independent variables. It is important to note that the terms 'children' and 'young individuals' are used interchangeably because young individuals are the parents' older children from a financial socialisation perspective.

Problem statement

Few studies have investigated black young individuals' financial behaviour in South Africa. Most studies have focused on different financial behaviours, such as cash management rather than savings(Kekana, 2014; Rousseau & Venter, 2019). Even though black young individuals lack savings behaviour and have low financial Literacy (Roberts et al., 2021). Most studies investigate individuals' financial literacy levels (Antoni, Xolile & Saayman, 2021; Rootman & Antoni, 2015) and the retirement planning behaviour in the Eastern Cape (Zeka & Matchaba-hove, 2016; Willows & October, 2021). Little is known about the factors that influence financial behaviour, particularly the savings behaviour of young black individuals in the Eastern Cape. Even though individuals in the Eastern Cape tend to be less likely to save than those located in other provinces (Zwane & Greyling, 2016). This study will seek to fill the knowledge gap on the influence of financial socialisation techniques and financial knowledge on the financial behaviour of young black individuals, to contribute to personal finance literature and provide recommendations on how to improve the financial behaviour of young black individuals.

Primary objective

The study's primary objective was to investigate the influence of financial socialisation techniques and financial knowledge on young black individuals' financial behaviour.

The following secondary objectives were also pursued:

- To determine the influence of financial socialisation techniques on financial behaviour.

- To determine the influence of financial knowledge on financial behaviour.
- To propose recommendations on how to improve young black individuals' financial behaviour.

Financial socialisation theory

This study will adopt the financial socialisation theory developed by Gudmunson and Danes (2011), which proposed that children acquire financial outcomes, financial knowledge, financial behaviour, and financial well-being through their formative years in the family. The parents are considered the most influential agents and shape the financial outcomes of children (Allsop, Boyack, Hill, Loderup & Timmons, 2021). Figure 1 illustrates the financial socialisation theory.

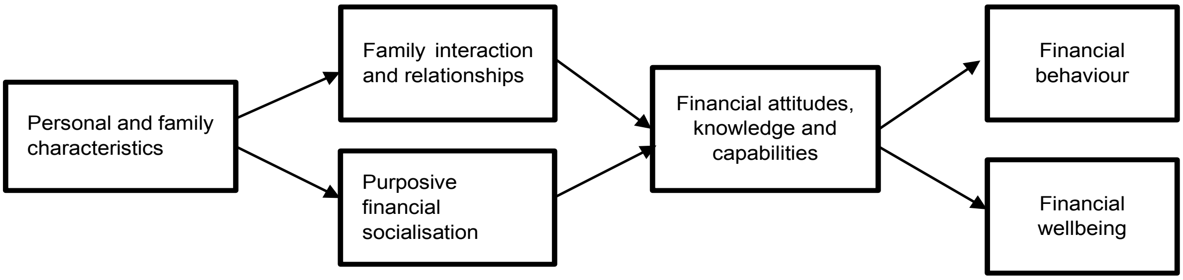

Figure 1: Financial socialisation theory (**Source**: Gudmunson & Danes, 2011:648).

From a financial socialisation perspective, parents are the main influences on financial outcomes (LeBaron & Kelley, 2020; Pak et al., 2023) and, thus, the primary financial socialisation agents. **Figure 1** shows parents may socialise their children financially through family interactions and relationships or purposive socialisation (Gudmunson & Danes, 2011; LeBaron & Kelley, 2020). Parents may use family interactions or relationships to socialise children; this includes parents not intentionally teaching children about financial concepts but rather children learning about financial concepts through observation. In contrast, with purposive socialisation, parents intentionally socialise children about financial concepts. The parent may use financial teaching and communication to teach children about financial concepts. The combination of financial techniques used by parents leads children to develop financial outcomes such as financial knowledge, financial attitudes and financial capabilities (Gudmunson & Danes, 2011; LeBaron & Kelley, 2020). Unconscious financial socialisation techniques are found to have the most influence on financial outcomes compared to conscious financial socialisation techniques (Pak et al., 2023; Shim et al., 2010). Unconscious financial socialisation techniques mean parents using indirect and unintentional ways to teach children about financial concepts. In contrast, conscious financial socialisation techniques mean parents using direct and intentional ways to teach children about financial concepts.

This study follows a financial socialisation perspective, where parents are the primary socialisation agents and use conscious and unconscious financial socialisation techniques to influence the financial outcomes of children. Therefore, the section below will discuss the conscious and unconscious financial techniques parents may use to socialise young black individuals on financial concepts.

Financial socialisation techniques

Financial communication is a conscious and intentional financial socialisation technique parents use to teach children about financial concepts. It refers to parents' and children's ability to discuss financial topics such as savings or spending behaviours. Parents and children discuss earnings, spending, saving, investments and money management (Romo & Vangelisti, 2014). Parents use financial communication to educate children about financial concepts such as budgeting, savings, and investing and equip their children with the necessary financial skills (Allen 2008). Therefore, financial communication is a technique parents use to share financial information and empower their children with financial skills. LeBaron-Black, Curran, Hill, Toomey, Speirs and Free (2023) support the idea that financial communication is important for improving financial behaviour.

However, parents may use unconscious financial socialisation techniques such as parental financial behaviour to influence children's financial behaviour. It includes parents demonstrating their financial practices and habits to the children, such as saving or paying bills on time – which children observe, model and apply in the financial world (Drever, Odders-White, Kalish, Else-Quest, Hoagland & Nelms, 2015). Solheim, Zuiker, & Levochenko (2011) indicate that most students learn most about saving money by observing their parents' financial behaviour. For example, students observe how their parents save money (positive modelling) but also how their parents do not save money (negative modelling). Students indicated that they learned about money management by observing how their parents prioritised needs over wants, budgeting, tracking expenses, and reconciling bank accounts (Solheim *et al.,* 2011). Parents could also compile budgets so their children can see and model their budget-making and demonstrate adequate saving behaviour.

Financial knowledge

The study will measure subjective financial knowledge as it significantly improves individuals' financial behaviour (Serido, Shim, & Tang, 2013). Subjective financial knowledge has been found to have the strongest influence than objective financial knowledge on financial behaviour (Lind et al. 2020:633; Xiao et al., 2014). Subjective financial knowledge refers to a person's belief about understanding financial matters (Tang & Baker 2016). Subjective financial knowledge is measured with statements on knowledge of financial practices such as savings and investments on a Likert scale. Respondents must indicate how much they agree and disagree with the statements measuring financial concepts in this scale. Financial knowledge can consist of multiple components, such as investment, credit and savings (Robb & Sharpe, 2009). This study will use investment as a component because students tend to have low knowledge of investment concepts (Louw, Fouche & Oberholzer, 2013). Therefore, financial knowledge focusing on investment concepts is expected to influence behaviour.

Financial behaviour

As previously indicated, financial behaviour is any human behaviour involving money management (Xiao, 2008; Angulo-Ruiz & Pergelova, 2015). Financial behaviour is a repetitive action that includes spending, saving, and investing (Gudmunson & Danes, 2011). Financial behaviour can be objective (known as observed financial behaviour) and subjective (known as self-reported financial behaviour) (Xiao, 2008). Based on previous studies in South Africa, this study will measure subjective financial behaviour to determine an individual's perceptions of their financial practices (Antoni & Maswena, 2023; Kekana, 2014). Subjective financial behaviour refers to individuals reporting their money management practices (Xiao 2008). This study will focus on young black individuals' savings behaviour as savings tend to be low in South Africa (Matemane, 2018). Kekana (2014) indicates two savings behaviours: short-term and long-term. This study will focus on long-term savings behaviour, which refers to students being future-orientated and thinking of ways to save money for the future and the ability to delay instant gratification. This suggests that savings behaviour is responsible financial behaviour, where students use financial practices that lead to positive financial outcomes (Asaad 2015). Financial behaviour is influenced by many factors, specifically financial knowledge and financial socialisation techniques; the section below will discuss these factors.

The factors that influence financial behaviour

Studies in South Africa show that financial knowledge has a positive influence on financial behaviour(Antoni & Maswena, 2023), including savings behaviour (Mbukanma & Rena, 2022:200). Other studies internationally also show that financial knowledge has a positive influence on savings behaviour (Ilyana, Abdul, Nur, Binti Bakri & Othman, 2023; Yahaya, Zainol, Abidin & Ismail, 2019). Therefore, financial knowledge is expected to influence financial behaviour. However, financial socialisation techniques are expected to be highly influential on financial behaviour (Yahaya, Zainol, Abidin & Ismail, 2019). Thus, financial socialisation techniques such as financial communication and teaching are expected to influence financial behaviour strongly. This is supported by Ndou and Ngwenya (2022) and Deenanath, Danes, and Jang (2019), who state that parental financial communication strongly influences financial behaviour. Furthermore, parental financial behaviour is shown to have a stronger influence on financial behaviour than financial communication (LeBaron-Black et al., 2023). This is supported by many studies that parental financial behaviour strongly influences financial behaviour (Owusu, Ansong, Koomson and Addo-Yobo, 2020; Chawla, Bhatia, and Singh, 2022). Thus, parents who demonstrate positive financial behaviour will likely influence young individuals to save and invest their money in the future (Owusu et al., 2020).

The literature review above shows that financial knowledge, communication, and parent financial behaviour are expected to influence financial behaviour positively, specifically, young black individuals' ability to save money for the future. Therefore, the following hypotheses for the study are presented below:

Research hypothesis

H_0: Financial knowledge and financial socialisation techniques do not have a positive influence on financial behaviour.

H_1: Financial knowledge and financial socialisation techniques have a positive influence on financial behaviour.

Research Methodology

This study adopted a positivistic research paradigm, which advocates that social reality exists externally to the researchers (Gray 2018) and is associated with a quantitative research design. Quantitative research designs can be classified as experimental, quasi-experimental and survey research designs (Gray 2018; Maree 2016). This study used a survey research design to collect primary data. Sampling, questionnaire design, and data analysis were considered before primary data was collected.

Sampling

The target population refers to the body of people or objects under consideration in the study for statistical purposes (Collis & Hussey 2021). The study population consists of young black individuals aged 18 to 35 who are either in their final year of school (matric) or studying at a tertiary institution in the Eastern Cape. Probability sampling refers to the technique used where there is a non-zero probability of an individual being included in the sample (Struwig & Stead, 2013). There are four non-probability sampling techniques: convenience sampling, judgment sampling, quota sampling, and snowball sampling. (Struwig & Stead, 2013). This study used convenience and snowball non-probability sampling because a sample frame of young adults did not exist or was too expensive to access; researchers could not develop a sample frame (Babbie, 2010). The researchers selected 20 respondents who met the criteria and enlisted their help in finding additional respondents (fieldworkers) who also met the requirements of the study. This study targeted 230 young black individuals in their final year of school (matric) or studying at a tertiary institution in the Eastern Cape.

Questionnaire design

A questionnaire is designed to gather primary data from respondents (Struwig & Stead, 2013). The closed-ended questionnaire consisted of sections A and B. Section A collected the respondents' demographic information, including their gender, age, and qualifications—and section B collected information on financial socialisation techniques, financial knowledge, and financial behaviour. The nominal scale collected the study's demographical variables, while the Likert scale collected information in Section B. Financial socialisation techniques included parental financial behaviour (3 items) and financial communication (4 items). Section B used five items to measure financial knowledge and financial behaviour (5 items) and made use of a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree. The items for financial socialisation techniques, namely parental financial communication and parental financial behaviour, were adopted from Shim et al. (2010) and financial knowledge from Grable, Archuleta and Nazarina (2011). Lastly, the items for financial behaviour were adopted from Ksendzova, Donnelly and Howell (2017). Ethics clearance was obtained once the questionnaire was developed and the data was collected from the respondents for data analysis.

Data analysis

Each completed questionnaire was scrutinised for missing data, and incomplete or incomplete questionnaires were disregarded. Information from the completed questionnaires was captured in Microsoft Excel and transferred to Statistica version 12. After that, the data was subjected to extensive statistical analysis, including descriptive statistics (mean scores and standard deviation) and frequency distributions. Exploratory factor analysis (EFA) was performed to assess validity, and Cronbach's alpha was calculated for reliability. According to Hardy and Bryman (2009), factor analysis is a statistical procedure summarising the relationships between the items/statements and the factors. Items/statements with a factor loading 0.5 were considered significant (Wiid & Diggines, 2013). Reliability was assessed by calculating Cronbach's alpha, and Cronbach's alpha coefficient of 0.7 and above was accepted for all factors under investigation (Doubell & Struwig, 2014). Pearson's product-moment correlation was used in this study to test the correlations between the factors (parental financial communication, parental financial behaviour, financial knowledge and financial behaviour. Then, multiple regression analysis was used to predict a criterion variable based on more than one predictor independent variable (Hair, Black, Babin & Anderson, 2014). Multiple regression analysis is a dependence technique that explains the effect of multiple independent variables on the dependent variable (Babbie & Mouton 2010). Multiple regression analysis will also be used to test the influence of financial socialisation techniques and financial knowledge on the financial behaviour of young black individuals.

Empirical results

The questionnaires were distributed to 230 young black individuals between 18 and 35 years. Of the 230 questionnaires distributed, 203 were returned to the researchers. Therefore, 175 questionnaires were used for statistical purposes, giving a response rate of 76%.

Response rate and demographics

Section A of the questionnaire collected demographic information of the respondents. The demographic information included gender, qualification, age, marital status, population and status (student or scholar). The sample was unevenly distributed between African (46.86%) and Coloured (53.14%) young individuals in the Eastern Cape. Regarding gender, the majority were females (51.43%), followed by male respondents (48.57%). Most of the respondents were between the ages of 18 and 19 (35,68%), 20 to 21 years (27.43%), and 22 to 24 years old (27.43%) were equally distributed. Few were above 25 years old (8.00%), and one respondent did not indicate their age. The following section will present the validity and reliability of the primary data collected.

Validity and reliability results

EFA was conducted to ensure validity, and Cronbach's alpha values were calculated for reliability. For the purposes of this study, only factor loadings 0.5 or greater were considered, and factor loadings less than 0.5 were deleted. Scales were regarded as reliable if they had a Cronbach's alpha coefficient of 0.7 and above, and scales with lower alpha coefficients were deleted. Table 1 provides the EFA and Cronbach's alpha for financial socialisation techniques, financial knowledge and behaviour.

Table 1: EFA and Alpha results

Items	Statements	Factor loading	Items-total correl.	CA after deletion
Financial knowledge		**Cronbach's Alpha: 0.882**		
FK1	I know how to track my investments.	0.789	0.688	0.866
FK2	I am knowledgeable about how to invest my money.	0.808	0.720	0.857
FK3	I know a lot about investments.	0.821	0.734	0.854
FK4	Compared to most people, I know a lot about investing.	0.867	0.769	0.846
FK5	When it comes to investing, I really know more than my friends.	0.796	0.684	0.865
Financial communication		**Cronbach's Alpha: 0.833**		
FC1	My parent(s) discussed with me the importance of saving.	0.719	0.670	0.788
FC2	My parent(s) explained to me how to make financial decisions.	0.834	0.759	0.747
FC3	My parent(s) discussed with me how to finance my college/university education.	0.834	0.633	0.805
FC4	My parent(s) discussed with me how to establish a good credit rating.	0.761	0.605	0.816
Parental financial behaviour		**Cronbach's Alpha: 0.715**		
PB1	My parent(s) tracked their monthly expenses.	0.652	0.498	0.693
PB2	My parent(s) paid their bills on time.	0.834	0.552	0.626
PB3	My parent(s) saved money.	0.796	0.584	0.562
Financial behaviour (savings)		**Cronbach's Alpha: 0.844**		
FB1	I contribute to a savings account regularly.	0.773	0.659	0.809
FB2	I set money aside for emergencies.	0.853	0.715	0.793
FB3	I save for a long-term goal, such as buying a car, house, etc.	0.569	0.481	0.857

FB4	I regularly set money aside for savings.	0.857	0.765	0.781
FB5	I regularly set money aside for possible unexpected expenses.	0.799	0.645	0.813

Source: primary data

Table 1 shows five items (FK1, FK2, FK3, FK4 & FK5) related to financial knowledge, and this was defined as a respondent expressing the view that they are more knowledgeable about investment than other people or friends. Financial knowledge also refers to knowing how to track investments and invest money. Financial knowledge had a Cronbach's alpha of 0.882 and is valid and reliable. Table 1 also shows four items (FC1, FC2, FC3 & FC4) related to parental financial communication. This was defined as a parent discussing the importance of savings, how to make financial decisions, and how to finance education fees and establish a credit record. Parental financial communication had a Cronbach's alpha of 0.833 and is regarded as valid and reliable.

Three items (FC1, FC2 & FC3) related to parental financial behaviour were a parent tracking their money expenses, paying bills on time and saving money. Parental financial behaviour had a Cronbach's alpha of 0.715 and is considered valid and reliable. Lastly, five items (FB1 To FB5) related to financial behaviour, particularly the savings behaviour of the respondents. Financial behaviour was defined as regular savings, having an emergency account for unforeseen situations, and drawing financial goals. Financial behaviour had Cronbach's alpha of 0.844 and is considered valid and reliable.

Descriptive and correlation results of the factors

Descriptive statistics were used to summarise the data relating to the factors of financial knowledge, parental financial communication and parental financial behaviour. The mean scores and standard deviations were calculated for the factors investigated in the study. Pearson's product-moment correlations were used to test the correlations between all the study factors. The correlations with a p-value of 0.05 were considered significant relationships or correlations (Gray, 2018). Table 2 summarises the descriptive statistics and correlations of the study.

Table 2: Descriptive and correlations results

Descriptive statistics			Correlations			
Factors	**Mean**	**Standard deviation**	**FK**	**FC**	**PB**	**FB**
Financial Knowledge (FK)	2.954	0.868	1.000	**0.267***	**0.191***	**0.231***
Parental Financial Communication (FC)	3.274	0.993	**0.267***	1.000	**0.453***	**0.254***
Parental Financial Behaviour (PB)	3.888	0.856	**0.191***	**0.453***	1.000	0.122
Financial behaviour (FB)	3.159	0.954	**0.231***	**0.254***	0.122	1.000

P<0.05* (statistically significant)

Table 2 shows that respondents tended to be neutral about the statements that measure financial knowledge ($\bar{X} = 2.954$), parental financial communication ($\bar{X} = 3.274$) and financial behaviour ($\bar{X} = 3.159$). Furthermore, the respondents tended to agree with the statements that measure parental financial behaviour ($\bar{X} = 3.888$). Lastly, the correlation results show that parental financial communication and parental financial behaviour had the highest positive and significant correlation ($r = 0.453$). Financial knowledge and parental financial communication had the second-highest positive and significant correlation ($r = 0.267$). In addition, parental financial communication and financial behaviour had a positive and significant correlation ($r = 0.254$). Similarly, financial knowledge and financial behaviour had a positive and significant correlation ($r= 0.231$). Regarding low correlation, financial knowledge and parental financial behaviour have the lowest positive and significant correlations ($r = 0.191$). In contrast, parental financial and financial behaviour were not significantly correlated ($r = 0.122$). The next section will show the study's multiple regression analysis results.

Multiple regression analysis

Multiple regression analysis (MRA) was used to determine the influence of parental financial communication, parental financial behaviour and financial knowledge on the financial behaviour of young black individuals. The significant level was set at 0.05, meaning a p-value of less than 0.05 was accepted for multiple regression analysis (Collis & Hussey, 2021). Table 3 below provides the multiple regression results for financial socialisation techniques, financial knowledge, and financial behaviour.

Table 3: The MRA of socialisation techniques, financial knowledge and financial behaviour.

Independent Factors	Beta		t-value	p-value
	Standardised	Unstandardised		
Financial Knowledge	**0.176**	**0.076**	**2.316**	**0.022***
Parental Financial Communication	**0.210**	**0.084**	**2.517**	**0.013***
Parental Financial Behaviour	-0.006	0.0820	-0.078	0.938
Dependent variable: Financial Behaviour; $r^2 = 9.3\%$				

P<0.05* (statistically significant)

Table 3 shows a positive and significant (β= 0.176; p =0.022) influence between financial knowledge and financial behaviour. Furthermore, parental financial communication positively and significantly influenced financial behaviour (β= 0.210; p =0.013). Parental financial communication (β = 0.210) had a stronger influence on financial behaviour than financial knowledge (β= 0.176), as shown by the beta scores. These results meant that the financial behaviour of young black individuals would improve when parental financial communication and financial knowledge also increased. However, parental financial behaviour was found to have a negative and non-significant (β= -0.006; p =0.938) influence on the financial behaviour of young black individuals. This result meant when the financial behaviour of young black individuals improved, parental financial behaviour was not important or influential in this improvement of financial behaviour. This result means that $\mathbf{H_0}$ is partially rejected, and $\mathbf{H_1}$ is also partially accepted since parental financial communication and financial knowledge positively influence financial behaviour; however, parental financial behaviour did not positively influence the financial behaviour of young black adults. Once the multiple regression results are presented, discussing them and providing recommendations and conclusions with the limitations is necessary.

Recommendations, conclusions and limitations

This study investigated the influence of financial socialisation and financial knowledge on the financial behaviour of young black individuals in the Eastern Cape. The results show that young black individuals rate themselves as neutral regarding financial behaviour, particularly in terms of the savings habits of students. This result aligns with the results of Antoni and Maswena (2023), who found that South African individuals tend to be neutral regarding financial behaviour. Furthermore, young black individuals tend to have low savings behaviour (Kekana, 2014). The results also showed that parental financial communication had a strong and significant influence on young black financial behaviour. This is similar to the results of Ndou and Ngwenya (2022), who showed that parental financial communication strongly influences behaviour among young black individuals. The reasons why parental financial communication is so important may be explained by the correlation results that show parental financial communication has a high correlation (r=0.453) with parental financial behaviour and financial knowledge (r = 0.267). Therefore, increased parental financial communication is expected to increase parental financial behaviour and financial knowledge. Dinanath et al. (2019:93) support the idea that parental financial communication improves young individuals' financial knowledge and behaviour.

Furthermore, financial knowledge influenced young black individuals' financial behaviour positively. This result is similar to many authors (Lind et al., 2020:633; Xiao et al., 2014:600) who showed that financial knowledge positively influences financial behaviour. This study also showed that young black individuals rate themselves as neutral regarding their level of financial knowledge, confirming the results of Antoni and Maswena (2023:540), who found South African individuals rate themselves as neutral regarding their levels of financial knowledge. This result shows that young black individuals in Eastern Cape, South Africa, lack confidence in their financial knowledge levels. Thus, this study supports the results that young black individuals tend to have low financial knowledge levels (Roberts et al., 2021). Furthermore, contrary to previous studies by other authors (Owusu et al., 2020; Chawla et al., 2022), parental financial behaviour was found to have a negative and non-significant relationship with financial behaviour. Contrary to the study of (LeBaron-Black et al. (2023), where parental financial behaviour is expected to have a stronger influence on financial behaviour than financial communication. However, Ndou and Ngwenya (2022) showed that parental financial behaviour does not influence young black individuals' financial behaviour in South Africa. Therefore, parental financial behaviour might not be influential among black individuals in South Africa, even though parental financial behaviour was found to be influential among students in the Eastern Cape (Antoni et al., 2019). These mixed results necessitate further studies, including financial communication and parental financial behaviour as independent variables.

The result of the study shows parents are important in shaping young black individuals' financial behaviour in the Eastern Cape. Therefore, parents must be aware of their influence on young black individuals in the future, especially the role of parental financial communication. Parents need to have open discussions about money, especially savings and investments, to promote positive financial behaviour in young adults, such as saving behaviour. This study agrees with Dinanath et al. (2019), who state that financial education programmes should include parental financial communication to improve young black individuals' financial behaviour. Parents need to be taught how to communicate about money with their young black individuals; especially parents need to be taught how to break the stereotype of not having financial discussions with young children (Ndou & Ngwenya 2022). Financial discussion between parents and young children tends to be private and secretive. Parents need to be taught how to communicate about financial concepts with young individuals as this type of communication influences young black individuals' financial behaviour.

Furthermore, financial knowledge remains low among young individuals, especially black individuals in the Eastern Cape. These results confirm the need for financial education programmes for young adults in the Eastern Cape. This study shows that financial knowledge is also important for financial behaviour; thus, financial educators should not only focus on objective financial knowledge but also on the confidence of young individuals in their financial knowledge levels. Subjective financial knowledge has been shown to have a stronger influence on behaviour, and thus, educators must also improve young individuals' confidence in financial concepts. There is also a correlation between financial communication and financial knowledge. This means that when parental financial communication increases, the subjective financial knowledge of young black individuals also increases. These further stress the importance of parental financial communication and educators finding ways to reduce barriers so parents can openly communicate with their children. Therefore, parental financial communication plays a role in young black individuals' financial knowledge and behaviour in the Eastern Cape.

As is the case with any study, this study has limitations. This study only investigated financial socialisation techniques and subjective financial knowledge. This study did not examine other relevant factors, such as financial attitude and self-efficacy. Future studies should incorporate financial attitude, financial self-efficacy, and other financial socialisation techniques, such as financial teaching and studies predicting financial behaviour among young black individuals.

This study also used a small sample chosen on a convenience and snowball basis. Future studies should target a different sample, such as young black professionals, and use probability sampling to draw a larger study sample. Notwithstanding these limitations, this study contributes significantly to personal finance literature, especially in South Africa, showing the factors that influence the financial behaviour of young black adults. Many studies are still needed to show why black young individuals tend to have low levels of financial knowledge and behaviour compared to other ethnic groups.

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Empowering Futures: Assessing the relationship between parental, peer, and social media financial socialisation and retirement investment Intentions of young women in South Africa.

Ms H Mulholland
University of Stellenbosch

ABSTRACT
Gender inequality remains a persistent concern globally, with far-reaching implications for future generations. Gender inequality is often discussed in the context of the gender pay gap, but extends to various aspects of life, including retirement planning. The multifaceted challenges that women face in preparing for retirement encompasses societal, economic, and personal factors. Failure to address these challenges threatens the financial futures of women. This study investigated the relationship between financial socialisation (from parents, peers and social media) and women's retirement intent in South Africa. The ANOVA and multiple regression analysis proved that parents are the primary socialisation agent for young females in South Africa. Socialisation through observation however remained elusive in the context of parental and peer socialisation and the quality of the socialisation remains poor. Further research, that are also of a more qualitative and exploratory nature, into the socialisation of women and retirement decisions in South Africa is needed to advance the understanding of gender dynamics in retirement planning and ultimately improving retirement outcomes for women.

Parental financial socialisation; peer financial socialisation; social media financial socialisation; intent to invest in retirement.

INTRODUCTION
Despite the fact that women tend to retire earlier and live longer than men, it is expected that they will retire with less money (Watson & McNaughton, 2007). The latest research suggests that, on average, women in South Africa are expected to reach retirement with just 71% of the wealth accumulated by men (WTW, 2023). This is less than the global average. Furthermore, this gap worsens for women in more senior leadership positions, which have 62% of the accumulated wealth of men and mid-level professionals with 67% (World Economic Forum, 2022). The research presented looked at one possible reason to explain this phenomenon by assessing the relationship between the financial socialisation of young South African women and intention to invest for their retirement. The data was collected from South African women between the ages of 18 and 25 using structured internet surveys. An ANOVA analysis proved

that women (between the ages of 18 and 25) received different levels of financial socialisation based on the socialisation agent, with parental financial socialisation being the highest and peer financial socialisation the lowest. It was further concluded through multiple regression analysis that there is no relationship between financial socialisation and intention to invest in retirement of South African women between the ages of 18 and 25. The lack of a significant relationship confirms the need for further research into financial matters, especially retirement planning. Further research into drivers of females' decision-making towards retirement is critical, and more exploration into the "how" of retirement planning could prove beneficial (Willows & October, 2021).

LITERATURE REVIEW

Well-being, if measured over time, serves as an indicator of whether a society has progressed (Voukelatou, Gabrielli, Miliou, Cresci, Sharma, Tesconi & Pappalardo, 2021). As such, it is a topic that has seen numerous research efforts across various disciplines, such as psychology, anthropology, sociology, economics, and financial planning (Brüggen, Hogreve, Holmlund, Kabadayi & Löfgren, 2017). Well-being is typically studied through either subjective or objective measures, with objective measures of well-being reflecting both the material living conditions and the quality of life of an individual, whilst subjective measures are concerned with an individual's personal perception of the aforementioned (Voukelatou *et al*., 2021). Individuals often perceive their reality differently from the way it objectively is. A situation could, therefore, arise in which an individual's objective and subjective well-being conflict with each other. One can be happy and satisfied with the life one has but be considered poor when using objective measures of well-being (Brüggen *et al.,* 2017). In most fields of study, other than psychology and sociology, objective measures of well-being are usually preferred. The dimensions suggested by the United Nations Development Programme (UNDP), the Organisation for Economic Co-operation and Development (OECD) and the Italian Statistics Bureau (ISTAT) are often used to aid in the measurement of objective well-being. These dimensions included the environment, health, politics, safety, job opportunities and socio-economic development (Voukelatou *et al*., 2021). When focussing on job opportunities, the proposed measures include the employment rate, quality of work, work-life balance and employment security. In South Africa, women face higher levels of unemployment than men. According to a report published by Statistics South Africa (2023), the official unemployment rate in the second quarter of 2023 was 32,6%, whilst the unemployment rate for women was 35,7%. Further to the measures of employment, income level is also frequently used as a measure of objective well-being (Voukelatou *et al*., 2021). High levels of income inequality within South Africa and a larger-than-average gender pay gap poses a threat to women's well-being also from a financial point of view.

Financial well-being

Financial well-being is not exclusively relevant to the field of finance and financial planning. In fact, numerous other academic fields have focussed on the concept of financial well-being, including economics, psychology, and marketing (Brüggen *et al.,* 2017). Considering the diverse nature of these fields, many different perspectives and insights exist on the topic. This is likely the reason why a single, clear definition of financial well-being does not exist. Vlaev and Elliot (2014) define financial well-being as the ability to cover all essential, as well as a few non-essential, expenses. In essence, this means that an individual with a high level of financial well-being will not only be able to meet all their needs but also satisfy at least some of their wants. Furthermore, it is also suggested that an individual with a high level of financial well-being would not be concerned about their financial situation (Vlaev & Elliot, 2014). In this case, a lack of concern about one's finances does not suggest a lack of interest in it but rather that there is an absence of financial problems to worry about. Moreover, financial well-being is related to not having excessive amounts of debt. Excessive debt does, however, not necessarily mean the same as having a lot of debt. An individual can have a lot of debt relative to their peers but be able to pay it more easily because of having a larger income, managing finances more efficiently or avoiding other unnecessary expenses. Despite having more debt, such an individual would likely have a higher level of financial well-being. Vlaev and Elliott (2014) further propose that an individual is also viewed as having a high level of financial well-being if they have savings that allow them to be prepared for unexcepted expenses. Financial well-being is thus concerned with an individual's income as well as how the income is utilised. Financial well-being can, however, also be defined in terms of measures that are less objective than income level. Brüggen *et al.* (2017) define financial well-being in a more subjective sense, suggesting that financial well-being is achieved when an individual believes that they will be able to maintain their financial freedom as well as the standard of living they currently have and the one they expect to want in the future. This subjective perspective relates to an individual's perception of their financial situation. Different individuals may perceive their financial situations completely differently, even if they are faced with the exact same set of circumstances. Both the subjective and objective view of financial well-being thus focuses on an individual's income and how this income is perceived and utilised. Income does, however, not solely refer to one's salary or wages. Some individuals are forced to rely on government grants as their only source of income. Others may receive dividend income from their share investments. A study by Madero-Cabib and Fasang (2016) also used individual pension income as a measure of financial well-being.

Women, financial well-being and retirement

Seeing as women retire at a younger age with less money than men, they must provide for a longer retirement period with less money at their disposal (Watson & McNaughton, 2007). Women may not be able to meet all their needs or meet their needs as well as men can when they retire. If women are unable to afford all their necessities, they will not be able to afford any non-essentials. There is, therefore, cause for concern for women's well-being in retirement. To effectively address this problem, it is necessary to research the factors that could influence retirement decision-making.

Retirement decision-making and behaviour

There are various theories that could explain an individual's behaviour, with specific reference to retirement planning behaviour. The theory of reasoned action, first proposed by Ajzen and Fishbein, states that behavioural intention strongly predicts actual behaviour (Sheeran, Orbell & Trafimow, 1999). This means that the retirement investment decisions an individual intends to make will influence the retirement investment decisions they ultimately end up making. Beyond behavioural intent, an individual's attitude towards a behaviour is also considered. The formation of an individual's attitude is based on their behavioural beliefs as well as their outcome evaluation. Behavioural beliefs refer to what an individual believes will happen if a certain behaviour is performed (Vallerand, Deshaies, Cuerrier, Pelletier & Mongeau, 1992). An individual might, for instance, believe that they will lose money if they make a risky investment. On the other hand, outcome evaluation refers to how an individual feels about the outcomes that they believe the behaviour will bring about (Vallerand *et al.*, 1992). If one considers the previous example, the same individual might consider it to be a very bad thing if they were to lose any money when making a risky investment. It is, therefore, logical to conclude that this individual will have an unfavourable attitude towards risky investments, thereby intending not to make such an investment. Further to attitude, subjective norms are considered, which refers to an individual's perception of the (social) expectation to adopt a certain behaviour and are influenced by normative beliefs and motivation to comply. Normative beliefs refer to what an individual thinks the people they regard as important perceive as being the best course of action to take (Vallerand *et al.*, 1992). An individual might, for example, believe that their peers think they should make risky investments. An individual's motivation to comply refers to whether or not they actually want to do what they believe others think they should do (Vallerand *et al.*, 1992). If an individual is interested in doing what their peers believe, they have a high motivation to comply.

The theory of planned behaviour extends the theory of reasoned action by suggesting that the perceived behavioural control of an individual must be considered. Perceived behavioural control refers to how easily an individual thinks they would be able to perform a certain behaviour (Sheeran *et al.*, 1999). An individual might, for example, believe that it would be very easy for them to make any type of investment since they have ample funds available to do so. The reason it was deemed necessary to expand the original theory was to take cognisance of behaviours that one might not be able to perform unless the opportunity arises, certain resources are available - as is the case in the example - or others are willing to cooperate (Sheeran *et al.*, 1999). From the above, it can be concluded that an individual who believes they can easily make any type of investment will develop an intention to do so. Although both the theory of reasoned action and the theory of planned behaviour have extensively been applied in research, some concern exists around the relationship between behavioural intention and behaviour and whether the former is truly predictive of the latter. Ajzen (2011) states that although a high correlation is usually observed between behavioural intention and behaviour, it is not always the case. The amount of time that has passed between the initial measurement of the intention to perform a behaviour and the actual performance of the behaviour can serve as one explanation. The longer the wait after measuring the intention to behave a certain way, the smaller the probability becomes that an individual will actually perform the intended behaviour (Ajzen, 2011). Literature is, however, not in agreement with the shortcomings of the theory of reasoned action and the theory of planned behaviour. Although the criticism is not necessarily invalid, both theories are still frequently applied in research as a result of the fact that the theories prove to be true and useful in most cases (Ajzen, 2011; Sheeran *et al.*, 1999). For the purposes of this study, intention was suspected to be a strong predictor of behaviour. Intention to invest in retirement was deemed specifically appropriate as this study focused on women who have yet to make any retirement investment decisions and are at the start of their retirement investment journey. There are numerous potential factors that could influence a woman’s retirement investment decisions and thus her intentions regarding retirement investments, in the early stages of retirement planning. Watson and McNaughton (2007) theorised that risk aversion is one such factor.

Risk aversion and retirement investment decisions

Risk refers to the probability of an unfavourable outcome occurring (Grable, 2000). Risk, therefore, relates to uncertainty and the possibility of incurring a loss. With each decision an individual makes, they accept a certain level of risk (Grable, 2000). With each decision, the possibility exists that its outcome may not be as expected. Individuals are incentivised to take risks with the chance that a reward may be received. An example of such a reward would be the returns that could be earned on an investment. Prospect theory explains how individuals choose between alternatives that involve risk and uncertainty (Kahneman & Tversky, 1979). Some individuals are willing to make decisions that are of a riskier nature, whilst others may avoid risk. Everyone does, however, have a maximum level of risk that they would be willing to accept. This is referred to as their level of risk aversion (Grable, 2000). Watson and McNaughton (2007) suggest that an individual's risk aversion also plays a role in the investment decisions they make. Various studies have further found gender differences in risk aversion. All of these studies agreed that women tend to be more risk-averse than men (Watson & McNaughton, 2007). If women are more risk-averse than men, it is only logical to conclude that they would make more conservative financial decisions. By avoiding more risky investment options, women are likely to receive a lower return on these investments (Watson & McNaughton, 2007). This risk aversion could offer one explanation as to why women are less prepared for retirement (Watson & McNaughton, 2007). However, it has been suggested that women make better investors than men as they tend to be more receptive to advice and more likely to learn from mistakes whilst also considering opposing points of view (Lofton, 2011). This beckons the question, are individuals born with a certain level of investment readiness, and as a result, with a certain intent to invest in retirement, or is it something that develops through interaction with others throughout one's life? Social interactions are often attributed with the development of skills of an emotional, social and cognitive nature and are typically referred to in literature as socialisation (Grusec & Davidov, 2010).

Socialisation

Socialisation is concerned with social interactions that delivers on skills development and the acquisition of knowledge and values (Hira, Sabri & Loibl, 2013). Socialisation starts from a young age and, essentially, never stops (Hira *et al.*, 2013). This means that an individual acquires (additional) skills, values, and knowledge throughout their lives. The possibility does, however, also exist that existing skills, values, and knowledge will simply be reinforced through an individual's interactions with others. Ward (1974) explains that by interacting with other people and learning from them, an individual adopts certain behaviours deemed to be socially relevant and that this process is known as socialisation. It has been suggested that most of an individual's behaviour is learned through this process of socialisation (Garrison & Gutter, 2010). The individuals or groups that serve as the source of knowledge from which skills, values and behaviours are learned are known as socialisation agents (Garrison & Gutter, 2010). These agents can range from an individual's parents, their peers, the media, school, and so forth (Ward, 1974).

Interactions with these agents can furthermore occur in various ways. Agents can expressly communicate the attitudes and values they hold as well as what they view as desirable behaviours (Moschis, 1985). Interactions do, however, not merely involve explicit communication. Behaviours can also be learned through observation (Moschis, 1985). An individual can adopt behaviours that were never expressly taught to them but that they observed others perform. This is a more cognitive form of communication. The socialisation of this nature can either be conscious or unconscious on the part of the socialisation agent (Moschis, 1985). It does, however, happen regardless of the intention not being present. The final way in which behaviours can be taught to others is through reinforcement. This involves an individual being rewarded for behaviours that are desired by the socialisation agent and punished for behaviours that are not (Moschis, 1985). Reinforcement can, however, also occur less overtly on a more cognitive level. A socialisation agent may simply treat an individual more favourably or with more affection if they behave in a way that agrees with what the agent wants or punishes an individual by treating them poorly if they do not behave as desired (Moschis, 1985).

In some cases, individuals learn behaviours that are not currently relevant to them. Anticipatory socialisation is when an individual gains knowledge that will only be applicable to a future role of theirs (Ward, 1974). This type of socialisation manifests itself in various ways. For one, a child can be socialised about roles that will be assumed as an adult. Such so-called anticipatory socialisation occurs when a child is given information that they may not be able to apply until they are older (Ward, 1974). For a child, it will not mean a lot to learn about what investing is and how it can be done, but it is something that will most likely be relevant to them once they become an adult. Furthermore, children can learn certain behaviours that are applicable in childhood and will also be relevant in later stages of their lives (Ward, 1974). Saving money would be one example of this. Some children receive pocket money, and if they have been taught about saving, they will be able to put some of that money aside for future use. What is learned during childhood will also most likely persist into adulthood (Moschis, 1985). Financial socialisation is a domain of overall socialisation that has to do with the learning of knowledge, skills, values and behaviours that will have an impact on an individual's financial well-being (LeBaron, Holmes, Jorgensen & Bean, 2020).

Financial socialisation

Financial socialisation is sometimes also referred to as consumer socialisation. Consumer socialisation is the process "by which young people acquire the skills, knowledge, and attitudes relevant to their functioning as consumers in the marketplace" (Ward, 1974:2). Previous research suggests that children whose parents have more frequent financial discussions with them develop more positive financial attitudes. More positive financial attitudes are, in turn, correlated with more favourable financial behaviours being displayed (Agnew *et al.*, 2018). Ammerman and Stueve (2019) support the finding that a child's financial socialisation influences their financial attitudes and behaviours and further concludes that an individual's financial behaviours ultimately affect their financial well-being. Financial socialisation, therefore, has far-reaching effects, the importance of which cannot be understated. In fact, being given the opportunity to learn through experience during one's childhood is suggested to have a larger impact on financial behaviour than explicit financial knowledge (Ammerman & Stueve, 2019). For the most part, research has focussed on socialisation as initiated by an individual's parents. Parents are, however, not the only role players or socialisation agents in the socialisation process.

Financial socialisation agents

There exist numerous socialisation agents. The three socialisation agents that are regarded as most important and are most frequently used by researchers are parents, peers and the media (Garrison & Gutter, 2010; Hira *et al.*, 2013).

Parental financial socialisation

Various studies have noted that an individual's parents play the greatest role when it comes to their financial socialisation (Gudmunson & Danes, 2011). Differences do, however, exist in the ways in which female and male children are socialised by their parents (Agnew & Cameron-Agnew, 2015; Garrison & Gutter, 2010). These differences presents itself in the age at which financial matters are first discussed with a child, the frequency with which financial discussions are had and the content and quality of these discussions (Agnew *et al.*, 2018; Garrison & Gutter, 2010). According to Agnew and Cameron-Agnew (2015), children who had their first financial discussion at a younger age tended to perform better on a financial literacy assessments. It was further suggested that these individuals would be more knowledgeable about financial matters, even later in their lives, if their parents started having financial discussions with them at a younger age. When it comes to gender differences, findings indicate that female children have their first financial discussion at a later age than their male counterparts (Agnew & Cameron-Agnew, 2015). The frequency of financial discussions refers to how often parents discuss financial matters with their children. There is a positive, direct correlation between this frequency of discussions and an individual's financial attitudes (Agnew *et al.*, 2018). Additionally, in the case of saving behaviour, an indirect relationship exists between the frequency of financial discussions and an individual's financial behaviour. This indirect relationship is mediated by an individual's financial attitudes. This means that more frequent financial discussions with parents will lead to the development of more positive financial attitudes, which could be followed by sounder financial behaviour (Agnew *et al.*, 2018). The afore mentioned findings are especially significant when one considers that a study by Garrison and Gutter (2010) found that female students had more frequent financial discussions with their parents than male students. The content and quality of financial discussions with parents must however also be considered. Content refers to the topics that parents cover when discussing finances with their children, whilst the quality of financial discussions has to do with the depth and importance of the topics discussed. It is speculated that parents have more superficial financial discussions with their female children compared to their male children (Agnew & Cameron-Agnew, 2015). The reason that this is thought to be the case is that the effects of parental financial discussions last longer for male children, persisting into adulthood (Agnew & Cameron-Agnew, 2015). It could be the case that female children are not receiving any valuable financial information from their parents or that the information is of such a basic nature that it no longer applies when they enter adulthood. Between parents, it is also usually still the father who takes the lead when it comes to discussing finances with their children (Agnew & Cameron-Agnew, 2015). Suggesting that these discussions could still be conforming to outdated gender norms. If this is the case, female children may be taught that they do not require vast knowledge about financial matters since their husbands, who will form the head of the household, will support them financially in adulthood (Agnew & Cameron-Agnew, 2015). Further to parents, financial socialisations by peers are considered to greatly influence decision-making and behaviours, specifically in young adults.

Peer financial socialisation

An individual's peers are the people with whom they are familiar and generally compare themself to. One's life experiences and knowledge will also be similar to that of one's peers (Thaichon & Quach, 2016). The peer group of women between the ages of 18 - 25 will include the people with whom they went to school, their friends, and their co-workers. Their teachers, lecturers, parents and other individuals with whom they share little to no common experiences will not form part of this group. The role played by peers in an individual's financial socialisation becomes increasingly important as they grow older (Moschis & Churchill, 1979; Ward, 1974). In fact, when an individual enters their teenage years, the opinions their peers have are held in higher regard, and, as a result, their parents have less of an influence on them (Thaichon & Quach, 2016). This means that a teenager will likely alter their decisions, including those of a financial nature, based on what their peers view as being the most desirable action to take. Even in adulthood, individuals still have a desire to make decisions based on the opinions of their peers in an attempt to gain their approval (Thaichon & Quach, 2016).

Media financial socialisation

A plethora of information, including that of a financial nature, is broadcast to individuals through various media sources. These sources include traditional ones, such as television, radio, and newspapers, as well as more modern ones, such as social media (Alvarez &

Tippins, 2019). A study by Hira, Sabri and Loibl (2013) found that the media (the internet, books, newspapers, magazines, newsletters, television shows and radio programmes) had an influence on individuals' investment patterns as well as the extent to which an individual chose to be involved in their investment decisions. Despite the fact that the media has not been found to be the biggest contributor to an individual's financial socialisation, there is still agreement in the literature that it does have some impact (Alvarez & Tippins, 2019). Most studies have, however, only studied the role that more traditional media plays, for the most part excluding the ever-growing social media. More frequently, social media is used as a platform to distribute investment advice. Individuals can use this advice when making investment decisions. Although the advice provided on social media may not always serve as an adequate replacement for the tailor-made service that financial advisors provide, this does not eliminate the possibility that social media agents could affect the individual's financial socialisation.

PROBLEM STATEMENT

Young women have more financial discussions with their parents than their male counterparts (Garrison & Gutter, 2010). It has been found that a higher frequency of financial discussions with one's parents is correlated with more positive financial attitudes, which are, in turn, correlated with more positive financial behaviours (Agnew *et al.*, 2018). Females are, however, making more conservative decisions when it comes to saving and investing (Garrison & Gutter, 2010; Watson & McNaughton, 2007). A conservative approach to investing means that investments of a less risky nature will be chosen over more risky options. Considering the expected relationship between risk and return, women will likely receive lower returns on their retirement investments. Lower returns result in less money available for women for their retirement (Watson & McNaughton, 2007). If this were to continue, women would consistently have fewer funds available to sustain themselves during retirement. This is especially concerning given the knowledge that women typically retire earlier and live longer than men (Watson & McNaughton, 2007).

Very little is currently known about how parents, peers and social media financial socialisation could relate to intentions to invest in retirement, specifically in the context of young females in South Africa.

Hence, the research aimed to assess the relationship between financial socialisation agents (parental, peer and social media) and the intent to invest in retirement of South African women between the ages of 18 and 25.

RESEARCH OBJECTIVES

To assess the difference in the average level of financial socialisation across three different socialisation agents (parental, peer and social media) for South African women between the ages of 18 and 25.

To assess the relationship between financial socialisation (parental, peer and social media) and intent to invest in retirement of South African women between the ages of 18 and 25.

RESEARCH METHODOLOGY

The research aimed to assess the relationship between financial socialisation and intention to invest for retirement of South African women between the ages of 18 and 25. and to explain the nature of that relationship. Descriptive research was the most suitable for this study, and primary data collection was needed as there were no previous data that adequately addressed the objectives of this study for the specific population. Furthermore, quantitative data was collected to answer the research question and test the relevant hypotheses (Zikmund *et al.*, 2013).

Surveys, and more specifically online surveys, were deemed most useful in collecting primary data. There were various advantages to the use of online surveys, such as the speed of distribution and limited cost of data collection (Zikmund *et al.*, 2013). Possible primary data errors were considered, such as non-response and respondent errors and most of the errors and biases were limited as far as possible. The approach to collecting the survey data was through structured response questions where respondents chose one option from the categories of answers provided (Zikmund *et al.*, 2013). A structured questionnaire, rather than any type of interview, was, therefore, most suitable. All the questions were presented in the form of statements, and respondents could choose one of seven answer options. The answer options were presented on a seven-point Likert scale with answers ranging from “completely disagree” to “completely agree” (Bongini & Cucinelli, 2019). To ensure construct validity, previously used scale items were used for each of the variables in the questionnaire. Research from Garrison and Gutter (2010), Shim *et al.* (2010), Hira *et al,* (2013), Agnew *et al.* (2018) and Bongini and Cucinelli (2019) was consulted, and appropriate scale items were adapted for all four variables.

Target population and sample

South African women between the ages of 18 and 25 with tertiary education were the chosen target population for this study. Women are at a disadvantaged in terms of retirement, and a lack of research pertaining to females’ financial socialisation and retirement decisions within the South African context exists (Garrison & Gutter, 2010; Watson & McNaughton, 2007).

Women between 18 to 25 years with tertiary education are said to have a basic knowledge of retirement, and by assessing the relevant relationships of this population group, possible solutions to improve the future decisions of females in terms of retirement exist. In the absence of a sample frame, non-probability sampling methods, specifically convenience sampling and snowball sampling, were employed (Zikmund *et al.*, 2013). Convenience sampling afforded easy and quick access to the population. The survey link and a short description of the survey were placed on various platforms that were easily and regularly accessed by the target population, such as Instagram and Facebook, as well as professional platforms such as LinkedIn. Snowball sampling was chosen as an additional sampling procedure since it helped increase the sample size. With snowball sampling, the respondents obtained through convenience sampling were asked to share the survey link, either via email or other messaging applications, with any other possible respondents that fell within the target population of this study (Zikmund *et al.*, 2013). Upon completion of the data collection, the data was edited for completeness, exploratory factor analysis (EFA) and reliability tests were conducted, and descriptive analysis and inferential analysis, specifically ANOVA and multiple regression analysis, were executed.

RESULTS

A realised sample of 99 South African women between the ages of 18 and 25 with tertiary education was collected. An EFA was performed using the principal component analysis method of extraction with the Varimax rotation method (Malhotra, Birks & Wills, 2012). An EFA was deemed relevant to assist the unambiguous mapping of theoretical constructs to empirical measures (Malhotra *et al.*, 2012). The statements with factor loadings less than 0.4 and Eigenvalues less than one were ignored (appendix 1) (Malhotra *et al.*, 2012). Furthermore, the suitability of the scale items obtained from the sample was examined for sample adequacy through the Kaiser-Meyer-Olkin test (KMO value = 0.689) and Bartlett test of sphericity (p-value < 0.001; Bartlett value = 1084.5), indicated sufficient common variance (Malhotra *et al.*, 2012). Four factors emerged with 19 statements out of the original 25 statements which explained 67% of total variance. These factors related to parental financial socialisation, peer financial socialisation, social media financial socialisation and intent to invest in retirement. The factor loadings ranged from 0.729 to 0.907 (appendix 1). Statements assessing financial socialisation based on observing investment behaviour from parents and peers were problematic and loaded on the same factor and separate from the factor concerned with the verbal, explicit socialisation from parents and peers and were thus discarded. In the case of social media socialisation, socialisation through observations loaded on the same factor as verbal, explicit social media financial socialisation. These findings from the EFA suggest that further investigation into socialisation through observations versus explicit, verbal socialisation could be valuable. Specifically, so in terms of parental and peer financial socialisation where the results proved ambiguous. Additionally, it can be inferred that social media offers a great opportunity for financial socialisation through observation, which could prove valuable to the digital native generation. Further research pertaining to social media financial socialisation specifically in terms of observations could be useful. Following the EFA, a reliability analysis was conducted and the results proved internal consistency for all four variables (appendix 1) (Zikmund *et al.*, 2013).

Statistical analysis

Initial descriptive statistical analysis was conducted (appendix 2). Notably, the average intent to invest in retirement was high for the realised sample (6.12). Although this high intent to invest in retirement is encouraging in that it confirms young females' positive intent toward their future and retirement, more research will be needed to understand which specific elements of the retirement decisions, for example, risk, timing of decision, etc. will influence the actual behaviour of individuals. The descriptive statistical analysis further showed that the average parental financial socialisation was higher than that of peers and social media (appendix 2). This difference in average financial socialisation based on the type of socialisation agent was tested empirically with an ANOVA analysis. There was a significant difference in average financial socialisation based on the socialisation agent with a p-value below 0.05 (appendix 3). The Tukey HSD post hoc results revealed that financial socialisation through peers ($M = 3.8$) was significantly lower than through parents ($M = 4.3$) (appendix 3) (Malhotra *et al.*, 2012). There was no significant difference between social media financial socialisation and either peer or parental financial socialisation.

Before conducting the multiple regression analysis to assess the relationship between financial socialisation and intent to invest in retirement, all assumptions were tested (Malhotra *et al.,* 2012). The analysis of standard residuals showed that the data contained no outliers (std residual min = -2.39, std residual max = 1.6). The test of collinearity indicated that multicollinearity was not a concern (appendix 4). The assumption of independent errors was also met (Durbin-Watson value = 2.2). The assumption of non-zero variances was further confirmed (appendix 2). Finally, the histogram of standardised residuals indicated that the errors were approximately normally distributed around zero. The overall fit of the model did not prove statistically significant ($F=1.802$; $p = 0.152$), suggesting that no significant relationship exists between financial socialisation and intent to invest for retirement for women between the ages of 18 and 25 (appendix 5).

IMPLICATIONS AND RECOMMENDATIONS

It is valuable to note the significantly (higher) financial socialisation by parents than peers. This significant difference could prove valuable in future as avenues of information dissemination. Although the higher level of financial socialisation by parents is not surprising compared to previous research results, financial socialisation through social media proved interesting and should be investigated further. Research into what and how accurate and relevant information can be shared through social media to the benefit of the digital native generation could be extremely valuable in future. The surprisingly high level of intent to invest in the retirement of young women could also be investigated further. Firstly, it could be valuable to understand if this average level of intent was inflated by social desirability bias or acquiescence bias. Furthermore, a more in-depth understanding of such high intent could be considered, which is in-line with the recent call by researchers for a better qualitative understanding of retirement intent in females (Willows & October, 2021). Willows and October (2021) specifically suggest that considering retirement preparedness too much through a quantitative lens could be inadequate. Different cultural, ethnic and educational levels should also be considered when exploring the retirement intentions of young females.

The findings of the multiple regression analysis were contrary to existing literature. Numerous studies have shown that an individual's financial socialisation, and specifically their parental financial socialisation, affects their financial behaviour (Agnew & Cameron-Agnew, 2015; Agnew *et al.*, 2018; Alvarez & Tippins, 2019; Ammerman & Stueve, 2019; Garrison & Gutter, 2010; Gudmunson & Danes, 2011). Specifically, considering the scale items for parental financial socialisation, the results suggested that females agreed to have been socialised from a young age and on a regular basis but that the content that females were socialised about did not cover a broad range, such as retirement. Previous research has speculated that parents have more superficial financial discussions with their female children, possibly as a result of outdated gender norms, and it, therefore, makes sense that an important topic such as retirement planning would not be discussed in depth (Agnew & Cameron-Agnew, 2015). Further investigation into the quality of the financial socialisation by parents towards female children, in terms of topics discussed and the detail of such discussions, could prove valuable. The lack of a significant relationship with peer financial socialisation was also contradictory to previous research that suggests that peers play an important role in an individual's financial socialisation, especially from the time the individual enters their teenage years (Alvarez & Tippins, 2019; Moschis & Churchill, 1979; Thaichon & Quach, 2016; Ward, 1974). However, it could be that the financial interactions peers have with one another usually relate more to their purchasing choices rather than how they intend to invest their money or plan for their retirement, which was the focus of this study (Alvarez & Tippins, 2019; Thaichon & Quach, 2016).

Finally, many studies have shown that there is a relationship between an individual's media, specifically social media, financial socialisation and financial behaviour (Alvarez & Tippins, 2019; Hira *et al.*, 2013; Thaichon & Quach, 2016). The findings of this research did not confirm those of previous research.

Although no significant relationship was found, multiple avenues for future research have emerged. Young females who are not educated at tertiary institutions, and thus with differing levels of education, could deliver different results and should be one of the avenues of research that could be considered. In future, the relationship of financial socialisation by different socialisation agents and the rest of the retirement decision-making process, such as motives, perceived behavioural control and subjective norms, as well as elements of investment decisions, such as risk appetite, could be considered.

CONCLUSION

The research assessed the relationship between financial socialisation and intention to invest in retirement of young women in South Africa. It successfully achieved this objective by distributing online surveys and analysing the data by conducting an ANOVA and multiple regression analysis. This study concluded that young South African women are mostly financially socialised by their parents. No relationship between financial socialisation and intention to invest for their retirement was found. This was true for parental-, peer, and social media socialisation.

In the absence of a statistical significant relationship between financial socialisation and intent to invest in retirement, the urgent need for further research into retirement planning and retirement behaviour of young women in South Africa is echoed. Such future research is critical to address the gender retirement gap for the next generation.

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ANNEXURES

Appendix 1: Exploratory factor analysis and reliability analysis

		Component				Eigenvalue	Cronbach's alpha
		1	2	3	4		
Parental financial socialisation	My parent(s) have discussions with me about saving money.			.729		4.24	0.86
	My parent(s) have discussions with me about the importance of investing.			.694			
	My parent(s) have had discussions with me about how to finance my retirement one day.			.907			
	My parent(s) started discussing financial matters with me from a young age			.869			
	My parent(s) and I discuss financial matters on a regular basis.			.752			
Peer financial socialisation	My peers (e.g., friends, fellow students, etc.) started discussing financial matters with me from a young age.				.778	2.54	0.84
	My peers and I discuss financial matters on a regular basis.				.784		
	My peers have had discussions with me about the importance investing.				.858		
	My peers have had discussions with me about investing money.				.820		
Social media financial socialisation	I have had opportunities where I could engage in financial discussions on social media.		.808			3.16	0.87
	I have had opportunities where I could engage in discussions on social media about investing.		.821				
	I have had opportunities via social to observe others engaging in positive financial behaviours.		.820				
	I have had opportunities via social media to observe others investing money.		.851				
	I have had opportunities to obtain information about investing from social media.		.723				
Intent to invest in retirement	I intend to take risks when making investments for my retirement.	.761				2.84	0.87
	I intend to invest money for my retirement.	.850					
	I intent to start investing for my retirement at an early age.	.875					
	I intend to make investments for my retirement on a regular basis.	.815					
	I intend to be actively involved in my retirement investing.	.724					
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.							
a. Rotation converged in 4 iterations.							

Appendix 2: Descriptive statistical analysis

	N	Minimum	Maximum	Mean	Std. Error	Std. Deviation
Parental financial socialisation	99	1.00	7.00	4.3172	.14874	1.47994
Peer financial socialisation	99	1.00	6.75	3.8056	.13923	1.38531
Social media socialisation	99	1.00	6.40	3.9636	.14615	1.45416
Intent to invest in retirement	99	3.20	7.00	6.1273	.08139	.80986

Appendix 3: ANOVA results

Tests of Homogeneity of Variances

		Levene Statistic	df1	df2	Sig.
Financial socialisation	Based on Mean	.151	2	294	.860
	Based on Median	.140	2	294	.869

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	13.587	2	6.794	3.275	.039
Within Groups	609.939	294	2.075		
Total	623.526	296			

Post hoc analysis

	Grouping: socialisation agent	N	Subset for alpha = 0.05	
			1	2
Tukey HSDa	Peer	99	3.8056	
	Social media	99	3.9636	3.9636
	Parental	99		4.3172
	Sig.		.720	.197

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 99.000.

Appendix 4: Multiple linear regression assumptions: Collinearity

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Parental financial socialisation	.984	1.016
	Peer financial socialisation	.965	1.036
	Social media financial socialisation	.976	1.024

Appendix 5: Multiple regression results

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.025	3	1.008	1.802	.152b
	Residual	52.595	94	.560		
	Total	55.620	97			

a. Dependent Variable: Intent to invest in retirement

b. Predictors: (Constant), Parental financial socialisation; peer financial socialisation; social media financial socialisation

A case of employer retirement fund communication with and engagement of members - a disconnect

Chrizaan Grobbelaar[1], Liezel Alsemgeest[2]

1: Central University of Technology, Free State, South Africa; 2: University of the Free State, South Africa

Corresponding author: Chrizaan Grobbelaar chrizaan@cut.ac.za

ABSTRACT

The purpose of the study was to assess whether communication with and engagement of members of an employer retirement fund is sufficient and effective. Members do not seem to have clear understanding of fund communication and their lack of comprehension can significantly impact their retirement planning, causing them to make poor financial decisions and not saving enough for retirement. The study employed a descriptive analysis of data collected from the Principal Officer of the employer retirement fund and a sample of 145 higher education institution employees who are members of the employer retirement fund. The results show that the employer is complying with the bare minimum of what is expected from the retirement fund rules and legislation. Participant members of the employer retirement fund indicated a moderate to low understanding of the fund communication and feedback statements. Most respondents indicated they only scan through the fund communication or do not read it at all. More should be done by the employer to engage members in their retirement fund and assist employees in their retirement planning.

Keywords: Employer retirement fund, fund communication, retirement planning, member engagement

INTRODUCTION

South Africa currently has a semi-voluntary retirement funding system. This means that by law employers can choose whether they want to offer their employees retirement funding or not (Hunter, 2020). The benefits derived from retirement funds depend on the rules of the fund and can be calculated in two ways: the defined benefit (final salary) method; or the defined contribution (money purchase) method (Botha, Geach, Goodall, Du Preez, Rabenowitz, & Rossini, 2022). With the defined benefit method, the member (employee) has the assurance of receiving a guaranteed pre-formulated fixed income for the entirety of retirement till death. The formula contains three factors: the number of years' of membership in the fund; an accrual factor; and the member's final salary at retirement (Botha *et al.*, 2022; Iwry, John, Pulliam, & Gale, 2021). As a result, the employer carries the risk of poor investment returns and rising administration costs. A poor investment performance by the fund may cause the employer to contribute more to make up for the investment losses and meet the guaranteed benefit payable to the member in retirement. Long-term employees covered by this type of plan generally have very little concern about additional savings for retirement, as the benefit is generous and members can live comfortably in retirement (Botha *et al.*, 2022; Iwry *et al.*, 2021).

Over the last four decades, the type of retirement fund offered by employers shifted away from a defined benefit plan towards a defined contribution plan. This shift has led to a change in responsibility, placing the burden on the employee to plan financially for their retirement (Iwry *et al.*, 2021; Society of Actuaries, Urban Institute, & Women's Institute for a Secure Retirement [WISER], 2012). With the defined contribution method, both the employer and employee make contributions to the retirement savings account every month during the employment period of an individual. The contributions are calculated as a percentage of the employee's current salary with yearly escalating increases. The contributions made to the retirement savings account are then invested in diversified portfolios (Botha *et al.*, 2022). The benefit at retirement depends on three factors: the contributions made to the retirement savings account during the employment period; the investment performance of the accumulated retirement savings; and the period over which the contributions were made to the retirement savings account (Levitan & Merton, 2015). As a result, employees carry the risk of insufficient retirement savings due to inadequate contributions and poor investment returns over the contribution period (Iwry *et al.*, 2021). The majority of South African employees in the private sector partake in defined contribution funds, leaving them with the responsibility to financially secure their retirement (Botha *et al.*, 2022; Levitan & Merton, 2015). A financially secure retirement depends strongly on successful retirement planning where individuals will have to develop and implement a retirement plan (Borzykowski, 2022; Andrade, Bazelais, & Das, 2014), which will require them to have financial literacy skills and knowledge of retirement planning (Lusardi & Mitchell, 2014). Furthermore, the complicated financial environment requires one to become more financially sophisticated to make sound financial decisions (Lusardi, 2019).

Employees belonging to a defined contribution fund regularly receive benefit statements that communicate the current investment value, the returns achieved each year, and a prediction of how much the investment value will be if current contributions continue until retirement age.

However, the communication does not show the adequacy of an individual's financial preparedness for retirement (target income replacement rate [IRR]) (Levitan & Merton, 2015; Society of Actuaries, Urban Institute, & WISER, 2012). Levitan and Merton (2015) stress that fund communication should focus on the realities that members will face at retirement considering the continuation of current savings and contributions until retirement. This type of communication can prevent future problems stemming from insufficient retirement savings. Ultimately, employers have a social responsibility towards employees to assist and guide them through sufficient and effective communication and engagement to better prepare for retirement (Chalk, 2023). This paper seeks to enquire whether employers that offer employer retirement funds, communicate and engage sufficiently and effectively with their employees, taking into consideration the employees' perspective towards these efforts.

RESEARCH OBJECTIVE

The primary objective of this paper is to assess whether the communication with and engagement of members of an employer retirement fund is sufficient and effective.

LITERATURE REVIEW

This section assesses the retirement situation in South Africa and employer retirement fund communication and engagement regulations set by the Pension Funds Act No.24 of 1956 and other applicable legislation.

The retirement circumstance in South Africa

South Africans tend to lack the habit of saving due to economic hardship (10X Investments, 2022). They are more inclined to focus on short-term financial goals and contribute the bare minimum towards retirement savings to ensure that a larger portion of disposable income is available for spending (Kind, 2016). The government has implemented retirement reform measures to encourage South Africans to cultivate a savings habit. These measures include mandatory preservation of their retirement funds (still to be implemented), tax incentives, and simplification of retirement products (National Treasury of South Africa [National Treasury], 2022). Furthermore, retirement funds administered by Alexander Forbes in South Africa revealed that only 5% of their members can maintain their current standard of living (Buthelezi, 2018). Women, in particular, are more likely to have fewer retirement savings than men due to work interruptions to accommodate family responsibilities such as maternity leave or staying home to care for children (Society of Actuaries, Urban Institute, & WISER, 2012).

In 2022 a study indicated that of 15.4 million economically active South Africans, including retirees, that earned a monthly income of more than R6,000, the majority (70%) of the respondents believed that saving sufficient funds for retirement can be done in a short period of time (34 years or less). This result explains why so many people start to plan for retirement too late (10X Investments, 2022). More than half of the members from 2,030 employer retirement funds, which make up 10% of the total membership of South African retirement funds, will only be able to replace 20% and less of their income earned before retirement (Buthelezi, 2018). For a South African to maintain a standard of living in retirement, the ideal target income replacement rate (IRR) should be between 70% and 80% of pre-retirement income. However, the average IRR of retirees in South Africa is between 25% and 30% (Rabson, 2021). The World Economic Forum (WEF, 2019) found that most retirees worldwide will have no retirement savings left in the last 10 to 13 years before they die.

The current labour force in South Africa stands at 24.619 million of which 16.723 million (68%) are employed and 32% are unemployed. Only 6.241 million - 37% of those who are employed and 25% of the entire labour force - belongs to a retirement fund, resulting in 75% of the labour force without a retirement fund (Stats SA, 2023a). Of the retired population in South Africa, 73% rely on the old-age grants provided by the government (Stats SA, 2023b). The reality is that South Africans do not save enough for retirement. They are unaware of how important it is to save for retirement from the earliest age possible (Stats SA, 2023b; 10X Investments, 2022; National Treasury, 2021). South African employees with a retirement fund are not as involved in their retirement planning as they should be. Some employees may even expect it to be the employer’s responsibility to ensure a favourable retirement outcome (Natixis, 2022; Sanlam, 2016). Furthermore, the tendency of South Africans to withdraw retirement savings when changing jobs is a big concern, as they tend to not understand the tax implications when withdrawing retirement savings, during employment and at retirement, nor its impact on their income at retirement (National Treasury, 2022, 2021; Sanlam, 2016).

In 2020, the South African Human Sciences Research Council (HSRC) conducted its latest financial literacy study in South Africa providing strong evidence that South Africans have low levels of financial knowledge. Their limited understanding of the complex financial sector negatively influences their day-to-day money management and ability to save for retirement (Roberts, Struwig, Gordon, & Zondi, 2021). The Stanford Center on Longevity (2012) highlights that most individuals do not know how much to put away for retirement, how to diversify investment portfolios, and how much money is needed for retirement. A lack of financial literacy leads to the absence of retirement planning and adverse financial decisions. The latter can result in a higher dependency on social security and, subsequently, higher taxes for the existing taxpayer (Lusardi, 2019; Lusardi & Mitchell, 2011).

Financial literacy is obtained through financial education (Caranci & Marple, 2016). Boosting financial literacy in the workplace by focussing on key financial concepts, creating awareness of the importance of retirement savings, providing basic retirement planning information, and explaining investment risk to employees are key strategies to engage employees in retirement planning that can lead to greater retirement preparedness and increased retirement savings (CalPERS, 2014). A noticeable result from the 10X Investments 2019 survey, targeting more than 15 million economically active South Africans, showed that 60% indicated they knew little to nothing about their employer retirement fund or were not interested (10X Investments, 2019). An online field experiment regarding fund communication and engagement behaviour conducted by Eberhardt, Brüggen, Post and Hoet (2021) found that less than 10% of participants review the information provided by their retirement fund regarding regulatory changes, despite the implication those changes may have on their retirement planning. Therefore, the way fund communication is sent to members and is structured, can have a substantial impact on member's behavioural engagement with retirement information.

Employer retirement fund communication and engagement regulations

Retirement funds are governed by various legislation of which the Pension Funds Act No.24 of 1956 (PFA), is the leading form of legislation. All retirement funds must apply to the Registrar of Pension Funds to be registered in terms of the PFA. The application includes a set of rules determined by a retirement fund. These rules explain the nature and the extent of benefits to which members and their beneficiaries are entitled to and how the fund will operate. Fund rules in terms of communication and feedback statements depend on the fund itself (Botha *et al.*, 2022). According to the PFA, a retirement fund's board of trustees' primary objective is to ensure that sufficient and appropriate information is provided to the members of a retirement fund. The rights, benefits, and obligations of members in terms of the rules of the fund must be communicated to all members. The PFA states that retirement funds have a fiduciary duty to act in the best interest of its members by adopting a responsible investment approach where member's investment funds will earn adequate risk adjusted returns suitable for a member's profile (National Treasury, 2011, 2004, 1956). The management board of a fund must ensure that the composition of the total contribution made by a member - in terms of retirement savings, administration costs, and insurance premiums - is set out in the rules of the retirement fund and disclosed to members. Trustees of a retirement fund must grant members the opportunity to make investment choices that are deemed appropriate investment strategies together with an explanation of the strategies employed and the risk involved (National Treasury, 2004).

The PFA allow a pension increase to members at least every three years and require annual actuarial valuations of a retirement fund which are then reported to members (Republic of South Africa, 1956). The majority of the private sector employer retirement funds offers defined contribution fund and most of them provide in their rules for the payment of additional permanent disability, or death benefits before retirement. The annual benefit statements sets out the all the benefits to which members will be entitled (Hunter, 2020). Fund communication sent to members full of jargon and technicalities merely just to comply with the relevant legislation should be avoided, as this could result in members disengaging from their retirement funds. Section 36 of the Pension Funds Act No. 24 of 1956 requires pension fund boards to provide all members of employer retirement funds with retirement benefits counselling at least three months prior to retirement. However, the counselling provided by pension fund boards does not constitute financial advice, as the counsellors are only permitted to inform members about the fund options available at retirement (National Treasury, 2017). Employer retirement funds in South Africa are not obliged to provide members with financial advisory services at and during retirement. Currently, only 20% of employer retirement funds in South Africa offer such services to their members. An employer retirement fund can appoint a salaried advisor, paid for or subsidised by the fund. Therefore, only one in five members receive financial advice when considering to switch or change their investment. It seems that employees receive very little assistance from the employer when planning for retirement and making pivotal financial decisions at and during retirement. More attention seems to be paid to building wealth during employment, while members receive little support at and during retirement (Sanlam, 2021).

RESEARCH METHODOLOGY

Positivism, an objective stance towards the data and a quantitative collection method was applied in the study. Methodologies associated with positivism include experimental studies, surveys, cross-sectional studies, and longitudinal studies (Collis & Hussey, 2014). The research method used to achieve the research objective of this study was executed through a survey (Rukwaru, 2017). The data collected and analysed were expressed in numbers. Patterns were identified in the data to form generalisations on the empirical findings (Ruane, 2016). Deductive reasoning is mainly associated with positivism (Dudovskiy, 2018), thus, logical conclusions were drawn specifically on whether the communication and engagement to members of an employer retirement fund is sufficient and effective.

Sample and data collection

Data were collected from two categories of sources: primary and secondary. Primary data were obtained from the study participants by using a survey (Dadhe, 2016). Secondary data were collected from sources such as books, newspapers, journals, online portals, and magazines, all of which contain published data (Dudovskiy, 2018). As mentioned previously, the data was collected quantitatively, and were analysed through statistical and graphical techniques (Saunders *et al.*, 2019). The participants completed the online survey by following the link provided in an invitation email. In addition to the survey invitation sent to the members of an employer retirement fund, a questionnaire was sent to the Principal Officer of the employer retirement fund to gather information on the current measures in place regarding communication and engagement with members of the employer retirement fund to assist them in their retirement planning. This study formed part of a larger study that mainly focussed on millennial employees (age in 2024 of between 24 and 43). Thus, the study population consisted of full-time millennial employees of a higher education institute and are members of the employer retirement fund. They were chosen as they currently constitute the largest segment of the workforce and are still in a position to make a difference to their retirement situation (Sanlam, 2021). The total full-time millennial employees at the higher education institute belonging to the employer retirement fund at the time the study took place amounted to 1,598 members, constituting 47.29% (1,598/3,379) of the higher education institute full-time employees. Individuals had to volunteer to participate in a study, which means that voluntary response sampling was applied (a form of non-probability sampling) (McCombes, 2023). Recruiting emails were sent out to the 1,598 millennial employees, inviting them to complete the survey. From the 1,598 full-time millennial higher education institution employees, only 145 employees completed the survey, which represents 9% (145/1,598) of the total population. Due to the small sample size and the inclusion of only one employer, the results of the study cannot be generalised to the rest of South Africa.

Instrument

The Principal Officer of the employer retirement fund was asked to complete a questionnaire on the current measures at the higher education institution regarding communication with and engagement of members of the employer retirement fund to assist the employees in their retirement planning. A survey was chosen to gather data from the respondents as the questions discussed in this paper formed a small part of a bigger survey that served as a pre-test in an experimental study. The survey completed by the participants contained questions probing them on their knowledge of their retirement plan and general retirement planning. These questions gave the researcher an indication of how much knowledge the participants have regarding their own retirement fund matters, how involved they are in their own retirement planning, their willingness to enhance their knowledge regarding the topic, and measures taken to protect themselves and their loved ones in the event of disability, job loss, or death. Data were analysed through descriptive statistics, using frequencies, descriptives, cross tabulations (Chi-square test), and correlations using the Spearman correlation coefficient.

RESULTS AND DISCUSSION

Feedback from Pension and Provident Fund Principal Officer

The Principal Officer indicated that the higher education institution employees are moderately engaged in their retirement funds. The moderate engagement and the little understanding employees show towards their retirement fund are in line with the findings of the 10X Investments' latest Retirement Report of 2021. When individuals disengage from their retirement funds, they distance themselves from retirement fund matters they do not understand (10X Investments, 2021). The main concerns employees show towards their retirement funds reported by the Principal Officer is their little understanding of the different types of retirement funds, investment choices, and they tend to have difficulty in choosing between investment choices. According to the Principal Officer, fund communication and services to members take place in the form of a yearly report, yearly benefit statements, bi-annual investment choice adjustment forms, invitations to bi-annual information sessions regarding the available investment choices, in-person/face-to-face meetings with Human Resources, and educational materials available on request. The above statements and information sessions are communicated through email. The annual benefit statements sent out to the higher education institution employees explain their death, disability, termination, and retirement benefits. The specific information provided in benefit statements is crucial for employees to make sound judgments about their ability to retire comfortably. However, only showing an employee the total accumulated retirement savings to date does not give them sufficient context as to whether they are on course or falling short with regard to retirement savings. The steps taken by the employer to engage employees in their retirement are to:

- Communicate legislation changes to the members of the employer retirement fund.
- Encourage employees to make additional savings to their retirement fund, if possible.
- Assist employees who are near retirement with information (retirement benefits counselling) to execute crucial retirement annuity decisions.
- Supply employees with actuarial (complex) retirement calculations on request.

According to the Principal Officer, no training is currently available to employees on their retirement funds or retirement planning. The training that had taken place before Covid-19 was only offered to new employees and focused on information regarding the employer retirement fund. Presently, employees are only provided with information when they have queries regarding their retirement fund and retirement planning.

Feedback from the members of the employer retirement fund

The demographics of the participants were as follows:

- 28% male and 72% female.
- 23% between the ages of 25 to 30, 44% between the ages of 31-36, and 33% between the ages of 37 to 42.
- 51% were Black African, 34% were White, 9% were Coloured, and the remainder indicated that they were Indian, White African, and Mixed Race.
- 88% of the respondents had a bachelor's degree or a higher qualification.
- 12% indicated that they live with a partner, 49% were married, 35% were single, 3% were divorced, and 1% were widowed.
- 78% were support staff and 22% were academic staff.

The respondents had to indicate the type of retirement fund they were part of at the higher education institution. More than half of the respondents (53.8%) indicated to be members of the pension fund, and 37.2% indicated to be members of the provident fund. A total of 9.0% of respondents did not know what type of fund they were part of. They were also asked whether they had previously withdrawn from their retirement fund, and 24.1% indicated that they had made previous withdrawals. The average age at which they started to contribute towards their retirement fund was 29 years.

Respondents were asked whether they had attended any retirement-related workshops at the higher education institution, to which only 22.1% indicated to had done so. Since the Principal Officer responded that the higher education institution does not offer retirement planning-related workshops, the respondents who indicated yes, either attended the monthly retirement fund information sessions held before Covid-19 or received education material specifically requested by them from the Principal Officer. The respondents were also asked to choose from a list of retirement fund services that the higher education institution offers. More than half (52.4%) of the respondents indicated that they receive an annual retirement plan statement. A few respondents (varying between 6% to 18%) indicated services offered by the higher education institution, which were in fact not offered at all. Thus, the respondents do not seem to be fully aware of all the services that are offered and those that are not.

Respondents were asked to indicate how often they received fund communication. Just over a third of the respondents correctly indicated receiving fund communication and feedback once a year, whereas the majority thought they received it once every six months and 10% indicated they do not know how often they receive fund communication. When receiving fund communication, 44.8% indicated that they read their fund communication in detail. Half of the respondents indicated that they scan through the benefit statements, which could mean that they only look at the accumulated savings in their funds. Reading a statement in detail could be an indication of knowing the implication of the details reflected in the statement. The respondents were asked to rate their understanding of the benefit statements they receive from the employer retirement fund on a scale from 1 to 5, where 1 is “I don’t understand it at all”, and 5 is “I understand it very well”. About a quarter of the employees indicated that they did not understand the fund communication or only has a slight understanding and 37.2% felt they understood the communication well to very well. The largest group of employees (37.9%) indicated a neutral response (between understanding and not understanding the fund communication). This could mean that they are not sure about their own ability to understand the communication.

Furthermore, the respondents’ level of understanding was compared with their interaction with fund communication and feedback statements. A statistically significant difference was found between the two variables (see Table 1). The data were analysed using descriptive statistics in the form of cross-tabulations and applying the Chi-square test (Field, 2018).

TABLE 1
LEVEL OF UNDERSTANDING OF FUND COMMUNICATION AND FEEDBACK VS INTERACTION WITH FUND COMMUNICATION AND FEEDBACK STATEMENTS

	1 **%**	**2** **%**	**3** **%**	**4** **%**	**5** **%**	**Total** **N**	**0.01**
	50%	13%	25%	0%	13%	8	
	7%	18%	44%	24%	7%	72	
	11%	9%	32%	29%	18%	65	

The Chi-square test resulted in a p-value of 0.01, which indicates that there is a statistical significance between the two variables. The respondents who indicated they only scanned through the benefit statements were mostly unsure of whether they understood the communication, if at all. Scrutinising the responses of those who indicated they read the communication in detail, it became clear that almost half (47%) of the respondents said they understood the communication and feedback.

A correlation test was performed between the two variables. Due to non-normality of the data, the Spearman correlation was performed to determine whether the understanding of fund communication and feedback influences how respondents interact with the benefit statements. Calculating the square-root of the Spearman correlation coefficient (Rho^2) determines the percentage change one variable could cause in another variable (Field, 2018). Table 2 provides an overview of the significance of the mean values, Spearman's correlation coefficient, and the coefficient of determination percentage of the two variables.

TABLE 2
"UNDERSTANDING OF FUND COMMUNICATION AND FEEDBACK" PAIRED WITH "INTERACTION WITH FUND COMMUNICATION AND FEEDBACK STATEMENTS"

Variable	**Rho**	**% (Rho^2)**	**P-value**
Interaction with communication and feedback statements	0.22	5%	0.01

The two variables showed a positive statistically significant relationship (p-value is less than 0.05). Any change in the one variable ("Interaction with fund communication") would be the result of 5% influence of the other variable ("Understanding of fund communication and feedback"). Thus, it can be said with confidence that if employees have a better understanding of the communication and feedback received from their fund, they will spend more time reading their benefit statements in detail. The opposite is also true: If employees spend more time reading their benefit statements in detail, the better understanding they will have of the communication and feedback received from their fund.

Respondents were also asked to indicate on a Likert scale from 1 to 5, where 1 is "not interested at all" and 5 is "very interested", how interested they are in their own retirement planning. The majority of the respondents (85.5%) showed a high level of interest in their retirement planning. This was to be expected, as those who indicated they wanted to take part in the study might already have developed an interest in retirement planning. On the other hand, the results might look significantly different if the same question were asked to the employees who did not want to partake in the study.

Lastly, respondents were asked to indicate whether they currently had a will, critical illness insurance, income protection, life insurance, and a personal financial planner, all of which are important components of estate and retirement planning (Botha *et al.*, 2022).

TABLE 3

PERCENTAGE OF RESPONDENTS WHO HAD A WILL, INSURANCE PRODUCTS, AND/OR A PERSONAL FINANCIAL PLANNER

List of options	% of respondents
Critical illness insurance	34.5%
Income protection	29.0%
Life insurance	73.1%
Will	42.8%
Personal financial planner	26.9%
Don’t know	15.2%

The Principal Officer of the employer retirement fund stated that the pension and provident funds do include illness, impairment, and disability cover which constitutes as income protection (Botha *et al.*, 2022), as well as an additional group life cover (life insurance). More than 73% of the respondents indicated that they have life insurance, which means the other 26.9% were not aware of the group life cover they have as part of their pension or provident fund.

Compared to the Financial Sector Conduct Authority’s study on financial literacy, only 16% of South Africans have life insurance (Roberts *et al.*, 2021). In the current study, only 29% indicated they have income protection, which means the other 71% were not aware that the illness, impairment, and disability cover they have as part of their pension or provident fund is in effect income protection. About 57% of the respondents did not have a will in place and more than 70% did not have a personal financial planner. Almost 15% of the respondents were not sure whether they have any of the above-mentioned items.

In summary, the moderate engagement and little understanding of employees regarding retirement funds and investment choices indicated by the Principal Officer is a reflection of how much employees really comprehend about their retirement funds and the feedback they receive. Results indicated that the less employees understand fund communication and feedback, they less they will engage with it. The disengagement of individuals from their retirement funds due to the incomprehension thereof was a concern highlighted in the literature review (National Treasury, 2017). Individuals with little understanding of financial matters will refrain from engaging in retirement planning, and, ultimately, reach retirement financially underprepared as is currently evident in South Africa (Rabson, 2021; Lusardi, 2019).

PRACTICAL MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

Employers have a social responsibility to inform and educate employees regarding the fundamentals of their retirement fund and how to plan for retirement. The current fund communication is superficial and needs an in-depth approach explaining the details of fund communication and feedback statements. Fund communication and feedback should be given on a regular, simplified, and in-depth basis, assisting employees' understanding and encouraging them to participate actively in their retirement fund. A once-off email or occasional workshop is not sufficient. Employers should focus on offering employees meaningful communication since it can affect employees' retirement preparedness. Employees must continuously be reminded about retirement prompting them to give more thought to their retirement. Information sessions should offer simplified information, such as the basic rules and regulations of a retirement fund in understandable language, an explanation guide of financial jargon, and in-depth explanations of communication and feedback statements.

CONCLUSION

The results clearly indicate that the higher education institution seems to be complying with the bare minimum of what is expected of an employer according to the retirement fund rules and regulations, but nothing more. Thus, employees are left to their own devices to plan and prepare for retirement with no or very little assistance from the employer. The employees that participated in the study may have a higher interest in their retirement fund, compared to those who choose not to participate. Thus, the results may be significantly worse in terms of understanding, engagement, and interest in retirement planning if one would include the responses of those employees that did not participate in the study.

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TRACK ECONOMICS

Public-Private Partnership and Infrastructure: An Adaptation of Economic Theory

Chen-Wei Tseng, Financial and Fiscal Commission & Prague University of Economics and Business

Keywords: Public-private partnership (PPP), Nash Equilibrium, Optimal Strategy, Infrastructure.

Abstract

The rising prominence of public-private partnerships (PPPs) in policy discourse reflects the growing interest in leveraging both public and private resources to collaboratively develop robust, effective, and sustainable infrastructure. Worldwide, governments are actively engaging with investors, private companies, real estate developers, and insurers through comprehensive agreements aimed at advancing infrastructure projects that makes good business sense. This theoretical paper explores the economic behaviours and challenges encountered when public and private sectors engage in PPP initiatives. It concludes that achieving a pareto optimal outcome is most likely when these sectors collaborate yet differentiate their roles across two stages (and rightfully so): the building and operating stages. Furthermore, the study identifies that the most successful strategy to achieve this outcome is for the sector—whether public or private—that demonstrates greater productivity and a lower relative total cost function to initiate the PPP proposals in the building stage.

Introduction

Public-private partnerships (PPPs) are frequently advocated as a means to enhance the quality, cost-effectiveness, economic productivity, and sustainability of infrastructure development in Europe. The efficacy of PPPs is attributed to their inherent ability to integrate principles of division of labour, leading to specialization, economies of scale in production, and the shared distribution of risks and rewards (i.e., incentives)—advantages that few other business models or economic theories can match. Despite these benefits, a robust theoretical framework to justify, guide, and regulate the mechanisms underlying PPP contracts that *makes good business sense* remains largely undeveloped.

This paper adopts a primarily theoretical perspective to examine the dynamic conditions governing PPP agreements. Section 2 provides a concise review of the relevant literature, followed by research objectives and hypotheses, with a brief description of the methodology used in Section 3 and 4, respectively. Section 5 delves into the compatibility of PPPs with game theory, re-evaluating their strategic alignment, and further explores the derivations and practical applications of both the private and public sectors' production and cost functions to elucidate the progression of contract negotiations in a business sense. Section 6 explains the practical managerial implications, offers recommendations, and Section 7 concludes with some caveats worth exploring further by research in terms of supply chain policy and procurement framework in South Africa.

Literature review and problem investigated

The literature reveals that establishing a theoretical basis for Public-Private Partnerships (PPPs) in infrastructure development is challenging due to issues stemming from poorly defined interventions and inconsistent results, primarily from the public sector in transitional and market economies. These issues are exacerbated by imperfect legal regulations and the varied developmental contexts of different countries (Kargol and Sokol, 2007). Additionally, Linder's (1999) survey highlights the ambiguity surrounding the definition of PPP, identifying six distinct interpretations that contribute further to the conceptual confusion.

Kargol and Sokol (2007) also attempted to align the concept of PPP with the game theoretical framework of the Prisoner's Dilemma (PD), concluding that parties tend to reach a Nash Equilibrium by defecting rather than cooperating for a Pareto optimum. However, this application has significant limitations: it assumes a predetermined outcome, ignoring the nuances of responsibility distribution and risk (such as political risks for the public sector and opportunity cost risks for the private sector). Moreover, unlike the PD scenario, interactions between public and private sectors are inherent in PPPs, raising questions about the nature of these interactions and how they can be structured to encourage Pareto optimal outcomes.

Historical examples provide further insight but limited practical guidance. For instance, Mostepaniuk (2016) discusses how Western mercantilists required governmental assistance to eliminate trade barriers and secure international markets, while governments sought to expand trade to finance their expenditures. Similarly, Bazylevych (2004) describes a form of mercantilist PPP where both sectors collaborated to foster domestic production and reduce competition from foreign imports through protectionist policies, as exemplified by Petty's (1662) proposal to replace import duties with public insurance costs in his "Treatise of Taxes and Contributions."

Adam Smith (1776) argued that policy interventions generally distort the balance of gains and losses by restricting competition but also recognized the necessity for state involvement in public goods and services. This underscores the intricate balance between private capital and state power. Further extending this discourse, Keynes (1936) emphasized the state's role in regulating the economy and maintaining employment, production, and price stability through active fiscal and monetary policies.

In the realm of Neo-Institutionalism, scholars like Buchanan and Tullock (1962) and Stiglitz (2000) have not depicted the roles of the state and private sector as antagonistic but rather as entities that should strive towards balanced cooperation. This body of work suggests that while the theoretical underpinnings of PPPs are complex, understanding and structuring these partnerships effectively remains a critical and evolving challenge in economic and policy analysis.

Despite the literature, a robust theoretical framework to analyse, justify, guide, and regulate the governing dynamics and mechanisms underlying PPP contracts between the private and public sectors on infrastructure investment and development projects remains largely absent.

Research Objectives and Hypotheses

The objective of this study is to develop a basic understanding of the governing dynamics and principles of behaviour underpinning the PPP contracts. In so doing, the paper derives an optimal strategy of game theory to ensure pareto outcome of infrastructure development contracts between the private and the public sector. The paper hypothesises that there ought to be principles of strategic initiation and negotiation in contracts to reach pareto optimum for PPP infrastructure development.

Research Methodology

The methodology employed is theoretical in nature, as the aim of the paper is to establish a basic framework of understanding the interactions between the private and the public sectors in terms of production-cost functions, processes, and derivatives of contracting in a generalised form.

Findings

PPP in Game Theory

The application of the Prisoner's Dilemma to the decision to cooperate or defect in a PPP agreement between the government and the private sector appears logical initially. Consider a scenario where the investment cost is one unit (i.e., -1). If both parties defect, each incurs the loss of their investment. Conversely, if both parties cooperate, the investment will merely break even with the returns from the infrastructure project. However, they would also gain the mutual benefits of trust and the prospect of future agreements (i.e., [+1]). If one party defects while the other cooperates, the cooperating party not only bears the cost of their own investment but also assumes the financial burden intended for the defector (i.e., -2), which results in a gain for the defector. Nevertheless, the defector incurs significant non-monetary losses in terms of trust, reputation, and future opportunities to collaborate with the government (i.e., [-1]). Under such premise, the game can be simplified as follows:

TABLE 1
PPP IN GAME THEORY

		Public	
		Cooperate	**Defect**
Private	**Cooperate**	**0 [+1]; 0 [+1]** Pareto Optimum	-2 [+1]; 1 [-1]
	Defects	1 [-1]; -2 [+1]	**-1 [-1]; -1 [-1]** Nash Equilibrium

Source: Adapted from Kargol and Sokol (2007)

Using the foundational principles of game theory, one might initially conclude that interactions between the private and public sectors would result in both parties defecting, achieving a Nash Equilibrium. This analysis also suggests that, considering the loss of trust, reputation, and future opportunities, the Pareto Optimum would involve both parties cooperating within a PPP agreement.

However, further scrutiny reveals limitations of applying game theory to the PPP framework. Primarily, the stylized Prisoner's Dilemma assumes uniform benefits and costs for both sectors, positing that cooperation invariably yields the optimal outcome, primarily influenced by the potential loss of trust, reputation, and future opportunities in collaborative infrastructure projects. A critical flaw in adapting this model to PPP infrastructure development is the misrepresented outcome of both parties defecting from entering a PPP agreement, which, in practical terms, would not exist because no agreement would have been formed to incur any costs or loss of investment and trust. Moreover, scenarios where either one or both parties cooperate necessitate a theoretical exploration of the contractual terms and dynamics of negotiations.

Production and Cost Functions for PPP

The primary objective of any organisation is to maximise profit, typically structured through a profit function that calculates revenue—derived from quantity and price—subtracted by total costs. To understand the process of an infrastructure development project within an economy, and to explore the collaborative roles of both the private and public sectors in such a project, it is essential to conceptualise their production sequences and processes.

Consider an economy where both public and private sectors are represented, utilising the Cobb-Douglas production function across two distinct stages: the construction of basic infrastructure (A); followed by the operational stage, which generates the economy's output quantity (Q) Specifically, in the initial, or Building stage:

$$A = g(L_A, K_A) = L_A{}^m K_A{}^i$$

(1)

And the second- Operating stage:

$$Q = f(L_B, K_B, A) = L_B{}^n K_B{}^j A$$

(2)

where A stands for the basic infrastructure built in the first stage by an infrastructure building function $g(L_A, K_A)$, with Labour L_A and investment K_A as capital inputs, which relates to each other's contribution or elasticity towards built infrastructure in the exponents as m, and i to build the infrastructure base A, respectively.

In the second stage, the operating stage, given the built infrastructure base A, with the help of operators L_B and capital machinery and investment K_B, the economy produces output Q via function $f(L_B, K_B, A)$. If the infrastructure base A from the first stage is low or zero, the entire production of the economy stalls, operating inefficiently and cannot produce effectively, regardless of the amounts of operators and capital machinery and investment inputs dedicated in the second or operating stage of the production function, producing low output (i.e. Q).

Suppose further that the labour and capital inputs for building the infrastructure base (A) is a portion of the total labour L and capital K in the economy, in that the two stages of production, infrastructure and the economy are mutually exclusive: $L = L_A + L_B$ and $K = K_A + K_B$. If this division of the labour force and capital between the two stages of production in the economy is represented by a constant factor shares $s \in (0,1)$ and $t \in (0,1)$, where $L_A = sL$, and $K_A = tK$, equation (2) can be simplified with the terms $L = sL + (1-s)L$ and $K = tK + (1-t)K$, and so the overall system becomes:

$$Q = f(L, K) = \big((1-s)L\big)^n ((1-t)K)^j (sL)^m (tK)^i$$

(3)

And since both the shares of labour and capital for infrastructure build i.e. s and t are constant terms between 0 and 1 inclusive and not variables, the exponents can be applied separately:

$$= (1-s)^n \cdot L^n \cdot (1-t)^j \cdot K^j \cdot s^m \cdot L^m \cdot t^i \cdot K^i$$
$$= s^m (1-s)^n L^{m+n} \cdot t^i (1-t)^j K^{i+j}$$

(4)

Thus

$$L = \left(\frac{Q}{s^m(1-s)^n L^{m+n} \cdot t^i(1-t)^j K^{i+j}}\right)^{\frac{1}{m+n}}$$

(5)

Examining the structure of equation (**4**) and (**5**) suggests that if the share of labour dedicated to infrastructure build is the entire labour market (i.e. $s = 1$), then there would be no output in the economy. Similarly, is the case where the entire share of capital is dedicated to infrastructure (i.e. $t = 1$). Therefore, PPP, or private-public partnership is an agreement of terms, by which the respective sectors are figuring out the optimal arrangement of shares for building the infrastructure base and operating the production function in producing Q: s and t, for labour L and capital K. And such an agreement is based on the efficiencies of labour in both stages (i.e. m and n), as well as capital (i.e. i and j). Now we shall attempt to derive the cost functions of the public and the private sectors using this general framework as reference.

Starting with the simple cost function in the short-run, where the private and public sectors can only act on their variable cost component as division of labour between the two stages of the economy in their optimising behaviour, and that the role of capital is subsumed completely under the first stage of production in the economy i.e. building of infrastructure (i.e. $t^i(1-t)^j K^{i+j} = 1$). The building and the operating stages of the production function in the economy becomes:

$$A = g(L_A) = {L_A}^m$$
$$Q = f(L_B, A) = {L_B}^n A$$

Or

$$Q = f(L_B, L_A) = {L_B}^n {L_A}^m$$

(6)

And since $L_A = sL$ and $L_B = (1-s)L$ by the reference production function, we get:

$$Q = f(L) = \big((1-s)L\big)^n (sL)^m$$

$$= s^m(1-s)^n L^{m+n}$$

The total cost function (TC), which is the sum of the constant fixed capital cost (FC), and the variable labour-wage cost, assuming that the market given wage is w, becomes:

$$Total\ Cost = Fixed\ Capital\ Cost + Variable\ labour\ Cost$$

$$TC = FC + wL$$

$$with\ L = \left(\frac{Q}{s^m(1-s)^n}\right)^{\frac{1}{m+n}}$$

(7)

The marginal cost of production MC by taking the first derivative of Equation **(7)**, the constant term FC falls away. The derivation of MC with capital K from Equation **(5)** is shown in **Appendix A**:

$$MC = \frac{w}{m+n}\left(\frac{Q}{\mathrm{s^m(1-s)^n}}\right)^{\frac{1}{m+n}-1} \cdot \frac{1}{\mathrm{s^m(1-s)^n}}$$

(8)

Ignoring the market given wage w for now, consider the case where both m and n, which represents the elasticity of labour building in the first- and operating in the second stages of the production function, are equal to 0.5. The first term of Equation **(8)** falls away, leaving only the shares of the infrastructure to determine the marginal cost.

$$MC = \frac{1}{\mathrm{s^{0.5}(1-s)^{0.5}}} = \frac{1}{\sqrt{s(1-s)}}$$

(9)

Examining Equation **(9)** under all the assumptions made thus far, it is clear that MC would be minimised when the denominator $\sqrt{s(1-s)}$ is maximised.

Alternatively, suppose that the share of the labour force in the first stage of building the infrastructure based is fixed at 0.5, returning to Equation **(8)** suggests that:

$$MC = \frac{w}{m+n}\left(\frac{Q}{0.5^{m+n}}\right)^{\frac{1}{m+n}-1} \cdot \frac{1}{0.5^{m+n}}$$

(10)

Interpreting Equation **(10)** or marginal cost of production directly would not yield much interesting insights, safe to say that the larger the elasticities of inputs to production (i.e. m and n), the lower the marginal cost of production in the economy. Thus consider the hypothetical environment where the private sector oversees the first stage of building the infrastructure base, has half of the labour force in the economy as builders (i.e. $s = 0.5$), and has twice the elasticity of labour builders than the public sector's builders (i.e. $m = 2$, $n = 1$). Suppose further that the market given wage for both the public and private sectors are: $w = 2$

and fixed cost $FC = 10$ for ease of concept that capital still plays a role in the economy, Equation **(7**) becomes:

$$TC = 10 + 2\left(\frac{Q}{0.5^3}\right)^{\frac{1}{3}}$$

(11)

This Equation **(11**) show the total cost of production function (under the slew of assumptions) for the PPP infrastructure projects. Applying these assumptions to the hypothetical scenario where either the public or the private sector exists in the market then, Equation **(11**) for the public sector-only market becomes:

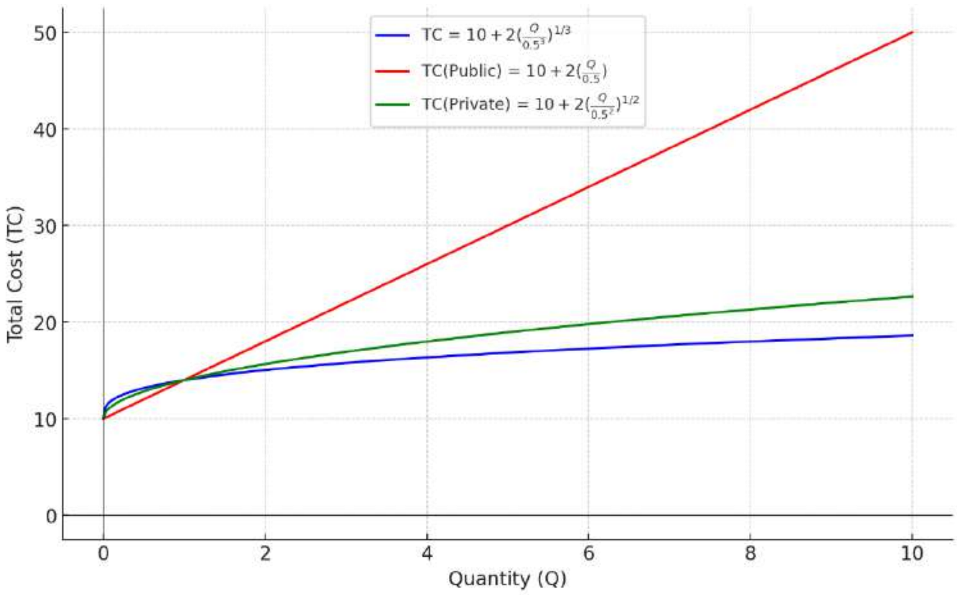
$$TC(Public) = 10 + 2\left(\frac{Q}{0.5}\right)$$

And the private sector-only market:

$$TC(Private) = 10 + 2\left(\frac{Q}{0.5^2}\right)^{\frac{1}{2}}$$

FIGURE 1 depicts the total cost functions in the market with the three scenarios: TC for a market where the public and private sectors have entered into a PPP agreement. $TC(Public)$ representing a market operated solely by the public sector, and TC(Private) for a market exclusively managed by the private sector.

FIGURE 1
TOTAL COST (TC) FUNCTIONS

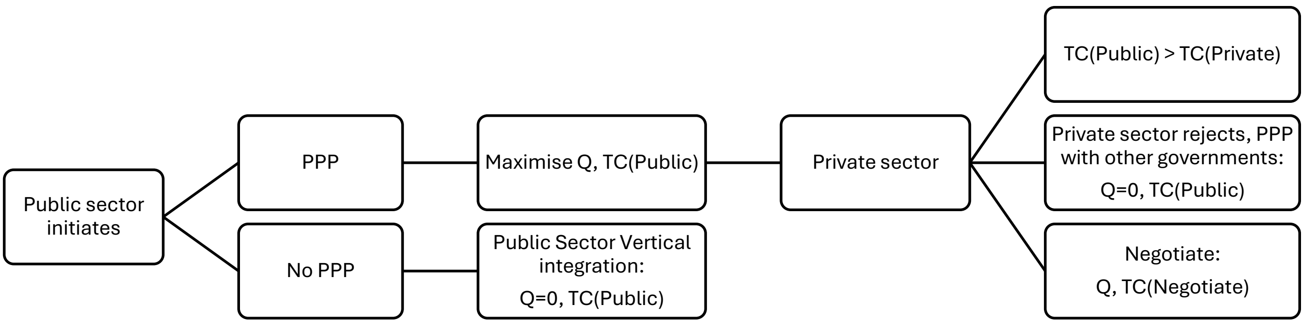


Assuming identical conditions, it is evident that the total cost of production within a PPP agreement is more cost-efficient beyond a single unit of output quantity Q. Even in scenarios where the private sector assumes complete responsibility for both the building and operating stages, its total costs exceed those incurred through a PPP. This underscores the economic advantage of PPPs, where collaborative efforts between the private and public sectors enhance cost efficiency and output quantity for an economy.Despite the insights outlined above, it is important to clarify that technically, a total cost of production function for a market operated exclusively by the public sector may not realistically exist in full length. This is because the public sector, which oversees production in this sequential framework, relies on the infrastructure foundation that the private sector is presumed to establish during the first stage of production. Conversely, the private sector could build the infrastructure initially and then continue to produce output through vertical integration, controlling both the construction and operation stages. However, this scenario hinges on whether the public sector opts to regulate and restrict private sector involvement in the operational phase by creating market barriers. The dynamics of contract negotiations and the sequential nature of PPP agreements will be further explored in the subsequent section.

Strategic Initiation, Terms of Contract and Negotiations

This section considers the quantity output Q and total cost of production outcomes TC under two scenarios: one where the public sector initiates the PPP agreement, and the other where the private sector initiates. Following the derived parameters of the cost functions and sequence of production (i.e. private sector first on building the infrastructure base, and the public sector thereafter to produce quantity output), the focus is on the range of quantity output and total cost, where $0 < TC(PPP) < TC(Private) < TC(Negotiate) < TC(Public)$. In this setup, the public sector's objective is to optimise Q, which under this simplified framework, is infinite, while the private sector's objective is focused on profit maximising by minimising total cost.

FIGURE 2
PPP DYNAMICS: PUBLIC SECTOR INITIATES

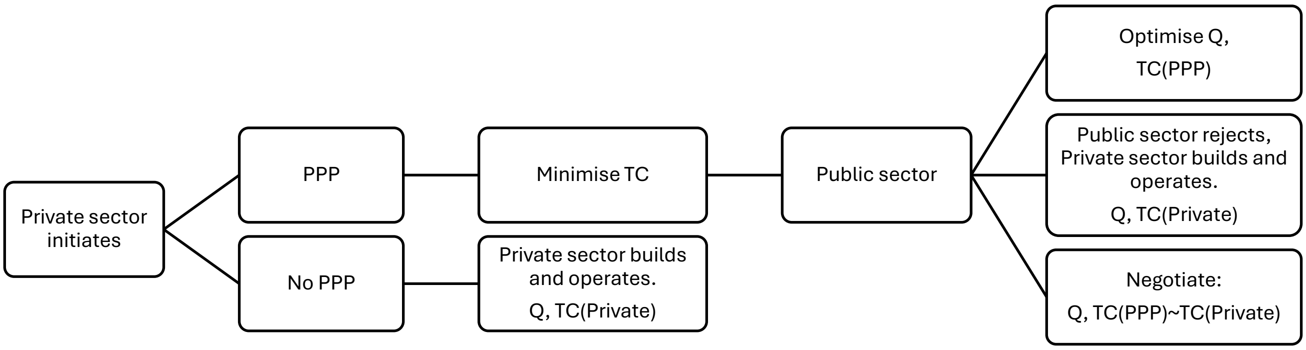


Source: Author's own compilation

FIGURE 2 depicts the PPP dynamics when the public sector initiates the PPP proposal, whose objective is to optimise Q with the total cost function of the public sector i.e. $TC(Public)$, giving the private sector effectively three potential outcomes. The private sector considers the PPP proposal from the perspective of optimising Q but the private sector cannot accept such high total cost level at $TC(Public)$ as it would affect their profit margins and productivity.

Hence, the private sector will reject the PPP proposal made by the public sector and turn to initiate PPP with other governments. This risk is particularly high when the private sector is a multi-national corporation. Worse yet for the initiating public sector, as its objective is to produce something- anything to answer to the taxpayers, it will incur wasteful cost at $TC(Public)$ to operate and may result in naught output (i.e. $Q = 0$), since there is no private sector to build the necessary infrastructure base in the first stage of the production (i.e. A). Note that this is the same outcome as the scenario where the public sector initiates the project but refuses to undertake a PPP approach (i.e. no PPP in **FIGURE 2**) and insists on production without the private sector building the base infrastructure in the first stage of the production. Furthermore, even if the private sector and the public sector somehow enter into a negotiated outcome for total cost at $TC(Negotiate)$, between $TC(Private)$ and $TC(Public)$, it may never achieve the true potential of minimal total cost at $TC(PPP)$ when public sector initiates.

FIGURE 3
PPP DYNAMICS: PRIVATE SECTOR INITIATES



Source: Author's own compilation

Consider the alternative case where the private sector initiates in **FIGURE 3**. By condition that the private sector is in charge of building infrastructure in the first stage of production, who is also better and more efficient in terms of cost (and production) compared to the public sector. When the public sector responds to the private sector's PPP proposal, it achieves its objective as the social planner in the economy to optimise quantity Q, without jeopardising the total cost reaching its pareto optimal outcome of $TC(PPP)$, because that is taken care of by the sequence of private sector builds, then public operates, which saves private sector cost of operating.

Even if the public sector rejects, since the private sector has built the infrastructure base in the first stage of the production (i.e. A), it is able to replace the public sector to produce the quantity output Q at total cost $TC(Private)$. This is also the same outcome as when the private sector initiates the project without PPP. And even if the private and the public sectors enter into a negotiation, there is the possibility of reaching an agreement on the total cost of production between the pareto optimum of $TC(PPP)$ and $TC(Private)$, never reaching $TC(public)$ at the detriment of the society. Ultimately, in stark contrast to the case where the public sector initiates, the outcomes whereby the private sector initiates the PPP project is optimal, the likelihood of it succeeding in quantity output Q and minimising total cost outcomes is overwhelmingly greater than when public sector initiates the project.

Practical managerial implications and recommendations

This paper employs simple game theory, mathematical derivations, and theoretical process modelling to examine the dynamics of total cost and quantity production in public-private partnerships (PPPs) between the public and private sectors. It highlights several key insights:

Firstly, the use of the prisoner's dilemma to frame PPP interactions, as adapted by Kargol and Sokol (2007), provides a valuable perspective on achieving Pareto Optimum and Nash Equilibrium outcomes. However, this approach is limited in scope. It fails to consider various interactions that could facilitate a PPP agreement, assumes no communication between the sectors, and implies adversarial intent, potentially leading to reputational damage. Moreover, this model does not address scenarios in which one or both parties are unwilling to cooperate, potentially resulting in no PPP agreement and thus no benefits from the project or costs related to investment and trust.

The analysis then delineates the objectives of each sector within the production and cost function framework, organized into two stages: the building and operating stages. Under assumptions such as specified labour allocation between production stages, constant fixed capital, market-determined wages, and sector labour output elasticities—with the private sector being notably more responsive than the public sector—the study maps out three total cost functions: PPP, Private, and Public, in order of increasing expense. The findings clearly indicate that the most economical arrangement is achieved when both sectors work in coordination and cooperation.

From a managerial perspective, the analysis of sequential cost functions suggests that the sector with higher productivity and a lower relative total cost should spearhead the PPP initiative in the first stage. This approach not only enhances the probability of achieving optimal output but also minimizes the overall production costs in the economy, even when vertical integration is considered.

Given this, there are five practical recommendations that could improve and maximise the likelihood of success for PPP projects to reach pareto optimum outcomes for infrastructure development:

First, enhance communication strategies between public and private sectors to overcome the adversarial assumptions typically associated with the prisoner’s dilemma framework. This could involve regular consultations and joint planning sessions to ensure alignment and transparency throughout the infrastructure project lifecycle and operations. Second, develop more nuanced contracting frameworks that account for the diverse interactions and information asymmetry within PPP agreements, to adapt to different sector dynamics and tailored to address specific project needs and contexts. Third, develop a mutual understanding around the leadership role in initiating PPP projects to the sector that demonstrates greater efficiency and cost-effectiveness. This should be based on a detailed analysis of both sectors' productivity metrics and cost structures, pricing of the sector functions. Fourth, policymakers should revise regulations to encourage cooperative behaviour to optimize the allocation of roles and responsibilities within PPPs. Lastly, implement ongoing evaluation mechanisms to monitor the effectiveness of PPP arrangements and make iterative improvements based on empirical evidence and sector feedback on progress and costing. By implementing these recommendations, organizations, whether public or private, can better navigate the complexities of PPP arrangements, leading to more successful outcomes in infrastructure development.

Conclusion

This paper underscores numerous implications and offers recommendations for initiating, managing, and negotiating public-private partnerships (PPPs) in infrastructure projects. It particularly emphasizes the varied outcomes based on whether the public or private sector initiates the PPP, contingent on specific assumptions. By incorporating these insights and recommendations into a strategic initiation and negotiation framework, policymakers can significantly improve the effectiveness and success rates of PPP projects, especially in scenarios where the delivery of public goods and efficiency in service provision are paramount.

By embracing strategic communication, tailored contracting frameworks, and rigorous evaluation mechanisms, stakeholders can enhance the likelihood of success in infrastructure projects. The implications of this analysis extend beyond the theoretical, offering actionable guidance for policymakers and practitioners aiming to leverage PPPs for improved infrastructure development and service provision. The study's recommendations provide a practical roadmap for overcoming the adversarial assumptions inherent in traditional game theory models by fostering greater collaboration and transparency between the public and private sectors.

Most significantly, this paper underscores the need for a robust re-examination and reconsideration of the structure, design, and goodness-of-fit of the public procurement process and procedures in initiating public-private partnership (PPP) projects. Public procurement systems worldwide are generally initiated by the public sector through requests for quotes or proposals, setting the specifications for project requirements. According to the research findings of this paper, it is both foreseeable and unfortunately logical that most infrastructure development projects implemented through these systems are destined to fail, plagued by cost overruns, building delays, inefficiencies, and long-term defects. Further consideration of the real-world scenario in which the private sector engages with the public sector prior to the commencement of the public procurement process reveals that the entire project risks being labelled as irregular due to allegations of potential collusion and corruption. Perhaps an entirely separate framework for project initiation and management ought to be conceived, designed, and regulated specifically for PPP projects, representing a fruitful endeavour for further research in infrastructure development that makes a good sense of business.

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Appendix A

Short-Run Total Cost Function with Capital K_0 from Equation **(5)**:

$$TC = FC + wL$$

$$= rK_0 + wL$$

$$= rK_0 + w\left(\frac{Q}{s^m(1-s)^n L^{m+n} \cdot t^i(1-t)^j K_0^{i+j}}\right)^{\frac{1}{m+n}}$$

Marginal Cost (MC) of quantity Q with Capital K_0:

$$MC = \frac{\partial TC}{\partial Q}$$

$$= \frac{w}{m+n}\left(\frac{Q}{s^m(1-s)^n L^{m+n} \cdot t^i(1-t)^j K_0^{i+j}}\right)^{\frac{1}{m+n}-1} \cdot \left(\frac{1}{s^m(1-s)^n L^{m+n} \cdot t^i(1-t)^j K_0^{i+j}}\right) \cdot \frac{Q}{Q}$$

$$\therefore MC = \frac{w}{m+n} \cdot \frac{L}{Q}$$

TRACK ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT

THE ROLE OF NATIONAL CULTURAL VALUES IN THE BUSINESS SUCCESS OF TANZANIAN SMALL BUSINESSES

Bukaza Chachage, Faculty of Business Management, The Open University of Tanzania
Iringa Regional Center, P. O. Box 2559, Iringa, Tanzania, Tel. +255 (0)767 076076
E-mail: Bukaza.Chachage@out.ac.tz

Cecil Arnolds, Nelson Mandela University Business School, Nelson Mandela University
P.O. Box 77000, Gqeberha, 6031, South Africa, Tel. +27 (0) 41 504 3737, Fax. +27 (0) 41 504 3891, E-mail: cecil.arnolds@mandela.ac.za

ABSTRACT

Poverty in Tanzania could be reduced if more small, medium, and micro enterprises were established and sustained, and more economic growth was thereby achieved. It has been suggested that poor countries such as Tanzania fail to achieve this goal because the influence of national cultural values on small business success is not sufficiently focused on. The study explores this research gap on a sample of 410 small businesses drawn from Tanzania's eight geographical regions. The empirical results show that there are significant relationships between most of national cultural values and small business success. Egalitarianism is however not significantly related to effective financial and human resource management, while harmony is not significantly related to and effective human resource management. Embeddedness and affective autonomy are not significantly related to effective operations management.

Keywords: values, small business success, entrepreneurship, national culture.

INTRODUCTION

Tanzania is an emerging lower-middle-income country that still faces high levels of poverty (World Bank, 2021). The World Bank fears that the country could be pushed back to lower-income country (LIC) status as a result of the negative after-effects of Covid-19 and of the country's population growth which cannot be sustained by its economic growth (World Bank, 2020). The establishment and growth of small businesses is essential to reduce poverty levels in countries (Economic and Social Research Foundation [ESRF], 2016).

To handle the challenges of the Covid-19 pandemic, countries had to formulate and implement national plans. The present study argues that governments and/or economic and business development institutions also need a national cultural approach to encourage the establishment and growth of small businesses. The study therefore investigates how the

Tanzanian government and relevant institutions should cultivate national cultural values among its citizens in order to establish and grow successful small businesses. In Tanzania, a small business is defined as an enterprise with a capital investment ranging from TZS 5 million to TZS 200 million and which employs between five (5) and 49 employees (United Republic of Tanzania [URT], 2003).

LITERATURE REVIEW AND PROBLEM INVESTIGATED

Background

Small businesses – as part of the small, medium, and micro enterprise (SMME) sector – are significant contributors to the economic development and employment of many countries worldwide (World Bank, 2017). For example, SMMEs create more than half of global employment (World Bank, 2017). In the emerging markets, SMMEs create seven out of every ten jobs (World Bank, 2019). On the African continent, SMMEs account for more than 90% of all businesses and they contribute to about 50% of gross domestic product (GDP) (Kamunge, Njeru and Tirimba, 2014). According to the Organisation for Economic Cooperation and Development (OECD, 2017a, 2017b), SMMEs' contribution to GDP and total employment exceeds 60% and 70% respectively in LICs.

Tanzania's five million SMMEs, mostly in the informal sector, provide employment to more than five million people and contribute about 35% of the country's GDP (ESRF, 2016). The country has been implementing many interventions in pursuit of establishing and growing SMMEs in Tanzania. Structural interventions include cultivating an enabling business environment, streamlining and strengthening regulatory procedures, encouraging the establishment of regional business development centres, developing the exporting capacity of SMMEs, and supporting access to technology (ESRF, 2016). Examples of physical interventions are attending to the challenges of bureaucratic regulatory red tape, poor infrastructure (roads, power, water and telephone systems), lack of information on business opportunities and markets, and low-quality standard of products (ESRF, 2016). Despite these interventions, sustaining small business success in Tanzania remains a challenge.

The World Bank (2021) suggests that Tanzania increase its investment in human development to achieve its desired goals of higher standards of living, peace and stability. Mackenhauer (2016) recommends that human development infused by a national culture that promotes entrepreneurship is key to achieving these goals. Burgess (2011) advises that national cultural values such as egalitarianism, mastery, harmony, embeddedness, affective autonomy and intellectual autonomy provide the philosophical underpinning for strategies to achieve SMME business success.

The importance of national culture values

National cultural values theories, such as those of Hofstede and Schwartz (Minkov and Hofstede, 2012), have been used to study the influence of national culture on business performance of organisations within and across countries (Mubarak, Alawi and Razzaque, 2017). National culture is defined as “the collective programming of the mind that distinguishes the members of one group or category of people from another” (Minkov and Hofstede, 2012: 9). Mubarak et al. (2017) define national culture as the shared values and assumptions held by the citizens of a nation. Combining the abovementioned definitions, national culture is defined in the current study as the shared collective mental programming, in terms of values and assumptions held by Tanzanian small business owners and managers.

Research in the area of national cultural values produced the Hofstede dimensions of national cultures, Trompenaars and Hampden-Turner’s cultural factors, Schwartz’s cultural values, Inglehart’s “globe” cultural dimensions and Lewis’s model of national culture (Minkov and Hofstede, 2012). Of these, Schwartz’s theory and framework has proven to be better in predicting national culture in the trade context (Ng and Lim, 2019) and is therefore used in this study to investigate the role of national culture in the business success of Tanzanian small businesses. While Schwartz’s framework consists of seven national cultural values, only six of the seven are focused on in the current study. Hierarchy is excluded because it has been extensively researched and is not a strong feature of small businesses owing to their modest size (often comprising only an owner and minimal subordinates). The remaining six variables are summarised next.

Egalitarianism emphasises being altruistic and transcending or putting aside selfish interest to save others without thinking of personal gains (Schwartz, 2004). Scholars have demonstrated the importance of equality in fostering business performance or success. For instance, Swaab and Adam (2015) found that institutional and psychological measures of equality were associated with improved team performance. Shao, Kwok and Zhang (2013), Çetenak, Cingöz and Acar (2017) and Yamen, Al Qudah, Badawi and Bani-Mustafa (2019) all reported positive relationships between egalitarianism and effective financial management.

Harmony can be found in a society that emphasises a life of balance and living in peace with nature. The beliefs held by a harmony culture include valuing a world at peace, unity with nature, protecting the environment, and accepting one’s lot in life (Schwartz, 2007). Chow and Yau (2010) found that harmony has direct and indirect effects on the success of an organisation. Inter-organisational harmony directly affects the success of the company and also promotes cooperation, which in turn enhances success. Carmen, Jiménez, Manuel, Vallejo and Rocío (2015) report that a high level of harmony in family businesses reflects the firm's priority given to social capital and, consequently, that this has a positive performance effect on family businesses.

Embeddedness or conservative culture prefers the maintenance of the status quo, group solidarity, traditional orders and a shared way of life (Burgess, 2011). According to Jack and Anderson (2012), embeddedness plays an important role in sustaining and creating opportunities, and in enabling entrepreneurs to exploit business opportunities. The study of Mari, Poggesi and De Vita (2016) found that female business owners benefit substantially from collective linkages with family and other mechanisms which support their business endeavour.

Mastery emphasises active mastery of the social environment and the rights of individuals to compete and be ahead of others. The important values exhibited by societies that demonstrate mastery are ambition, success, daring, self-sufficiency, competence, choosing own goals and independence (Schwartz, 2007; Kirca, Jayachandran and Bearden, 2009; Nasuredin, Halipah and Shamsudin, 2016). Garcia-Morales, Llorens-Montes and Verdu-Jover (2007) found that personal mastery positively influences organisational performance, while Nasuredin et al. (2016) report that a competency portfolio has a direct impact on organisational performance.

Affective autonomy refers to individuals who feel entitled to pursue their own stimulating and hedonistic interests and desires (Schwartz, 2004). Affective autonomy cultures treat their members as independent actors with their own interests, preferences and abilities, which guide these members to praise values such as novelty, variety and individual gratification (Sagiv & Schwartz, 2000). Affective autonomy effects business success. For example, affective autonomy cultural values lead to a stronger market orientation, since this cultural perspective drives individuals to pursue superior value provision through satisfying needs and wants of consumers, innovativeness, flexibility, quality and competence (Narver & Slater, 1990). In the pursuit of effective financial management, Diallo (2021) found that affective autonomy is positively related to the probability that firms would welcome and support external audits.

Intellectual autonomy refers to individuals who pursue their own intellectual interests and desires (Schwartz, 2004). Characteristics of intellectually autonomous individuals include curiosity, broadmindedness and creativity (Schwartz, 2004). These characteristics cause highly intellectually autonomous people to exhibit more market-oriented values and norms, because such individuals are relatively open to change and diversity (Kirca, Cavusgil and Hult, 2009). Such individuals are also inclined to strive for innovativeness, flexibility, quality and competence (Narver & Slater, 1990). Furthermore, intellectual autonomy culture is associated with extrinsic work values such as remuneration and security, which are important human resource management issues (Diallo, 2021). Individuals with an affective autonomy culture is also more positively inclined towards establishing and growing new enterprises (Alsaad, 2018).

Business success in SMEs

According to Nikoli'c et al. (2015), the critical success factors for SMEs worldwide include marketing, technology, innovation, finance, market conditions and competition. Pletnev and Barkhatov (2016) furthermore suggest that HRM qualities such employee professionalism and customer and supplier relations management, together with their remuneration, are critical for SME growth.

In further highlighting of the importance of financial, marketing and human resource management as critical success factors for SMEs, Lampadarios et al. (2017) indicate that access to financial resources and advisory services, market and product orientation and human capital provisioning are examples of such success factors. Consistent with the previous study's findings, Tit et al. (2019) found in their study on SMEs in Saudi Arabia that the most critical factor affecting the success of SMEs was business support (such as finance-related support), followed by capital availability and human resources management practices.

Chowdhury et al. (2015), Muriithi (2017) and Emezie (2017) highlighted technology, infrastructure and information access as critical factors for successful operations management in SMEs. In addition, Dasanayaka et al. (2011) suggested that SMEs would be challenged in achieving business success if their operations management is not supported in efforts to eliminate product quality barriers.

Against the above-mentioned background, Tuan et al. (2016) suggest that the business success of SMEs is dependent on three broad generic indicators namely production (operations), finance and marketing. It is also important that, through effective HRM, personnel training (Dasanayaka et al., 2011) and remuneration (Pletnev and Barkhatov, 2016) are provided to implement the other critical success factors. The present study therefore defines business success in SMEs as effective marketing management, financial management, operations management and human resource management.

Problem investigated

According to Dülmer, Schwartz, Cieciuch, Davidov and Schmidt (2023: 458), "the cultural level, represented by contextual variables [such as national cultural values], plays a major role in explaining individual behavior and social phenomena". They however suggest that this importance of national culture values has not been sufficiently recognised, as most of the focus of value research has been on individual values. Against this background, national cultural values, as antecedents of individual behaviours to achieve business success in small businesses, have probably not been comprehensively investigated. There is therefore a need to investigate how national cultural values should be cultivated through government policies, educational curricula and community development organisations, in pursuit of small business establishment and growth in Tanzania.

RESEARCH OBJECTIVE AND HYPOTHESES

The primary objective of this study is to investigate the role of national cultural values in achieving small business success in Tanzania. In pursuit of this objective, and supported by the literature review above, the following hypothesises are formulated:

H1: National cultural values (as measured by egalitarianism) are positively related to Tanzanian small business success, as measured by effective marketing management (H1a), operations management (H1b), human resource management (HRM) (H1c) and financial management (H1d).

H2: National cultural values (as measured by mastery) are positively related to Tanzanian small business success, as measured by effective marketing management (H2a), operations management (H2b), HRM (H2c) and financial management (H2d).

H3: National cultural values (as measured by harmony) are positively related to Tanzanian small business success, as measured by effective marketing management (H3a), operations management (H3b), HRM (H3c) and financial management (H3d).

H4: National cultural values (as measured by embeddedness) are positively related to Tanzanian small business success, as measured by effective marketing management (H4a), operations management (H4b), HRM (H4c) and financial management H4d).

H5: National cultural values (as measured by affective autonomy) are positively related to Tanzanian small business success, as measured by effective marketing management (H5a), operations management (H5b), HRM (H5c) and financial management H5d).

H6: National cultural values (as measured by intellectual autonomy) are positively related to Tanzanian small business success, as measured by effective marketing management (H6a); operations management (H6b), HRM (H6c) and financial management H6d).

METHODOLOGY OF THE STUDY

Research paradigm

This study is located within positivist research philosophy and therefore a quantitative methodological paradigm. The data is statistically tested for normalcy, validity and reliability. Hypothesised relationships are statistically investigated through structural equation modelling (SEM) and multiple regression analyses.

The SEM technique provides a more rigorous analysis of hypothesised relationships, as it measures the statistical relationships among multiple independent and dependent variables simultaneously, while controlling for extraneous and confounding variables and accounting for measurement error (Hair et al., 2010). Multiple regression analysis, on the other hand, can only measure the hypothesised relationships between multiple independent variables and one dependent variable at a time (Cooper and Schindler, 2006. The SEM technique is based on covariance analysis, while multiple regression is based on correlational relationships (Hair et al., 2010).

The sample

The sample of the study comprises 410 small businesses randomly selected from eight geographical areas in Tanzania. The most senior manager in these businesses (owner/manager) completed the questionnaires on behalf of their businesses. About 98.6% of the sample comprised the owner alone plus up to a maximum of four employees. About 93.2% generated an annual turnover of less than TZS 10 million to maximum TZS 49 million, and 97% had a capital investment of less than TZS 5 million to a maximum of TZS 200 million. These numbers fall within the norms describing Tanzanian small businesses. The results of this empirical study are therefore mostly applicable to small businesses in Tanzania. The sample distribution in terms of the business sector in which these enterprises operate shows that the majority (35.9%) of small businesses in the study operated as wholesalers, retail traders and motor vehicle repair shops, while 21.1% of small businesses offered other services; 9.5% were involved in accommodation and food services, and a further 9.5% in agriculture, forestry and fishing activities. The sample is therefore a fair representation of sector distribution of Tanzanian small businesses.

The measuring instruments

Business success in this study is defined and measured as the extent to which owners and managers of SMMEs implement effective marketing, operations, human resources and financial management in their businesses. This questionnaire was developed by the Small Enterprise Development Agency of South Africa (SEDA, 2004). Operations management was measured by the extent to which a small business effectively manages business operations, such as inventory control, procurement, process improvement, housekeeping, and service delivery. HRM was measured by the extent to which the business optimally manages its staff through industry-aligned remuneration, the control of absenteeism, training, and the use of sound disciplinary codes and grievance procedures. The small business exhibits good marketing if it effectively markets and promotes the products and services of the firm, increases its customer base, adapts its product and services to changes in the market, and keeps informed about competitors' activities. Financial management was measured by the extent to which the business maintains basic financial management principles, such managing total overhead costs and cash flow, calculating break-even points, changing product prices from time to time, and maintaining a separate bank account for the firm. The marketing management section of the instrument consisted of twelve items, while the operations management section consisted of nine items. The HRM section had ten items, and the financial management section eleven items.

Schwartz's (2004) instrument was used to measure the six national culture values. The egalitarianism instrument consisted of nine items, mastery eight, harmony eleven items, embeddedness thirteen items, affective autonomy seven, and intellectual autonomy ten items. All the questionnaire items were anchored to a five-point Likert scale ranging from (1) strongly disagree to (5) strongly agree.

EMPIRICAL RESULTS, MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

Data normalcy

The normal distribution of data in this sample was measured by calculating the Durbin-Watson test statistic and conducting Cook's distance statistical analysis (Ghasemi and Zahediasl, 2012). The Durbin-Watson *d* test statistical values should range from 1.5 to 2.5, while Cook's distance analysis for homogeneity of variance among residuals should range from zero to ≤ 2.00. In this sample, the Durbin-Watson *d* and serial correlation residuals for all variables ranged from 1.661620 to 2.030208, while Cook distance statistic shows that most of the variances are closely spread around zero and up to a limit of below 2.00. Based on these tests, data normalcy has been confirmed and parametric data analyses could proceed.

Validity and reliability of the data

Multiple versions of exploratory factor analysis (EFA) were conducted to assess the construct validity of the data. The EFA highlighted high levels of multicollinearity, which threatened the correct interpretation of statistical parameters (Zikmund, Babin, Carr and Griffin, 2013). The presence of multicollinearity is also often an indication that the exploration of first-order constructs in a data set is not required and that higher-order constructs may already exist in the data (Schwarz, Schwarz and Black, 2014). With well-established higher-order constructs such as national cultural values, an EFA was therefore abandoned, and confirmatory factor analysis (CFA) was conducted instead. Table 1 shows that the CFA produced acceptable to good fit indices.

TABLE 1

THE MODEL FIT INDICES

Fit index	**Business success variables**	**National culture variables**
Root Mean Square Error of Approximation (RMSEA)	0.013	0.024
Adjusted Goodness Fit Index (AGFI)	0.90	0.89
Normed Fit Index (NFI)	0.90	0.89
Comparative Fit Index (CFI)	0.99	0.98

TABLE 2

THE EMPIRICAL FACTOR STRUCTURE

Latent variables	**Measurement items**	**Cronbach alpha**
Egalitarianism	EG 1-6	0.673
Harmony	HA 1-6	0.655
Embeddedness	EM 1-7	0.676
Mastery	MA 1-6	0.692
Intellectual autonomy	IA 1-7	0.809
Affective autonomy	AA 1-7	0.711
Effective operations management	OM 1-9	0.709
Effective HRM	HR 1-10	0.802
Effective marketing management	MM 1-12	0.708
Effective financial management	FM 1-7	0.739

The Cronbach alphas were also calculated to assess the reliability of the data. Table 2 shows the final empirical factor structure and Cronbach alpha scores that emerged from the CFA. All the constructs of this study showed acceptable Cronbach's alpha coefficients, ranging from fair reliability (0.60 to 0.69), according to Zikmund et al. (2013), to good and very good reliability (0.70 to 0.80), according to Nunnally (1978).

The hypothesised relationships

Multiple regression analyses were used to investigate the hypothesised relationships between national cultural values and measures of small business success (effective marketing, operations, human resource and financial management) in Tanzania. The empirical results of these analyses are reported in Table 3.

The role of egalitarianism in achieving Tanzanian small business success

The empirical results in Table 3 show that egalitarianism is significantly and positively related to effective marketing management (b^* = 0.122, $p < 0.01$) and operations management (b^* = 0.171, $p < 0.001$). Hypotheses H1a and H1b were therefore supported by these results. The implication of these results is that effective marketing and operations management could be achieved by implementing the following egalitarian beliefs of Tanzanian small business owners: prioritising equality to exemplify success and the smooth running of small businesses, using equality to unite everybody in the small business sector, and prioritising actions that remove egocentric behaviours by focusing instead on developing behaviours and actions that benefit others.

TABLE 3

MULTIPLE REGRESSION ANALYSIS RESULTS

	Effective marketing management		**Effective operations management**		**Effective HRM**		**Effective finance management**	
National cultural value	**Beta *b****	**p-value**	**Beta *b****	**p-value**	**Beta *b****	**p-value**	**Beta *b****	**p-value**
Egalitarianism	0.122#	0.008	0.171#	0.000	0.032	0.442	-0.020	0.681
Harmony	0.173#	0.000	0.171#	0.001	-0.033	0.478	0.119#	0.026
Embeddedness	0.115#	0.024	0.004	0.941	0.109#	0.021	0.175#	0.002
Mastery	0.187#	0.000	0.300#	0.000	0.227#	0.000	0.176#	0.001
Affective autonomy	0.145#	0.002	-0.053	0.295	0.367#	0.000	0.238#	0.000

Intellectual autonomy	0.190#	0.001	0.265#	0.000	0.222#	0.000	0.178#	0.003
Coefficient of determination	R^2 = 0.618		R^2 = 0.561		R^2 = 0.664		R^2 = 0.551	

Note: # indicates a significant relationship

The empirical results also show that egalitarianism is not significantly related to effective HRM and financial management. Hypotheses H1c and H1d were therefore not supported. This means that the abovementioned egalitarian beliefs in the equality of all human beings have no influence on effective HRM in Tanzanian small businesses. This finding is surprising, as it was expected that the strong African beliefs in equality would play a significant role in pursuing effective HRM. This calls for more research on this issue. The non-significant relationship between egalitarianism and effective financial management is not consistent with the findings of Shao et al. (2013), Çetenak et al. (2017) or Yamen et al. (2019) who reported positive relationships between egalitarianism and effective financial management. The centrality of egalitarianism in the African worldview brings about the expectation that that cultural value would play a role in all management activities in countries like Tanzania. This proposition is however not supported by the empirical results of this study. There is consequently a need to further investigate why egalitarianism is not prioritised in the performance of financial management in Tanzanian small businesses.

The role of mastery in achieving Tanzanian small business success

The empirical results reveal that mastery is significantly and positively related to effective marketing management (b^* = 0.187, p < 0.001), operations management (b^* = 0.300, p < 0.001), HRM (b^* = 0.227, p < 0.001) and financial management (b^* = 0.176, p < 0.01). These results therefore supported hypotheses H2a, H2b, H2c and H2d, suggesting that the cultural value of mastery must be fostered to increase effective marketing, operations management, human resources and financial management in Tanzanian small businesses. This could be done by implementing the following: setting goals and achieving objectives regularly, considering competence to attain goals, encouraging proactiveness and self-reliance in attaining goals, emphasising efficiency and effectiveness, prioritising working hard as the key indicator for success, and maintaining stakeholders' respect for competence. Mastery's influence on all four management functions makes it a critically important national cultural value, deserving of special attention from the Tanzanian government and other relevant institutions.

The role of harmony in achieving Tanzanian small business success

The empirical results further show that harmony is significantly and positively related to effective marketing management ($b^* = 0.173$, $p < 0.001$), operations management ($b^* = 0.171$, $p < 0.01$) and financial management ($b^* = 0.119$, $p < 0.01$). The empirical results therefore supported hypotheses H3a, H3b and H3d, which means that the attributes of harmony beliefs should be fostered in Tanzanian small businesses to achieve effectiveness in marketing, operations and financial management management. Harmony values could be fostered by pursing harmonious relationships (unity, friendship and peace) at all costs, resolving conflicts by negotiation rather than striking, adhering to government and relevant institutional directives and regulations, and always considering the environmental impact of the small business and seeking innovative ways to protect the environment and maintain the beauty of nature. Harmony is not significantly related to effective HRM. Hypothesis H3c was therefore not supported. This is an unexpected finding, as it is usually reported that the abovementioned harmony values are strongly aligned to African beliefs. More research is therefore required on this issue as well.

The role of embeddedness in achieving Tanzanian small business success

The empirical results reveal that embeddedness is significantly and positively related to effective marketing management ($b^* = 0.115$, $p < 0.05$), HRM ($b^* = 0.109$, $p < 0.05$) and financial management ($b^* = 0.175$, $p < 0.05$). In supporting hypotheses H4a, H4c and H4d, the results imply that embeddedness values should be cultivated in Tanzanian small businesses for effective marketing, human resources and financial management to be achieved. Such cultivation should include the defining of success on the basis of concern for others; sacrificing self-interest for the benefit of others; performing operations in the spirit of stable relationships, teamwork, consensus and participation; emphasising relationships and collective consciousness; promotion of collective success as being more important than individual rewards; and promoting cooperation over competition.

The results show that embeddedness is not significantly related to effective operations management, which is inconsistent with hypothesis H4b. This suggests that cultural values related to embeddedness do not drive effective operations management in Tanzanian small businesses. On the other hand, collective consciousness, sacrificing self-interest for the benefit of others, and stable relationships, concern for others, teamwork, consensus, participation and cooperation rather than competition appear to be strong African values. Therefore, is there a potential misalignment between embeddedness values and the way in which Tanzanian small businesses should manage their operations? Is this the reason why the desired small business growth is not achieved? These questions require more future research.

The role of affective autonomy in achieving Tanzanian small business success

According to the empirical results, affective autonomy is significantly and positively related to effective marketing management (b^* = 0.145, $p < 0.01$), HRM (b^* = 0.367, $p < 0.001$) and financial management (b^* = 0.238, $p < 0.001$). These results supported hypotheses H5a, H5c and H5d, and imply that affective autonomy should be nurtured to increase effective marketing, human resources and financial management in Tanzanian small businesses. Affective autonomy can be promoted by seriously focusing on the enjoyment and happiness of staff, making business operations pleasurable, encouraging the frequent demonstration of positive emotions in their firms, encouraging stakeholders to pursue positive experiences for their general well-being, providing a stimulating business environment, and prioritising recreational activities for staff, including the active participation in sport.

The empirical results reveal that affective autonomy is not significantly related to effective operations management and is therefore inconsistent with hypothesis H5b. This means that the abovementioned affective autonomy initiatives do not play a role in achieving effective operations management in Tanzanian small businesses. Future research is required to investigate the reason(s) for this situation. This again could indicate a potential misalignment between desired business actions and national culture values.

The role of intellectual autonomy in achieving Tanzanian small business success

The empirical results demonstrate that intellectual autonomy is significantly and positively related to effective marketing management (b^* = 0.190, $p < 0.01$), operations management (b^* = 0.265, $p < 0.001$), HRM (b^* = 0.222, $p < 0.001$) and financial management (b^* = 0.178, $p < 0.01$). By supporting hypotheses H2a, H2b, H2c and H2d, the empirical results highlight the critical importance of intellectual autonomy as a national cultural value. Intellectual autonomy should be strengthened by committing to regular process improvements, encouraging new ideas and unique ways of doing things, acting on ideas irrespective of the source, encouraging and rewarding creativity, and prioritising professional development. The critical importance of intellectual autonomy indicates that the Tanzanian government and other relevant stakeholders should invest more in business education and training to develop and enhance this national cultural value.

The collective role of the national cultural values in achieving Tanzanian small business success

The empirical results in this study show that the six national cultural values collectively explain 66.4% ($R^2 = 0.664$) of the variance in effective HRM, 61.8% ($R^2 = 0.618$) of the variance in effective marketing management, 56.1% ($R^2 = 0.561$) of the variance in effective operations management, and 55.1% ($R^2 = 0.551$) of the variance in the effective financial management. These percentages signal the importance of these national cultural values as antecedents of small business success in Tanzania. The values explain more than 55% of movement in the indicators of Tanzanian small business success and consequently deserve the special attention of governmental or institutional interventions in Tanzania and similar countries.

CONCLUSION

The purpose of the study was to investigate the relationship between national cultural values and the achievement of small business success in Tanzania. More specifically, the study explored the role that Schwartz's (2004) national cultural values such as egalitarianism, mastery, harmony, embeddedness, effective autonomy and intellectual autonomy play in the success of these small businesses. The results showed that all national cultural values exert a positive influence on effective marketing management in Tanzanian small businesses; that all national cultural values, except egalitarianism, exert a positive influence on effective financial management in these businesses; that all national cultural values, except egalitarianism and harmony, exert a positive influence on effective HRM in these businesses; and that all national cultural values, except affective autonomy and embeddedness, exert a positive influence on effective operations management in Tanzanian small businesses. These results provide a framework of the national cultural values which the Tanzanian government and relevant stakeholders should promote to achieve small business success in that country. By infusing these values in the national culture of the country, the Tanzanian government and interested stakeholders will contribute significantly to the achievement of small business success in that country. These results are arguably also applicable across the African continent.

For future studies on the question of the influence on national cultural values and small business success, it is recommended that a pragmatic research design be implemented. In a pragmatic research design, both quantitative and qualitative methodological approaches would been followed. This study followed a quantitative methodological approach which might have limited the researcher to gain deeper qualitative insights into the motivations and perspectives on the relationships between values and behaviours.

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Contrasting South Africa's entrepreneurial outlook with its African and BRICS+ partners

Author 1: Bouba Ismaila, Postdoctoral Research Fellow
Accountancy Department, Vaal University of Technology, Vanderbijlpark, South Africa,
Email: boubai@vut.ac.za, Orcid: https://orcid.org/0000-0002-6753-5873
Author 2: John Beneke, Associate Professor
Accountancy Department, Vaal University of Technology, Vanderbijlpark, South Africa,
Email: johnb@vut.ac.za, Orcid: https://orcid.org/0000-0002-6766-2477

ABSTRACT

This paper's objective was to evaluate South Africa's entrepreneurship prospects in comparison to other leading African economies and its BRICS+ allies. The study used a mixed design to select multiple case studies (qualitative) and analyse quantitative data collected from these cases to examine the state of entrepreneurship of the two partner groups of countries separately. The variables examined were of new enterprises established in each nation over a five-year period, and the conditions surrounding the entrepreneurial environment. Secondary data from the World Bank and the Global Entrepreneurship Monitor was used. Pivot tables and Tableau were utilised to extract and summarise the relevant data, which was then visualised to provide insights. The results show that South Africa outperformed the other top African economies in terms of entrepreneurship. With regard to BRICS+ economies, the results also demonstrated that South Africa outperformed most of them in terms of entrepreneurship.

Keywords: BRICS+ economies, Entrepreneurship, South Africa, Top African economies

INTRODUCTION

Entrepreneurship has been practiced for centuries but has never seen its importance placed at the front of economic development across nations like it has been in the past few decades. The two-year World Bank's Entrepreneurship Database report, published in 2011, provides annual data on global company creation, using its methodology to measure entrepreneurial activity (Entrepreneurship Database, 2023). The Global Entrepreneurship Monitor is another international organization that focuses mainly on entrepreneurial activities and reports these for different regions and individual countries. This study analyses South Africa's entrepreneurship landscape compared to other big African economies and those of their partners in BRICS+, including the new members that joined the alliance this year. The analysis was facilitated using secondary data collected by the World Bank for the period between 2018 and 2022, purposefully chosen as a recent pre and post-COVID-19 pandemic period, and data collected by the Global Entrepreneurship Monitor for its 2022 report.

Globally, local economic development initiatives are placing a greater emphasis on entrepreneurship to utilize local and indigenous economic potential (Enaifoghe & Vezi-Magigaba, 2022). Studies in different regions of the world reported how critical entrepreneurship is for developing countries around the globe because of the importance placed on it and how it is being developed. For instance, microfilm entrepreneurship, which accounts for 86% of all active enterprises in the region, is essential to the economy of East and Central Europe (Bomani & Derera, 2018). Similarly, through initiatives from many years back (Tambunan, 2008), local business owners in Indonesia have participated significantly in domestic economic activities, which dramatically helps create jobs and generate income for many low-income households. However, numerous challenges, especially in developing countries, seem to remain, hindering the growth of entrepreneurship.

In South Africa, for the past 20 years, the government has put in place several initiatives to boost the country's entrepreneurial ecosystem. These initiatives include the creation of government agencies, such as the Small Enterprise Finance Agency (SEFA), Small Enterprise Development Agency (SEDA), National Empowerment Fund (NEF), and others, to assist various organizations. Nevertheless, many challenges impede the adoption of entrepreneurship, and these include financial challenges, lack of entrepreneurship education in public schools, and lack of support (Ngcobo & Khumalo, 2022). Furthermore, inadequate public utilities like electricity, water, telecommunications, and sanitation, coupled with inadequate transportation infrastructure, severely impede the growth of small enterprises in South Africa (Madzivhandila & Musara, 2020). To face these challenges, Meyer and Meyer (2016) contend that since unemployment and poverty are pervasive in South Africa's local communities, the jobs entrepreneurs create can be crucial in reducing these social problems in local governments. (Enaifoghe & Vezi-Magigaba, 2022) agree that through entrepreneurship, local economic development (LED) can be achieved as a result of the creation of jobs and opportunities locally, improving the quality of life locally, and ensuring that local growth is founded on comparative advantages within the community.

Linking this paper to the conference theme – A sense of good business – entrepreneurs generate and retain value from thoroughly investigated prospects by transforming them into profitable ventures.

LITERATURE REVIEW

Research on entrepreneurship has gained momentum across the world over the past two decades, and seems to intensify by the day. An emphasis on entrepreneurship might be due to the fact that governments only cannot provide employment for all masses, thus the need to encourage and assist them create employment for themselves (Brière et al., 2014). With that, many concerns have been raised about establishing a favourable entrepreneurship ecosystems for millions of people who could be aspirant entrepreneurs, but might not be financially or otherwise equipped to start a business. Finance may be an essential element, however it's not the only one; there are other important factors that can lead entrepreneurs to be successful. In support of that, Brière, Tremblay, and Daou (2014) identified the most significant support services to entrepreneurs as being: networking, developing entrepreneurial skills, and access to financial capital. Inevitably, this leads to the question of entrepreneurship development, a process of improving the skills and knowledge of entrepreneurs to increase their numbers (Stamevska et al., 2018). Through the creation of procedures for removing obstacles to launching a new business or continuing entrepreneurship activities, entrepreneurial development incentives contribute to the increase of employment in a nation (Azamat et al., 2023). It is debated that the sustainable orientation of entrepreneurship can help prevent environmental deterioration and advance the sustainable development goals (SDGs) (Apostu & Gigauri, 2023). This assumed that the more skilled entrepreneurs are, the more they are aware and careful about their surroundings when conducting their entrepreneurship activities.

The role of government and regulatory environment are crucial factors in the development of entrepreneurship in any country. For example, the proportion of registered businesses in a nation is largely dependent on the quality of bureaucracy and its relationship to corruption, suggesting that the lower the bureaucratic barriers, the lower the level of corruption, and the easier it is to start or register a new business (Azamat et al., 2023). Individual countries as well as countries in different regions have been trying to transform their entrepreneurship environments to be friendly and more conducive to start businesses. In Romania, the Small Business Act, the Start-up law (Start-up Nation) were passed as a framework for SME support policies, and to sustain financially newly created companies (Manta & Enea, 2019). Many other countries around the world have passed special legislations to support entrepreneurial activities and SME development in their respective countries (Apostu & Gigauri, 2023; Daraojimba et al., 2023; Enaifoghe & Vezi-Magigaba, 2022; Manta & Enea, 2019; Zhakupov et al., 2023). Manta and Enea (2019) agree that small and medium-sized enterprises (SME) are the backbone of every contemporary economy, making them a priority for the European

Union as well as individual countries, as they are a very wide category of economic agents that are more dynamic and flexible than big companies.

In South Africa, in order to foster sustainable black economic participation in the economy, the National Empowerment Fund serves as a catalyst for Broad-Based Black Economic Empowerment (B-BBEE), a policy that encourages, facilitates, executes, and creates creative investments and transformation solutions (Mandate, Vision and Mission, 2024). With 54 branches and more than 100 incubation centres and hubs across South Africa, the Small Enterprise Development Agency is an organization under the Department of Small Business Development (DSBD) that offers non-financial help to cooperatives and small businesses. It may be reasoned that these initiatives and policies might have event some positive results, irrespective of whether enough is being done or not for entrepreneurship development in South Africa. This may be illustrated by the Global Entrepreneurship Monitor 2021-2022 report revealing that from as low as 10,7% in 2005 to the current high of 20%, there has been a considerable movement in the indicators of entrepreneurial inclinations over the past 20 years.

In order to fulfil their duty to support social and economic development, local governments can also encourage the growth of entrepreneurship by providing possibilities for private sector investment in the communities (Madzivhandila & Musara, 2020). Entrepreneurship through the creation of businesses which in turns create jobs, can be hailed as an agent of poverty reduction. However, there is need for incentives for the sector to develop and live up to the expectations. To concur that, Azamat et al. (2023) posit that through the creation of procedures for removing obstacles to launching a new business or continuing entrepreneurship activities, entrepreneurial development incentives contribute to the increase of employment in the country.

Undoubtedly, over the past 10 years, entrepreneurship at all levels – from informal to small and big business – has benefited enormously from the development of new technologies such as social media, mobile business devices, Internet of Things (IoT), blockchain, AI, e-commerce and others. With the help of these technologies, businesses can now achieve operational excellence, improve customer experiences, and optimise operations – all of which spur growth and open up a wealth of opportunities. These technological advancements have completely changed the rules for entrepreneurial tactics (Daraojimba et al., 2023). This has provided entrepreneurs, small and big, a huge opportunity to do business and reach a considerable amount of customers at affordable cost. This digitalisation of how business is done led to an unprecedented rise in tech-based start-ups in the worldwide market, many of which redefined industry standards and consumer expectations (ibid). This transformation of the business landscape provides unparalleled opportunities to digital entrepreneurs worldwide to create and pursue opportunities via the use of high tech platforms and other digital interactive tools. Entrepreneurs and business owners in developing countries like South Africa and Africa at large, with the assistance of the government and local authorities, should seize the opportunities presented by this transformation to try and make up for the lost ground that has been accumulated over decades of stagnation.

Two other factors for a successful entrepreneurship ecosystem worth looking at are the education of entrepreneurs. Many studies in entrepreneurial research linked the success of entrepreneurs to their personal traits, including developing entrepreneurial skills since they are not inherent, in addition to other factors (Apostu & Gigauri, 2023; Jami & Gökdeniz, 2020; Ngcobo & Khumalo, 2022; Radipere, 2012; Stamevska et al., 2018; Tambunan, 2008). This suggests that the government and any organisations that assist entrepreneurs with finance or otherwise should start with the training in basic entrepreneurial skills including financial literary. Higher education institutions and universities may play a big role here in their training of future graduate entrepreneurs. Education should lead to innovations that help enhance the overall conditions of society and should comply with national requirements (Jami & Gökdeniz, 2020). Over a decade ago, Universities in South Africa were still teaching entrepreneurship using the outdated, teacher-centered approach; and research advised the use of interactive techniques like simulation to help students hone their analytical and decision-making abilities (Radipere, 2012). According to the results of a more recent study, universities play an essential role in encouraging youth entrepreneurship in South Africa and lowering the country's unemployment rate (Musariwa & Tinonetsana, 2023).

Financing entrepreneurial ventures is another important factor in the success of entrepreneurship development that has been in the debate for a long time. Aspirant entrepreneurs may have great ideas. However, if they cannot finance these ideas, then they would probably just die in their heads. In a study on the adoption of entrepreneurship education as a strategy to curb youth unemployment in South Africa, One of the primary issues mentioned by all participants was the financial barrier (Ngcobo & Khumalo, 2022). Yet, different types of financing entrepreneurship have been in place for years, such as angel investors, venture capital, crowdfunding, traditional bank loans, bootstrapping, etc. However, accessing this finance is not always easy for entrepreneurs. With bootstrapping for instance, entrepreneurs should rely on their own money or borrow from family or friends to finance their start-up business. On a more positive note, crowdfunding has grown in popularity over the past two decades as one of the leading and easier way to get funding for entrepreneurs; and South Africa is leading the way on the African continent (Coetzee, 2013; Hiller, 2017; Soreh, 2017; Tekfi, 2018; Vries, 2019). Additionally, in South Africa, through a combination of direct and wholesale financing channels across several industries, the Small Enterprise Finance Agency offers financial goods and services to entrepreneurs and cooperatives as well as SMMEs that meet the requirements outlined in the National Small Business Act of 1996, as revised in 2004 (Who We Are, 2024). Whether these initiatives are enough to take entrepreneurship to the level it should be for an effective financial inclusion of communities is another matter.

In light of the above discussions on the importance of and need for entrepreneurship development, the matter under investigation in this study is evaluating the state of South African entrepreneurship in comparison to other top African economies and its BRICS+ partners, and recommending a way forward for its improvement.

RESEARCH OBJECTIVES

The main objective of this paper is to assess the South African entrepreneurship outlook compared to other top African economies and its BRICS+ partners and make recommendations on the lessons learned to improve the country's entrepreneurial landscape. The secondary objectives necessary to achieve the primary objectives are to:

- Evaluate the entrepreneurial output regarding the number of new businesses created within five years in the top five African economies, including South Africa, and compare the South African position with the other countries.
- Assess the entrepreneurial output in terms of the number of new businesses created within five years in each of the BRICS+ economies and comparing the South African position with the other countries.
- Link the entrepreneurial output comparison to the size of the adult population of the countries in respective groups.
- Examine the factors that are believed to significantly influence entrepreneurial activities and relate them to these countries' entrepreneurship outlook.

METHODOLOGY

The study used a mixed design to select multiple case studies (qualitative) and analyse collected data from these cases quantitatively to examine the state of entrepreneurship of the two groups of partner countries separately: the BRICS+ and the top five African economies. The two partner groups constitute the two samples of the study, with BRICS+ sample having 10 countries, and the top five African economies sample having five countries. The main variables under study were the number of new businesses, particularly the limited liability companies (LLCs) that had been created per year in each country for a period of five years, comprising years leading up to, and in the aftermath of COVID-19 pandemic. Other variables that were looked at, are related to the ‘entrepreneurial framework conditions’ that have been described as favourable factors to creating a conducive entrepreneurial environment in a country. The data used is part of data that has been collected and validated by the World Bank and the Global Entrepreneurship Monitor for their regular reports on the global business landscape.

The World Bank Entrepreneurship Database project gathered data on the number of newly registered businesses with limited liability (LLCs), as well as total number of firms, and number of closed firms per calendar year between 2006 and 2022 from business registries and statistics organisations in 180 countries (Entrepreneurship Database, 2023). For the purpose of this study, only the number of newly created companies were considered, and for the period between 2018 and 2022. With regard to GEM, the Entrepreneurial Framework Conditions (EFCs), a group of 12 elements thought to have a major influence on entrepreneurship, were the subjects of data collection. The data is used to evaluate the state of the EFCs in each economy at a specific moment in time using the National Expert Survey (NES), with a minimum of 36 carefully selected experts in each economy who are asked to rate the truth or falsity of items on a Likert scale (Bowmaker-Falconer & Meyer, 2022). The 2022 report data was used for this study as it coincides with the end of the five-year period of the World Bank data used.

To analyse the data, pivot tables in Excel and Tableau Public were used to extract the necessary data and summarise it, then visualise it to gain insights, make comparisons between the countries in each group and South Africa.

FINDINGS

The findings of the inquiry are discussed in the following sections.

Top five African economies entrepreneurship outlook

The number of new businesses created within the group of top five African countries is illustrated in figure 1 and discussed. The comparison between the countries in the group and South Africa is also made.

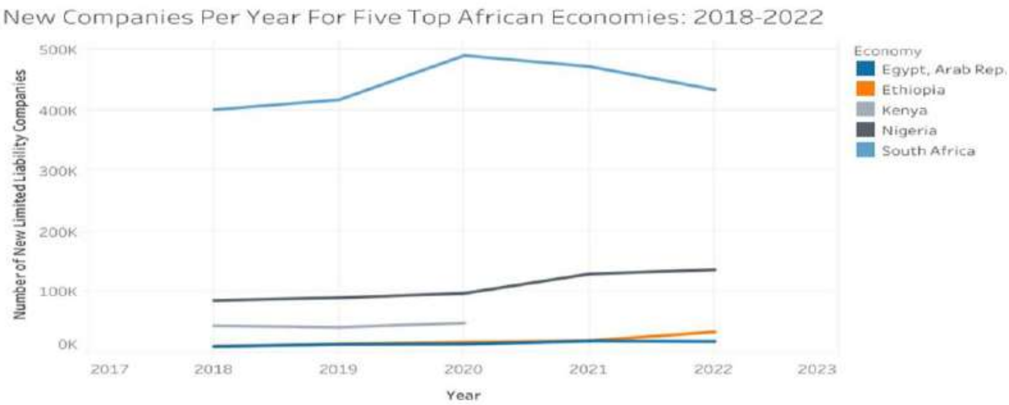

FIGURE 4 NUMBER OF NEW LLCS FOR TOP FIVE AFRICAN ECONOMIES

The results in Figure 1 indicate that South Africa has by far the largest number of new businesses created over the five-year period in each year, with over 400,000 new businesses created, although after reaching a peak in 2020 it has slowed down toward 2022. Nigeria came second with just over 100,000 new businesses on average, followed by Kenya for the period of 2018-2020; no data was available for Kenya for 2021 and 2022. Ethiopia and Egypt were almost at the same level with an average of less than 50,000 new businesses created per year. The gap in numbers of new LLCS created between the other four countries and South Africa may be large, nonetheless the findings themselves are not surprising since they corroborate a number of others (Arko-Achemfuor, 2012; Iwara et al., 2021; Klinger, 2022; Ncube & Matlala, 2024; Tambunan, 2008) that place South Africa top in the African continent in terms of entrepreneurship activities.

Now, let’s look at the population of these countries, just to put this in perspective with respect to their average adult population size. Figure 2 shows the adult population of each country.

FIGURE 5 AVERAGE ADULT POPULATION OF TOP FIVE AFRICAN ECONOMIES

Looking at the average size of the adult population of these countries, it may be noticed that South Africa comes fourth, only larger than Kenya. These finding shows that although South Africa is only the second smallest in terms of its population compared to the five countries, it is doing far better compared to those other top African economies in terms of entrepreneurship, notwithstanding the fact that it is still not enough to absorb the high unemployment rate in the country.

BRICS+ economies entrepreneurship outlook

The number of new businesses created within the group of BRICS+ countries is illustrated in figure 3 and discussed along with the comparison between the countries in the group and South Africa.

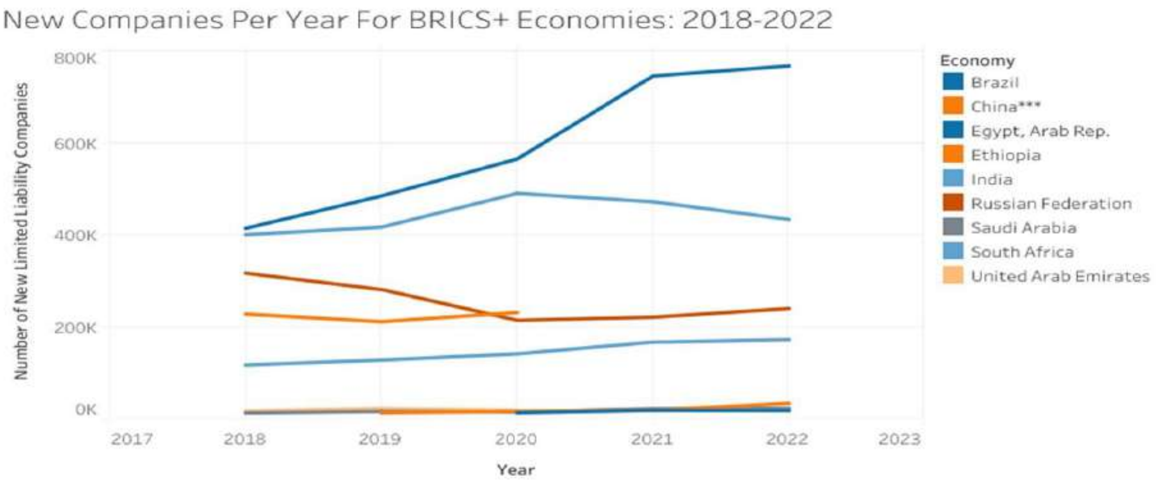

FIGURE 6 NUMBER OF NEW LLCS FOR BRICS+ ECONOMIES

Figure 3 and Table 1 (below) reveal that, in the BRICS+ group with nine countries represented (no data was available for Iran), South Africa came second after Brazil each year, in terms of new companies created during the period of five years, minding the fact that China was only represented by two regions (Beijing and Shanghai). The Russian Federation came third, followed by the two-region China and India came fifth. The rest of the countries were more or less at the same level. Table 1 shows the numbers for better understanding of this figure because of the overlapping line graphs of some countries.

TABLE 2 NUMBER OF NEW LLCS FOR BRICS+ ECONOMIES

Economy	Year				
	2018	2019	2020	2021	2022
Brazil	414,854	484,996	565,429	745,782	767,491

China***	228,559	211,960	232,064		
Egypt, Arab Rep.			14,337	19,286	18,587
Ethiopia		14,211	17,499	19,649	34,327
India	117,834	128,565	142,000	167,606	173,114
Russian Federation	317,475	281,834	214,895	221,776	240,458
Saudi Arabia	13,817	17,077	15,897	22,382	23,297
South Africa	401,054	417,453	490,487	472,324	434,024
United Arab Emirates	17,907	22,593	19,050		

*** China's numbers only included Beijing and Shanghai

Let's turn attention to the population of these countries and look at their average adult population size as represented in Figure 4.

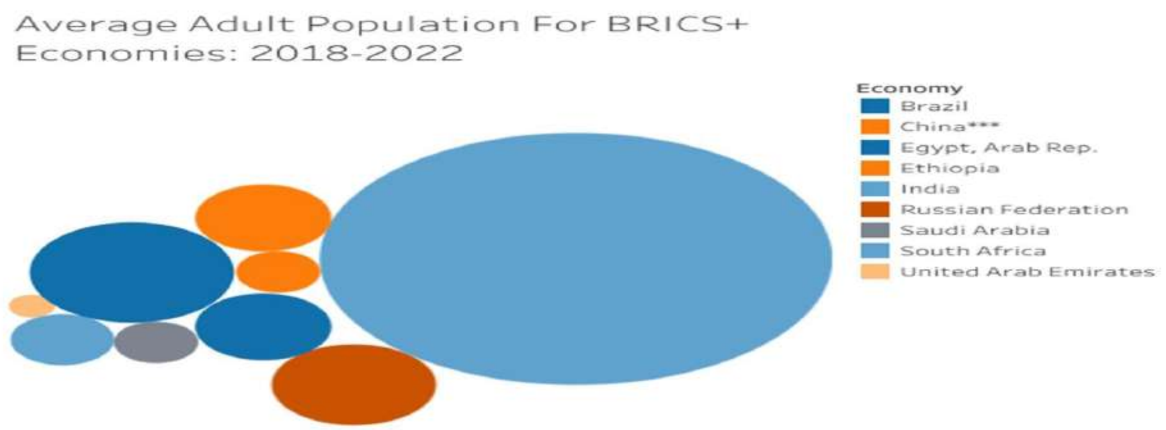

FIGURE 7 AVERAGE ADULT POPULATION OF BRICS+ ECONOMIES

Looking at the average size of their adult population, it can be seen that South Africa comes sixth, only larger than Saudi Arabia and United Arab Emirates. This finding also reveals that South Africa is doing better compared to many countries in the BRICS+ group in terms of entrepreneurship, although again, it may not enough to absorb the high unemployment rate in the country. However, it is positive sign and should be built on.

Entrepreneurship framework conditions

Let’s now look at the conditions or factors that favour entrepreneurship in a country and see whether or not they corroborate these findings for the countries under study. These factors labelled as entrepreneurship framework conditions (shown on Figure 5) by the Global Entrepreneurship Monitor, and collected data for the corresponding periods of 2018-2022, were used to plot the scores for each country. The results are illustrated on Figure 5. Here, only the BRICS+ plus countries are illustrated on the figure because all the countries are represented in the BRICS+ block except for Nigeria and Kenya. However, Nigeria, Kenya, Ethiopia, and Russia did not have data in the GEM data.

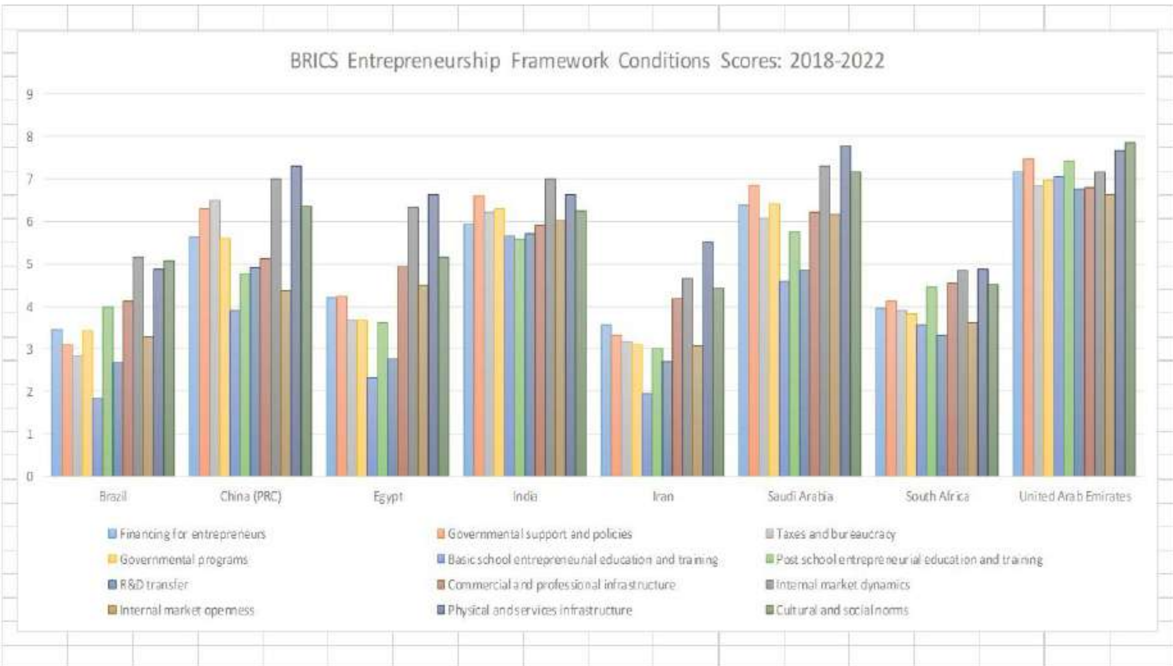

FIGURE 8 BRICS+ ENTREPRENEURSHIP FRAMEWORK CONDITION SCORES

There are 12 factors that have been measured for the framework condition scores on Figure 5. From this figure, it is displayed that South Africa did better than just three countries out of eight represented, namely Iran, Egypt and Brazil; and in only about half of the factors that are favourable to entrepreneurial activities. The most noticeable factors are basic school entrepreneurial education and training, and research and development (R&D) transfer. This is regardless of the findings of an inquiry of school principals in a region of South Africa by Ngcobo and Khumalo (2022) revealing that numerous obstacles to entrepreneurship adoption such as lack of funding, a shortage of entrepreneurship teaching in public schools, and a lack of support. Additionally, the country also had below average R&D score of 3,4 in 2021 compared to the GEM average of 4,0 (Bowmaker-Falconer & Meyer, 2022). This result is the opposite of the earlier findings where South Africa did better than most of their counterparts in both blocks with the number of new businesses created per year for the five year-period.

This suggests that people in those other countries had not been taking advantage of the more favourable conditions for entrepreneurial activities to their benefit.

PRACTICAL IMPLICATIONS AND RECOMMENDATIONS

The South African entrepreneurship development stakeholders should first take these findings positively as a motivation going forward. These results show that even in circumstances that are not among the best compared to their counterparts in these two groups, the country is slowly striving in the right direction when it comes to entrepreneurial activities. It is recommended that, to improve more on the country's entrepreneurial activities and output, the south African government and other stakeholders should take serious steps to improve on all the factors in the GEM list of the entrepreneurship framework conditions.

CONCLUSION

This study objective was to evaluate the South African entrepreneurship outlook compared to other top African economies and its BRICS+ partners. It's been revealed that in terms of entrepreneurial activities measured by the number of businesses created per year between 2018 and 2022, south Africa did better than most of the countries in the two blocks, maybe to the surprise of many observers of the country's economy that has often been criticised for lack of significant growth over many years. Furthermore, this finding is more surprising because South Africa is lagging behind most of these countries when it comes to many of the factors that favour entrepreneurial activities in a given country. As a result, it is recommended that while South Africa should welcome the study's findings, it shouldn't get complacent and instead put a lot of effort into enhancing the entrepreneurial framework conditions in order to develop its entrepreneurial landscape.

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Small and medium enterprise performance improvement through entrepreneurship management and operational efficiency

Zamurai Masuka, Irvine Langton and Chengedzai Mafini
Vaal University of Technology, South Africa.
Corresponding author: Irvine Langton irvinemakena7@gmail.com

Keywords: entrepreneurial management, operational efficiency, and organisational performance

Abstract
Most small and medium enterprises (SMEs) worldwide play a significant role in poverty alleviation, creating wealth, lifting the standard of living, and adding to their countries' gross domestic product (GDP). However, in South Africa, SMEs must show more turnover and employment growth. The major problems confronting them in South Africa include, among other things, the need for more education, skills and training, entrepreneurial skills, entrepreneurial management, and access to start-up capital. The study tested a conceptual framework for entrepreneurship management, operational efficiency, and performance in SMEs in South Africa. A quantitative methodology was used to gather the data using a questionnaire distributed to a purposively drawn sample of 494 SME owners, managers, and professional staff in the Gauteng Province of South Africa. The Statistical Packages for Social Sciences (SPSS, version 27.0) and SMART partial least squares (PLS, version 3.0) software were utilised to analyse the descriptive and inferential statistics. Structural equation modelling showed that entrepreneurial management, through five of its sub-constructs; formal and informal management structure, reward philosophy, growth orientation, and entrepreneurial culture, significantly influences the operational efficiency of SMEs. The study also confirmed that operational efficiency contributes positively to SMEs' financial and non-financial performance. The research is significant as it provides new and recent insights on entrepreneurial management and organisational performance to the existing body of knowledge within the domain of SME management in South Africa and other developing countries.

Introduction
Management of SMEs is a crucial function, and the economic success of the SME depends on how well the entrepreneur exploits their most valuable assets, namely, their knowledge, skills, and creativity (Wijaya, Yadewani and Karim, 2022). Enaifoghe and Vezi-Magigaba (2023) take a more simplistic view of management when they contend that "management is the process of getting things done, effectively and efficiently, with and through other people". According to Hayaeian, Hesarzadeh and Abbaszadeh (2022), many new ventures are created annually, but an almost equal number of SMEs close for various reasons. Wijaya *et al.* (2022) postulate that some of the causes for the failure of SMEs are a lack of technical skills, inadequate management competencies, and the general behaviour of owner-entrepreneurs that influence the chances of growth of entrepreneurship.

Most SMEs worldwide play a significant role in poverty alleviation, creating wealth, lifting the standard of living, and adding to their national Gross Domestic Product (GDP). However, in South Africa, SMEs must catch up regarding turnover and employment growth. According to Enaifoghe and Vezi-Magigaba (2023), the importance of SMEs in creating jobs and economic wealth is globally recognised. Ogujiuba *et al.* (2023) report that they employ 95 per cent of the world's working population and are the primary source of employment in developing countries. In South Africa, they contribute 56 per cent of private sector employment, demonstrating their importance in economic growth and alleviating poverty in the country (Littlewood & Holt 2018). This suggests that SMEs play a critical role in job creation, and this trend is also evident in South Africa.

Despite the contributions to job creation and economic growth by South Africa's SMEs, they still face challenges such as lack of funding, a lack of support from critical stakeholders, weak and inadequate training in entrepreneurship, high failure rate, and mismanagement of funds, innovation and creativity. Of these challenges, lack of entrepreneurship management is regarded as the critical challenge resulting in most SMEs' failure and mediocre performance. The persistence of this entrepreneurship management problem makes it imperative to continue exploring ways to enhance SMEs' operational efficiency and performance in South Africa. This study intends to contribute to the bid to develop SMEs in the country by generating information that leads to improved performance. The study presupposes that by harnessing (entrepreneurship management (EM), operational efficiency in SMEs is enhanced, leading to improved financial and non-financial SME performance. Yusr *et al*. (2022) established a positive relationship between EM and SME performance. Though there are variances, these studies reached some degree of congruence, most contextual to regions and countries where the studies were conducted. Additionally, Kamar *et al*. (2024) establish the positive relationship between EM and the performance of SMEs as well as the ability of such entities to become catalysts for economic growth.

Offering a different perspective, Sharma *et al*. (2024) contend that the environment in which businesses operate is changing, thereby creating a greater need to investigate the practices of SME managers themselves and determine their influence on the performance of their enterprises. Within South Africa, some studies examined the attitudes and perceptions towards entrepreneurship, while others investigated external forces that affect SMEs, as well as the failure of SMEs in South Africa (Leboea 2017; Ayandibu and Houghton, 2017; Ogujiuba *et al*., 2023). However, EM still needs to be added in most entrepreneurship studies conducted in the South African context. In addressing these gaps, this study explores the relationship between EM, operational efficiency and SMEs' performance in South Africa. This study is groundbreaking in that it incorporates EM and operational efficiency in analysing the performance of SMEs.

Literature review

Entrepreneurial management

Management of SMEs is a crucial function, and the economic success of the SME depends on how well the entrepreneur exploits their most valuable assets: their knowledge, skills, and creativity (Sharma *et al*., 2024). Qader, *et al*. (2022) take a more simplistic view of management when they contend that "management is the process of getting things done, effectively and efficiently, with and through other people". Entrepreneurial management in this study focuses on the following constructs: strategic orientation, formal management structure, informal management structure, rewards philosophy, growth orientation, and entrepreneurial culture (Inan *et al*., 2022). Strategic orientation explains the activities managers and organisations do, 'means to ends' trajectories followed in attempting to reach certain levels of success (Wang, 2022). Formal management structure includes a fixed set of rules of procedures and structures, usually set out in writing, with a language of rules that ostensibly leave little discretion for interpretation. In some organisations, such rules may be strictly followed; in others, they may be little more than an empty formalism. (Sharma *et al*., 2024). Informal management structure refers to the unwritten, unofficial relationships and networks within an organisation (Slade Shantz *et al*., 2020). In an informal management structure, there may be no clear lines of authority or communication, and individuals may have multiple roles and responsibilities. The structure is typically found in small organisations or within departments or teams within larger organisations (Sharma *et al*., 2024). Rewards philosophy refers to compensatory practices (Wang, 2022). Growth orientation pertains to high performance in sales, growth, and profitability, with various developmental trajectories for young enterprises (Inan *et al.* 2022). Entrepreneurship culture motivates people to establish enterprises (Qader, *et al*., 2022).

Operational efficiency

Many organisations, prompted by globalised business environments, have modified their existing processes and operations to improve efficiency and effectiveness (Aydiner *et al*., 2018). Operational efficiency is the ability of an organisation to reduce waste in time, effort and materials as much as possible, while still producing a high-quality service or product (Roffia, Simón-Moya and Sendra, 2022).

Within SMEs, the efficiency of operations is important because it enhances performance. This operational efficiency can be measured by the time taken from order to delivery, sales order processing, and total processing time, among others (Roffia *et al*., 2022). Furthermore, operational efficiency is essential, not only for customers but internally within the firm, and it also has a bearing on operational costs. Therefore, putting operational efficiency measures in place is crucial as they may help identify areas that must be controlled, managed, or altered (Inan *et al.* 2022).

Small and medium enterprise performance

Performance refers to a multidimensional array of financial and non-financial indicators (Espino-Rodriguez & Ramirez-Fierro 2018). Financial performance indicators include profitability, liquidity, debt, equity, and share value. Examples of non-financial performance indicators include competitiveness, market share, customer satisfaction, employee satisfaction, productivity, business growth, and learning and innovation (Cicea, Popa, Marinescu and Catalina Ștefan, 2019). In this study, financial and non-financial performance are used as the performance indicators in SMEs.

Every business's objective is to make a profit and grow (Menne *et al*., 2022). Financial performance, therefore, is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues (Roffia *et al*., 2022). The term is also used to measure a firm's overall financial health over a given period. Cicea *et al.* (2019) submit that financial performance is a critical yardstick for the success of any organisation. Financial performance, the essence of business growth, can be summed up in three perspectives: earn, secure revenue, profit, and increase sales (Susanto *et al*., 2023). Therefore, SMEs must improve their management structures and operational efficiency to enhance their financial performance.

Non-financial performance indicators (NFPIs) measure how well the organisation achieves its strategic goals, such as customer satisfaction, employee engagement, innovation, quality, or social responsibility (Susanto *et al.,* 2023). Espino-Rodriguez and Ramirez-Fierro (2018) note that one of the main benefits of using non-financial performance measures is that they help track business performance. For instance, if the HR team overspends, these metrics track this issue and may highlight high staff turnover rates as the cause (Menne *et al*., 2022). Therefore, SMEs must monitor their financial and non-financial performance with their operational efficiency and align the objectives to entrepreneurship management.

CONCEPTUAL FRAMEWORK

The study examined how EM influences SME operational efficiency and performance through its six dimensions: strategic orientation, resource orientation, management structure, reward philosophy, growth orientation and entrepreneurial culture. This is illustrated in Figure 1.

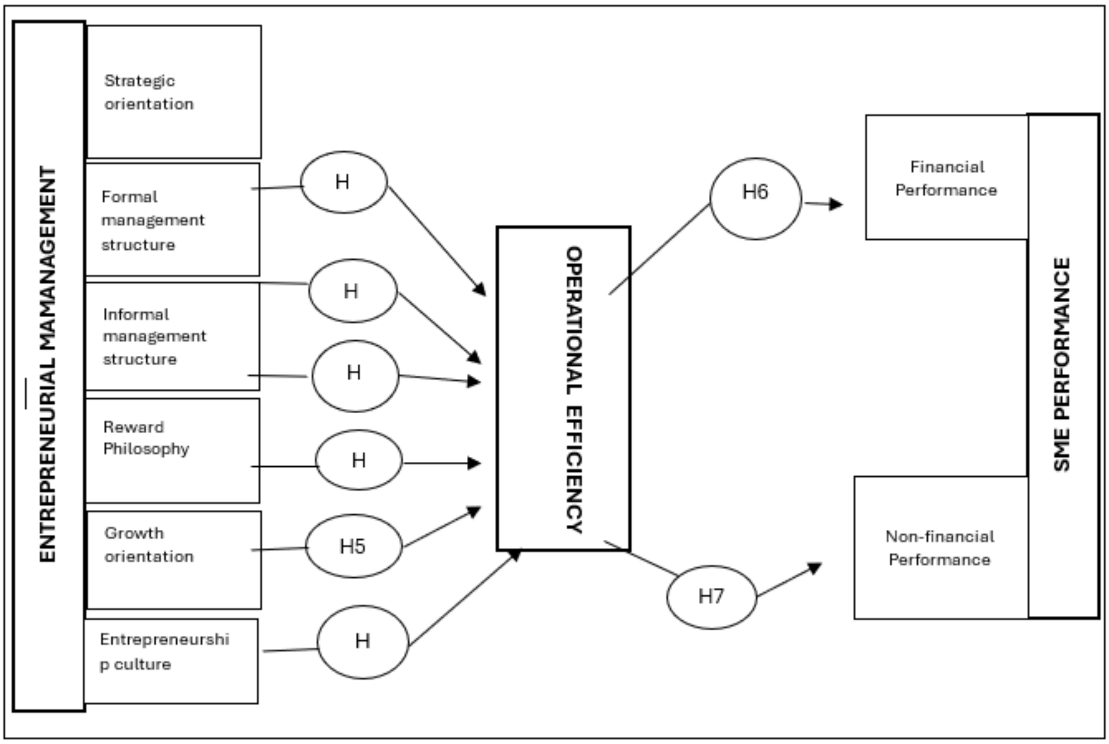

Figure 1.1: Conceptual framework model of the relationships between entrepreneurial management and performance

Strategic orientation and operational efficiency

Strategic orientation explains what factors drive the creation of strategy and can be elucidated as the philosophy that affects every decision about strategy (Beliaeva, Shirokova, Wales and Gafforova, 2020). Strategic orientation describes what factors drive the formulation of strategy (Jiang, Mavondo and Zhao, 2020). The promoter's strategy is driven by the opportunities in the environment and not the resources that may be required to exploit them. Muafi (2020) opine that strategic orientation defines the broad outlines of the firm's strategy content and strategy implementation. Furthermore, Green (2019) postulated that the crafting of a strategy represents a managerial commitment to pursue a particular set of actions in growing the business, attracting and satisfying customers, competing successfully, conducting operations, and improving the company's financial and market performance. Previous studies have demonstrated a linkage between knowledge strategy dimensions and strategic orientation as a means of boosting enterprises' competitive performance (Baliaeva *et al*., 2020; Jiang *et al*., 2020; Muafi, 2020). Green (2019) also confirmed a positive relationship between strategic orientation and commitment to SME sustainability. In addition, Muafi (2020) also revealed that strategic orientation gives the firm a continuous competitive edge and extra benefits and returns for enterprises while it is in operation. Therefore, deducing from the literature, it is hypothesised that:
H1: *Strategic orientation exerts a significant positive influence on the operational efficiency of South African SMEs.*

Formal and informal management structure on operational efficiency

Management structure describes how a company organises its management hierarchy, and it is imperative in improving operational efficiency (Rashid *et al.* 2019). Rashid *et al.* (2023) submit that both formal and informal management structures lead to automation accuracy, quality indexes and customer satisfaction. Notably, Isichei, Emmanuel Agbaeze, and Odiba (2020) also established that the informal management structure within firms promotes flexible and informal decision-making to enhance communication and commitment. In support, Shekar *et al.* (2021) argue that management structure, predominantly formal management structure, is positively linked to SME performance.

Isichei et al (2020) remarked in their findings that informal management structure needs to be more robust and more consistent as a predictor of firm performance. Furthermore, Wijethilake and Ekanayake (2020) establish that informal power and management from chief executive officers (CEOs) have a moderating effect on the relationship between CEO duality and organisational performance. Notably, Nani and Safitri (2021) confirmed that well-designed formal management structure can improve organisational performance and innovation Again Nani and Safitri (2021) noted that managers with good characteristics such as showing good behaviour through compliance with organisation rules, involving themselves in subordinates' activities, and supporting subordinates' ideas, can improve subordinates' creativity in producing innovation. Based on the above discussions, it is hypothesised that:
H2: *Formal management structure exerts a significant favourable influence on the operational efficiency of South African SMEs.*
H3: *Informal management structure exerts a significant favourable influence on the operational efficiency of South African SMEs.*

Reward philosophy and operational efficiency
Entrepreneurs are interested in creating and harvesting wealth (value), and companies that are managed entrepreneurially tend to premise compensation on individual employees who contribute to value creation (Rashid *et al.* 2019). Chung (2019) submits that workers usually have the liberty to try potential opportunities and are rewarded according to the value they have added to the business. As such, compensation is inevitable, encouraging workers to work hard and be motivated to do more in the hope of reaping the rewards. Rashid *et al.* (2023) confirm that reward philosophy is positively and significantly linked to firm performance. Pratono and Mahmood (2015) agree that a reward system positively impacts firm performance. In their study, Kankisingi and Dhliwayo (2022) concluded that reward philosophy had a positive relationship with firm growth. Drawing on the conclusions of research covered in the reviewed literature, it is hypothesised that:
H4: *Reward philosophy exerts a significant favourable influence on the operational efficiency of South African SMEs.*

Growth orientation and operational efficiency
Entrepreneurs, by nature, pursue opportunities beyond the tangible resources currently controlled by their organisations (Kiyabo and Isaga, 2020). Growth orientation is essential if enterprises expand and increase job opportunities, create wealth for the owners, eradicate poverty, and improve people's lives. According to Sahi, Gupta and Cheng (2020) growth orientation and entrepreneurial culture are essential dimensions of entrepreneurial management. Presutti and Odorici (2019) further postulate that growth is assumed to be the vision for all enterprises, although the pace of growth differs from business to business. Hardcopf, Liu and Shah (2021) concluded that growth orientation positively correlated with firm growth. In another similar study by Kiyabo and Isaga (2020), it was revealed that the evidence in their research supports the notion that growth orientation is positively aligned with firm growth. Drawing on the above discussions, it is hypothesised that:
H5: *Growth orientation exerts a significant favourable influence on the operational efficiency of South African SMEs.*

Entrepreneurial culture and operational efficiency
Entrepreneurial culture is regarded as developing new ideas in an entrepreneurial organisational culture influential for opportunity recognition (Jardioui, Garengo and El Alami (2020). Arabeche *et al.* (2022) revealed that corporate culture plays a significant positive role through which EM can influence the performance of manufacturing SMEs. The above findings resonate with the findings of Jardioui et al (2022), who revealed that entrepreneurial culture positively impacts firm performance. In their research, Hardcopf *et al.* (2021) concluded that entrepreneurial culture positively correlated with firm growth. When new ideas are acted upon, they bring income to the entity because new products and

services are created, which adds to the product lines of an enterprise. New customers give their patronage to the business and increase the market share. Drawing on the conclusions of research covered in the reviewed literature, it is hypothesised that:
H6: *Entrepreneurial culture exerts a significant positive influence on the operational efficiency of South African SMEs.*

Operational Efficiency and Financial Performance
Every business aims to sustain itself, grow and make a profit. Financial performance is an essential yardstick for the success of any business. Adam *et al*. (2022) postulate that operational efficiency leads to profitability in organisations. In support, Megeid, Abd-Elmageed and Riad (2020) revealed a positive significant relationship between operational efficiency and financial performance. This resonates with the outcomes of a similar study conducted by Fazal, Muhammad and Zahoor (2020), which revealed that operational efficiency is statistically associated with return on assets (ROA). Lotto (2019) also reported a statistically significant relationship between bank profitability and operating efficiency. Drawing on the conclusions of research covered in the reviewed literature, it is hypothesised that:
H7: *There is a significant positive relationship between operational efficiency and the financial performance of South African SMEs*

Operational efficiency and Non-Financial Performance
According to Adam *et al.* (2022), organisational performance refers to a company's results measured against its strategic goals. Previous studies reported that operational efficiency also results in enhanced non-financial performance such as supply chain agility, customer satisfaction, market responsiveness and customer retention (Mjongwana and Kamala, 2018; Dobrovic, Lambovska, Gallo and Timkova, 2018), The results also align with other studies, in which their results revealed that operational efficiency enhances the non-financial performance of the SMEs. Furthermore, Fazal *et al.* (2020) posit a positive and significant influence between operational efficiency and customer satisfaction in the retail industry. Drawing on the conclusions of research covered in the reviewed literature, it is hypothesised that:
H8: *There is a significant positive relationship between operational efficiency and the non-financial performance of South African SMEs*

Research Methodology
Research design
This study adopted a quantitative approach and a cross-sectional survey design to collect data since it was intended to test associations between the selected constructs.

Sampling method, Population and Sample size
In this study, the non-probability sampling method was used. Respondents were selected using the purposive sampling technique to ensure that only individuals with the desired knowledge were included in the study. The current study's target population was owners and managers of SMEs in the Gauteng Province of South Africa. A final sample size of 494 (n=494) adequately represents the selected respondents. As Nayak and Singh (2021) recommended, this sample size was considered appropriate.

Data collection procedure
In this study, the primary data collection instrument was a survey questionnaire. This is regarded as a cheap and effective way of collecting data in a structured and manageable form from a large pool of respondents, which makes it appropriate for this study (Kline, 2023). Self-completion survey questionnaires were emailed and hand-delivered to selected respondents in the Gauteng Province.

Measurement Items and data collection

The measurement scales of the study were adapted from recognised scales in the existing literature**.** Entrepreneurial management practices consisting of 40 items were adapted from scales developed by Li *et al.* (2020). The questions measuring operational efficiency were adapted from Aydiner *et al.* (2018). SME performance items were also adapted from a scale developed by Aydiner *et al.* (2018). All the constructs were scored on a seven-point Likert scale from “1 = strongly disagree” to “7 = strongly agree”. The respondents were asked to indicate their score on this range in the scale.

Collinearity

Collinearity, in statistics, correlation between predictor variables (or independent variables), such that they express a linear relationship in a regression model. When predictor variables in the same regression model are correlated, they cannot independently predict the value of the dependent variable. In other words, they explain some of the same variance in the dependent variable, which in turn reduces their statistical significance. In this study. A statistical technique called the variance inflation factor (VIF) was used to detect and measure the amount of collinearity in a multiple regression model of this study. VIF measures how much the variance of the estimated regression coefficients is inflated as compared to when the predictor variables are not linearly related. A VIF of 1 will mean that the variables are not correlated; a VIF between 1 and 5 shows that variables are moderately correlated, and a VIF between 5 and 10 will mean that variables are highly correlated. Most VIF values were between 1 and 5 showing that the variables were moderately correlated and the problem of multicollinearity was not present in the study.

Data analysis

Data were analysed using descriptive and inferential statistics. Path analysis and hypothesis testing were applied to examine the predictive relationships between dependent and independent constructs. The SMART PLS package was employed as the data analysis tool.

Ethical considerations

The following ethical considerations guided the study: Clearance to conduct the research was obtained from the Central Research Ethics Committee at Vaal University of Technology; Academic and non-academic staff who were involved in the study were those who were requested, and willing to participate in the survey; Respondents participated in the study at their convenience; The study also ensured privacy, informed consent, confidentiality, and anonymity of the respondents; and the data was analysed according to the objectives of the study. Anonymity and confidentiality of the respondents were maintained by ensuring that no names or other identities of these respondents were required on the questionnaire.

RESULTS AND DISCUSSION

Response rate

The response rate for this study is presented in Table 1.

Table 1: Response rate

Description	Frequency
Total number of questionnaires distributed	750
Total number of questionnaires returned	567
Total number of questionnaires not returned	183
Unusable responses discarded	73
Valid questionnaires retained	494
Response rate percentage	**65.9**

Source: Author’s compilation

Table 1 shows the total number of questionnaires distributed, returned, discarded, and retained during the survey and data-capturing process. A total of 750 questionnaires were distributed. A total of 494 questionnaires were retained after verifying their validity to be used in the study, indicating a response rate of 65.9%. The response rate is acceptable, as recommended by Holtom, Baruch, Aguinis, and Ballinger (2022), who suggested that a rate of more than 50% in quantitative research is suitable.

Demographic results

Table 2 presents the demographic results that constitute the first part of the analysis of the results.

Table 2: Descriptive statistics results

Variable	Category	Frequency (n)	Percentage (%)
(A1) Gender	Male Female	290 204	58.7 41.3
Total		**n= 494**	**100**
(A2) Age	25 years and below 26-33 years 34-41 years 42-49 years 50 years and above	49 102 127 107 109	9.9 20.6 25.7 21.6 22.1
Total		**n= 494**	**100**
(A3) Race	Black White Indian Mixed Race Other	317 110 36 28 3	64.2 22.3 7.3 5.7 0.5
Total		**n= 494**	**100**
(A4) Highest qualification	Matric Certificate Diploma Degree Postgraduate Other	146 93 120 93 40 2	30.0 18.8 24.0 18.8 08.0 0.40
Total		**494**	**100**

Source: Author's compilation

The results in Table 3 indicate that males formed the dominant gender (59%; n=290) about their female counterparts (41%; n=204). The age-spread of the respondents depicts a slightly bigger share of those aged between 34-41 years (25.7%; n=127). In terms of the racial composition of the respondents, the highest percentage of SMEs in the study were black owned (64.2%; n=317). Most respondents were diploma holders, comprising 24.3% (n=120) of the sample.

Measurement scale accuracy assessment

The results for testing the measurement scales' accuracy are presented in Table 4.

Table 4: Accuracy analysis statistics

<table>
<tr><th colspan="2" rowspan="2">Research Construct</th><th colspan="2">Cronbach's test</th><th rowspan="2">Rho A</th><th rowspan="2">CR</th><th rowspan="2">AVE</th><th rowspan="2">$\sqrt{AVE}$</th><th rowspan="2">Factor loadings</th></tr>
<tr><th>Item-total</th><th>α</th></tr>
<tr><td rowspan="5">STO</td><td>STO1</td><td>0.617</td><td rowspan="5">0.732</td><td rowspan="5">0.796</td><td rowspan="5">0.865</td><td rowspan="5">0.507</td><td rowspan="5">0.712</td><td>0.800</td></tr>
<tr><td>STO2</td><td>0.454</td><td>0.668</td></tr>
<tr><td>STO3</td><td>0.794</td><td>0.735</td></tr>
<tr><td>STO4</td><td>0.369</td><td>0.484</td></tr>
<tr><td>STO5</td><td>0.643</td><td>0.420</td></tr>
<tr><td rowspan="2">FMS**</td><td>FMS 1</td><td>0.776</td><td rowspan="2">0.825</td><td rowspan="2">0.829</td><td rowspan="2">0.877</td><td rowspan="2">0.589</td><td rowspan="2">0.768</td><td>0.685</td></tr>
<tr><td>FMS 2</td><td>0.796</td><td>0.822</td></tr>
</table>

	FMS 3	0.732						0.775
	FMS4	0.880						0.774
	FMS5	0.807						0.775
IFMS**	IFMS 1	0.816	0.808	0.827	0.858	0.55	0.741	0.693
	IFMS2	0.732						0.676
	IFMS 3	0.562						0.850
	IFMS 4	0.589						0.765
	IFMS 5	0.420						0.709
RWP	RWP 1	0.758	0.885	0.887	0.913	0.635	0.797	0.813
	RWP 2	0.714						0.773
	RWP 3	0.795						0.785
	RWP 4	0.829						0.855
	RWP5	0.645						0.748
	RWP6	0.767						0.804
GRO	GRO1	0.432						0.918
	GRO2	0.573	0.779	0.789	0.900	0.818	0.905	0.890
ENC	ENC2	0.399	0.777	0.787	0.861	0.756	0.869	0.869
	ENC3	0.367						0.870
OPE	OPE1	0.677	0.821	0.823	0.875	0.583	0.763	0.732
	OPE2	0.674						0.767
	OPE3	0.783						0.797
	OPE4	0.708						0.777
	OPE5	0.783						0.741
FPF	FPF2	0.372	0.819	0.889	0.873	0.633	0.795	0.824
	FPF3	0.631						0.841
	FPF4	0.378						0.811
	FPF5	0.643						0.698
NFP	NFP1	0.574	0.773	0.775	0.854	0.594	0.771	0.772
	NFP2	0.628						0.749
	NFP3	0.640						0.763
	NFP4	0.706						0.795

**** Formal management structure (FMS)= new factor extracted from Management Structure**
**** Informal Management Structure (IFMS)= new factor extracted from Management Structure**
STO = Strategic orientation; GRO = Growth orientation; ENC = Entrepreneurial culture; RWP = Reward philosophy; OPE = Operational efficiency; FPF = Financial performance; NFP = non-financial performance.

Source: Author's compilation based on data analysis results

Analysis of reliability and validity

As presented in Table 3, the reliability of items was determined using Cronbach's alpha test and the Composite reliability (CR) test. Coleman (2022) recommends that Cronbach's alpha values be more than 0.7 to measure the internal consistency of the collected data. The results of Cronbach's alpha test reveal that the values range between 0.732 and 0.885, confirming the data's reliability. Concerning the CR test, Cheung, Cooper-Thomas Lau, and Wang (2023) recommend a minimum cut-off score of 0.7 to determine the suitability of the reliability. The results in Table 3 show that CR scores ranged between 0.854 and 0.913, confirming that scale reliability was achieved. Therefore, all measurement scales used for this study were considered internally consistent. Convergent validity was determined by factor loadings and the AVE scores. According to Cheung *et al*. (2023), factor loadings of more than 0.4 are regarded as suitable for deciding on convergent validity. The results show factor loading scores that range between 0.420 and 0.918, which provide evidence that the convergent validity requirements were met. Furthermore, AVE values were above the commended minimum threshold value of 0.4 (Coleman, 2022), further confirming the adequacy of convergent validity.

Table 4: Discriminant validity analysis related to entrepreneurial management

	ENC	FMS	FPF	GRO	IFMS	NFP	OPE	RWP	STO
ENC	**0.869**								
FMS	0.29	**0.768**							
FPF	0.322	0.213	**0.795**						
GRO	0.234	0.425	0.038	**0.905**					
IFMS	0.264	0.191	0.376	0.043	**0.741**				
NFP	0.464	0.441	0.421	0.319	0.281	**0.771**			
OPE	0.422	0.54	0.398	0.454	0.255	0.721	**0.763**		
RWP	0.349	0.552	0.164	0.427	0.223	0.491	0.592	**0.797**	
STO	0.265	0.478	0.045	0.391	0.277	0.367	0.451	0.548	**0.638**

Source: Author's compilation derived from data analysis results obtained

To determine discriminant validity, correlations between constructs must be below 1.0 and less than AVE's square root (Coleman, 2022). Table 4 indicates that all inter-construct correlation scores were below the maximum threshold of 1.0. Therefore, discriminant validity was confirmed and considered suitable in this study.

Path Analysis

In this study, the path analysis was used to test the hypotheses based on the results obtained from PLS analysis. The study employs the two main criteria under the PLS model to validate and confirm each hypothesis. The first criterion in the application of path analysis included checking the path coefficients, which are represented by a beta (β) Coefficient. For a hypothesis to be supported and significant, the path coefficient must be positive or negative (Kline, 2023). The second criterion relates to the constructs' substantial influence (p-value). The significant influence constitutes three levels, represented by stars also known as p-values. The levels of influence include p-values less than 0.05. The results of the path analysis are presented in the structural model in Figure 2.

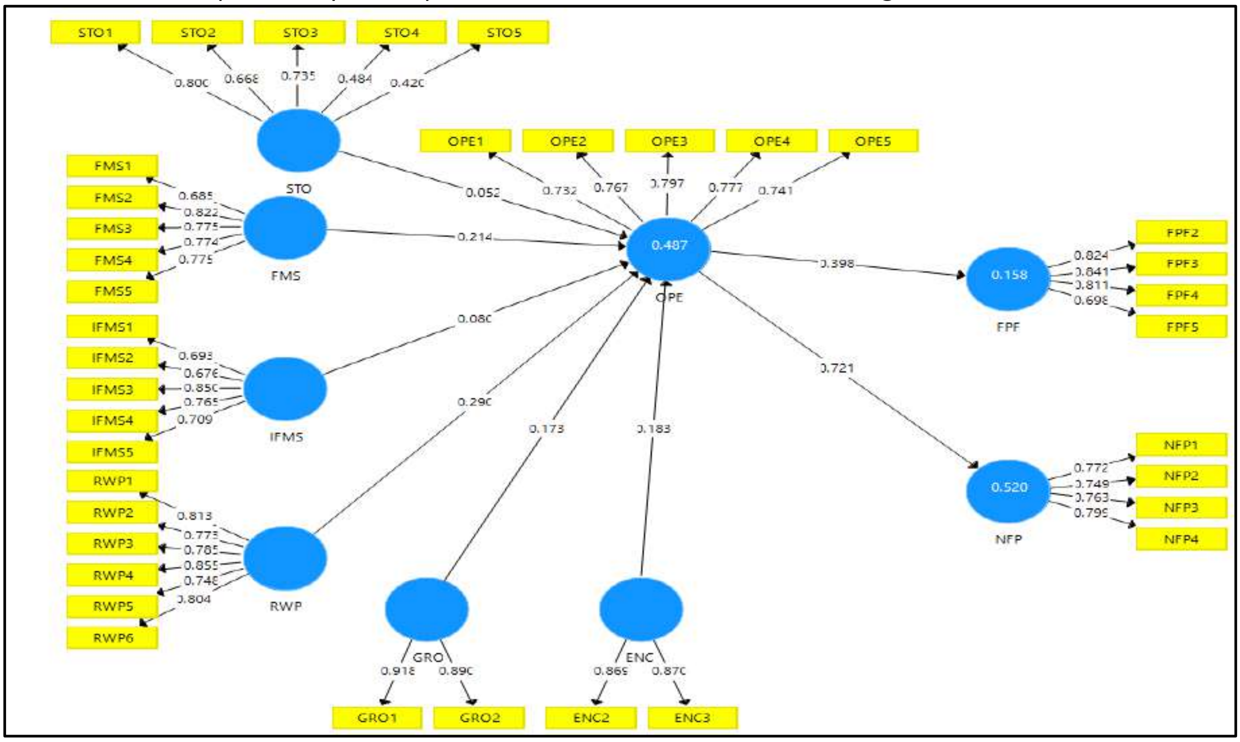

Figure 2: Path analysis

Source: Author's computation

The results in Figure 2 show path coefficients ranging between 0.052 and 0.3396. FMS(β = 0.214), IFMS (β = 0.080) and RWP(β = 0.290), GRO(β = 0.173), ENC (β = 0.183) exert positive influences on OPE. OPE has a significant impact on both FP and NFP (β = 0.396), and (β = 0.721) respectively. However, only STO does not influence OPE.

Discussion of results

The study tested a conceptual framework for implementing EM practices, operational efficiency and performance in the South African SMEs. The results in Table 5 show that seven hypotheses (H2, H3, H4, H5, H6, H7, and H8) were accepted, while only one hypothesis (H1) was rejected.

Table 5: Results of PLS hypotheses testing analysis

Hypothesis	Path (From-to)	Path Coefficient	T- values	P values	Hypothesis test result
H1	STO -> OPE	0.052	1.228	0.220	Rejected
H2	FMS-> OPE	0.214	4.200	0.000	Accepted
H3	IFMS -> OPE	0.080	2.370	0.000	Accepted
H4	RWP -> OPE	0.290	5.815	0.000	Accepted
H5	GRO -> OPE	0.173	4.282	0.000	Accepted
H6	ENC -> OPE	0.183	4.366	0.529	Accepted
H7	OPE -> FP	0.396	9,259	0.000	Accepted
H8	OPE -> NFP	0.721	24.927	0.000	Accepted

Source: Author's compilation

Discussions of Hypotheses Results

Relationship Between Strategic orientation and operational Efficiency

The results from the path analysis shown in Figure 2 reveal a weak positive and insignificant relationship between strategic orientation and operational efficiency (β= 0.052; t=1.228; p=0.22). The results contradict the previous studies, which showed a positive significant relationship between the variables (Abdulrab *et al.,* 2022; Al Mamun *et al*., 2022) This result could imply that it is highly improbable that the SMEs under study do not follow a particular strategy because the owners of these organisations have an 'inner vision' which motivated them to start the enterprise in the first place. The SMEs' strategy can be seen, for example, in the way they utilise their resources. It may be that the respondents were more reluctant to disclose their strategy to protect their trade secrets. It might also be that the approach was not articulated and shared with the internal stakeholders, although it exists.

Relationship between management structure and operational efficiency

As shown in Figure 2, path analysis results denote a significant positive relationship between formal management structure (FMS) and operational efficiency (β= 0.214; t=4.200; p=0.000) and suggests that FMS positively influences operational efficiency. As a result, an increase in FMS leads to a 21% increase in SME operational efficiency. Again, the Path analysis results indicate an insignificant relationship between formal management structure (IFMS) and operational efficiency (β= 0.080; t=2.370; p=0.000). The results imply that FMS influences the operational efficiency of the selected SMEs, while IFMS does not affect the operational efficiency. The results align with previous studies which establish that successful SMEs implement FMS rather than IFMS in their operational processes and activities (Cisi and Sansalvadore, 2022).

Relationship between reward philosophy and operational efficiency

Path analysis results, show a significant positive relationship between reward philosophy and operational efficiency (β= 0.290; t=5.815; p=0.000) and denote that reward philosophy positively influences OPE. The results concur with those established in previous studies (Chung, 2019; Kankisingi and Dhliwayo, 2022; Pratono and Mahmood, 2015). This result may confirm that South African SME employees are well remunerated with market-related or above-market wages, are motivated to go the extra mile, and are an asset to the organisation. They are doing well in the execution of their mandate. When an organisation acknowledges the input of its workforce by recompensating to the satisfaction of the workers, this behaviour is reciprocated by working hard. Therefore, it is no surprise that the reward philosophy significantly influences the operational efficiency of South African SMEs.

Relationship between growth orientation and operational efficiency

The results of the path analysis indicate a significant positive relationship between growth orientation and operational efficiency (β= 0.173; t=4.283; p=0.000), which denotes that growth orientation positively influences operational efficiency. To the best of the researcher's knowledge, the model under study is ground-breaking as few or no other studies could be identified to confirm or disprove the results of this study. Where there is a positive change in the company's assets, either in absolute or relative terms, as, for example, when one year is compared with another and a positive difference is identified. It can be concluded with certainty that the growth realised is because of the efficiency of the organisation's operations.

Relationship between entrepreneurial culture and operational efficiency

Path analysis results, as indicated in Figure 2 above, indicate a significant positive relationship between entrepreneurial culture and operational efficiency (β= 0.183; t=4.366; p=0.000), which reveals that entrepreneurial culture positively influences operational efficiency. The result agrees that SMEs generate creative and promising ideas, many becoming commercially viable (Arabeche *et al*., 2022). Jardioui *et al*. (2020) submit that entrepreneurial culture enables lean manufacturing, reverse logistics, innovation, and creativity, which leads to operational efficiency. External locus of control refers to people who believe that fate and luck affect the events in their lives. This result implies that the selected SMEs have strong entrepreneurial cultures that positively influence operational efficiency in the process.

Relationship between operational efficiency and financial performance

Path analysis results indicate a significant positive connection between operational efficiency and FPF (β= 0.398; t=9.259; p=0.000), indicating that operational efficiency positively influences FPF. Various studies support these results (Dobrovic, Lambovska, Gallo and Timkova, 2018; Arabeche *et al*., 2022; Anwar and Li, 2021). The results attest that SMEs in South Africa are achieving a high level of return on sales, which yields a high return on investment. This means that the organisation's financial position becomes healthy once wastage is minimised or brought to zero. When processes and procedures are in place and are regularly improved, for example, the skills of employees, further reduction in wastage, and improvements in technology, operations become more efficient. For instance, in responding to challenges, the organisation's financial position would change positively.

Relationship Between Operational efficiency and non-financial performance

Path analysis results, as indicated in Figure 2 reveal a significant positive relationship between operational efficiency and NFP (β= 0= 0.721; t=24.927; p=0.000), which reveals that operational efficiency positively influences non-financial performance. The results concur with the previous studies, which established that operational efficiency has a positive and direct effect on firm performance (Dobrovic *et al*., 2018; Mjongwana and Kamala, 2018). Operational efficiency means that resources are used efficiently with minimal defects and wastage, which reduces the cost of doing business and thereby increases profitability. Employees' skills must be regularly improved, as well as the technology and systems, to impact the organisation's non-financial performance positively.

Conclusions and implications

The study tested a conceptual framework for entrepreneurship management, operational efficiency, and performance in SMEs in South Africa. A quantitative methodology was used to gather the data using a questionnaire distributed to a purposively drawn sample of 494 SME owners, managers, and professional staff in the Gauteng Province of South Africa. The Statistical Packages for Social Sciences (SPSS, version 27.0) and SMART partial least squares (PLS, version 3.0) software were utilised to analyse the descriptive and inferential statistics. Hypotheses tests showed entrepreneurial management, through its constructs, namely management culture, formal management structure, reward philosophy, growth orientation, and entrepreneurial culture, significantly influences the operational efficiency of SMEs. The study also confirmed that operational efficiency contributes positively to SMEs' financial and non-financial performance.

This study significantly contributes to the academic body of knowledge on entrepreneurship in the SME sector. The literature review on EM, operational efficiency and SME performance adds valuable insights for academics and researchers. The theoretical framework fusing the EM, operational efficiency and SME performance also provides useful insights for other researchers. It adds valuable knowledge on the factors that might contribute to adopting EM practices in South African SMEs. The study also makes significant contributions to owners and managers of SMEs by reiterating the challenges faced in their organisations and then demonstrating how adopting EM practices could improve their operational efficiency while improving performance. By indicating the factors either promoting or impeding the adoption of EM practices in SMEs, the study provides managers, owners and other decision-makers with suggestions on how to facilitate more rapid adoption of EM practices and circumvent the influence of irrelevant factors. The study also proposes a model of entrepreneurial management, operational efficiency, and organisational performance of SMEs. The research is significant as it provides new and recent insights on entrepreneurial management, and organisational performance to the existing body of knowledge within the domain of SME management in South Africa and other developing countries.

Limitations and suggestions for future research

The current study has implications for future studies. The research study could be conducted in the future using a different methodology to the quantitative method used in this study, for example, by using a qualitative or mixed method to further analyse the constructs of both entrepreneurship orientation and management in a bid to understand further operational efficiency and performance in SMEs in South Africa. The mixed methods can offset the disadvantages of the two methodologies, thereby enhancing results validity. This could expand or further refine the study's results, which may unveil some insights that remained latent in this study. There are other dimensions that were also not incorporated here, such as gender participation and even age, which can be further ventilated in future studies by comparing the results of different studies. Future studies could also increase the size of the sample.

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Financial co-operatives development: A comparative analysis between South Africa and the best practice worldwide

Author 1: Bouba Ismaila, Postdoctoral Research Fellow
Accountancy Department, Vaal University of Technology, Vanderbijlpark, South Africa
Email: boubai@vut.ac.za, ORCID Ref: https://orcid.org/0000-0002-6753-5873
Author 2: Vangeli Gamede, Senior Lecturer, Academic Leader
Department of Business Management, University of Kwazulu Natal, Pietermaritzburg, South Africa. Email: gamede@ukzn.ac.za, ORCID Ref: https://orcid.org/0000-0003-1531-0725

ABSTRACT

This study aimed to look at what the best practices of co-operative financial institutions (CFI) across the world and compare them with what is happening in the South African sector so that the latter can learn from those best practices and improve. A cross-sectional, quantitative design using structured questionnaires was used to collect data from 303 participants around the City of Tshwane and 20 registered CFI representatives across South Africa. On the other hand, a literature review was conducted to explore the best practices within CFIs across the world. The study revealed that most consumers in South Africa are not familiar with CFIs or the services they offer. Furthermore, the study found that tactics and activities that have been successful in other countries with thriving financial co-operative sectors are not utilised by South African CFIs. The study finding is a wake-up call to all South African stakeholders to do more to address the problem.

Key words: Co-operative Financial Institutions, Education Tactics, Marketing Tactics; Penetration Rate

INTRODUCTION

The Companies and Intellectual Property Commission (CIPC) of South Africa terms a co-operative (co-op), as an independent organisation that its members jointly own and democratically control (SME ToolKit, 2016). Agricultural, marketing, housing, financial, consumer, service, craft, and funeral societies are a few different categories of co-operatives. Additionally, co-operatives can be categorised as primary, secondary, or tertiary (Companies and Intellectual Property Commission, 2017). A member-savings taking co-operative that is owned and operated by friends or business partners with similar interests is known as a co-operative financial institution (CFI) and may also be referred to as a credit union (CU), Savings and Credit Co-operatives (SACCO), or financial co-operative (FC) (Sauli, 2020). CFIs are owned by their adherents, who want them to serve members rather than maximise profits.

Numerous studies (FinMark Trust, 2016; Hawkins, 2009; Kirsten, 2006; Peels, 2013; Philip, 2003; The World Bank, 2010) have demonstrated the resilience of financial co-operatives in times of economic crisis and their ability to combat financial exclusion. According to an International Labour Organisation (ILO) report (Peels, 2013), financial co-operatives are a far better option to commercial banks, particularly during a financial crisis. For instance, many of these authors posit that commercial banks were hesitant to lend during the 2008 financial crisis. However, because they were more secure and did not require government bailouts, co-operative banks and credit unions continued to serve their customers and communities; and as a result, their assets, deposits, and membership grew (Birchall et al., 2009; Peels, 2013; Roelants et al., 2012). Hence, there is a necessity to research financial co-operative.

Governments throughout the world have acknowledged co-operatives' contribution to economic progress. The South African government actively pursued co-operative sector development in the early 2000s. For instance, special measures to support co-operatives as part of strategies for job creation in the South African economy were approved during the July 2003 Presidential Growth and Development Summit (Philip, 2003). The South African Department of Trade and Industry (DTI) acknowledges that numerous policy initiatives followed those measures, including the adoption of a co-operative development policy in 2004, the promulgation and proclamation of the Co-operative Act No. 14 of 2005, the Co-operative Banks Act No. 40 of 2007, the Co-operatives Amendment Act of 2013, and several others (South African Government, 2018).

While regions (e.g. North America) and countries (e.g. Spain, Bangladesh, Kenya, Lithuania etc.) across the world has managed to develop their financial co-operative sectors, South Africa has been lagging behind even when compared with its African counterparts (FinMark Trust, 2016). The co-operative financial institutions industry in South Africa is quite small in comparison to other African nations, with a penetration rate of just 0.1%, according to the World Council of Credit Unions (WOCCU) (World Council of Credit Unions, 2018). Consumers in South Africa seem to either lack faith and trust in co-operative financial institutions for some reason, or are ignorant of CFIs and the potential benefits they offer.

LITERATURE REVIEW

International best practice in the financial co-operatives sector

The co-operative and financial co-operative sectors have been extremely successful in many nations throughout the world. One of the nations where co-operatives have had the most success is Spain. It is one of the few models the DTI had looked at for its "Integrated Strategy on the Development and Promotion of Co-operatives" in South Africa". The government is in charge of Spain's co-operative system, which was put in place to promote economic cooperation. The Department of Labour usually teams up with other institutions under the sponsorships of a Co-operatives Advisory Council (Department of Trade and Industry, 2012a). All forms and types of co-operatives are exempt from paying tax for the first ten years, after that they are subject to a 10% tax rate as long as they invest 20% of their surplus in research or investment and 80% of their workforce is made up of worker-owners (Department of Trade and Industry, 2012b).

Arguably, the Spanish Mondragon Co-operative Corporation is the most well-known success story of co-operatives worldwide. According to reports (Kasmir, 2016), Mondragon Corporation ran 257 businesses in 60 counties, including subsidiaries and joint ventures. Financial services are provided to associates and affiliated enterprises by the its Caja Laboral Bank and social security co-operative, while Mondragon University offers undergraduate and graduate degrees in engineering, management, teaching, and culinary arts (Kasmir, 2016). The majority of the co-operatives in the Mondragon Corporation are worker co-operatives. This contributes to its extraordinary success since worker co-operatives prioritisa community, employment, and human welfare before profit and have a longer-term perspective when managing their businesses (Stervinou et al., 2015). The next section looks at the case of Bangladesh with Grameen Bank.

Grameen Bank (GB) of Bangladesh is one of the most successful co-operative financial institutions in the world. The Grameen (Village) Bank is a well-known institutional framework that has had great success in enhancing socio-economic circumstances among Bangladesh's rural poor, especially women (Sarker, 2001). The requirement for guarantees has been eliminated by Grameen Bank, which has also established a financial system based on responsibility, reciprocal trust, inventiveness, and involvement. Grameen Bank also offers credit to Bangladesh's most vulnerable citizens without requesting any kind of security (Grameen Bank, 2020). In November 2019, the bank reported having 9.60 million members, 97% of them were female. GB had 2,568 branches and served 81,678 villages, or more than 93% of all Bangladeshi villages (Grameen Bank, 2020). This bank is openly owned by poor people and functions only to serve them. By holding 10% of the bank and having three representatives on the Board of Directors, the state has a relatively little material interest in the bank (Kowalik, 2010).

The most important components of Grameen Bank's outstanding success are its unique decentralised administrative structure, client-centered delivery system, vision, management culture, and human resources management (Sarker, 2001). The bank makes an effort to integrate all of its borrowers into the company, thereby creating a single large association between the bank and its borrowers (Boysen & Sahlberg, 2008). Furthermore, Grameen Bank works to promote equity and reduce the average number of children per family (Boysen & Sahlberg, 2008). For the borrowers, widespread savings plans, pension funds, and educational initiatives have been launched, especially with the introduction in 2000 of Grameen Generalisad System or Grameen II.

Grameen II method is straightforward, client-focused, and flexible, allowing devotees to continue being a part of the GB brotherhood rather than choosing to leave it when their circumstances are tough (Grameen Bank, 2019). The Bangladeshi government has also taken action to support the development of the co-operative sector by enacting a number of measures, including: (1) revising the Bangladeshi Constitution to embrace co-operative growth and sustenance as a duty of state; (2) forming a self-sufficient Branch of Co-operatives within the Ministry of Resident Government, Countryside Development, and Co-operatives; (3) creating a State Co-operative Academy with teaching establishments in each jurisdiction; and (4) giving economic support via the construction of community banks that are connected to the top Co-operatives Bank (Department of Trade and Industry, 2012b). The next section explores Kenya's financial co-operative sector.

Kenya appears to have the best co-operative and CFI sector in Africa. A successful and well-developed co-operative banking industry exists throughout the country. With nearly eight million members and a 28.4% penetration rate, more than five billion dollars in savings and investments, more than six billion dollars in loans, and just over eight billion dollars in assets, Kenya's CFI sector was ranked first in Africa by the WOCCU 2018 statistical report (World Council of Credit Unions, 2018). According to the Kenyan Ministry of Co-operative Development and Marketing, co-operative activities are thought to be the source of income for 80% of Kenyans (Kinyua, 2016). The Department of Trade and Industry (2012a) report revealed the following as key success factors of Kenyan co-operatives:

> the provision of education and training for members through the Co-operatives College, founded in 1952; the provision of financial support for co-operatives through SACCOs and the National Co-operatives Fund; the existence of strong partnerships between the government and the co-operative movement; the existence of an enabling legal environment; the independent ministry driving the promotion of co-operatives with a sizable budget.

In Kenya, Apex co-operative organisations such as the Kenya Union of Credit Co-operative Limited (KUSCCO) and the Co-operative Alliance of Kenya, support training programs for members, staff, and board members, provide SACCOs with credit facilities to increase their liquidity during periods of high demand for loans, assist in risk management, and support their partner SACCO members through advocacy efforts (Kinyua, 2016). The following sections provide more information on the specific tactics highlighted by (Kinyua et al., 2015), the tactics employed by Kenyan SACCOs to manage stakeholders' interests have significantly aided to their inclusive achievement:

(a) **Defensive tactics** that recommend engaging a non-supportive group as a superior strategy that might minimise unfavourable effects. Defensive tactics are organisation methods that may be utilised to defend against an attack by a prospective opponent.

(b) **Offensive tactics** that include straight or unintended assaults or entering new marketplaces to evade existing rivals.

(c) **Hold tactics** that involve preserving positions or programs, or keep an eye on a group of stakeholders for anything that might affect their perspective.

(d) **Swing tactics** that ought to be used when a group is a "mixed blessing". With this group of stakeholders, which has a high potential for cooperation as well as high potential for threat, businesses should work together to maximise their capacity for positive influence and reduce their capacity for threat.

(e) **corporate social responsibility** where SACCOs go above and beyond the requirements of the law and engage in actions that appear to serve some sort of societal good.

(f) **Use of technology and partnership**: Members can access M-PESA's normal payment services in Kenya thanks to a World Council Developed Network that links Savings and credit co-operatives to Safaricom's M-PESA system. Affiliates may also link the mobile line with their existing co-operative accounts in addition to using M-PESA's standard payment services. For instance, E-Kenya, a branchless credit union in Kenya, caters to the needs of young adults by using a mobile platform with round-the-clock accessibility.

The next sections look at North America's financial co-operatives (credit unions).

Co-operatives in North America have generally been quite successful, with a sizable number of members and people who benefit financially from co-operatives. For instance, the political climate in the US has for a long time given the credit union industry three key advantages: exemption from federal income taxes; a generally favourable regulatory structure and less emphasis on regulatory compliance; an active political support at the local and national levels for the co-operative structures (Schoemaker et al., 2002). These authors asked CEOs and credit unions to rate the various success criteria of credit unions during the previous five years and over the following five years in a study of several North American credit unions. The results showed (1) marketing, (2) credit union governance, (3) technology and data, and (4) member service were identified as four distinct clusters of success characteristics that appeared as essential in the responses (Schoemaker et al., 2002).

How about financial co-operative success factors in other countries? Many other nations have made a success of this sector, both in terms of financial performance and member growth, in addition to the previously stated nations where co-operatives in general and CFIs in particular have been very successful; and Europe has been at the forefront of this movement. There were 3,135 independent co-operative banks operating in Europe at the end of 2016 through

57,597 branches, with 732,700 workers and €712.09 billion in total assets (McKillop et al., 2020). Some of the success elements and/or tactics employed by CFIs in the mentioned nations are discussed in this section.

Ecuador, as reported by (Paredes, 2008), the majority of the institutions concentrated on the immediate differentiation of products to develop a distinct brand and product identification in the local market (town, district, or province). The (World Council of Credit Unions, 2015) report identified many tactics used in different countries to grow young adult membership, including:

(1) Provision of core services online and via mobiles
(2) Leveraging payment services to respond to expectations for convenience
(3) Designing products for life transitions for young adults (from school to work life)
(4) Differentiating with social responsibility
(5) Shifting to a culture that "wows" the members (easy to access and fast service)
(6) Turning young employees into ambassadors
(7) Have youth representation in governance
(8) Embracing diversity across race, cultures, gender, etc.
(9) Engaging on social media, do not just post
(10) Motivating peer recommendations
(11) Offering financial management and literacy training
(12) Initiating incentive programmes.

The success criteria and tactics for CFIs in other countries were covered in this section. Examples from various nations like Kenya, Bangladesh, Spain, Canada, the US, and others were discussed. The next section discusses the South African CFI sector.

South African financial co-operative sector

The first co-operative in South Africa, a consumer co-operative, was founded in 1892 under the provisions of the Companies Act (Nigrini, 2002). The oldest financial co-operatives in South Africa, specifically credit unions, were founded in the 1920s in what were then the Transkei and Natal, according to FinMark Trust (2015). Over a century later, how has the financial co-operative sector changed in the country? As of early 2020, the South African Reserve Bank list obtained by the researcher showed that there were only 24 registered financial co-operatives and four co-operative banks in the county. According to (Mushonga et al., 2018) , South Africa has been regressing despite the CFI movement's tenacity, which has seen impressive increases in numbers and engagement in several nations. Over many decades and more recently, acts amendments an exemption notices have been provided to aid the South African co-operative sector grow. These includes:

- The Co-operative Act No 14 of 2005, which provided for financial co-operatives constitutional requirements. In addition to the other requirements of this Act, the constitution of financial services co-operatives must specify the exact nature of the financial service the co-operative aims to provide to its members (Companies and Intellectual Property Commission, 2017).
- The Co-operative Bank Act of 2007, established to create the right regulatory structure for co-operative financial institutions, providing members the same safety and stability enjoyed by traditional commercial banks' clients (Kuhlengisa, 2011).
- The Exemption Notice (512 of 2012) that provides guidance to the Co-operative Banks Development Agency as the nominated regulator of co-operative financial institutions (Department of Trade and Industry, 2012b).
- The Co-operatives Amendment Act of 2013 was promulgated to address different other aspects of the co-operative sector (South African Government, 2018).
- The Banks Act Exemption Notice 620 of 2014 permits registered CFIs to take members' deposits without necessarily having to be registered as a bank and meeting the high requirements for registration as a bank (Sauli, n.d.).

Many new representative bodies of financial co-operatives as well as government support agencies also surfaced in accordance with the new Acts, Notices and Exemptions. The following paragraphs discuss a few of these.

The National Association of Co-operative Financial Institutions of South Africa (NACFISA) was registered on 7 March 2013 with CIPC (National Association of Co-operative Financial Institutions of South Africa, 2017) to support organisations in all co-operative financial institutions (e.g. co-operative banks, savings and credit co-operatives, stokvel co-operatives and financial services co-operatives). Another representative body is the Co-operative Financial Institute of South Africa (CFISA) whose main responsibility is to develop all kinds of co-operatives. The latter has positioned itself to be an agency of choice that assists organised groups to form co-operatives, savings and credit co-operatives, financial services co-operatives and co-operative banks (National Association of Co-operative Financial Institutions of South Africa, 2017). From the government side, with regards to financial support services, the government has opened existing loan schemes for small and medium enterprises (SMEs) to co-operative enterprises, as well as through agencies such as Khula Enterprise Finance Ltd; the Industrial Development Corporation (IDC); the National Empowerment Fund (NEF); the Land Bank and the National Youth Development Agency (NYDA). The IDC and SAMAF have merged to become the Small Enterprise Finance Agency (SEFA). Various factors have been found to have played a role in the approval of financial incentives for co-operatives in different sectors. The government has also launched various programmes to ensure that it realises the objectives set for the co-operatives sector. Some of these included:

- The Co-operative Incentive Scheme (CIS), which is a direct cash grant, as well as the Export Marketing and Investment Assistance schemes. Introduced in 2005, the Co-operative Incentive Scheme (CIS) is a 100% grant for registered primary co-operatives whose aim is to improve the feasibility and competitiveness of co-operatives by minimising their cost of doing business through an inducement that assists broad-based black economic empowerment (BBBEE).
- The Isivande Women's Fund (IWF). This is an exclusive women's fund established by the DTI to provide more affordable, usable and responsive finance to enterprises and thus accelerate the economic empowerment of women, with target customers of formally registered enterprises, of which at least 51% is owned and/or managed by women (Government Investment Incentives, n.d.).
- The Small Enterprise Finance Agency: SEFA is a subsidiary of the Industrial Development Corporation Limited and was founded on 1 April 2012. Its mandate is to foster the establishment, survival and growth of SMMEs and co-operatives, thereby contributing towards poverty alleviation and job creation (Small Enterprise Finance Agency, 2020) with mission to provide access to finance in an efficient and sustainable manner to SMMEs and co-operatives throughout South Africa.

However, it appears that despite all these efforts to regulate and help develop the sector, the South African financial co-operative segment is still minor with a very little infiltration ratio. Why is that? The empirical study will attempt to answer to that question.

Taking into account the aforementioned, the problem studied in this study is transformed into the following two questions:

- What are the reasons for the South African CFI sector being small with low penetration rate?
- What are the best practices within the financial co-operative sector across the world?

RESEARCH OBJECTIVES

The main objective of this study is to draw a comparison between the South African co-operative financial institutions sector and the best practices worldwide.

The secondary objectives of the study are:

- To ascertain the causes of the poor penetration rate in the CFI industry in South Africa, both from the consumer and the supplier sides.

- To outline lessons from the best international practices that the South African financial co-operative sector may learn from to grow.

RESEARCH METHODOLOGY

The need for sufficient data to investigate consumer knowledge about CFIs, their tactics or strategies as per industry best international practices that include marketing, education, partnerships, corporate social responsibilities, offensive techniques, use of technology and partnership, and differentiation, has determined the design and collection method of this study. An investigation of these activities was considered to be warranted by a quantitative research design. This required an empirical study based on questionnaire data that was collected from participants. Using a structured questionnaire, data was collected from 303 consumers around the city of Tshwane, South Africa, and from 20 recorded CFI agents across the land. SPSS software was utilised to analyse the data; more precisely using: descriptive statistics, including means and standard deviations, Chi-square goodness-of-fit-test, ANOVA, Binomial test, One sample t-test, Factor Analysis. A univariate test was used on categorical variables.

FINDINGS

Starting with consumer respondents' demographics, it was noted that male respondents made up slightly more of the total population (55.4%) than female respondents (44.6%). The respondents' ages were: 7.9% between 16 and 20 years; 31.7% between 21 and 30 years; 34.7% between 31 and 40 years; 19.8% between 41 and 50 years; 4.6% between 51 and 60 years; and 1.3% over 60 years. More than half of the respondents were formally employed (52.8%); 22.8% were unemployed; 24.1% were self-employed; and 0.3% were unspecified. The highest educational level of the respondents was as follows: matric or less, 30%; post-matric, 36.6%; undergraduate degree, 17.5%; postgraduate degree, 15.8%. Similarly, with the CFI representatives, there were marginally more male respondents (55%) than female respondents (44%). It is somehow surprising that there are higher numbers of respondents both with consumers and CFI representative when compared to stokvels where the number of females is often way larger than that of males. Eighty-five percent of the CFI representative respondents (17) had a higher education qualification. This is not surprising due to the managerial position they occupied at the CFIs. Also, 75% of the respondents were in senior management positions. More than half (12) of the respondent CFIs had a membership between 201 and 1000; just over a third (6) had more than 1000 members; and 10% (2) had less than 200 members. On the other hand, 45% of the respondent CFIs had no non-member account holders; 50% had between one and 200; and just one had between 201 and 1000 non-member account holders.

Following the demographics, the inquiry results started with finding consumer knowledge about CFIs and their products or services. Participants were asked to score their level of agreement (1 being strongly disagreed with and 5 being strongly agreed) with statements pertaining to consumer knowledge of CFIs and their services. Results from a One-sample t-test showed that the surveyed CFIs believed consumers knew nothing about CFIs ($p<0.0005$); they also knew nothing about their products ($p<0.0005$). This finding is consistent with consumer replies (shown on Figure 2) which revealed that a sizeable percentage of customers (54.1%) had never heard of savings and credit co-operatives and that another 20.5% had heard of them but did not know what they were. In order to gauge customers' awareness of and interaction with CFIs, additional questions were posed. These ones asked if they belonged to any saving co-operatives and whether they had an account with one. According to the results of a binomial test, 97% of respondents did not belong to CFIs, which is significant ($p<.0005$), and 96% did not have a savings account with a CFI, $p<.0005$. Furthermore, as depicted on Table 1, there was a strong agreement that user participants were not aware of CFIs, with an average agreement score of $M=3.93$, $p<.0005$; and that they were unaware of CFIs' products ($M=4.30$, $p<.0005$). These were the responses when it was asked why many customers were not members of CFIs. The CFI respondents' assessment that consumers were unaware of them or their products ($p<.0005$) is supported by this outcome. On the other hand, there was also a considerable difference of opinion regarding whether or not the common bond prerequisite influences consumer participants' decisions to join a CFI. ($M=2.84$; $p=<.0005$). These findings are depicted on Figure 1 and Table 1.

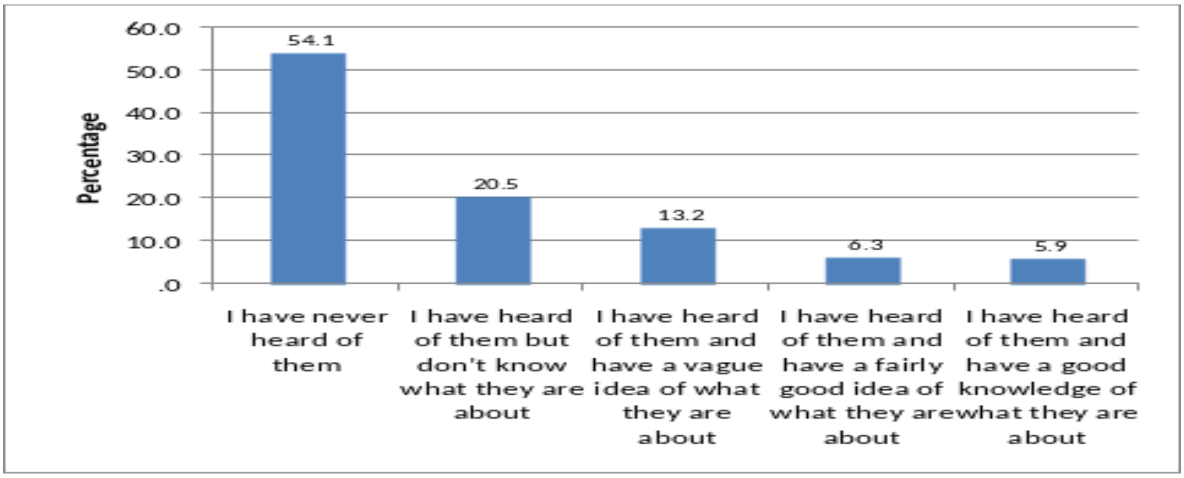

Figure 9 Consumer knowledge of savings and credit co-operatives

Table 3 Reasons for not being a member of CFIs

Item	Responses as Frequency (%)					Mean (SD)	t	df	p-value
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree				
I don't know about them	18(6.1)	53(18.1)	15 (5.1)	46 (15.7)	155 (52.9)	3.93 (1.377)	11.442	286	.000*
I don't know about their products	12 (4.1)	17 (5.8)	12 (4.1)	77 (26.3)	168 (57.3)	4.30 (1.076)	20.438	285	.000*
Common bond requirement is an issue for me	9 (3.1)	96 (32.8)	124 (42.3)	38 (13.0)	16 (5.5)	2.84 (.898)	-2.914	282	.004*
Their loan amounts are too small	11 (3.8)	23 (7.8)	227 (77.5)	14 (4.8)	8 (2.7)	2.95 (.631)	-1.414	282	.159
I am not interested in them	19 (6.5)	72 (24.6)	120 (41.0)	49 (16.7)	26(8.9)	2.97 (1.027)	-.518	285	.605

* indicates significance at the 95% level

Next, the inquiry specifically explored the use by South African CFIs of the tactics (mentioned earlier) that have been successful in CFI sectors worldwide. The findings are discussed next.

Marketing tactics

One-sample t-test results show that there is substantial disagreement on whether respondents are aware of any of these activities. This sharp disagreement is reflected in the following percentages: 77.2% for "advertisements of savings co-operatives on TV or radio," 78.8% for "advertisements of financial co-operatives on billboards or somewhere in the street," 82.5% for "advertising of financial co-operatives via SMS," 70.9% for "advertisements about financial co-operatives on Facebook, Twitter, and other social media," 70.1% for "online advert.

These findings highlight the reason why a majority of survey participants lack awareness of CFIs. Essentially, CFIs are not prominently present in locations where they can be easily observed or heard. A potential inquiry that arises is the rationale behind CFIs engaging in marketing efforts. Considering the fact that well-established companies such as Coca-Cola or Discovery continue to invest in marketing, it can be inferred that marketing yields positive results. A study conducted by (Jasevičienė et al., 2014) in Lithuania discovered that effective advertising criteria, for instance, can assist credit unions in attracting new members and enable them to adopt specific strategies to shape their public image. This suggests that CFIs could benefit from marketing themselves as it has the potential to contribute to their growth and reputation.

Offensive tactics

The results of One-sample t-test indicate that CFIs do not employ proactive strategies to enhance their membership base. Specifically, a substantial majority (83.3%) of them do not utilise tactics such as "providing job opportunities to members or account holders"; "organising raffles" (86.6%); "employees of a CFIs approaching people in a public" (88.1%); "financial co-operatives actively promoting their low interest rates" (88.7%); or "offering online payment and purchase options to members/account holders" (90%). Interestingly, these tactics have demonstrated remarkable effectiveness in a country like Kenya, which boasts a thriving financial co-operative sector. According to Kinyua et al. (2015), offensive tactics exhibit a significant positive correlation with the financial performance and success of Kenyan SACCOSs (Savings and Credit Co-operative Societies).

Educational tactics

The findings depict that the CFIs surveyed do not utilise educational tactics, particularly with regards to the significant majority (70.2%) not using "Radio or TV shows to educate and promote themselves." The question arises as to why these tactics would be important for CFIs in the first place. While it is noteworthy that Stokvels, a type of informal financial co-operative in South Africa, are featured on TV shows and enjoy popularity, it cannot be definitively stated that the TV shows are the sole cause of their popularity. However, these tactics can be important for CFIs as they provide an opportunity to increase visibility and reach a wider audience. TV shows and radio broadcasts have the potential to raise awareness about CFIs, educate the public about their benefits and services, and ultimately attract new members. By leveraging such platforms, CFIs can enhance their visibility and foster a positive perception among the general population.

Partnership tactics

The inquiry findings demonstrate that CFIs surveyed do not use joint venture tactics to increase their market dominance. Specifically, 84.1 % of them forbid the use of financial co-operative cards for "withdrawals from other financial services machines" or "use of financial co-operative cards for purchases or cash withdrawals from merchants" (89%); or 89.7% for "partnership between financial co-operatives and community-based organisations such as NGOs and others". However, these tactics have proven to be beneficial for financial co-operatives in countries with successful CFI sectors. For example, one of the key factors contributing to the success of Canadian credit unions is the focus on "delivery channels". This approach involves expanding already-existing channels and creating new ones, such as wireless access and department store branches., to facilitate various convenient interactions for customers (Schoemaker et al., 2002). These tactics aim to improve accessibility, convenience, and flexibility for members, which can ultimately contribute to the growth and success of CFIs.

Corporate Social Responsibility (CSR) tactics

The results indicate that CFIs do not implement CSR (Corporate Social Responsibility) tactics to enhance their membership base. Particularly, a large majority (86.4%) of them do not engage in tactics such as "organising community-based organisations that provide aid to the disabled or in times of disaster "; 90% for "participation of financial co-operatives in charitable initiatives started by regional community organisations"; and 89% for "providing local support groups with funding for community development". This raises the question of whether CFI sectors should adopt CSR tactics. Yes, indeed, because successful CFI sectors do adopt CSR tactics. An example is the Grameen Bank of Bangladesh, which has implemented initiatives such as online schools that utilise video conferencing technology to provide high-quality education in remote areas, along with internet facilities. Additionally, they have established "Studyline", a call centre service staffed by human agents who address college and university admission-related inquiries (*Grameenphone*, 2016). These initiatives demonstrate how CFIs can integrate CSR practices into their operations, promoting social welfare and community development while also benefiting their membership base.

Differentiation tactics

The investigation results indicate that CFIs do not implement differentiation tactics to expand their affiliation base. Particularly, a vast majority (93%) of them do not embrace tactics such as "introducing new outlets"; 91.7% for "the initiation of new services by financial co-operatives"; 93% for "new branches of financial co-operatives opening up"; 91.7% for "diversity in the products they offer"; and 88% for "the member ability to get a loan without collateral". It is worth noting that these tactics may involve costs, especially for small or newly established CFIs. However, implementing such initiatives can potentially bring about positive changes for these CFIs. For example, in the case of Canadian credit unions, opening new outlets serves as a delivery network for their products and services, contributes to brand campaign and appreciation, and enables differentiation within the market (Schoemaker et al., 2002). While there may be associated costs, these initiatives have the potential to attract new members, enhance accessibility, and strengthen the CFI's brand presence. By differentiating themselves through various tactics, CFIs can position themselves as unique and competitive entities, leading to potential growth and success.

RELIABILITY AND VALIDITY OF THE MEASURING INSTRUMENT

Factor analysis with Promax Rotation was used to investigate the data structure. Each factor's reliability was evaluated using the Cronbach's alpha coefficient. The results showed all Cronbach alpha values are greater than the .7 minimum acceptable, confirming the reliability of each factor as well as good internal consistency. The construct validity – indicated by both convergent and discriminant validity – was also attained.

CONCLUSION

The aim of this study was to draw a comparison between South Africans CFI sector and the best international practice, and determine the explanations for the small penetration frequency in South African CFI sector, then draw lessons from that. It is worth noting that the successful CFI sectors across the globe have certain tactics they have adopted which made their sectors successful. Some of these tactics have been discussed. Equally important is the fact that in all the countries that have been looked at with more details, the government had taken an important role in assisting the financial co-operative sector. In South Africa too, the government have taken many initiatives, especially over the past 25 years to try on growth sector. Yet the sector remains small with a very low penetration rate. A fair question to ask is why? The answer to this question may be looked at from two perspectives.

Firstly, is the South African government doing the same thing that other governments with successful CFI sectors have been doing? From the literature that was discussed earlier, it can be noticed that the South African government has been mostly passing laws to regulate the industry and putting in place agencies that are supposed to assist financial co-operatives, or oversee the regulations of the sector. Nevertheless, looking at where the industry stood at the time of this study it didn’t look like these initiatives had been working. It may be argued that the government doesn’t seem to properly follow up the progress of the various organisations that were supposed to assist the sector both financially and otherwise. The difference here lies with the fact that governments where financial co-operatives have been successful adopted practical and tangible measures to help the sector growth. In Spain for instance, all forms and types of co-operatives are exempt from corporate tax for the first ten years, after which they are subject to a 10% tax rate as long as they invest 20% of their surplus in research or investment and 80% of their workforce is made up of worker-owners. In Bangladesh, the government has taken action to support the development of the co-operative sector by enacting a number of measures to support the financial cooperative bank sector.

Secondly, earlier discussions revealed that SA financial co-operative themselves had not been doing enough to be known or for their services to be known by consumers. It was shown that most of the tactics that have been used successfully by other financial co-operative sectors across the globe have not been widely adopted by the South African financial co-operatives. It is an open question as to whether there is enough support within the sector itself, something that might have assisted the sector's growth. In Kenya for example, Apex co-operative organisations, such as the Kenya Union of Credit Co-operative Limited (KUSCCO) and the Co-operative Alliance of Kenya, support training programs for members, staff, and board members, provide SACCOs with credit facilities to increase their liquidity during periods of high demand for loans, assist with risk management, and support their partner SACCO members through advocacy efforts (Kinyua, 2016).

The observations that can be made here is that the South African financial co-operative sector remains small because of lack of proper support by the government, but also because of the passive attitude of the CFIs themselves.

IMPLICATIONS AND RECOMMENDATIONS

The government support and actions are not up to the standards of other countries with respect to the aid for financial co-operative development in South Africa. Financial co-operatives lack innovative initiatives to attract new members and grow the industry, and the necessary assistance among the co-operative themselves, or from their representative bodies. It is recommended that, for forthcoming studies on this theme, because the CFI population is very small, studies ought to attempt to have all registered CFIs participate to give a better indication and to be able to generalise the results. Nevertheless, the study will act as a springboard for a more extensive investigation in other parts of the nation and maybe in other African countries.

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CONCEPTUALISING A UNIVERSITY-BASED STUDENT ENTREPRENEURIAL ECOSYSTEM FRAMEWORK

Shelley M. Farrington*, Riyaad Ismail and Atlehang Nkotha**
Department of Business Management, Nelson Mandela University, Gqeberha, South Africa
** Department of Management, University of Antwerp, Antwerp, Belgium

*Corresponding author
Shelley.Farrington@mandela.ac.za

Abstract

Universities are increasingly recognised for their pivotal role in fostering student entrepreneurial behaviour. As entrepreneurial universities transition from traditional academic institutions, they provide supportive environments for student (S) entrepreneurs, leading to the emergence of university-based entrepreneurial ecosystems (U-BEE). Despite the growing importance of these ecosystems, universities still grapple with determining the optimal structure and design to effectively cater to student entrepreneurs. This study aims to develop a conceptual framework to enhance the understanding of the interacting elements of a U-B(S)EE. Through an integrative literature review, key elements are identified, leading to the development of a comprehensive U-B(S)EE conceptual framework grounded in systems theory and the concept of entrepreneurial ecosystems. The framework categorises elements into inputs, processes, and outputs, and provides insights into the interactions between them. Our findings offer researchers a refined understanding of the complexities of U-B(S)EEs and provide stakeholders with a strategic tool for decision-making and resource allocation.

Keywords: Student entrepreneurship; university-based entrepreneurship ecosystems; systems theory; ecosystems

INTRODUCTION

Universities increasingly recognise their pivotal role in fostering entrepreneurial behaviour among students (Meyer, Lee, Kelley and Collier, 2020; Wright, Siegel and Mustar, 2017; Bergmann, Hundt and Sternberg, 2016). To do so, universities have started serving as incubators for student entrepreneurs, providing a supportive environment for their engagement and venture creation (Allahar and Sookram, 2019a; Sherwood, 2018). This environment generally enables students to acquire business skills and experience, while also providing a platform to transform their creative ideas into income-generating projects (Tshishonga, 2022). Such supportive environments have been associated with entrepreneurial universities and university-based entrepreneurship ecosystems (U-BEE). To date, numerous studies have focused on entrepreneurial universities (Cunningham, Lehmann and Menter, 2022; Novela *et al*., 2021; Audretsch, 2014) and U-BEEs (Novela *et al*., 2021; Meyer *et al*., 2020; Nkusi, Cunningham, Nyuur and Pattinson, 2020; Shil, Shahriar, Sultana, Rahman, and Zayed, 2020; Deshpande and Guthrie, 2019; Wright *et al*., 2017; Rice, Fetters and Greene, 2014), highlighting the expanding body of literature and underscoring the growing importance of universities in this regard. Nonetheless, universities still grapple with a key challenge: determining the optimal structure and design for their entrepreneurial ecosystems to effectively cater to the needs of student entrepreneurs (Cunningham *et al*., 2022). The field of entrepreneurial university research, particularly concerning its organisational structures and governance, remains in its infancy (Donina, Seeber and Paleari, 2017). Additionally, the building of a U-BEE is a complex process (Xie and Zhang, 2019), posing major challenges to the effective implementation of such systems (Shil *et al*., 2020). These ecosystems are large and heterogeneous in nature (De Araujo Ruiz, Martens and Da Costa, 2020; Mukesh, 2020), and the key elements needed are not appropriate for all regions (Allahar and Sookram, 2019a). Furthermore, supporting student entrepreneurship requires a dynamic and interconnected system (Novela *et al*., 2021), and challenges arise when different stakeholders in the system have conflicting goals (Wright *et al*., 2017). These different stakeholders with diverse goals lead to various ad hoc elements within the university environment to support student entrepreneurs (Cunningham *et al*., 2022). It is, thus, of great importance that the elements which serve as the building blocks of the system in context be identified and the interaction between them highlighted to ensure better alignment (Malecki, 2017). In addition, Meyer *et al*. (2020) highlight the lack of assessment methods by which universities can assess their current U-BEE and plan for these systems in the future. As U-BEEs are dynamic, and student start-up activities are varied (Yusoff, Rajah, Ahmad and Ismail, 2017), this reinforces the need to understand the interacting elements of the system before building the system can commence and strategies can be implemented. Thus, by conducting an integrative literature review, this study aims to develop a conceptual framework to enhance our understanding of the interacting elements of a U-B(S)EE. The paper first presents a broad literature overview, delving into the concepts of entrepreneurial universities, systems theory, entrepreneurial ecosystems, and university-based entrepreneurial ecosystems. Thereafter, based on a thorough literature review, a U-B(S)EE conceptual framework is developed, and the elements and sub-elements are presented. The paper concludes with theoretical and managerial implications as well as directions for future research.

LITERATURE REVIEW

Entrepreneurial universities

The role of universities has been reframed for the economy and society to include three tasks: academic teaching, research, and knowledge transfer to society (Cunningham *et al*., 2022). The latter is increasingly evident in entrepreneurial universities, which are seen as playing an essential role in finding new ways to compete and succeed in uncertain and unpredictable environments and in finding solutions to the multiple challenges facing society, whether local or global (Hannon, 2013). As traditional universities transition to entrepreneurial universities, they now act as catalysts for economic and societal change (Markuerkiaga, Errasti and Igartua, 2014). They acknowledge their pivotal role in fostering entrepreneurship among the student community, especially considering the broad and significant range of benefits, including enhancing entrepreneurial competencies, tackling unemployment, and contributing collectively to broader economic development and growth (Nabi, Liñán, Fayolle, Krueger and Walmsley, 2017). Acknowledging this role has led to a shift from only offering traditional theory-based classroom teaching to more integrative methods of teaching and training students for entrepreneurship, which is one of the ultimate goals of entrepreneurial universities (Malatjie, 2020; De Jager, Mthembu, Ngowi and Chipunza, 2017). In addition to providing entrepreneurial education, universities are increasingly recognised as incubators for entrepreneurship and talent development (Allahar and Sookram, 2019a). Nowadays, entrepreneurial universities participate in partnerships, networks, and business activities with public and private enterprises as well as governments to seek cooperation and interaction to link education, research, and entrepreneurship activities to technological, social, and economic development (ElBouzidi and Massou, 2021). The dynamic interplay among diverse internal and external stakeholders has led to the emergence of university-based entrepreneurial ecosystems (U-BEE). The emergence of these U-BEEs is underpinned by systems theory and the concept of entrepreneurial ecosystems in general.

Systems theory and (entrepreneurial) ecosystems

Turner and Baker (2019: 3) define a system as a "group of independent items or elements forming a unified whole that regularly interacts, focusing on a common purpose". Systems theory explains the interdependence between the elements of a system and the dynamic relationships between them (Lai and Huili Lin, 2017; Chikere and Nokwa, 2015). The elements of a system are structured in a hierarchical order, and one element cannot function without the support of others (Lai and Huili Lin, 2017). Therefore, the elements must be coordinated for the efficient and effective functioning of the whole system (Chikere and Nokwa, 2015). A U-BEE also consists of elements that must work together to create an environment conducive to student entrepreneurs within a university context (Rice *et al*., 2014). Systems theory recognises that systems have boundaries, which involves understanding the limits of the U-BEE and how the elements interact (Lai and Huili Lin, 2017). Activities in an ecosystem take place by using inputs from the external environment and transforming them into outputs for stakeholders in that ecosystem (Cordon, 2013), highlighting the existence of an open system with interactions taking place between internal and external inputs of the system (Lai and Huili Lin, 2017).

The fundamental notion of an ecosystem in the context of entrepreneurship (generally referred to as "entrepreneurial ecosystems") was first developed in the 1980s and 1990s concerning the entrepreneurial activities occurring within a given economic border (Yusoff *et al*., 2017). Since then, entrepreneurial ecosystems have attracted much attention, and many studies investigating their elements and underlying processes have occurred (Allahar and Sookram, 2019a). Entrepreneurial ecosystems can be described as a system of interdependent heterogeneous elements and supporting infrastructure, which brings about a conducive environment in which new ventures can flourish (Nkusi *et al*., 2020; Stam, 2015). More specifically, Stam (2015: 1765) describes such an ecosystem as a "set of interdependent actors and factors coordinated in such a way that they enable productive entrepreneurship through networks of entrepreneurship, leadership, finance, knowledge, and support services". Similarly, Allahar and Sookram (2019a: 15) describe an entrepreneurial ecosystem as the "union of localised cultural networks, investment capital, universities, and economic policies, which create an environment supporting venture creation". Irrespective of the description, entrepreneurial ecosystems are primarily seen as sources of support for individuals engaging in entrepreneurial action and providers of habitats in which entrepreneurship can flourish (Guerrero, Urbano and Gajón, 2020). It is broadly agreed that several common pillars (or elements) underlie an entrepreneurial ecosystem, including a "conducive culture, finance availability, quality human capital, appropriate market conditions, and a wide range of supports" (O'Brien, Cooney and Blenker, 2019: 384). Similarly, Yusoff *et al*. (2017) identify six elements that make up an entrepreneurial ecosystem: government policy, finance, culture, business support and infrastructure, domestic and international sales, and human resources. These six elements are essential for describing entrepreneurship in an area (Lahikainen, Kolhinen, Ruskovaara and Pihkala, 2019).

Given that this study aims to enhance our understanding of the interacting elements within a system, specifically a U-B(S)EE, we consider systems theory, particularly the concept of entrepreneurial ecosystems, suitable for categorising these elements and explaining their interactions.

University-based entrepreneurial ecosystems

In the last decades, the concepts of an entrepreneurial university and an entrepreneurial ecosystem have become important for both academic research and regional policy objectives (Segers, 2015). It is argued that the university environment can be conceptualised as a potential entrepreneurial ecosystem (Morris, Shirokova and Tsukanova, 2017), and the promotion of entrepreneurship requires an ecosystem where institutions of higher education hold an important position in collaboration with all stakeholders (Wadee and Padagachee, 2017). Guerrero *et al*. (2020) state that the university environment influences graduate career patterns. In this context, entrepreneurial universities have "configured entrepreneurial ecosystems (educational programmes, business incubators, and other infrastructures) to support potential entrepreneurs (students, academics, staff, and alumni)" (Guerrero *et al*., 2020: 45).

Universities play an important role in developing local and regional entrepreneurship and are acknowledged as important sources of business start-ups (Meyer *et al*., 2020). As such, they are essential contributors to the development of entrepreneurial ecosystems in general through both their research and their role in providing educated labour (Lahikainen *et al*., 2019). According to Shil *et al*. (2020), universities not only play an important role in entrepreneurship development but also in developing a systematic process where talented students and graduates invent, innovate and commercialise their business ideas. It is these systematic processes that give rise to U-BEEs. U-BEEs broadly refer to the notion of universities contributing to economic development through acting entrepreneurially (Guerrero *et al*., 2020; Deshpande and Guthrie, 2019) and providing a habitat for the development of entrepreneurial activities and future entrepreneurs (Yusoff *et al*., 2017). Rice *et al*. (2014) define a U-BEE as an environment where students are given sufficient exposure to entrepreneurship, contributing to the entrepreneurial career decision. Jansen, Van De Zande, Brinkkemper, Stam and Varma (2015: 173) contend that a U-BEE is any part of a university organisation that focuses on "actively promoting and supporting entrepreneurship among staff, students, and alumni". It is these U-BEEs that allow for the development of entrepreneurial intention among students and graduates (Morris *et al*., 2017) and can directly affect their ability to exploit entrepreneurial activities (Deshpande and Guthrie, 2019).

Like entrepreneurial ecosystems, U-BEEs are generally built up of several elements (see Table 1) that must work together to create an environment conducive to student entrepreneurs within a university context (Rice *et al*., 2014). While commonalities can be found across the various U-BEE frameworks documented in the literature, notable differences exist in terms of element labelling, inclusion, emphasis on interactions and contextual alignment. These differences highlight diverse approaches to understanding these ecosystems within different contexts. It is against this background that we develop a U-B(S)EE conceptual framework.

DEVELOPING A U-B(S)EE CONCEPTUAL FRAMEWORK

Methodology

Secondary data was collected by means of desk research, and an integrative literature review was undertaken. An integrative literature review provides an overview of the knowledge base by assessing and synthesising the literature on a specific topic. Such overviews allow for reconceptualisation and an expansion of the theoretical foundation of a specific topic, often allowing for new theoretical frameworks and perspectives to emerge (Snyder, 2019; Torraco, 2005). The search strategy for identifying the relevant literature included establishing the search terms, databases and inclusion criteria. Search terms included ecosystems, entrepreneurial ecosystems, entrepreneurial universities, and U-BEEs, whereas the databases searched included Web of Science, ScienceDirect, Scopus, JSTOR, EBSCOhost, and Google Scholar. No time frame was specified, and the inclusion criteria for the literature were that it was published in English and pertained to entrepreneurial universities and U-BEEs.

Elements of a university-based student entrepreneurial ecosystem

After thoroughly reviewing the literature on entrepreneurial universities and U-BEE frameworks and models, numerous elements were identified as existing within a U-B(S)EE (see Table 1).

TABLE 1

ELEMENTS OF A U-B(S)EE

Element	Sub-elements	Author(s)
People	Entrepreneurship support staff	Novela *et al*. (2021)
	Staff: Faculty/academics (professors, educators, teachers) / staff supervising entrepreneurship field projects for students	Novela *et al*. (2021); Sherwood (2018); Elia, Secundo and Passiante (2017); Wright et al. (2017); Kozhakhmetov, Nikiforova and Maralbayeva (2016); Rice *et al*. (2014); Graham (2014); Human Resource Development Council of South Africa (2014)
	Staff: Researchers / post-doctoral fellowships	Kamanzi (2018); Wright *et al*. (2017); Human Resource Development Council of South Africa (2014)
	Undergraduate / post-graduate students	Novela *et al*. (2021); Elia *et al*. (2017); Wright *et al*. (2017); Kozhakhmetov *et al*. (2016); Graham (2014); Human Resource Development Council of South Africa (2014)

TABLE 1

ELEMENTS OF A U-B(S)EE (continued)

Element	Sub-elements	Author(s)
People	Alumni	Novela *et al*. (2021); Sherwood (2018); Wright *et al*. (2017); Kozhakhmetov *et al*. (2016); Human Resource Development Council of South Africa (2014)
	Mentors and coaches	Novela *et al*. (2021); Elia *et al*. (2017); Graham (2014)
	Entrepreneurs (business owners)	Wright *et al*. (2017); Human Resource Development Council of South Africa (2014)
	Investors	Wright *et al*. (2017); Kozhakhmetov *et al*. (2016)
	Community	Sherwood (2018); Wright *et al*. (2017); Morris, Kuratko and Pryor (2014); Graham (2014)
Infrastructure	Physical infrastructure	Hsieh and Kelley (2019); Kamanzi (2018); Morris *et al*. (2014); Rice *et al*. (2014)
	Business incubation facilities	Novela *et al*. (2021); Meyer *et al*. (2020); Wright *et al*. (2017); Elia *et al*. (2017); Human Resource Development Council of South Africa (2014)
	Science and technology parks	Novela *et al*. (2021); Elia *et al*. (2017); Rice *et al*. (2014)
	Entrepreneurship centre	Meyer *et al*. (2020); Wright *et al*. (2017); Human Resource Development Council of South Africa (2014)
	Technology Transfer Office (TTO)	Xie and Zhang (2019); Sherwood (2018); Kozhakhmetov *et al*. (2016)
Funding	Funding to support infrastructure	Human Resource Development Council of South Africa (2014)
	Funding to support entrepreneurial development activities	Elia *et al*. (2017); Kozhakhmetov *et al*. (2016)

	Seed funding for student start-ups	Miller and Acs (2017); Morris *et al*. (2017)
Leadership and governance	Top management and senior leaders	Novela *et al*. (2021); Nkusi *et al*. (2020); Hsieh and Kelley (2019); Kozhakhmetov *et al*. (2016); Rice *et al*. (2014)
	Entrepreneurship champion	Graham (2014); Morris *et al*. (2014)
	Entrepreneurial vision	Novela *et al*. (2021); Wright *et al*. (2017); Human Resource Development Council of South Africa (2014)
	Strategic planning (working mission statement)	Morris *et al*. (2017); Rice *et al*. (2014)
	Entrepreneurship policy	Meyer *et al*. (2020); Rice *et al*. (2014)
Entrepreneurship activities	**Entrepreneurship co-curricular activities**	
	Student organisations	Meyer *et al*. (2020); Sherwood (2018)
	Coaching and mentorship	Meyer *et al*. (2020); Hsieh and Kelley (2019); Sherwood (2018)
	Competitions	Sherwood (2018)
	Conferences	Arranz, Ubierna, Arroyabe, Perez and de Arroyabe (2017)
	Formal entrepreneurship academic activities	
	Entrepreneurship education	Meyer *et al*. (2020); Elia *et al*. (2017)
	Undergraduate curriculum graduate and postgraduate training	Meyer *et al*. (2020)
Collaboration	**Internal collaboration**	
	Self-sufficiency in university entrepreneurship support is a goal; human resource development for staff involved in start-up support is in place	Wright *et al*. (2017); Human Resource Development Council of South Africa (2014)
	Collaboration and integrated faculty-internal entrepreneurship support	Sherwood (2018); Human Resource Development Council of South Africa (2014); Morris *et al*. (2014)

TABLE 1

ELEMENTS OF A U-B(S)EE (continued)

Element	Sub-elements	Author(s)
Collaboration	**External collaboration**	
	University-business external relationships for knowledge exchange	Allahar and Sookram (2019b); Elia *et al*. (2017)
	Relationships built between the university and the regional/national entrepreneurship and innovation community	Graham (2014)
	Interaction degree of alumni and university; Interaction degree of enterprise and university	Xie and Zhang (2019); Elia *et al*. (2017)
	Interaction degree of government and university; Government policies and programmes	Meyer *et al*. (2020); Human Resource Development Council of South Africa (2014)
Evaluation	Outcomes and metrics	Morris *et al*. (2014)
	Monitoring and evaluation system performance indicators	Elia *et al*. (2017); Morris *et al*. (2014)
	Evaluation of entrepreneurship activities (post-course), mid-terms and long-term (alumni, post-start-up)	Human Resource Development Council of South Africa (2014); Morris *et al*. (2014)

	Tracking and reporting of venture activity	Meyer *et al*. (2020)
Reward systems	Incentives and rewards for staff that support university entrepreneurship	Elia *et al*. (2017); Human Resource Development Council of South Africa (2014); Morris *et al*. (2014)
Measurable outcomes	Number of graduates	Novela *et al*. (2021); Morris *et al*. (2014)
	Number of student ventures	Wright *et al*. (2017)
	Number of business incubations	Sherwood (2018)
	Number of products commercialised	Sherwood (2018)
Organisational (entrepreneurial) culture	Entrepreneurial intentions	Bergmann *et al*. (2016)
	Entrepreneurial attitudes	Kamanzi (2018)

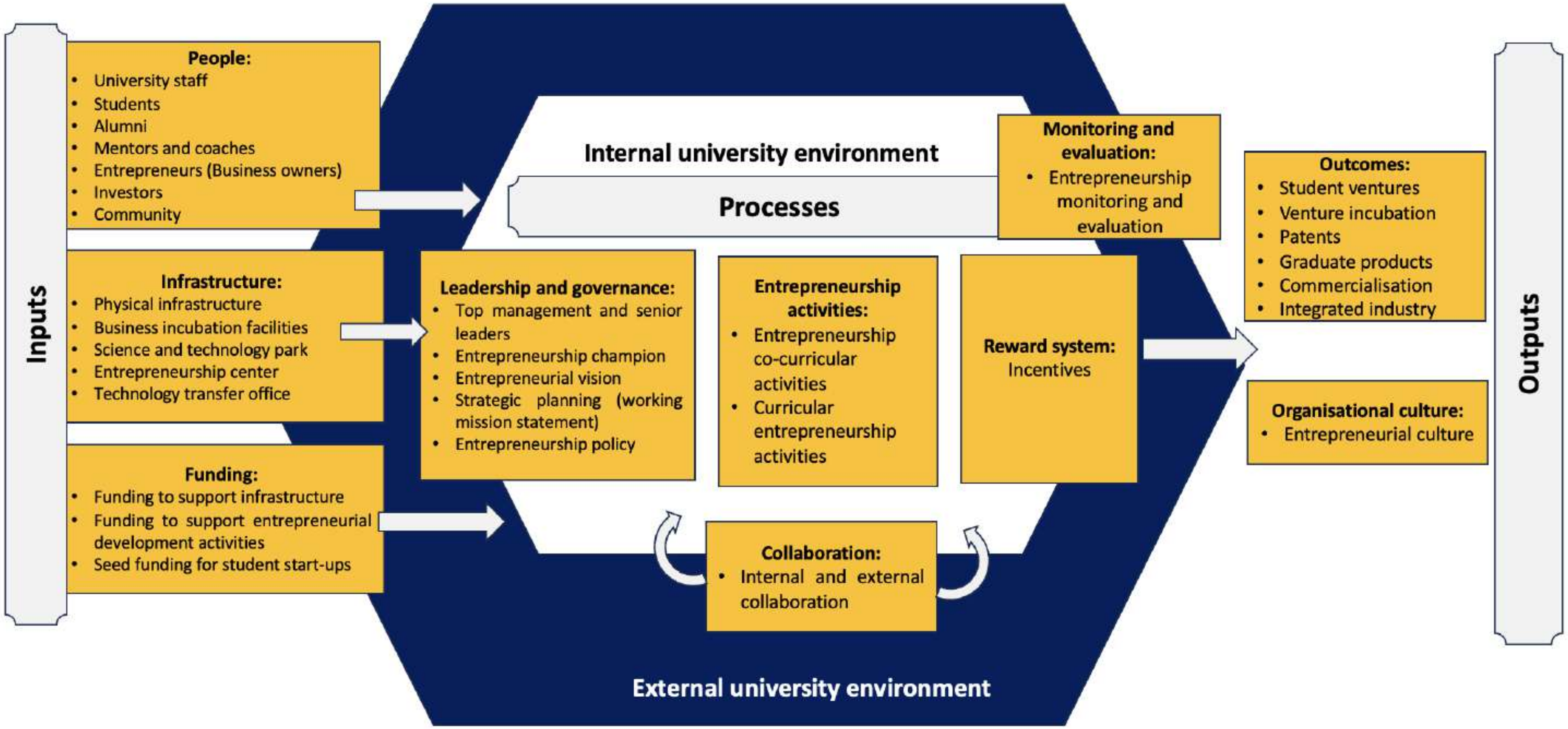
Source: Researcher's own construction

U-B(S)EE conceptual framework

Underpinned by systems theory and based on the elements identified in the literature (Table 1), several elements and sub-elements were identified as most common, and these were used to develop our conceptual U-B(S)EE framework (Figure 1). Our framework proposes that the elements are either inputs, processes, or outputs of the system. According to Chikere and Nokwa (2015), inputs, processes and outputs are the components of a general system. A system accepts inputs and transforms them through processes into outputs. In addition, our conceptual framework accounts for the U-B(S)EE being an open system as the interactions between the elements in the internal and external environments are highlighted. The various elements in the conceptual framework are described in the following sections.

FIGURE 1

A UNIVERSITY-BASED STUDENT ENTREPRENEURIAL ECOSYSTEM CONCEPTUAL FRAMEWORK



Source: Researchers' own construction

Inputs

Inputs are the elements that enter and are processed by a system to achieve the system's overall goal or outputs (Ireland, Covin and Kuratko, 2009). In the context of a U-B(S)EE, inputs are the resources made available to create an entrepreneurially supportive university (Sherwood, 2018) and include elements such as "facilities, equipment, seed capital, and technology available to staff and student entrepreneurs to assist them in establishing and operating businesses" (Sherwood, 2018: 242). The input elements in our U-B(S)EE framework include people, infrastructure and funding.

People

According to Kamanzi (2018), a U-BEE provides the stage for a variety of people to influence an entrepreneurial university. As Novela *et al*. (2021) suggest, people are necessary to support the entrepreneurial activities within a university. The people element includes university staff, students, graduates and external stakeholders. All staff and students are important internal stakeholders supporting the entrepreneurial agenda in a university (Novela *et al*., 2021). University staff comprises entrepreneurship support staff, faculty, researchers and/or post-doctoral scholars. Entrepreneurship support staff design and coordinate entrepreneurship activities and provide services and support such as establishing and managing an alumni network interested in supporting student entrepreneurship (Wright *et al*., 2017). Support staff organise networking events, manage business plan competitions, sponsor guest speakers and link student entrepreneurs to angel and venture funders (Rice *et al*., 2014). The entrepreneurship faculty's role is to support entrepreneurship services, deliver curricular entrepreneurship courses to business and non-business students, conduct entrepreneurship research, and enhance the entrepreneurship learning experience of students (Rice *et al*., 2014). Students play a significant role in the U-BEE and are a major force behind raising awareness and promoting entrepreneurship among students and staff (Novela *et al*., 2021). Undergraduate and postgraduate students, faculty post-doctoral and alumni who have become entrepreneurs are also actors in a U-BEE (Wright *et al*., 2017). Alumni who have become entrepreneurs contribute to the ecosystem by serving as mentors and coaches or by providing funds to support student entrepreneurs (Wright *et al*., 2017).

Establishing a high-impact, sustainable U-BEE requires that all stakeholders collaborate and contribute to the system (Rice *et al*., 2014). Wright *et al*. (2017) contend that support mechanisms for student entrepreneurship should not only be provided by people internal to the university but also by those external to the university. Examples of these external stakeholders include entrepreneurs, investors (capital providers), service providers (mentors, experts, tutors), and the community (suppliers and customers). Other external stakeholders include individual business founders, other organisations and other universities (Kamanzi, 2018). When stakeholders are creative and energetic, and momentum is built quickly, the probability of the sustained development of a U-BEE is enhanced (Rice *et al*., 2014).

These external stakeholders can provide student entrepreneurs with "funding, mentorship, coaching, and advice, as well as the hosting of entrepreneurship events and workshops" (Sherwood, 2018: 62). Novela *et al*. (2021) emphasise the importance of involving people from diverse backgrounds and communities in supporting entrepreneurial activities within a university. These people share their expertise, information, and resources, and provide connections or collaborations that enable the businesses of student entrepreneurs to grow (Wright *et al*., 2017).

Infrastructure

In our framework, infrastructure includes physical facilities, business incubation facilities, a science technology park, an entrepreneurship centre and a Technology Transfer Office (TTO). Shil *et al*. (2020) assert that infrastructure facilities include physical spaces where interested students can develop prototype products. Such physical facilities include "co-working spaces where students have access to workspace, meeting facilities, and a place from which to operate their business" (Arranz *et al*., 2017: 65). According to Sherwood (2018), incubators have become a popular mechanism to promote and facilitate start-ups ventures and their growth. Such incubators provide an operational site, infrastructure as well as pre-incubation and acceleration support (Matt and Schaeffer, 2018). Science and technology parks are business support and technology transfer-based organisations or initiatives with ties to a university or other institutions of higher education (Rice *et al*., 2014). These parks encourage and support the "start-up, incubation, and development of innovative and high-growth business ventures" (Good, Knockaert, Soppe and Wright, 2018: 14). They also support entrepreneurs by assisting them in developing product prototypes (Wright *et al*., 2017) as well as providing them with fully equipped working spaces, technical assistance, advice, coaching and mentorship (Allahar and Sookram, 2019b).

An entrepreneurship centre is a place where student entrepreneurs can develop their entrepreneurial skills and business ideas, receive the support and direction they need, and surround themselves with like-minded individuals (Alves, Fischer, Schaeffer and Queiroz, 2019). According to Pittz and Hertz (2018), entrepreneurship centres act as a link between the various components of an entrepreneurial ecosystem. These centres increase the accessibility of facilities and other support available to assist student entrepreneurs in establishing new ventures (Pittz and Hertz, 2018). According to Good *et al*. (2018: 51), a TTO aims to "protect the university property rights to generate returns and support the pre-commercialisation of inventions". TTOs of a university offer intellectual property services, legal support services, and commercialisation services (Wright *et al*., 2017).

Funding

Morris *et al*. (2017) assert that universities should set aside funds to specifically pay for entrepreneurial activities and to support entrepreneurs. For our conceptual framework, funding was categorised as funds for entrepreneurship development and seed funding for student start-ups. Entrepreneurship development funding is used to provide support for entrepreneurship through building infrastructure and delivering various support activities. Such funds will ensure that faculty are employed to actively be involved with support activities related to entrepreneurship and will allow them to continuously attend programmes to develop their knowledge and skills relating to entrepreneurship (Human Resources Development Council of South Africa, 2014). Seed funding refers to funds provided to the university to invest in early-stage student entrepreneur businesses (Matt and Schaeffer, 2018) as capital injections for their entrepreneurial start-ups (Miller and Acs, 2017). Such funding can take the form of either "equity or non-equity investments, loans, or small grants" (Morris *et al*., 2017: 71). Wright *et al*. (2017) contend that universities often provide seed funds to help student entrepreneurs start their businesses and host business plan competitions where winners can use the funding to grow their businesses.

Processes

A systems environment is primarily the set of variables that define or control certain aspects of the process execution (Chikere and Nokwa, 2015) and is either internal or external to the system's boundary. According to Vekić, Borocki and Fajsi (2019), universities should intensify their efforts to create an internal environment where student entrepreneurship is supported and promoted. This internal environment is important because universities can influence the intentions of their graduates to be entrepreneurial (Bergmann *et al*., 2016). Universities can mobilise their resources within their internal environment, which can then be used to support and promote entrepreneurship among their students (Department of Higher Education and Training, 2017). In an organisational system, processes effectively and efficiently transform inputs into outputs (Chikere and Nokwa, 2015). The elements in the internal university environment transform inputs into outputs, and the interactions contributing to the resulting change are called the process (Chikere and Nokwa 2015). Four elements are identified as commonly cited in the literature and included in our conceptual framework as facilitators of the various processes (activities) in the internal university environment, namely, leadership and governance, entrepreneurship activities, collaboration (internal and external), evaluation, and a reward system.

Leadership and governance

Strong leadership commitment and good governance are crucial to developing a comprehensive support system for sustainable entrepreneurship at a university (Tiemann, Fichter and Geier, 2018). The leadership and governance element in our framework includes three sub-elements, namely, leadership, vision and mission, and governance. Rice *et al*. (2014) contend that the development and sustainability of a U-BEE requires senior leadership vision, engagement, and sponsorship. Strong leaders in a U-BEE contribute to securing the long-term commitment of financial resources (Rice *et al*., 2014), either in the form of endowments or yearly budgetary commitments, which are the driving power of the system (Novela *et al*., 2021). In addition to senior leaders, the role of an entrepreneurship champion(s) in building university support for student entrepreneurship is also noted (Graham, 2014). A champion advocates for entrepreneurship initiatives within the host university and collaborates with the government, media, other academic institutions, and the business community (Rice *et al*., 2014). According to Novela *et al*. (2021) and Rice *et al*. (2014), a vision and mission aligned with entrepreneurship are also essential for encouraging an innovative and entrepreneurial agenda at all levels of an institution. It is the role of a university's top management to ensure that entrepreneurship and innovation are included as strategic objectives of a university (Graham, 2014; Rice *et al*., 2014). Good governance occurs when senior leaders at a university establish an entrepreneurship policy and allocate resources to implement these policies (Meyer *et al*., 2020). Developing an entrepreneurship policy is important as it describes the nature and extent of the entrepreneurship support offered to university students (Rice *et al*., 2014).

Entrepreneurship activities

Entrepreneurship activities are designed to offer entrepreneurship support to students at a university and are delivered for co-curriculum involvement and curricular academic recognition. Co-curricular activities tend to be experiential in nature and include student organisations (clubs), coaching, mentoring, competitions, conferences, networking events and speaker series, whereas curricular activities relate to formal entrepreneurship education (undergraduate curriculum and postgraduate studies) (Morris *et al*., 2014). Co-curricular entrepreneurship activities are the main activities in a U-BEE that support student entrepreneurs and refer to activities outside a university's formal curriculum with an enterprise or entrepreneurship focus which do not earn academic credits (Preedy, 2017). Arranz *et al*. (2017) contend that these activities aim to improve the entrepreneurial culture among students and staff, and provide the information and support needed to undertake successful entrepreneurial action. Entrepreneurship education is described as "the teaching and learning of entrepreneurship required to start a business" (Novela *et al*., 2021: 71). Shil *et al*. (2020) assert that entrepreneurship education plays an important role in developing the entrepreneurial attitudes of students. Entrepreneurship education is central to a U-BEE as it fosters student innovation (Novela *et al*., 2021) and influences their career decisions (Elia *et al*., 2017). University-accredited courses or entrepreneurship curriculum refers to "formal entrepreneurship education, which is embedded in the formal structure of the curriculum and includes accredited degrees, certificates, modules, courses, or programmes specifically focusing on entrepreneurship" (Sherwood, 2018: 260). The primary goal of formal academic entrepreneurship curricula is to equip students with theoretical and practical knowledge to act in an entrepreneurial manner (Ratten, 2020). Entrepreneurship education also includes training programmes and professional courses focusing on developing skills and introducing the basics of starting and managing a business (Gielnik, Funken and Bischoff, 2017).

Collaboration

Systems theory enables organisations to describe their internal and external behaviour (Chikere and Nokwa, 2015). Internally, people interact with one another to perform their tasks; externally, organisations interact and collaborate with other organisations and institutions (Chikere and Nokwa, 2015). According to Morris *et al*. (2014), university stakeholders should not operate in silos, and collaboration between various entrepreneurship stakeholders, both internal and external to the university, is important for supporting entrepreneurship at a university. Internal collaboration occurs when people or departments in the same university work together and share knowledge (Human Resource Development Council of South Africa, 2014). Communication, coordination and cross-collaboration should exist between university departments and faculties, and best practices for supporting entrepreneurship should be shared to enhance effectiveness and efficiency (Human Resource Development Council of South Africa, 2014; Morris *et al*., 2014). According to Morris *et al*. (2014), universities must ensure that cross-campus initiatives occur and encourage entrepreneurship stakeholders from different departments and disciplines to collaborate to support existing and future student entrepreneurs.

According to Wright *et al*. (2017), the U-BEE is influenced by the university's environment, including the nature of the local, regional and national policy stance towards university entrepreneurship and government objectives concerning the role of universities. Collaboration between "universities, industry, and the government is essential to creating a conducive entrepreneurial environment for students and staff", and this collaboration is known as the "Triple Helix" (Allahar and Sookram, 2019b: 298). Close collaboration between the university and external stakeholders who promote entrepreneurship is crucial, and staff and students should be encouraged to collaborate with a diverse variety of external stakeholders (Elia *et al*., 2017). According to Elia *et al*. (2017), external collaboration provides knowledge exchange opportunities and benefits students and staff in several ways, such as "increased access to funding for product and business development, commercialisation, market knowledge, and employment opportunities" (Allahar and Sookram, 2019b: 255). Amadi-Echendu, Phillips, Chodokufa and Visser (2016) suggest that the most common collaborations identified between universities and external stakeholders revolve around providing funding, mentorship, coaching and advice. Alumni can also bridge the internal university environment to the external environment by being entrepreneurs, entrepreneurship teachers, mentors, and coaches to enhance entrepreneurial creativity and develop business plans (Wright *et al*., 2017).

Evaluation

To ensure effective and efficient provision of entrepreneurship support at a university, it is essential to have a monitoring and evaluation system in place (Elia *et al*., 2017; Human Resource Development Council of South Africa, 2014) so that the performance of the entrepreneurial activities offered can be tracked and the resulting outcomes can be evaluated (Morris *et al*., 2014). Such a system allows for measuring the impact of the support provided and indicates where more attention should be given and improvements are needed (Morris *et al*., 2014). According to the Human Resource Development Council of South Africa (2014: 74), regular performance measurement of "entrepreneurial activities should be conducted through a formal system, evaluating and monitoring the immediate (post-course), mid-term (graduation), and long-term (alumni and post-start-up) impact". Morris *et al*. (2014) propose using specific performance indicators or measurable outcomes to track the performance of entrepreneurial activities offered by a university. For Elia *et al*. (2017), these performance indicators could include (i) entrepreneurial strategy impact on regional development, (ii) engagement in entrepreneurial teaching and learning, (iii) number of entrepreneurial ideas that have been generated, (iv) number of business ideas that have been turned into prototypes or market offerings, (v) number of newly generated companies and the number of people that they employ and (vi) results generated in terms of the intellectual property value. Meyer *et al*. (2020) suggest tracking indicators such as new businesses and products as well as funds raised.

Reward systems

To encourage entrepreneurial activities in general, incentives and rewards should be offered (Elia *et al*., 2017; Human Resource Development Council of South Africa, 2014; Morris *et al*., 2014). University management should establish a reward system to encourage higher innovation levels and productivity, which is likely to increase entrepreneurial behaviour among staff and students (Ireland *et al*., 2009). Universities should provide incentives to support entrepreneurship through annual faculty appraisals, pay increases, provision of graduate assistants, travel allocations, and other forms of faculty support (Morris *et al*., 2014). Such incentives could include grants offering administrative support and publicly recognising the achievements of those involved (Morris *et al*., 2014).

Outputs

A system produces outputs after processing the inputs. Outputs are the variables discharged from the system (Chikere and Nokwa., 2015). Inputs are secured and used by the transformation processes through managerial functions into outputs (Chikere and Nokwa, 2015). The outputs of our U-B(S)EE framework are described in terms of measurable outcomes and the university's entrepreneurial culture.

Measurable outcomes

Measurable outcomes are akin to counting what is created, such as the number of start-ups, people trained, agreements signed, inventions created, and patents received (Sherwood, 2018). According to Novela *et al*. (2021), the measurable outcomes of a U-BEE include the number of student and graduate entrepreneurs, product commercialisation, patents from research or business, copyrights of research output by staff and students, the extent of business incubator integration with industry and the number of science and technology parks. Novela *et al*. (2021) contend that the most important outcome of a U-BEE is the number and quality of students who become entrepreneurs. Similarly, Wright *et al*. (2017) assert that an effective U-BEE should be conducive to producing student ventures.

Organisational culture

According to Jones (2013: 30), organisational culture is described as a "set of shared values and norms that guide how employees interact with each other and their interaction with customers and the community external to the organisation". The culture set by an organisation impacts how individuals perceive, think, behave and give meaning (Whitehead, 2018). A university's culture also influences entrepreneurial behaviour, communications, and stakeholder relationships (OECD, 2017). In our framework, an entrepreneurial culture is an output of the U-B(S)EE, which occurs because of the student entrepreneurship support activities taking place at the university, which, in turn, contributes to the further enhancement of such an entrepreneurial culture. An entrepreneurial culture can be created (output) when the necessary resources (inputs) are made available to undertake the appropriate activities (processes).

A university entrepreneurial culture is one where entrepreneurship is promoted and embraced at all levels (Ndedi, 2014). Such a culture allows for the development of entrepreneurial graduates through teaching, learning, research and engagement (Yusoff *et al*., 2017) and influences the entrepreneurial intentions of students (Bergmann *et al*., 2016). According to Vekić *et al*. (2019), universities should intensify their efforts to develop an entrepreneurial culture where student entrepreneurship is promoted and supported. The existence of an entrepreneurial culture increases the likelihood of U-BEE success (Kamanzi, 2018).

THEORETICAL AND MANAGERIAL IMPLICATIONS

Developing a conceptual U-B(S)EE framework to enhance our understanding of the interacting elements of a U-B(S)EE has several theoretical implications. By examining how the different input, process and output elements interact in our framework, researchers can refine and expand on existing theoretical frameworks to better explain the complexities of entrepreneurial ecosystems within a university context. In addition, by summarising the building block of entrepreneurial universities as well as the elements in the various U-BEE models and frameworks, our framework allows researchers to identify commonalities between them as well as discrepancies in explaining observed phenomena, leading to opportunities to develop and refine existing frameworks. A possible theoretical gap in the existing studies on building entrepreneurial universities and models of U-BEE is highlighted by one such discrepancy. While most studies typically consider internal and external environments as well as various elements and the interrelationships between them, they often overlook the explicit influence of context. Therefore, emphasising and accounting for the significance of context within a U-B(S)EE could represent a valuable theoretical contribution.

Practical managerial implications include providing university stakeholders with a greater understanding of a U-B(S)EE's elements and the interaction between them to allow for more informed strategic decisions and resource allocation. Our U-B(S)EE framework makes a vast array of information more accessible and understandable to a wide range of stakeholders. By summarising key U-BEE elements and their interactions concisely, our framework allows individuals to quickly grasp the essential components and dynamics of such an ecosystem with a student focus. Having a clear summary of a U-B(S)EE's elements helps decision-makers prioritise actions that will have the greatest impact on fostering student entrepreneurship and innovation at a university. Our U-B(S)EE framework provides universities with a basis for evaluating the effectiveness of their existing ecosystem and benchmarking it against best practices. Stakeholders can also use our framework to advocate for policies and initiatives that support student entrepreneurship within their university context. Evidence-based arguments based on documented elements of successful ecosystems can help secure institutional buy-in for entrepreneurial policies and initiatives.

DIRECTIONS FOR FUTURE RESEARCH

Building a U-BEE is a complex process (Xie and Zhang, 2019). It is, thus, of great importance, and "a sense of good business", that the elements that serve as the building blocks of the system be identified and the interaction between them be highlighted (Malecki, 2017). Based on many elements identified in the literature, we proposed a U-B(S)EE framework. Allahar and Sookram (2019a) assert that U-BEEs have attracted much research attention over the past few years. However, most research studies on U-BEEs have been undertaken in developed countries, with studies in developing countries like South Africa being scarce (De Araujo Ruiz *et al*., 2020). Wright *et al*. (2017) state that a university's context influences the extent and nature of its resources to support faculty and student entrepreneurship.

Similarly, Debarliev and Drakulevski (2020: 365) highlight the "significance of the university context in affecting student involvement in entrepreneurial activity". Xie and Zhang (2019) assert that building a well-functioning U-BEE requires embracing the specific characteristics of universities and local conditions rather than trying to imitate the ecosystem of other universities. We therefore suggest that future research should investigate the relevance of our framework in a developing country context, given the constraints universities in these countries face. Given that U-B(S)EEs operate within specific contextual environments, future research should explore how contextual factors shape the structure and dynamics of these ecosystems. Such research could lead to developing contextually embedded elements that account for variations in university and country contexts. Our conceptual framework provides a foundation that future researchers could develop further and test empirically. In addition, to date, most research conducted on U-BEE has adopted a qualitative research approach and case study research strategy (e.g., Novela *et al*., 2021; Miller and Acs, 2017). As such, these studies have not been able to generalise their findings. Future research could empirically test the interrelationships between some of the elements and sub-elements identified in our conceptual framework, as well as their influence on measurable outcomes and a university's organisational culture.

CONCLUSIONS

Our study highlights the pivotal role of universities in supporting student entrepreneurs. Through the development of a conceptual U-B(SEE) framework, we enhance our understanding of the elements of these systems and the interaction between them. This framework also holds practical significance for university stakeholders. Future research could explore the contextual nuances of universities and the impact thereof on their entrepreneurial ecosystems, potentially refining existing frameworks or practices. Ultimately, our study contributes significantly to the scholarly discourse on U-BEE and the overall efficiency and effectiveness of U-B(S)EEs in practice.

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A review of the influence of entrepreneurial leadership to the performance of construction SMEs in the Eastern Cape, South Africa

L. Flepisi[1*]
[1]Department of Management and Entrepreneurial Studies
Faculty of Management Science
Durban University of Technology, South Africa
21856839@dut4life.ac.za

A.J.C Womack[2*]
[2]Department of Applied Law
Faculty of Management Science
Durban University of Technology, South Africa
catharinaw@dut.ac.za

L.M. Lekhanya[3*]
[3]Department of Public Management and Economics
Faculty of Management Science
Durban University of Technology, South Africa
lawrencel@dut.ac.za

ABSTRACT

Construction SMEs are faced with challenges which influence their ability to grow and be self-dependent. These challenges greatly affect the performance of construction SMEs resulting in these firms to fail. Entrepreneurial leadership is perceived to be the hope for construction SME owners to survive in these difficult situations. The aim of the study is to review the influence of entrepreneurial leadership through the identification of critical entrepreneurial factors affecting the performance of construction SMEs. A quantitative approach was used to collect data from 303 construction SMEs operating in the Eastern Cape province. The study findings revealed critical elements of entrepreneurial leadership influencing the performance of construction SMEs which include lack of innovative behaviour, lack of proactive behaviour and lack of risk-taking behaviour. These factors are a hindrance to the innovation, growth, and sustainability on these businesses. Construction SMEs need to invest in entrepreneurial development through formal education and training.

Keywords: entrepreneurial leadership, Construction SMEs, Eastern Cape, South Africa

1. INTRODUCTION

Current literature is of the same view that SMEs are the crucial drivers of economic growth and development for both developed and developing countries (Amoah and Amoah, 2018; Moise, Khoase and Ndayizigamiye, 2020). According to Moise *et al*. (2020), SMEs contribute meaningfully to every nation through job creation and poverty reduction and in terms of economic value in South Africa, they contribute 42 percent to the gross domestic product (GDP). Onat and Kucukvar (2020) pointed that the South African construction sector plays a significant role in the country's economic development, although there are inevitable challenges that, from time to time, affect the sector negatively. In support, a report by the Department of Trade and Industry revealed that South African construction SMEs underwrite meaningfully to the country's GDP and have proven to be the main contributors to job creation (Lekhuleni, Mulongo and Kholopane, 2018). Regrettably, while construction SMEs underwrite significantly to the country's GDP, 70 to 80 percent of construction SME entrepreneurs who start-up a new firm fail within the first year, 60 percent in their second year and 90 percent by the tenth year (Wentzel, Fapohunda and Haldenwang, 2022; Rungani and Potgieter, 2018). This is attributed to the lack of entrepreneurial leadership by construction SMEs which limit and impede their performance, and thus affecting the development and growth of the South African construction sector (Nyakala, Vermeulen and Pretorius, 2022; Bikitsha and Amoah, 2022). Thus, there is a research gap in the influence of entrepreneurial leadership on performance on construction SMEs in South Africa. It is therefore important to examine the influence of entrepreneurial leadership on the performance of construction SMEs in the Eastern Cape. The study seeks to contribute as a knowledge reference to entrepreneurial leadership in the field of business management through identifying key elements of entrepreneurial leadership.

2. LITERATURE REVIEW

2.1. Definition of entrepreneurial leadership

Gupta, MacMillan and Surie (2004) state entrepreneurial leadership is connected to transformational leadership, where a leader induces "the spirit of high-ranking performance through earnest assistance of supporters. Wentzel *et al*. (2022) contend there is a need for entrepreneurial leadership development by sharpening the expertise of construction SME owners.

2.2. Theoretical background

According to entrepreneurship theory by Drucker (1985, cited in Simpeh 2011), an entrepreneur is an individual that continuously searches for change, provides solution(s) to it, and takes advantage of it as an opportunity. Setiawan, Raharjo and Koesmarggono (2017), however, define an entrepreneur as an individual who starts up and runs his or her own firm. Entrepreneurs are opportunity driven and have certain characteristics and skills such as creativity, innovation, business management and business know-how (Simpeh, 2011; Setiawan *et al*., 2017). This view is supported by the Resource-Based Theory (RBT) of entrepreneurship, which states that access to key resources by entrepreneurs is an enabler of maximising the opportunity based on entrepreneurship and new venture growth (Simpeh, 2011). Alvarez and Busenitz (2001) believe it is the firm's unique resources that differ from its competitors that enable a firm to enjoy a competitive edge. However, Barney (2001) argues that due to the lack of attention given to entrepreneurial leadership, the current RBT does not integrate innovation and entrepreneurship acts (Alvarez and Busenitz, 2001). According to Vasilska (2020), the training of entrepreneurs on critical skills is a major contributor to the success of construction SMEs. In support Nana, van Staden and Coetzee (2021) state the shortage of local entrepreneurial leadership is a limitation in South Africa.

2.3. The influence of entrepreneurial leadership

In establishing the role of entrepreneurial leadership towards cloud service in Chinese SMEs, the study by Yu, Li, Li, Zhao. and Zhao (2018) discovered that businesses with more entrepreneurial leadership are highly likely to regard institution setting for cloud services as secure and normal resulting on these firms to have a high trust of cloud services. Another study by Cui and Song (2022) on impact of entrepreneurial leadership on innovation performance of Chinese SMEs, Cui and Song (2022) discovered that there is strong relationship between entrepreneurial leadership and innovation performance. In South Africa, the study by Neneh, (2012) found that SME business owners with entrepreneurial mindset achieved business success and lack of entrepreneurial mindset resulted in high failure of SMEs. While as study by Fatoki (2018) on the impact of entrepreneurial resilience on the success of SMEs in South Africa discovered a positive relationship between entrepreneurial resilience and individual and organisational success. In India, the study by Khurana, Dutta and Ghura (2022) on SMEs found that digital entrepreneurial leadership in an entrepreneurial ecosystem has profound advantages for SMEs. Based on the above, the role of entrepreneurial leadership is undisputed to the performance of SMEs in BRICS countries. Hence, the Russian government's interest in enhancing entrepreneurial leadership has intensified to achieve diversification of the Russian economy (Pinkovetskaia, Lyubovtseva, Arbeláez-Campillo and Rojas-Bahamón, 2020). Based on the above it is evident that the influence of entrepreneurial leadership is of critical importance to the performance of SMEs.

2.2. Elements of Entrepreneurial Leadership

2.2.1. Innovative behaviour

According to Xerri and Brunetto (2011), innovative behaviour is the knowledge management process of bringing new problem-solving idea into use which enables SMEs to have a competitive edge. In support, Stoffers, Hendrikx, Habets and van der Heijden (2020) advocate that SMEs need to enhance their employees' ability to adopt innovative behaviour to achieve a competitive advantage. The study by Mutonyi, Slåtten and Lien (2020) discovered that entrepreneurial leadership is a driver of innovative behaviour. Thus, lack of innovative behaviour can be linked to lack of entrepreneurial leadership.

2.2.2 Proactive behaviour

Alkahtani and Nordin (2020) define proactive entrepreneurial behaviour strategic decision by top leadership in taking advantage of new opportunities. The authors asserts that proactive entrepreneurial behaviour is a critical characteristic of entrepreneurial leadership. Proactive behaviour is a critical factor in the performance of construction SMEs (Hamdan and Alheet, 2020). Hence, there is a need to assess the influence of proactive behaviour to the performance of construction SMEs in the Eastern Cape.

2.2.3 Risk-taking behaviour

According to Hamdan and Alheet (2020), risk-taking behaviour is the tendency of the business leadership to take business related risks in uncertain business environment. In support, Urban and Msimango-Galawe (2019) argue that the manner in which the business owners' views business environment affects the business owners risk behaviour, consequently business success. SMEs tend to have a high risk appetite in uncertain environments to maximize market opportunities (Hamdan and Alheet, 2020).

2.2.4 Strategic behaviour

Gupta *et al*. (2004:23) maintain entrepreneurial leadership is a forerunner of leadership that "generates visionary scenarios utilized to formulate and mobilize a support group of whoever becomes part of the vision of exploration and realization of strategic value creation". In addition, Soomro *et al.* (2019) explain the art of entrepreneurial leadership lies in the ability of an entrepreneur to drive the performance of employees in a direction that will enable them to achieve organisational goals. Furthermore, the authors state that leaders of SMEs, including construction SMEs, need to adopt modern leadership styles unlike old leadership styles, and this is referred to as entrepreneurial leadership (Soomro *et al*., 2019).

2.3 Role of education and training into entrepreneurial leadership

According to Isaacs, Visser, Friedrich and Brijal (2007), entrepreneurship education is the systematic and intentional intervention by an educator in the life of a student, to teach key entrepreneurial leadership qualities and skills that will enable the student to survive in the business sphere. Anderson (2017) maintains education on entrepreneurial leadership for construction SME owners and/or managers has a substantial value for SME start-up and growth and is directly linked with social networks. Furthermore, Cassim, Soni and Karodia (2014) found almost all policy analysts acknowledged appropriate education is rated as a key policy instrument empowering entrepreneurship. In support, Tomy and Pardede (2018) agree education and training are the result of accumulated human resources that enable the construction SME owner to contribute positively to firm performance.

3. RESEARCH METHODOLOGY

The study has adopted a quantitative research methodology. A survey questionnaire was utilised to collect data on attitudes, feelings, experiences, or opinion of a population, by studying the sample of that population (Hox and Boeije, 2005). The researcher collected the primary data from construction SME owners/managers in the Eastern Cape province. The sample frame of the main study consists of 303 construction SME owners or managers. The survey questionnaire was divided into two sections, where section A comprised the demographic information (table 1) and section B contained in-depth questions/statements on the study variables. Section A was aimed at understanding the population formulation and draw statistical conclusions that could help comprehend and answer the study objectives. A non-probability sampling in the form of quota was used to achieve the desired sample for the study. In making the selection of the SME owners/managers, the researcher ensured proper representation through the selection of SME businesses from different types of construction industries registered with the Construction Industry Development Board (CIDB). For data collection, the researcher developed and made use of an online survey as a preferred method. For those owners/managers unable to use the online survey, a questionnaire was emailed for completion and returned to the researcher, electronically. The Statistical Package for Social Sciences (SPSS) version 27.0 was used to capture and analyse primary quantitative data for this study.

Table 1: Profile of usable sample as per Quota characteristics

Geographical area	Frequency	Percentage
Port Elizabeth	123	41
East London	65	21
Komani	35	12
Mthatha	47	16
Makhanda	33	11

Table 1 above shows the profile of usable sample as per quota characteristics. The findings show a fair distribution of construction SMEs selected from the Eastern Cape province towns and surrounding areas. The highest number of construction SME firms were from Port Elizabeth followed by East London.

Table 2: Demographic information of respondents

Variable	Category	Frequency	Percentage
Gender	Male	197	65
	Female	106	35
	GB = General building	112	37
	CE = Civil Engineering	107	35.3

Type of construction business	ME = Mechanical engineering.	25	8.3
	EB = Electrical engineering. (Building)	24	7.9
	EP = Electrical engineering. (In)	32	10.6
	Specialist works (SB to SQ)	1	0.3
	Other	2	0.7
Number of years the business	1 – 5 years.	117	38.6
	6 – 10 years.	139	45.9
	11 – 15 years.	44	14.5
	More than 15 years	1	0.3
CIDB grading	Grade 1	65	21.5
	Grade 2	74	24.4
	Grade 3	84	27.7
	Grade 4	54	17.8
	Grade 5	13	4.3
	Other	12	4

Table 2 above provides a summary of demographic information of respondents who took part in the study. In terms of the classes of construction businesses the results show that the majority classes that represented construction SMEs in this study were general building and civil engineering. While in terms of number of years the business has been in existence, the bulk of businesses that represented construction SMEs had been in existence between 6-10 years. Lastly, the largest grade represented by the construction SMEs, was grade 3, closely followed by grade 2, and grade 1.

4. FINDINGS AND DISCUSSION

This section presents the empirical results of the study on key elements of entrepreneurial leadership which influence the performance of construction SMEs.

Entrepreneurial training

Respondents were asked how likely it was for entrepreneurial training to improve the leadership skills of construction SME entrepreneurs. Figure 1 below illustrates that there is an agreement amongst respondents confirmed by the majority (6.4 percent) respondents that entrepreneurial training will improve the leadership skills of construction SME entrepreneurs where 31.4 percent strongly agreed, and 38 percent agreed to this. Furthermore, 19.5 percent respondents remained neutral, while 7.9 percent disagreed, and 3.3 percent strongly disagreed. These findings are confirmed by the Chi-square test results ($X2 = 132.759$; $df = 4$; $P < 0,001$) for this variable, showing entrepreneurial training has a significant influence on leadership skills. The literature endorsed these findings, with Vasilska (2020) affirming entrepreneurial training is a major contributor to the SME owner/manager, which enables the success of construction SMEs.

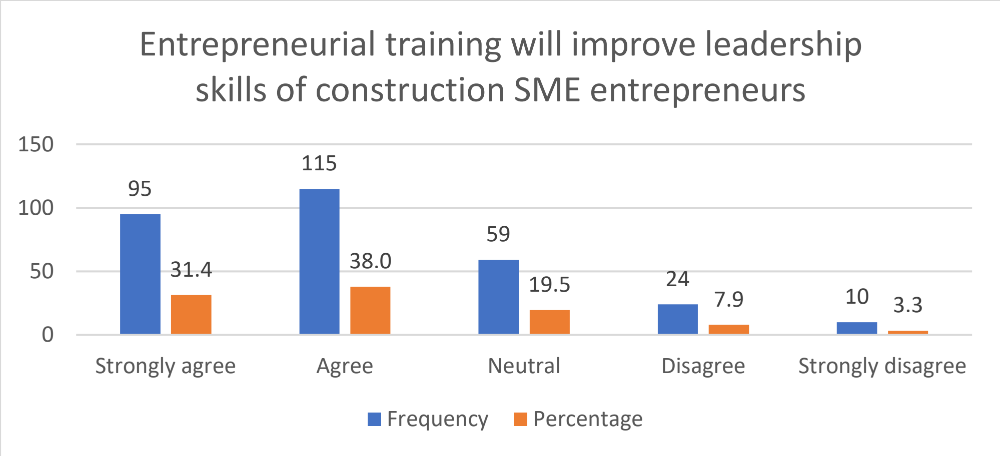

Figure 1: Entrepreneurial training will improve leadership skills of construction SME entrepreneurs

Lack of innovative behaviour

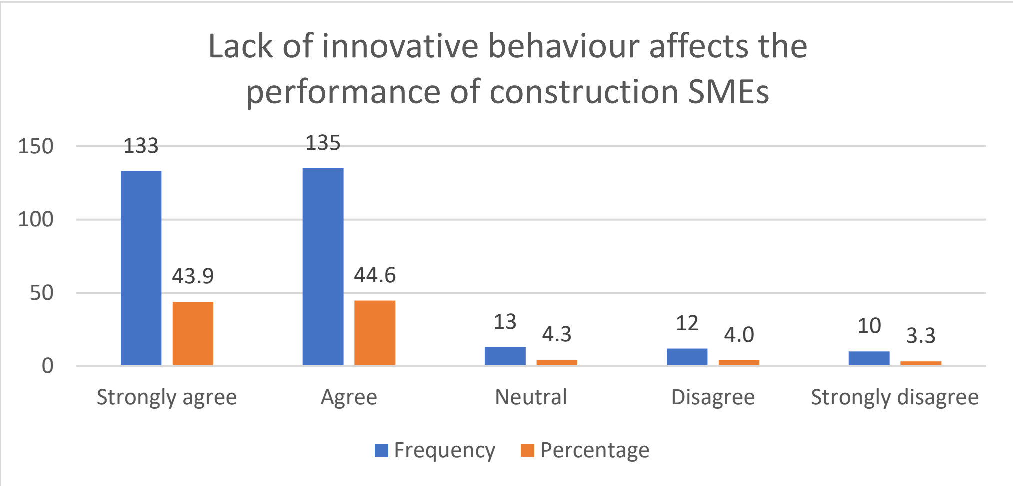

Figure 2: Lack of innovative behaviour affects the performance of construction SMEs

The survey respondents were asked to state how likely it is the lack of innovative behaviour influences the performance of construction SMEs. The findings (Figure 2) above confirms that an overwhelming majority (88,5 percent) respondents agreed the lack of innovative behaviour affects construction SME performance, where 44.6 percent agreed, and 43.9 percent strongly agreed with this. A fewer number of respondents 4.3 percent remained neutral, four percent disagreed and only 3.3 percent strongly disagreed with the statement. The above findings are supported by the Chi-square test results (X^2 = 296.455; df = 4; P < 0.001) for this variable, which shows lack of innovative behaviour affects the performance of construction SMEs. These findings are in line with Slåtten and Lien's (2020) study which discovered that entrepreneurial leadership is a driver of innovative behaviour.

Lack of proactive behaviour

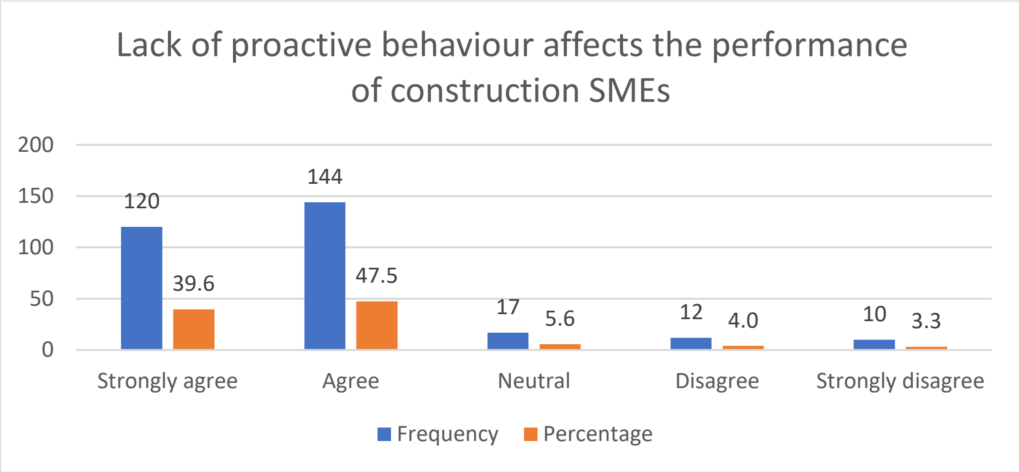

Figure 3: Lack of proactive behaviour affects the performance of construction SMEs

According to Hamdan and Alheet (2020) the level of proactive behaviour is a vital component in the performance of construction SMEs. I view of this, the findings (Figure 3) above indicate clearly that respondents agreed that lack of proactive behaviour influences the performance of construction SMEs. The largest group (47.5 percent) of respondents agreed and 39.6 percent strongly agreed the lack of proactive behaviour affects the performance of construction SMEs, while 5.6 percent remained neutral, four percent disagreed and only 3.3 percent strongly disagreed with the statement. A Chi-square test was conducted and the results (X2 = 285.597; df = 4; P < 0,001) for this variable show the performance of construction SMEs is affected by the lack of proactive behaviour.

Lack of risk-taking behaviour

As depicted in figure 4 below the overwhelming majority (87.2 percent) agreed that lack of risk-taking behaviour affects the performance of construction SMEs, where 44.6 percent agreed and 42.6 percent strongly agreed, 5.3 percent remained neutral, 4.3 percent disagreed and only 3.3 percent strongly disagreed with the statement. The findings are supported by Ch-square test to determine lack of risk-taking behaviour affects the performance of construction SMEs. The results indicate that (X^2 = 281.010; df = 4; P < 0,001) for this variable, showing that lack of risk-taking behaviour by construction SMEs affects their performance, which influences their contribution to economic growth. These finding are confirmed by Baah-Mintah *et al*. (2018), who found the lack of entrepreneurial skills such as risk-taking behaviour is a threat to the performance and success of construction SMEs.

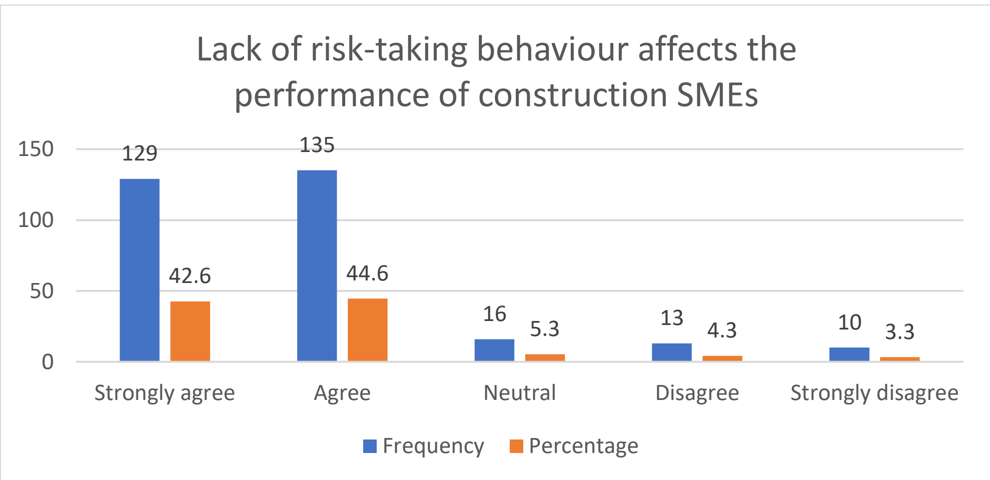

Figure 4: Lack of risk-taking behaviour affects the performance of construction SMEs

Lack of strategic behaviour

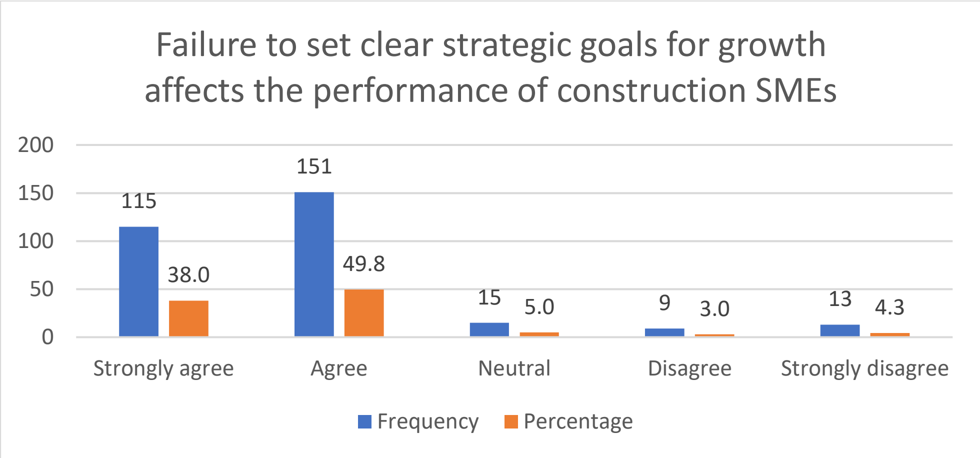

Figure 5: Failure to set clear strategic goals for growth affects the performance of construction SMEs

According to Wentzel *et al*. (2022), the failure of construction SMEs has been accelerated by the lack of entrepreneurial skills, which was proved by their inability to set strategic goals and inability to plan forward actions. In view of this, the survey respondents were asked to state the likelihood that failure to set clear strategic goals for growth influences the performance of construction SMEs. As revealed (Figure 5) above, an overwhelming majority (87.8 percent) respondents agreed failure to set clear strategic goals for growth affects the performance of construction SMEs, with 49.8 percent that agreed and 38 percent strongly agreed, five percent remained neutral, while 4.3 percent strongly disagreed and only three percent disagreed with this statement. A Chi-square test was conducted and the results (X2 = 297.182; df = 4; P < 0.001) for this variable show failure to set clear strategic goals by construction SMEs for growth purposes affects their performance.

5. LIMITATION OF THE STUDY

The sample of the study was limited only to owners and managers of construction SMEs in the Eastern Cape province. While the study covered only the Eastern Cape province, the study findings could still be used by governments, policy makers and construction SMEs of other provinces in South Africa.

6. MANAGERIAL IMPLICATIONS

This study provides some use knowledge and understanding on the importance of entrepreneurial leadership for construction SME businesses. The study shows that there are various tools of entrepreneurial leadership that are critical for the performance of construction SMEs in South Africa including innovative behaviour, proactive behaviour, risk-taking behaviour and strategic behaviour. Construction SMEs owners/managers should take a decisive position in ensuring a development entrepreneurial leadership is achieved through formal training programmes in order to achieve high business performance.

7. CONCLUSION AND RECOMMENDATIONS

The study has recognised the pivotal role played by entrepreneurial leadership within construction SME sector. Moreover, this paper sought to review the influence of entrepreneurial leadership to the performance of construction SMEs. The study identified critical elements of entrepreneurial leadership, namely, innovative behaviour, proactive behaviour, risk-taking behaviour and strategic behaviour which influence the performance of construction SMEs. The empirical results of the study discovered that construction SME owners/managers lack these critical elements of entrepreneurial leadership which are vital for business performance and success. Furthermore, the study revealed that entrepreneurial training will improve entrepreneurial leadership skills of construction SME entrepreneurs. Furthermore, the study findings support the resource-based theory of entrepreneurial leadership, where an entrepreneur is a critical resource in maximising opportunity in the market through entrepreneurship and new venture growth. Based on the study findings, the issue of entrepreneurial leadership needs urgent attention by construction SME owners through empowerment and development on critical elements of entrepreneurial leadership. Thus, this paper recommends that the government of the Eastern Cape urgently formulate training programmes that will enhance entrepreneurial skills of construction SME owners for construction SMEs to achieve business growth and development. Through policy realignment large businesses who mentor SMEs on entrepreneurial development to receive tax incentives. Lastly, construction SME owners must invest in entrepreneurial development through entrepreneurial training as it will improve their entrepreneurial leadership skills.

8. AREAS OF FURTHER RESEARCH

Future research should be widened to focus on the construction SMEs in other provinces and large firms within the construction sector.

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Students' Perspectives on Widening Career Trajectories in Fashion and Beauty Through Digital Entrepreneurship

By Ezile Maphanga

Supervisor: Dr Smangele Pretty Moyane

Co-supervisor: Mr Ntando Nkomo

Master of Management Science in Administration and Information Management

Department of Information and Corporate Management, Durban University of Technology

ABSTRACT

Digital entrepreneurship is a viable avenue for widening career trajectories in developing and underdeveloped economies offering low formal employment opportunities for young people. One of the forerunners in digital entrepreneurship adoption is the fashion and beauty space. However, a gap in understanding the difficulties and opportunities faced by fashion and beauty digital entrepreneurs is noted in South Africa. The aim of the study is encapsulated in the main research question which seeks to address the question: what are the students' perspectives on widening career trajectories in fashion and beauty through digital entrepreneurship and how can these trajectories be explored? The sub research-questions were: how inclined are students in pursuing digital entrepreneurship for expanding fashion and beauty career trajectories? how can students' positive interests in fashion and beauty digital entrepreneurship be cultivated? The study is rooted in the Technology Acceptance Model. The study employed a quantitative approach grounded in a positivist philosophy, targeting 94 final year students in the Fashion Design and Somatology programs through a census. A survey-based questionnaire was utilized to gather data and was analysed through descriptive statistics. Findings reveal a strong inclination among students to pursue digital entrepreneurship. It is recommended that entrepreneurial education be enhanced to further nurture and support students' interests in digital entrepreneurship.

Keywords: **digital entrepreneurship; fashion and beauty; career trajectories; students' perspective**

1. INTRODUCTION

Today, formal employment opportunities are increasingly elusive for young people including those in institutions of higher learning propelling entrepreneurship as a dynamic alternative. Statistics South Africa, (2019), reveals that 55.2% of young individuals aged between 15 and 24 are without employment, with 31% of this group being graduates. Ndlovu (2023) citing Statistics South Africa data further reiterates that there has been a concerning increase in youth unemployment rate of 1,1% and the loss of 250 000 jobs among young people in the first quarter of 2023. Moreover, after the 2020 COVID lockdown, the South African economy was devastated which led to unemployment, pay-cuts, and price hikes in food and other expenses resulting in people opting for entrepreneurship (De Villiers, Cerbone and Van Zijl, 2020). Many allude that the high unemployment rate within South Africa has led to an increased interest among the youth in engaging in entrepreneurial activities (Laing, van Stel and Storey, 2022; Dzomonda and Fatoki, 2019). Ultimately entrepreneurship is gradually being considered as the solution to the South African youth unemployment (Dawson, 2021).

The position of the higher learning sector in South Africa is that to counteract elevated levels of unemployment, there should be a deliberate focus on nurturing entrepreneurship as a strategic response within teaching and learning environments (Entrepreneurship Development in Higher Education Lekgotla, 2018). Entrepreneurial education broadly is an intervention offering a pathway for breeding entrepreneurs (Mónico, Carvalho, Nejati, Arraya, and Parreira, 2021). Entrepreneurship education alongside government platforms such as the National Youth Development Agency (NYDA) play a crucial role in providing support to aspiring young entrepreneurs (Ndlovu, 2023). This underscores the importance of offering the right support to youth entrepreneurs, as there is a clear interest among young people in pursuing entrepreneurship given the right assistance especially financial assistance.

Entrepreneurship is a planned-out behaviour to start a business or the key to fill the gap between poverty and riches (Sutter, Bruton and Chen, 2019). In the digital economy, the concept of entrepreneurship has evolved into online operations known as digital entrepreneurship (Elia, Margherita and Passiante, 2020). Digital entrepreneurship builds upon the traditional concept of entrepreneurship by widening and unlocking career opportunities, involving a dynamic and diverse group of participants (Baig, Hussain, Meidute-Kavaliauskiene and Davidavicius, 2022). Digital entrepreneurship can also be described as a facet of entrepreneurship in which some or all the conventional business's physical elements have been transformed into digital form (Kraus, Palmer, Kailer, Kallinger and Spitzer, 2019).

Pursuing digital entrepreneurship by young people is a viable avenue for widening and unlocking career trajectories (Masenya, 2021). This is because, unlike the traditional model, digital entrepreneurship features an ever-changing assembly of individuals who bring their unique skills such as entrepreneurial skills, administrative functions, knowledge of running a website, advertising skills, goals, and purposes to the entrepreneurial ecosystem (Antonizzi and Smuts, 2020). There are numerous advantages related with digital entrepreneurship including that: the online business starts to run quicker than a normal business at a lower cost, brand awareness increases, customer reach expands, more information is provided, serve niche markets and is accessible anywhere (Soni, Sharma, Singh and Kapoor, 2020). Modern entrepreneurial activities, like any other business, rely on e-commerce putting them in control of the marketing procedures and customer reach (Thaslim, 2019). This means that entrepreneurs are provided with online facilities allowing them to conduct transactions online (Wirtz and Wirtz, 2021). Since digital entrepreneurship's core is rooted in e-commerce, where business transactions occur over the internet, customers can do online shopping (Hong, Sawang and Yang, 2023).

E-commerce has been noted to have become popular in the fashion and beauty industry (Park and Lee, 2021). In that regard, fashion stores provide online facilities where customers can purchase goods, with fashion products the most purchased goods (Kim, Lee, Cho and Jung, 2020). Customers use ICTs such as smartphones to access the online platforms (Mishna, Milne, Bogo and Pereira, 2020). Continued growth of online retail makes digital entrepreneurship a viable commercial and marketing strategy (Phonthanukitithaworn, Ketkaew and Naruetharadhol, 2019) for the fashion and beauty industry. In considering the surge and significance of digital entrepreneurship, as highlighted in the above arguments, prior research points to a dearth in digital entrepreneurship research in the context of developing and underdeveloped countries (Modgil, Dwivedi, Rana, Gupta and Kamble, 2022). Further, difficulties and opportunities faced by entrepreneurs in the online fashion and beauty domain remains largely unexplored (Sahut, Iandoli, and Teulon, 2021).

This research delves into how students envision how digital platforms can redefine career paths and open new avenues for consideration by young people in an economy increasingly offering limited formal employment opportunities.

The main research question posed was: what are the students' perspectives on widening career trajectories in fashion and beauty through digital entrepreneurship and how can these trajectories be explored?

Subsequently, the sub research questions were:

- How inclined are students in pursuing digital entrepreneurship for expanding fashion and beauty career trajectories?
- How can students' positive interests in fashion and beauty digital entrepreneurship be cultivated?

After the introduction, the paper will review relevant literature and outline the theoretical framework guiding the research questions. the paper will then describe the research methods for data collection and analysis, present the results, and discuss how these results relate to the literature. the paper will conclude with a summary of findings, implications, and suggestions for future research.

2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Guided by the sub research questions, the study delved into literature relevant to the inclination to pursue digital entrepreneurship and the cultivation of interests in pursuing digital entrepreneurship:

2.1. The inclination to pursue fashion and beauty digital entrepreneurship

This examination of the inclination to pursue fashion and beauty digital entrepreneurship sought to contrast the phenomenon in different global developmental contexts (developed, developing and under-developed).

Entrepreneurship has a big influence on different economies, where it has an essential role over time in poverty mitigation and economic growth (Fatma, Mohamed, Dana and Boudabbous, 2021). It is an ongoing, dynamic process characterised by the constant emergence of new ideas and creative strategies aimed at addressing social and economic challenges while ensuring sustainability (Tunio, Jariko, Børsen, Shaikh, Mushtaque, and Brahmi, 2021). Throughout this ongoing process, individuals utilise their skills, abilities, exertions, and resources to establish a business venture (Galvão, Marques and Ferreira, 2020). It is, however, revealed that developing countries have limited access to resources, but the technological infrastructure is decent to get most of its essential marketing across, making the targeted audience in this segment a bit more fragmented as different parts could be more developed than others making communication and marketing to other parts more delayed (Rafiq, Batool, Ali, Ullah, 2021).

The pace of technological advancements is driving entrepreneurs to increasingly turn to the digital revolution to capitalise on attendant opportunities (Antonizzi and Smuts, 2020). This is seen through entrepreneurs increasingly developing online presence to reach consumers who prefer to shop online (Wang, Liang, Mahto, Deng and Zhang, 2020). Driving the above-described digital revolution are such factors as the consumer buying patterns which reveal that certainly Millennials tend to favour shopping in physical stores over online shopping, whereas Gen Z predominantly prefers shopping online using their smartphones (Dabija and Lung, 2019). This favours the developed countries over the developing and under-developed given their seamless technology structure which is sophisticated and can reach its target audience with much more resources at its disposal for advertising, marketing, and telesales (Koohang, Nord, Ooi, Tan, Al-Emran, Aw, Baabdullah, Buhalis, Cham, Dennis and Dutot, 2023).

The integration of Fourth Industrial Revolution (4IR) technologies is resulting in substantial disruptions across both the back and front ends of value chains subsequently, fostering innovation, speed, intelligence, and efficiency in processes, products, services, and business models (Casciani, Chkanikova and Pal, 2022). In the realm of entrepreneurship, the rise of improved communication channels, market access, and low entry barriers is seen as pivotal in creating new digital opportunities (Steel, 2021). This environment is increasingly motivating young individuals, including women, to embark on business ventures using digital technologies, such as smartphones and computers, and leveraging social media platforms to build digital communities and market products like cosmetics, garments, fashion accessories, and perfumes (Cabigiosu, 2020). Thanks to the informative and communicative capabilities of these technologies, entrepreneurs now have access to resources and marketing strategies that were previously out of reach, enabling small-scale entrepreneurs in African cities to capitalize on this developmental shift (Gebremichael, Gebreslassie and Mezgebe, 2023).

Social media has transformed the accessibility, description, consumption, and design of fashion and beauty (Hsiao, Wang, Wang, Kao, 2019). Dwivedi, *et al.* (2021) contend that to gain popularity, big brands and companies are represented by popular models through advertising their brands on online social media platforms. Social media platforms such as Facebook and Instagram introduced marketing sites where online shopping takes place to capitalise on unofficial thriving businesses (Park, Kim, Jeong and Minshall, 2021). It has become evident that the growing enthusiasm globally for online shopping is paralleled by the increasing emergence of entrepreneurs in the digital realm.

Although online endeavours require lower entry fee than that of a brick-and-mortar business, the deficiency of financial resources is a significant challenge, explicitly to those belonging to minor socioeconomic social class (Samara and Terzian, 2021). Financial markets are the essential element of institutional schemes as they obtain and distribute capital (Chen, Kumara and Sivakumar, 2021). However, despite the challenges and limitations the developing countries face, digital transformation in entrepreneurship is rapidly growing (Abdulquadri, Mogaji, Kieu and Nguyen, 2021).

Underdeveloped countries have a hard time with essentials by issues like lack of network infrastructure, lack of mobile services and a rolling blackout/loadshedding issue may hinder consumer’s ability to see televised and online advertisement which can be detrimental to an entrepreneur in a digital space (Nothias, 2020). There is a lack of information on the association between ICT and SMEs entrepreneur’s productivity (Etim, James, Ekong and Jemil, 2023). Given the quick adoption of ICTs in Afghanistan throughout the last 20 years, and absence of data on ICTs in SMEs, it signifies a very thought-provoking case that has yet to be studied (Said, 2020). Additionally, this has also affected the populace's human capital, as there has been a forfeiture and lack of skilled experts to maintain viable and consequential infrastructure, schooling, and maintenance for ICT (Sahib, Zad and Shah, 2023). However, despite the challenges, fashion and beauty entrepreneurs in some underdeveloped countries have managed to showcase their work by networking and collaborating with each other; with the social media and e-commerce being on the rise has played a significant role in promoting fashion and beauty globally (Heamatzai and Rafiqzad, 2023).

With the literature above, there is a gap in research towards underdeveloped countries showing interest in undertaking digital entrepreneurship with regards to fashion and beauty. However, there are studies that show the interest in fashion and beauty being on the rise which are:

'Unleashing the Potential of Afghan Women: Strides, Challenges, and Pathways to Prosperity in Economic Development' by Sahib, *et al.* (2023); 'Nascent entrepreneurs and challenges in the digital market in developing countries' by Tunio, *et al.* (2023); 'Women, entrepreneurship, and economic development in Africa' by Nwakanma, (2021); '6 Evolution, innovation and sustainable entrepreneurship in Africa's fashion industry' by Kalu, Okeke, Nwokike, and Eleje, (2024).

2.2. The cultivation of interests in pursuing digital entrepreneurship in fashion and beauty

To cultivate digital entrepreneurship in young people, there should be facilities that support entrepreneurship in higher learning institutions. Education is crucial in this context, with advanced degree programs offering courses in areas such as data analysis, artificial intelligence, e-commerce, and digital entrepreneurship, additionally, self-guided online learning, tutorials, and software resources play a significant role in acquiring relevant skills (Samara and Terzian, 2021). Through entrepreneurship education, individuals can learn how to navigate the changing business landscape of the 4IR, leveraging their knowledge to sustain a business and to avoid negative impacts. Entrepreneurship education plays a vital role in stimulating entrepreneurship skills (Secundo, Rippa and Meoli, 2020). The Durban University of Technology (DUT) stands as one such higher education institution that integrates the promotion of creativity and entrepreneurship through collaborative efforts into its mission and vision (Durban University of Technology, 2019). The education on entrepreneurship brings light to what is termed digital entrepreneurship, entrepreneurship evolving into the digital space (Wibowo, Narmaditya, Sebayang, Mukhtar, and Shafiai, 2023). Digital skills are crucial for modern entrepreneurship, particularly in marketing (Sariwulan, Suparno, Disman, Ahman and Suwatno, 2020). The rise of digital entrepreneurship in the fashion and beauty industry has caught the attention of young people worldwide (Ma and Kwon, 2021). In response, the South African government, (2019) has emphasized the importance of preparing for the Fourth Industrial Revolution (4IR), which could see technology replacing traditional roles across various industries. This shift necessitates the adaptation of business functions like sales, advertising, hiring, operations, finance, research and development, and customer service to digital environments (Antonizzi and Smuts, 2020). This research not only benefits young people by providing them with insights into new business models but also creates opportunities for both self-employment and job creation within the digital economy.

2.3. TAM as a theoretical underpinning to examine students' perspectives on widening career trajectories in fashion and beauty through digital entrepreneurship

This examination of the inclination in pursuing digital entrepreneurship for expanding fashion and beauty career trajectories by students is anchored in the Technology Acceptance Model (TAM) by Davis (1986). TAM is used to predict the acceptability of a technological invention and find ways to modify it to make it acceptable to users (Gupta, Nair, Mishra, Ibrahim and Bhardwaj 2024). TAM has three factors which are Perceived Usefulness, Perceived Ease of Use and Attitude Towards use (Kelly and Palaniappan, 2023; Burgess and Worthington, 2021). TAM has been used to examine how new technologies are adopted in a variety of scenarios including Small Medium Enterprises (Putra and Santoso, 2020), online purchase intention via facebook live streaming (Limna, Kraiwanit and Jangjarat, 2023), microentrepreneurs' intention to use social networking sites (Bonfanti, Tommasi, Ceschi, Sartori and Ruggieri, 2023) and social-media-based entrepreneurship among students (Emmanuel, Qin, Hossain and Hussain, 2022). TAM was relevant for ascertaining students' intention to adopt digital entrepreneurship. Its' three constructs are generally used to check the behaviour of the chosen populations with accepting or adopting new technological advances.

3. RESEARCH METHODOLOGY

The study employed a quantitative approach grounded in a positivist philosophy. A survey research design targeted 94 final year students in a split of: twenty-nine from the Fashion Design Diploma and sixty-five from the Somatology Diploma at the Durban University of Technology. It was considered not necessary to sample, rather employ a census because the population was easily accessible and manageable, it reduced bias and sampling errors as well as improved the response rate and the reliability of data (Else and Perkel, 2022; Statistics South Africa 2019). A 3-page questionnaire composed of largely closed-ended questions (Likert scale and checklist style) and a few open-ended questions was used to gather data.

The questionnaire was pre-tested on 10 students in the Advanced Diploma and were not included in the study.

Data was analysed through descriptive statistics focusing on frequencies and percentages and was presented in tables and graphs. The analysis detailed insights into numerical patterns, which in turn enhances understanding and enables further research on the subject matter (Riahi, Saikouk, Gunasekaran and Badraoui, 2021). The study also used quantitative thematic analysis for the few open-ended questions to identify patterns and themes (Creswell and Clark, 2018).

Forty students out of ninety-four participated in the survey, giving a 43% response rate and all returned questionnaires were usable. It has been noted that response rates for survey methods have decreased possibly due to the proliferation of questionnaire surveys, populations may be experiencing survey fatigue (Sammut, Griscti and Norman, 2021). A scenario peculiar to students is their busy schedules filled with academic, extracurricular, and social commitments making it difficult to allocate time to participate in studies, especially if they perceive the process as time-consuming (Khatamian Far, 2018).

Having chosen a census to capture and provide information in small areas and sub-population groups without any sampling errors (Statistics South Africa, 2022), studies with low response rates must be considered on their facts as they may precisely represent the outlooks of the population (Sammut, *et al.* 2021). Based on the moderate response rate, the generalisability of the study is reduced, and this factor is recognised as a study limitation. The implication arising with the response rate is the likelihood of nonresponse bias and lack of interest by the targeted group (Sammut, *et al.* 2021).

4. FINDINGS AND DISCUSSIONS

This findings and discussion section adopts the combined approach where results are discussed immediately after they are presented. The descriptive analysis of the study's findings begins with the response rates and demographic profile below.

Twenty-one out of twenty-nine students (72%) responded from the Fashion and Textiles department while from the Somatology Department nineteen out of sixty-five third-year students (29%) responded. The combined response rate was 43%.

Distribution with regards to age reveals that an overwhelming majority (34 out of 40) were between 20 – 25 years old, in line with youth ages enrolled in South African higher learning institutions (South African Market Insights, 2023). The gender split excessively favoured females with a total of 34 against 5 males and 1 non-binary, confirming that women are more persuaded to pursue fashion and beauty qualifications (Shah, Hashmi and Sadaf 2023).

Almost all respondents identified as Black in terms of race except for 1 Indian and 2 White, and this mirrors the provincial and national race profile (Statista Research Department, 2023).

As guided by the sub research questions, the survey questions were organised as follows:

4.1. Students' inclination to pursue digital entrepreneurship

This subsection aimed to explore student's interests in pursuing digital entrepreneurship within the fashion and beauty sectors as a means of broadening their career opportunities. The results are detailed in sections 4.1.1 to 4.1.4:

4.1.1. Consideration of entrepreneurship after completing studies, N=40

On whether respondents would undertake digital entrepreneurship after completing their Diplomas, 38 (95%) affirmed 'Yes' and 2 (5%) said 'No'. The overwhelming affirmation is consistent with the literature (Laing, *et al*. 2022; Dzomonda and Fatoki, 2019). At a broad level there is an indication that despite the challenges and limitations the developing countries face, digital transformation in entrepreneurship is rapidly growing (Abdulquadri, *et al*. 2021). Generally, digital entrepreneurship and ecommerce are on the upswing (Thaslim, 2019).

4.1.2. Factors influencing the decision to consider entrepreneurship, N=40

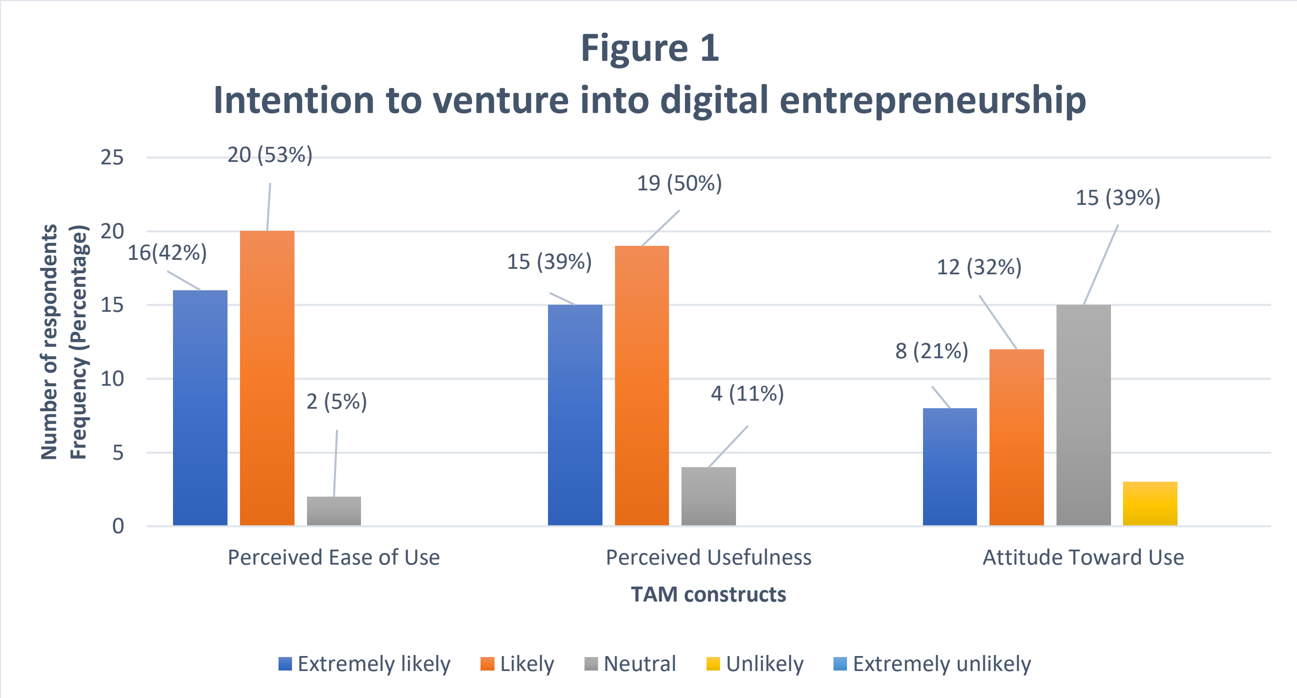
The factors that would influence the students' uptake of entrepreneurship that emerged in this study were: 'independence' at 8 (20%), 'unemployment' at 4 (10%), 'creating jobs' at 4 (10%), 'financial stability' at 3 (8%), 'bringing fresh and new products and styles' at 2 (5%), 'to leave a legacy' at 2 (5%) while 1 (3%) 'exposure to the industry'. There is a diversity of motivating factors for students' digital entrepreneurship uptake some of which are confirmed by literature. For instance, Dawson (2021) submits that South African youth opt for entrepreneurship because of the unemployment rate. Furthermore, entrepreneurship is acknowledged for creating jobs, widening career trajectories, independence, and boosting individual finances (Laing, *et al*. 2022). Moreover, entrepreneurship is largely recognised as a panacea to poverty in developing countries (Fatma *et al*. 2021).

4.1.3. Consideration of full time or part-time digital entrepreneurship, N=38

Participants were invited to choose between 'full time' and 'side hustle' should they consider digital entrepreneurship post their studies. About two thirds of respondents at 24 (63%) preferred full-time, while just above a third at 14 (38%) opted for part-time. Contrary to the study findings, Pouliakas and Ranieri (2022) found that most of their respondents preferred entrepreneurship part-time. Zhang, Stough and Gerlowski (2022) emphasise the distinction between opportunity versus necessity entrepreneurs and that more respondents see themselves pursuing entrepreneurship full-time points to them leaning towards necessity entrepreneurship. This is plausible given the high unemployment rate in South Africa.

4.1.4. Assessing using TAM students' likelihood to pursue digital entrepreneurship, N=38

The data on the intention to venture into digital entrepreneurship is presented in Figure 1 below:



In Figure 1 above, for the constructs Perceived Ease of Use and Perceived Usefulness responses for against extremely likely and likely ranged from above a third (39%) to half (50%). For the construct Attitude Towards Use the leading response were neutral (39%) but the likely and extremely likely posted favourable responses at 32% and 21% respectively, while the unlikely option was selected for the first time. This trend is consistent with existing literature which indicated that the respondents are motivated that using a system will enhance their performance (Kelly and Palaniappan, 2023), and that it would be easy to use (Burgess and Worthington, 2021).

4.2. Cultivating students' positive interests in digital entrepreneurship

It is important to cultivate students' interests in entrepreneurship and digital entrepreneurship and this can be achieved by entrepreneurship education as a means for horning the necessary skills.

4.2.1. Determining the necessity of entrepreneurship education, N=40

Given the crucial role of entrepreneurship education in developing entrepreneurial skills (Secundo, *et al.* 2020), the study sought to determine if respondents believed they required specific skills to startup an online fashion and beauty business. The results indicate that a significant majority, 26 (65%) recognised the need for such skills while 8 (20%) were uncertain and only 6 (15%) felt no additional skills were necessary. The results confirm the importance placed on entrepreneurial education in building entrepreneurial skills for starting a business (Samara and Terzian, 2021; Secundo, *et al.* 2020).

4.2.2. Specific skills needed to pursue digital entrepreneurship, N=6

Choosing from a checklist provided, respondents selected administrative and advertising skills with each preferred by 4. Knowledge of running a website was considered important by 3, while entrepreneurship skills were need by 2. Contrary to prevailing literature where higher digital exposure is more likely to birth entrepreneurs (Zhang, Stough and Gerlowski, 2022; Sariwulan, *et al.* 2020), in this study administrative and advertising skills were ranked highest. It could very well be that advertising indicated here may be in an online context instead of traditional.

5. CONCLUSION

The study explored through the main question: What are the students' perspectives on widening career trajectories in fashion and beauty through digital entrepreneurship and how can these trajectories be explored?

The investigation into the first sub-research question revealed a notable inclination among participants to explore fashion and beauty digital entrepreneurship. The results showcased a prevailing willingness among the surveyed individuals to embrace digital business ventures, which is consistent with the overarching global trend. The assessment of Technology Acceptance Model (TAM) demonstrated an inclination to pursue digital entrepreneurship in fashion and beauty particularly on the Perceived Ease of Use and Perceived Usefulness.

The second sub-research question focused on the cultivation of students' interest in fashion and beauty digital entrepreneurship. It has been established that to cultivate entrepreneurial interests entrepreneurship education plays a critical role. Furthermore, among those who initially expressed no perceived need for additional skills, the subsequent inquiry revealed the significance of administrative functions and advertising skills.

This study contributes to the discourse on youth entrepreneurship, particularly within the evolving landscape of digital business ventures in the domains of fashion and beauty. The participants' receptiveness to digital entrepreneurship aligns with broader trends, highlighting the potential for economic growth, widening career trajectories and innovation. Addressing concerns and ensuring skill acquisition can play pivotal roles in nurturing this enthusiasm, ultimately fostering a generation of skilled and successful digital entrepreneurs. Overall, the study reinforced the importance of entrepreneurship as a solution to youth unemployment and economic challenges in South Africa. It highlighted the allure of digital entrepreneurship, its potential for innovation and economic growth, and the diverse pathways that young individuals are exploring within the entrepreneurial sphere. The findings contribute to the ongoing conversation about youth entrepreneurship and shed light on the intricate choices and motivations shaping their entrepreneurial aspirations. The study concludes that young people from a South African university are inclined to pursue digital entrepreneurship with regards to fashion and beauty and view digital entrepreneurship as a tool to widen and unlock career trajectories and opportunities.

This research has implications for career guidance services in universities by highlighting the influence of the digital revolution on career trajectories. Insights from students can inform the design of academic programs and courses, effectively preparing students for digital entrepreneurial ventures. Identifying the skills and knowledge students deem necessary for success in digital entrepreneurship can guide targeted training and education initiatives, equipping them with relevant competencies. By nurturing digital entrepreneurship among students, there is potential for economic growth through job creation, innovation, and the development of new digital business models in the fashion and beauty sectors.

The study recommends that young people should be encouraged to engage with entrepreneurship education and acquire relevant skills to refine their expertise including in the digital aspect of entrepreneurship. The evident positive propensity to pursue digital entrepreneurship needs to be strategically harnessed with a focus on nurturing both aspiring opportunity and necessity entrepreneurs. Future research should explore other various academic levels and fields of study beyond the focus of the two departments and single level examined in this study.

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Evaluation of the current state of the Gabonese entrepreneurial environment of national parks tourism.

Renaldy Nkogho Beyeme, Peta Thomas, Chris Schachtebeck

Department of Business Management, University of Johannesburg, South Africa

Corresponding author email: Busman6@uj.ac.za

Abstract

This study is an assessment that investigates the state of the Gabonese national parks tourism environment with regard to its impact on the entrepreneurship of SMEs two decades after the adoption of the ecotourism industry by the Gabonese Government to foster its economy. For this purpose, Online phone call interviews with 12 purposely selected participants who are tourism SMEs owners and managers were adopted to gain their opinions in terms of the current state of their entrepreneurial environment, factors affecting entrepreneurship, and their ideas on how to improve this environment. The main findings reveal that participants perceive Gabonese national parks tourism as an embryonic industry that offers unaware opportunities for businesses, but that is challenged by the lack of enough support and procedures to facilitate entrepreneurship, the lack of popularity of the country as a tourism destination, the high cost and complicated procedures for tourism, and the state of infrastructures. Therefore the main recommendations are to improve the regulatory framework towards entrepreneurship and tourism, to improve the tourism experience, and to promote the country as a tourism destination.

Keywords: Gabon, National parks tourism, entrepreneurship, SMEs.

Introduction

Since the first announcement of the establishment of a network of 13 national parks and other protected areas during the 2002 United Nations Earth Summit (Beyeme and Thomas, 2021; WSSD, 2019) in Johannesburg (South Africa). The government of Gabon has unsuccessfully attempted to develop a solid ecotourism environment that favours the creation and growth of SMEs. Though, national parks tourism is perceived as an industry that provides business opportunities for SMEs which in return are considered to have the potential to tackle socio-economic problems such as poverty and unemployment (Pauwels, Christy & Honorez, 2006). National parks tourism has been perceived by the Gabonese government as a way of diversifying the economy that has been mainly based on oil production revenue and the timber industry for several decades (Chand, 2005). But since 2002 to date, despite the potential that Gabon has for tourism, and despite the SMEs' important contribution to an economy, it remains that the Gabonese national park tourism has not had a significant impact on the economy, the Gabonese national park tourism has not favoured significant opportunities for the birth and grown of SMEs in that particular objective.

More importantly, the new Government under the name CTRI (Committee for the Transition and Restoration of Institutions), after the 30 August 2023 military coup, has devoted itself to developing the tourism industry and to encouraging SMEs positive contribution to the Gabonese economy. Therefore, this study's objective is to provide an updated framework that assesses the current state of the Gabonese national parks tourism environment, so that factors affecting entrepreneurship in that industry can be identified, and from which recommendations could be made to improve this entrepreneurial environment. This study is an answer to the following research questions: to what extent has the Gabonese national parks tourism supported the entrepreneurship of SMEs so far? What is required for this particular business environment to finally take off and have a significant impact on the economy?

Literature review

The literature review on Gabonese tourism in general, and on national parks tourism in particular and entrepreneurship is old and outdated, therefore this study will be an updated piece of work that examines the current state of the Gabonese national parks tourism and entrepreneurship and the requirements to make this specific business environment to be more viable for SME's operations.

Gabon's implication on tourism development

The Gabonese government has devoted a number of efforts to developing a comprehensive national parks tourism system (Wight, Mehta, Sholley, Lefrancois, Sebunya, and Christ, 2004). This started with the implementation of a series of initiatives to develop its national parks tourism industry, which includes the establishment of a network of 13 national parks with the aim of protecting the parks' natural resources for future generations, the contribution to the conservation of the world's natural heritage, the development of a new form of economic development for rural populations, thereby reducing poverty; and the development of tourism (ecotourism more precisely) products (Hubert, Tchemambela, Johnson & Christy, 2005) as they are the natural and cultural resources that potential entrepreneurs use to develop their businesses whether tourism or other related business industries; and a set of policies and planning, and the marketing of its destination (The Wildlife Conservation Society, 2007). The aims of such initiatives are to ensure that visitors have a positive experience, encourage return visits, and welcome investors and potential entrepreneurs.

Though, despite the set of efforts to improve the national parks' tourism environment, Doumenge, Palla, Scholte, Hiol-Hiol, and Larzillière (2015) admitted that a considerable hiatus exists between the adoption of such dispositions and the implementation as well as the respect of these regulations. In this sense, Jerusik, Lisowski, Mouketou-Tarazewicz, Ropivia, and Zagajewski (2015) acknowledged that ineffective and inconsistent application of ecological policy constitutes an external threat to success whether in terms of conservation or entrepreneurship. They stated that the result of such initiatives generally remains on paper. To date, there are no results of these efforts. Probably, it is even worse than in 2006 (Jedrusik et al., 2015). The failure of policies regarding national parks tourism has a detrimental effect on entrepreneurship as national parks constitute the resource on which ventures such as SMEs would base their business, and which is an industry well known for being populated and operated by a galaxy of SMEs, which can create virtuous socio-economic development for the actual community (Inversini and Rega, 2016).

Contribution of SMEs to the economy

SMEs are perceived as engines that drive economic development as they account for about 90% of business in both leading and developing countries through job creation, employment, tax provision and contribution to Gross Domestic Product (GDP) (Mhlongo and Daya, 2023; Muriithi, 2017), and 99% of all businesses in developing countries (Abisuga-Oyekunle, Patra, and Muchie, 2019; Muriithi, 2017). They are sources of employment and income for about 80% of the world's population (Ussif and Salifu, 2020; Muriithi, 2017). In Gabon, the early statistics of the SMEs' contribution to the economy in the early 2000s show that there were already approximately 6000 SMEs coming from the private sector representing 78% of all Gabonese enterprises, and employing 35.5 % of the total workforce (FODEX, 2009; IMF, 2002; United Nations, 2001; Assoumou-Ndong, 2003).

Gabonese support for entrepreneurship

In order to support its entrepreneurial environment, in 1980 Gabon adopted law 1/81 of 08 June 1981 instituting proper financial administrative measures to promote and develop SMEs/Small and Medium-size Industries (SMIs). This had three goals: (a) creating a class of Gabonese entrepreneurs, (b) increasing the share of SMEs in GDP, and (c) generating activity in rural areas to stem the rural exodus (World Bank, 2014). Moreover, law number 016/2005 regarding the promotion of SMEs and SMIs was also adopted in 2005 (Droit-Afrique, 2005). Through these laws and the creation of incubators, the State aimed to foster assistance in the field of consultation and training, financial intermediation, marketing, and service provision (Ekorezok, 2002).

Additionally, several actions to strengthen the entrepreneurial environment of small businesses such as SMEs and Small and medium-sized industries (SMIs) were implemented (Ndjambou, 2013). Several initiatives were introduced including the establishment of public institutions such as aid and guaranty funds to SMEs and SMIs (Fonds d'Aide et de Guarantie aux pme et pmi-FAGA) created in 1981 under the minister of SMEs and SMIs (Ndjambou, 2013; Ekorezok, 2002); Funds for the development and expansion of SMEs/SMIs (Fonds d'Expansion et de Developpement des pme et pmi-FODEX) that was created in 1993 under the prime ministry (Ndjambou, 2013); The private investment promotional agency (Agence de Promotion et d'Investissements Prives-APIP) created in 2000 under the minister of commerce and industrial development but later was under the minister of finance and was substituted later in 2011 by the enterprise development centre (Ndjambou, 2013; Banque Africaine de Developpement, 2012). However, the paper published by the latter acknowledges the existence of the PromoGabon agency that was created earlier in 1972 under an already existing minister of SMEs.

The public institutions created had the duty of strengthening the Gabonese entrepreneurial environment and fostering SMEs and SMIs (Enombo, Hassan, and Iwu, 2015). The early PromoGabon agency had a mission of assisting business promoters with project build-up feasibility, studies, and financial plans (World Bank, 2014) whereas FAGA has the mission to financially assist Gabonese enterprises labelled as SMEs. FODEX was created to support and develop Gabonese SMEs/SMIs by allowing loans that would help with the creation, expansion, and restructuring of enterprises (Republic of Gabon, 2010). Financial actors like banks such as the Gabonese Banks Union (UGB); the Gabonese International Bank for Commerce and Industry (BICIG), and the International Gabonese and French Bank (BGFI) which realizes 85% of deposits and loans (Republic of Gabon); and lastly Gabonese Bank of Development (BGD) that was created in 1960 and mostly offers loans to FAGA and FODEx to finance the private sector and SMEs/SMIs (Republic of Gabon, 2010; Ekorezok, 2002). On top of the Banks and state institutions that aim to support SMEs, a third actor was also invited by the Gabonese Government which is microfinance institutions. These institutions include the Micro-projects African Financial (Financiere Africaine de Microprojets-FINAM) which was created in 2005 and had a capital of 500. 000.000 XAF (≈ 10.000.000.000 ZAR), and programs such as Loxia from BGFI bank that allows microcredits and Gamifi that will help to finance micro projects (Republic of Gabon, 2010).

Challenges of the Gabonese entrepreneurial national parks tourism environment.

Despite the enthusiasm of the Gabonese government to develop a solid ecotourism industry and to support SMEs' entrepreneurship through the creation of financial public institutions, it appears that some of them ended up being closed in 2010 due to their failure to achieve their objectives (World Bank, 2014; Ndjambou, 2013; Republic of Gabon, 2010). Their funds and resources were transferred to a bank capable of financing SMEs (World Bank, 2014; Republic of Gabon, 2010). However, the report of the World Bank (2014) warns that this bank has been constrained by the same prudential rules as other commercial banks, which constitutes one of the major barriers to entrepreneurship in Gabon and therefore offers a contrasted image of welcoming entrepreneurship in the country (Olomo, 2011/12).

In several regions around the continent, SMEs are facing the problem of lack of funding from banks and other financial institutions. The World Bank (2014) for example reported that the bank in charge of financially supporting SMEs has only financed 19% of all the Gabonese formal SMEs. Olomo (2012) precisely said that only 10% of these SMEs qualify for bank loans. The early work of Antigui (2003) already mentions that banks' contribution to SME development is very limited by unfavourable conditions of providing loans to SMEs because banks are skeptical when it comes to providing funds to SMEs. It is believed that it is too risky because SMEs or entrepreneurs usually have no strategy, and only 40% of Gabonese SMEs survive the first two years (Antigui, 2003), and only 68% of these SMEs do not reach their third year (Ekorezok, 2002). Access to banks loans is very difficult and even when loans are obtained the interest rate for entrepreneurs to pay back is also very high (about 23%), as result the majority of potential entrepreneurs lack funds to start their business (Ekorezok, 2002; Mihindou, Nzeng-Menier, and Oyoubi, 2001). Mihindou et al. (2001) explain that most local entrepreneurs have enormous difficulties in having financial access to government organisms and the reasons provided are the lack of knowledge from entrepreneurs regarding the government organism mechanism as there is no communication system clearly established to make people aware. There are also insufficient funds for entrepreneurs, and there is no personal guarantee of entrepreneurs to financial institutions. However, this is not the only problem that affects the Gabonese entrepreneurial environment.

Other than that, Gabonese entrepreneurship is also affected by the lack of entrepreneurial culture/spirit; long/slow, and complicated regulative/legislative, administrative, juridical, and institutional procedures and environment (it can take up to three years to obtain financial grants). To this, the high cost of working capital, economic deficiencies of infrastructures and basic services; insufficiency of skilled human resources, taxes system are added (Ndjambou, 2013; Banque Africaine de Development, 2012; Olomo, 2011/12; Republic of Gabon, 2010; Antigui, 2003; Ekorezok, 2002; Mihindou et al., 2001). Entrepreneurs in Gabon on the other side lack experience and competencies as well as the lack of access to information. Information is wide and there is too much stretching of information sources (Ndjambou, 2013; Ekorezok, 2002). The lack of business and managerial skills in terms of fixing objectives, managing work, motivation and communication, established norms and performance; training, monitoring, and education is relatively poor (Ekorezok, 2002; Mihindou et al., 2001). Ndjimbi (2008) believes that there is no structure to support young entrepreneurs.

In national park tourism, in particular, SMEs are impacted by limited infrastructure for tourism, more precisely the lack of enough and the quality of roads that lead to national parks. Ross (2004) affirmed that road travel in Gabon can be difficult or impossible depending on the destination and the season. The state of the roads raises the problem of accessibility to the national parks. Laurance, Alonso, Lee, and Campbell (2006) revealed that many national parks in Gabon are difficult to access due to a lack of basic infrastructure. Infrastructure is an important entrepreneurial component as it provides ancillary services and enables venture creation and growth.

Moreover, the research of Jerusik et al. (2015) on one of the Gabonese national parks revealed further challenges that also affect entrepreneurial businesses which are the lack of qualified personnel to handle the tourist traffic; the absence of banks in or around national parks, the absence of Automatic Teller Machines (ATMs), or currency exchange points for foreign cash transactions, and transactions using credit cards are only possible in the largest hotels, which are not necessarily nearby.

Methodology

This study is qualitative in nature as it is an interpretative, naturalistic approach to explore a little-known phenomenon (Aspers and Corte, 2019) such as the Gabonese entrepreneurial national parks tourism environment. A qualitative study investigates phenomena in their natural settings, attempting to make sense of, interpret, describe, decode, and translate concepts and phenomena rather than recording the frequency of certain phenomena in society (Aspers and Corte, 2019). This study is fit to be qualitative because it does not aim to produce data that are numerical, statistical, or metrical. Rather, it aims to do a situational analysis or interpretation of the Gabonese entrepreneurial tourism environment more than two decades after the announcement of the adoption of national parks tourism. Thus, the qualitative methodology helps to identify the variables that positively or negatively influence the take-off of this particular industry. To do so, interviews were used as the primary data collection technique.

Interviews are one of the most frequently used forms of data collection in qualitative studies (Foley et al., 2021). They seek to explore how respondents or participants view particular themes, experiences, and events (Moser and Korstjens, 2018). Interviews are conducted either face-to-face with the participants, by telephone, or online (Moser and Korstjens, 2018).

For this study, online telephone interviews were the specific type of interviews used to collect data.

The online phone call using the WhatsApp application was the technique employed. WhatsApp has been of some methodological interest in the social sciences (Kaufmann and Peil, 2020), as it allows for one-to-one and group communication and offers a range of multimedia functions including voice and video calls (Kaufmann and Peil, 2020). Some researchers perceive this method as more attractive than the face-to-face method due to its convenience, efficiency, cost-effectiveness, and flexibility (Archibald, Ambagtsheer, Casey, and Lawless, 2019). The use of online phone call interviews was cost-efficient as it spared the researcher from spending money on a trip from South Africa to Gabon. This method of data collection was convenient in such a way that interviews could be done flexibly based on the availability of the participant. Interviews were conducted with the use of a questionnaire to guide the interview process. All the interviews were recorded with the approval of participants using the laptop software called steps recorder as the phone call was put on a loudspeaker and later transcribed verbatim to words using the Microsoft Word transcription option. According to Hensel and Glinka (2018), interviews are transcribed manually or with the use of computer applications. For the research's ethical consideration, each participant was sent a consent form (approved by the University of Johannesburg ethical committee: ethical clearance number 23SOM/BM11) stating their right to participate and the purpose of this study before the interview. Interviews could only begin once participants were informed about the steps of the interviews (expected time, calls put on loudspeaker, the recording being undertaken, rights) and once the consent form was approved and signed.

Interviews were undertaken with a sample of 12 purposely selected participants who are entrepreneurs or managers of Gabonese SMEs that are primary or secondary businesses to the Gabonese national parks tourism. Purposive sampling is common in qualitative studies and is referred to as a technique in which the selection of participants is based on the relevance of knowledge and set of information regarding particular phenomena or fields that participants have (Andrade, 2020). A qualitative study is not about the sample size but rather about the quality of the sample that will produce useful and helpful data for theory-building (Qureshi, 2018) until data saturation is reached. The identification of these participants was done through an internet search, recommendations from the researcher’s network, and also based on word-of-mouth recommendations from participants who were previously interviewed.

The data obtained from these interviews were later interpreted using content analysis. Rodrigues (2016) argued that content analysis is a research technique that helps researchers strengthen comprehension of the data. The participants' identities were kept confidential and anonymous, therefore for the purpose of the analysis, all participants were identified by the acronym P for participants, and a number was assigned to each of them to differentiate them and based on their order of participation. For example, P1 was the first participant in this study.

Participants’ perception of their entrepreneurial environment

This section assesses the findings on the perception of this study’s participants concerning their general perception of the entrepreneurial environment in which they operate. The findings show that participants perceive the Gabonese national park industry as a sector that offers a lot and new opportunities that lead to the creation and growth of SMEs. A participant like P2 believes that it is an open market. P2 on the other side believes that it is an industry where everyone can find a space. However, P2 warned that people should just remain legal following the ANPN regulations. In this sense, the statement of P3 summarises the above arguments on the Gabonese national parks tourism environment as follows: *“There are opportunities, but you have to remain perseverant and professional when facing challenges and be honest with the clients”.*

Despite these opportunities that the Gabonese national parks industry offers to entrepreneurs, it remains that the Gabonese national parks tourism business is limited to several factors. In this regard, P6 stated that *“the Gabonese National Park tourism is like having gold in your garden but without knowing its importance”* in reference to the negligence towards the tourism industry. According to P5, this negligence is manifested by the lack of subsequent support for the National Parks' tourism Ecosystem. P10 on the other side believes that the National Parks tourism industry is not utilised and promoted enough.

The National Parks tourism industry is still perceived as embryonic by P9 who also thinks that there is still work to be done to improve that sector of activities. Consequently, a participant such as P4 declared that *“Gabon has all the potential of the world for ecotourism, but they have to invest in developing it”.* P4 believes that this is a matter of political willingness. One way of doing so was suggested by P7 who stipulated that institutions that are supposed to support the National Parks' tourism must play their role.

Participants’ entrepreneurial challenges

As already identified in the literature reviews, several factors negatively affect Gabonese national park tourism. Some of these challenges were reaffirmed by the participants while other challenges emerged. One of the challenges brought forward by the participants is the lack of support for entrepreneurship, especially within the national park tourism environment. This lack of support is referred to as the lack of financial support to national parks tourism entrepreneurs from the government, the banks, and other business angels. P2, P3, P4, P7, and P9 complained about the lack of access to loans, the high interest rate from the banks' loans, and the weight of taxes. In this sense, P4 declared "*Entrepreneurship in Gabon, in general, is facing a problem of taxes and the lack of access to loans*". About the problem of taxes, it is believed that they are high and change anyhow, anytime, and without consultation.

Moreover, factors related to tourism processes and practices are also considered to negatively impact the Gabonese National Park tourism environment. One of these is the cost of practicing tourism in Gabon. P5 clearly stated that *"Gabon as a destination is too expensive".*Participants such as P2, P3, and P5 referred to the high price of fly tickets to and within Gabon, and high transportation fees. In the same context of tourism processes and practices affecting the Gabonese National Park tourism business environment, the long and complicated visa procedures are another challenge affecting Gabonese National Park tourism businesses. In this sense, P7 stated that *"the government should facilitate the E-visa".* Additionally, P6 mentioned the lack of information about Gabon as a tourism destination was also mentioned to be a challenge. All these tourism factors are perceived as challenges because they affect tourist' flow within the country, therefore affecting the potential businesses to have high clientele and provide a range variety of services.

Furthermore, the participants of this study who are also Gabonese national parks tourism entrepreneurs or SMEs managers, are facing the problem of long administrative and legal procedures to register and legalise their companies (P7).

Lastly, the state of tourism infrastructures is one of the challenges that affect the Gabonese tourism business operations. When speaking about infrastructures, P1, P2, and P8 referred to the state of roads that lead to national parks. P2 believes that the state of the roads affects the access to the park. This participant believes that these roads are almost impracticable during the rainy seasons. P3 stated *"I spend a lot in the maintenance of my cars"* in reference to how the state of roads impacts the cars used to transport tourists to national parks.

Participants' Recommendations to improve the Gabonese tourism business environment

Several recommendations were made to improve the Gabonese national park tourism business environment. One of them is the implementation of policies that favour this particular industry. Indeed. Participants such as P2, P8, and P9 think that there is a need to implement policies that facilitate entrepreneurship in general, and more particularly in the national park tourism area. P2 for example proposed the creation of an environment that is favourable to entrepreneurship in all sectors. According to this participant, there is a need to implement policies that aim at facilitating the creation of enterprises, accelerating the process of the creation of enterprises, and reducing the costs of creating an enterprise. Participants such as P3, P4, P5, P8, P11, and P12 pleaded for policies to facilitate access to funding. GNPP11thinks that there is a need for more business angels and more finances. P4 on the other side believes that the banks should reduce their interest rates and support some projects. In addition to that, P5 and P2 recommended the reduction of tax costs. In this sense, P2 proposed the following "to *give a 3-year deadline for a start-up to start paying municipal taxes, if the state makes these efforts, it will encourage a favourable environment for entrepreneurship in the tourism sector".*

Moreover, participants proposed several measures to be taken in order to improve the Gabonese tourism environment, so that the country can position itself as a competitive tourist destination. Participants such as P1 and P9 believe that it begins with the ease of visa procedures and the reduction of flight ticket prices. For P9 a way of making the flight to Gabon cheap is by creating a local flight company. In addition, P4 and P9 proposed the reduction of accommodations' prices too. Another recommendation is communication at the national and internal levels about Gabonese tourism. In this sense, P9 disclosed that *"there is a need for good marketing internally and abroad".* Following the same argument, P8 emphasised the use of digital marketing as this participant proposed a tourism framework that is adapted to new technologies. Adding to that, P2 proposed a promotion of a national attractiveness policy in the territory. Lastly, P8 declared that *"there is a need to define a legal framework that considers the Gabonese culture, convert the touristic potential of Gabon to a diversified package that responds to all the criteria".*

Furthermore, one of the most recurrent recommendations was the improvement of infrastructure such as roads and railways to ease access to different parks. This was proposed by P2, P10, P11 and P12. P10 for instance declared that *"there is a need to improve the roads, especially to Lope National Park, as the train does not operate well".* On the other side but still, concerning infrastructures, P12 indicated that there are no ATMs around national parks areas, therefore the following declaration was made by P12: *"ATM need to be installed so that tourists can withdraw money at any time".*

In addition, skilled entrepreneurs and workers are needed, therefore, P9 and P10 recommended strengthening capacity building through training for entrepreneurs. Capacity building in the field of knowledge management and tourism was highly encouraged by GNPP7 and P8. In this sense, P7 and P8 believe that it is important to acquire managerial knowledge and experience in the tourism sector.

Discussion of the findings

In doing so, the findings reveal that participants perceive national parks tourism as an entrepreneurial hub or a market (easily accessible for some, and difficult to access for others) that offers different types of opportunities that contribute to the economic and social development of the areas in which they are located. Gabonese tourism is still perceived as an embryonic, as a result, it is believed that it still has a lot of work to be done to make the Gabonese destination attractive for tourism. One way of doing so is by identifying challenges affecting this environment and proposing solutions to improve it.

Thus, the findings reveal the lack of support for entrepreneurship as one of the main issues. The early work of Ndjimbi (2008) already affirmed that there is no structure to support entrepreneurs. The participants from this study specifically complained about the lack of financial support in terms of access to or the high rate of bank loans. Earlier studies in the literature review already stressed the problem of bank loans in the entrepreneurial environment in general (Olomo, 2012, World Bank, 2014, Republic of Gabon, 2010, AZntigui, 2003). Therefore, the findings obtained in 2023 from this study's interviews still confirm these same trends, but this time put them in the context of the tourism entrepreneurial environment. Moreover, it was stressed that the Gabonese entrepreneurial environment is affected by the long/slow and complicated regulative/legislative, administrative procedures and environment and the tax systems (Ndjambou, 2013; Banque Africaine de Development-BAD, 2012; Olomo, 2011/12; Republic of Gabon, 2010; Antigui, 2003; Ekorezok, 2002; Mihindou et al., 2001). The participants of this study were also confirmed to be affected by these procedures, therefore this study can safely confirm these challenges in the tourism entrepreneurial environment.

In addition, the lack of sufficient promotion of Gabon both at the national and the international level as a tourism destination was also listed as one of the challenges that is affecting the tourism environment, and more precisely the tourism businesses as there is limited tourism affluence leading to the possibility to create a variety of businesses and offer a variety of packages. This lack of promotion leads to the lack of information about Gabon as a choice for a tourism destination. On top of that, factors such as the high cost of tourism, and the visa procedures are also challenges that influence the choice of Gabon as a tourism destination.

Lastly, the literature review already indicated that the Gabonese national parks tourism is affected by the state of infrastructure, mainly the quality of roads that lead to the different national parks (Chand, 2005; Ross, 2004, Laurance et al., 2006). Two decades after this literature review, the participants from this study still complained about being affected by this challenge. Furthermore, the lack of tourism infrastructures was already brought forward in the literature review, the work of Jerusik et al. (2015) mentioned the lack of ATMs in one of the national parks.

Recommendations to improve the national parks' tourism environment.

Based on the challenges identified in this study, the following recommendations were made: There is a need to adopt policies that facilitate national parks tourism entrepreneurship. Therefore, there is a need to investigate, review, and reduce the regulatory constraints on entrepreneurship, therefore strengthening administration capacity and improving the institutional frame, by making administrative and juridical procedures simple, and getting rid of useless procedures, by reducing the large amount of bureaucracy that slows the aid system. An example of such was suggested by Ollomo (2012) who believes that the creation of several cashiers instead of a unique cashier, and a unique interlocutor for each promotor should be added, and all the procedures should be computerised and brought under one administration (Olomo, 2011/12). Moreover, there is a need to facilitate access to funding or provide more funding to entrepreneurs. The literature consulted in this study suggests that this could be done by developing a variety of financial sources including the strengthening of microfinance and by allowing incubators to ease the reception of financial requests from the bank (Republic of Gabon, 2010; Ekorezok, 2002). And by the reduction of interest rates from the banks.

Additionally, the findings also divulge that the support to the Ganonese National Park tourism can also be done through policies that aim at reducing taxes. It was suggested in the literature review that the whole tax system needs to be improved in Gabon (Republic of Gabon, 2010; Ekorezok, 2002).

Moreover, the lack of skilled entrepreneurs and employees to deliver tourism services was listed as one of the challenges affecting the Gabonese National Park tourism entrepreneurial environment. Therefore, the implementation of capacity building through training is also recommended by the participants. Adding to that, professional centres of training, and primary, secondary, and higher educational institutions in the field of entrepreneurship should be either created or fostered nationwide or entrepreneurship as a subject should be added to school programs (Enombo et al., 2015; Ndjambou, 2013; Republic of Gabon, 2010).

Furthermore, the state of infrastructures including the tourism infrastructures was also identified to be one of the biggest challenges to the Gabonese national park tourism environment. Therefore, this study recommends improving and building more tourism infrastructures in Gabon, especially those that facilitate access to the parks. This study also encourages improving the state of infrastructures which will alleviate entrepreneurs' burdens.

But not only entrepreneurs, it will also improve access to the national parks, and provide better experience for tourism. The improvement of roads and railway infrastructures, and also railway traffic will facilitate access to different parks and will improve the tourism experience as some of the parks can either be accessed by road or by railway. In addition, other ways of accessing national parks can also be thought of, these include fluvial or air traffic. The use of card payment wherever tourists go should be available.

Lastly, in order for the government to facilitate entrepreneurship in the national parks tourism industry in particular, the government is invited to improve the country as a tourism destination. It was recommended that it can be done by reducing tourism costs such as flight tickets and accommodations costs, by facilitating visa procedures including E-visa. And having national and international campaigns about the Gabonese tourism potential and opportunities, a promotion of a national attractiveness policy in the territory was recommended. Additionally, the creation of a local airline company was also advised. But based on the most recent news from Gabon, a new local airline is being acquired.

Conclusion

In conclusion, this study is an updated assessment that provides more recent information about the Gabonese national parks tourism state. This study has analysed the current state of the Gabonese national parks tourism in relation to entrepreneurship more than two decades after the announcement of the creation of this industry. This study, qualitative in nature has discussed the factors affecting entrepreneurs operating in the Gabonese National Park tourism through a series of online interviews with SMEs owners and managers. The obtained findings show that several factors are affecting entrepreneurship in that business environment, therefore recommendations were made in order to make this business industry more viable for entrepreneurship. A further quantitative study to substantiate this study might reveal statistical data in terms of the number of SMEs operating in that environment, the typology of existing businesses, the number of tourists visiting the national parks, and the number of facilities available to favour tourism traffic. This will help to quantify the impact that tourism has on the Gabonese economy.

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FORMAL FINANCIAL INSTITUTIONS' FINANCING CRITERIA FOR FAMILY BUSINESSES IN SOUTH AFRICA

Asah, Francis Tangwo, Nelson Mandela University, South Africa

Abstract

Family businesses play a fundamental role in the economic development of both developed and developing nations. However, despite family businesses being the dominant form of types of businesses in South Africa and responsible for about 50% of the economic growth, less than 30% of family businesses have access to credit from formal financial institutions (FFIs). This study explores the financing criteria for family businesses in South Africa from a supply-side perspective. The objectives of this study were achieved through the application of a qualitative research design, using interpretivist research paradigm. Implementing the five-step process of content analysis defined by Terre Blanche, Durrheim and Kelly, qualitative data were collected from 16 purposively selected participants. The findings revealed the family contribution, collateral, credit profile and audited financial statements emerged as the most important criteria used by FFIs when evaluating credit applications from family businesses.

Keywords: Formal financial institutions, credit, criteria, supply-side, family business

1. INTRODUCTION

According to contemporary literature, though research on family business is still at an early stage and undergoing rapid development, family businesses have been noted to be crucial to the socio-economic development of the economy. Moreover, family businesses are affirmed to be the most dominant form of businesses contributing more than 70% of global gross domestic product (GDP) (De Massis & Rondi, 2020; Family Firm Institute, 2015; Nordqvist & Gartner, 2020; Firfray & Gomez-Mejia, 2021). Attributes such as a strong desire among family members to maintain control of the business, an emphasis on managing the business with longevity in mind (as a legacy to preserve for future generations); and a desire for business information to remain confidential are some of the unique attributes that distinguish family businesses from other companies (Organisation of Economic Cooperation and Development (OECD), 2022). As the most dominant form of business, family businesses are globally acknowledged for playing a central role in building strong economies through economic development (Johansson, Karlsson & Malm, 2020); employment creation (Lampel, Bhalla & Ramachandran, 2017; Reck, Fischer & Brettel, 2021); poverty reduction (World Bank 2021); and creating more opportunities for other small and medium businesses (OECD, 2022). As such, the contributions and development of family businesses in every economy is pivotal.

To affirm the dominance of family businesses, Family Firm Institute (2015) noted that family businesses account for approximately 80% of all businesses in the United States of America (USA) and are responsible for almost 50% of the GDP and approximately 20% of the work force. Additionally, Family Firm Institute (2015) highlighted that family businesses in Europe account for approximately 70% of all businesses and contribute approximately 65% to Europe's GDP. For instance, in Germany, Poza (2014) noted that family businesses account for approximately 79% of all businesses and employ approximately 44% of the working population. Poza further advances that in Italy, India, and Latin American countries, approximately 90% of all businesses are family businesses, accounting for approximately 80% of all employment (Poza, 2014).

In South Africa, given the lack of reliable up-to-date database on the number and contribution of family businesses to the economy of South Africa, the extant data estimates that family businesses constitute about 80% of all businesses (Reck *et al*., 2021; Johansson *et al*., 2020; Miroshnychenko, De Massis, Miller, Barontini, 2020). Additionally, approximately 60% of the companies listed on the Johannesburg Stock Exchange (JSE) are family businesses (Miroshnychenko *et al*., 2020). Cumulatively, family businesses according Reck et al. (2021) to account for approximately 50% of the economic growth of South Africa. Given the foregoing statistics, literature suggests that one of the best ways to address the high unemployment challenge in developing countries (such as South Africa) is to leverage the potential of employment creation through family businesses and as well as promote the development of family businesses (Family Firm Institute, 2015; Nordqvist & Gartner, 2020; Singh & Tiwari, 2020). Additionally, Family Firm Institute (2015) maintains the development and contributions of family businesses to the socio-economic development of South Africa can play an important role in achieving the Vision 2030 of the National Development Plan to reduce the unemployment rate to less than 10%.

However, despite the contribution of family businesses to the economy of South Africa, scholarly work with a focus on entrepreneurship highlights that more than 50% of family businesses fail before the second-generation family members assume responsibility of the business (Byrd & Megginson, 2013; Hughes, Morgan, Hodgkinson, Kouropalatis & Lindgreen, 2020; Singh & Tiwari, 2020). These authors further highlight that less than 40% of family business survive to the second generation, only 12% survive to the third generation, with only 3% surviving to the fourth generation and beyond. World Investment Report (2017) adds that less than 30% of family businesses in developing economies, such as South Africa have access to credit from FFIs. Looking at such staggering statistics, the questions researchers are compelled to find answers to are "why such a high failure rate? How do investors' view investment in family businesses?

Contemporary literature iterates that most entrepreneurial businesses (family business inclusive), especially in developing economies start with financial support from the family members, and such finances is often not sufficient for growth and expansion (Wang, 2016; Cirillo, Huybrechts, Mussolino, Sciascia & Voordecker, 2020; De Massis & Rondi, 2020). Additionally, extant literature (KPMG, 2023; Yu & Schweisfurth, 2020; World Bank, 2021) also affirms that most of the impediments facing family businesses, access to credit facilities by most family businesses in developing economies, including South Africa remains the principal impediment as the Covid-19 forced most FFIs to restrict credit facilities to businesses. Cirillo et al. (2020) and KPMG (2023) report on financing family businesses noted that finance is the bloodline of family businesses leading to a majority of these business seeking capital to finance their development. However, observations have been made that the uniquely long-term perspective most family members have when managing their businesses, together with the unwillingness to surrender control and a desire for discretion, implies that reaching financial freedom that matches their requirements can be a daunting challenge.

The fact that contemporary literature suggests that the inability of family businesses to access business credit from FFIs is predominantly a supply-side problem, most family business owners express their dissatisfaction with FFIs as they are not certain of what it is that FFIs really want from them in order to access credits (Asah *et al*., 2020; Molly, Uhlaner, De Massis, & Laveren, 2019; GEM, 2020). Johansson et al. (2020) and Miroshnychenko et al. (2020) contend that family businesses being the dominant form of business have the potential to boost entrepreneurship development in a developing economy like South Africa and turn its stagnant economy around if sufficient financial support is provided to them. Extant literature (Comino-Jurado, Sanchez-Andujar & Parrado-Martinez, 2021; Jansen, Michiels, Voordeckers &

Steijvers, 2023) reveals that there is lack of empirical evidence on FFIs financing criteria for family businesses in South Africa from a supply-side perspective. As a result, the primary aim of this study is to investigate the financing of family businesses in South Africa from a credit provider perspective. From this research aim, the following research objectives are developed:

I. To explore how FFIs perceive investing in family businesses in South Africa; and
II. To establish the financing criteria used by FFIs to evaluate credit applications from family businesses in South Africa

2. LITERATURE REVIEW AND THEORETICAL CONSTRUCT

The concepts of family business, family-owned businesses, family company and family entrepreneurship as highlighted in contemporary literature has been recognised as similar and used interchangeably because there is no single definition of these concepts. Reason being, there exist a diverse business model in different nations (Cirillo et al., 2020; Family Firm Institute, 2015; De Massis & Rondi, 2020; Firfray & Gomez-Mejia, 2021). Family Business Association of Southern Africa (FABASA) defined family business as an business in which the majority of the voting rights are held by the family of the person who founded, established or acquired the business (or by his or her spouse, parents, children or children's direct heirs); with at least one member of the founder's family involved in the management or administration of the business and where the business is listed. Further to this, the individual who founded or established or acquired the business (or his or her family) possesses 25% of the voting rights through his or her share capital and at least one family member sits on the board (FABASA, 2014). Though researchers in South Africa define a family business as one where two or more family members are actively involved in the management of the business, and a single family owns the majority shares (more than 50%) in the business (Farrington & Jappie, 2016), this study will adopt the definition proposed by FABASA, the official ambassador of family-owned businesses in Southern Africa.

Commonly, a family business as explained in literature that looks at business management issues can be labelled as a distinct type of business in which the control over the business operations is grounded within one family, and decisions are made through a majority vote (Gerken, Hulsbeck, Ostermann & Hack, 2022; Mantje, Rambe & Ndofirepi, 2023). As distinctive features of any family-owned business, any involvement of the family in business operations is recognised, particularly by executive management, ownership and inheritance, succession, and corporate governance. The noted distinctive characteristics of family-owned businesses according to Moasa (2019) and Azizi, Bidgoli and Taheri (2021) are a source of competitive advantage compared to nonfamily-owned businesses. These peerless and unique characteristics spur family businesses to achieve superior levels of financial performance over time on sustainable bases.

Such superior levels of financial performance according to Small Business Report (2021) and Jansen et al. (2023) are usually not enough for families that want to expand their operations, go international and sustain competitive advantage. Moreover, the fact that most families want to keep control of their business, the use of external equity such as angel and venture capital is not an option they would consider. Hence, their reliance on, and demand for external debt financing from FFIs which allows them to maintain control over their business and still achieve their growth objectives. The Pecking Order Theory (POT) advocates businesses with insufficient profits and internal equity for growth, should go for maximum available debt finance before resorting to external equity (Asah, Louw & Williams, 2020). Internal equity and debt finance being the two primary sources of finance for family businesses, capital structure theories by Modigliani and Miller (1958, 1963) suggest that family businesses should take advantage of the tax shield and go for 100% debt capital structure. Though the POT by Myers (1984) reiterates the fantasy of a well-defined optimal capital structure, the Static Trade-Off Theory (STOT) advocates that family businesses can achieve optimal capital structure when the net tax advantage of debt financing balances financial distress and bankruptcy costs (also referred to as leverage costs), without altering the business's assets and investment decisions portfolios. Meaning that issuing equity according to the STOT will signify deviating from the optimal capital structure or targeted debt level, which is, in effect considered to be an incorrect decision. The high and competitive demand for credit according to GEM (2020) has prompted FFIs to develop and implement rationing and discriminatory behaviour as theorised by Becker (1971) in the book titled '*Economics of Discrimination*'.

A report by the Banking Association of South Africa (2023) highlights that FFIs in South Africa are reducing their credit facilities to the private sector due to the country's stagnant economy and households coming under increased pressure. The report adds that FFIs are becoming very cautious in lending to private sector because the high interest rates and inflation is hurting the local banks through the increase in bad debt and inability of businesses to repay their credit.

This study sought to contribute to the body of knowledge on family businesses financing by providing possible answers to the research objectives stated above using qualitative methodology. Using a qualitative research approach provided rich insights on the phenomena which assist family businesses' access to finance from FFIs and help boost the financing of family businesses in South Africa.

3. RESEARCH APPROACH, METHODS, AND DESIGN

This study used a qualitative approach, guided by descriptive and explorative strategies positioned in the interpretivistic research paradigm, so as to provide greater insights on the financing of family businesses by FFIs as proposed by (Ryan, 2018). The adoption of a self-reflective attitude enabled the researcher to explore, understand, and interpret the meaning of the lived experiences and perspectives of individual participants of the different FFIs of the phenomenon of interest (Salazar, Crosby and DiClemente, 2015).

3.1 Sampling method and size

According to Banking Association of South Africa, (2023) there are a total of 27 commercial banks that constitutes the South African formal financial sector. For the purposes of this study only the largest eight banks were considered as the sample. The largest eight FFIs are responsible for about 85% of all liabilities and about 91% of all assets in the commercial banking sector in South Africa, with a total of about 106 credit and business managers positioned at the head offices of these banks based in the Gauteng Province. A non-probability purposive sampling method, namely criterion sampling was employed in identifying and selecting the participants at the banks head offices. The head offices were chosen by the researcher because credit and business managers there are better informed and proficient on credit issues, as they are responsible for articulating lending policies and guidelines for credit and business managers' lending decisions at branch level. It is for this reason the researcher chose to interview a credit manager and a business manager from each FFIs as interviewing more than one credit and business manager from the same institution could result in data saturation. Meaning that, this study's sample size constitutes eight credit managers (MC_1 – MC_8) and eight business managers (MB_1 – MB_8). Interview consent was obtained from the participants before the commencement of the interviews.

3.2 Data collection

Semi-structured interviews were conducted using a combination of face-to-face and telephonic interviews so as to allow the researcher to cover a broader range of contexts as supported by Maree (2016). Additionally, interviews were conducted only in English, with each interview lasting for about 45- 50min and using semi-structured interviews also assisted the researcher to maintain consistency when posing questions to the interviewee. The interview guide designed to achieve the research objectives was aligned with the literature review and theoretical construct. The researcher encouraged the participants during the interview to reflect, elaborate and extend their responses, rather than provide short, direct, and closed responses. All the participants were guaranteed respect, integrity, anonymity, confidentiality, and the option to withdraw without participating at any point in time.

3.3 Data analysis

After all the interviews were transcribed verbatim, the five steps process of content analysis proposed by Terre Blanche, Durrheim and Kelly (2006) as explained by Vaismoradi and Snelgrove (2019) was adopted. This comprised, namely, of: familiarisation and immersion (this first step requires the researcher to study the interview transcription in detail so as to understand the content and be able to identify recurrent themes), inducing themes (this second step required the researcher to scrutinise the themes in detail to understand the phenomenon of interest), coding (the third step entailed identifying and grouping aspects of the data that relate to the research problem by systematically coding the data in order to separate the recurrent themes), elaboration (the fourth step demanded that the researcher explores the themes more closely to build a wholistic picture of the data for clearer and simple understanding of the different themes) and interpretation and checking (the fifth step required the researcher to examine the different themes for possible meaning in order to answer the research problem and achieve the research objectives) was used by the researcher to analyse the data.

3.4 Qualitative research criteria and limitations

Validity (credibility), reliability (dependability), objectivity (confirmability) and external validity (transferability), according to Terry, Hayfield, Clarke and Braun (2017) are the quality research criteria that guide researchers when analysing and evaluating qualitative data. A succinct and concise explanation of the analysis, supported by a well-articulated research design, data analysis and a comprehensive explanation of the research process significantly contributed to the 'quality' of the research findings as supported by Braun, Clarke and Hayfield (2022). Additionally, the fact that value and believability (credibility) of every study establishes confidence in the findings and build trust with the research participants, the extensive experience, level of education and the skills of the researcher in conducting research and interview in an academic setting, the participants' expertise and extensive knowledge on the subject guaranteed the dependability and credibility of the study findings (Braun *et al*., 2022). On the other hand, given that the participants were all working at the head offices of the eight selected banks, implies the findings can only be generalised to the eight banks (transferability). Though the findings of this study cannot be generalised to other FFIs operating in South Africa, however, the findings could be useful to other FFIs operating in South Africa and other developing nations in formulating their credit policy.

4. RESEARCH FINDINGS

A glance at the gender composition of the participants showed that, nine (56%) of the sixteen participants were male (five credit managers and four business managers) and seven (44%) were female (three credit managers and four business managers). While seven (44%) of the participants were African (in terms of race), twelve (75%) had at least a bachelor's degree. In terms of age, eight (50%) of the participants were between the ages of 41 and 45 years, and thirteen (81%) had more than 10 years experiences in the banking industry. Though all the participants were South Africans citizens, eleven (69%) of them had been working in the same bank throughout their banking career. The findings of this study, aligned with addressing the study objectives highlighted above, are presented in the sections as follows:

4.1 How FFIs perceive investing in family businesses in South Africa.

Due to Covid-19 pandemic, most FFIs have constricted credit lending to businesses. When participants were requested to explained their perception of the financing family businesses, interestingly, all eight FFIs harmonised their desire in financing family businesses as they are considered as viable business opportunities. Participant MC_3 explained that:

> *In my experience working in this bank for more than five years now, supporting family businesses is one of our investment priorities that is very lucrative to the bank. The family commitment to the business, and even the family name, is one of the attributes that really motivates us to support family business compared to other form of businesses.*

Participant MB_1 noted that:

Most family business accounts that we have are doing quite well. The commitment of the family and family assets to the business and the legacy most families strive to build makes family business very attractive and somehow less risky than nonfamily businesses in terms of the business administration and performance.

Participant MC_2 mentioned that:

As I explained to you before, one of the criteria we consider for issuing credit to businesses is that the business owners should be able to provide about 40% of the equity capital. But most family businesses contribute about 50% or even more of the starting capital. For those that provide less than 50% of their starting capital, say 30 or 40%, they also pledge collateral. When the value of the collateral is added to the starting capital, it becomes worth the value of the credit or sometimes even more than the value of the credit they are requesting from us. This tells you that the family is commitment to the business, and they want the business to succeed.

Though all eight FFIs view family businesses as good business opportunity, when a follow-up question was asked regarding the credit approval rate for family businesses, most of the participants were in agreement that at least six or seven out of every ten processed credit applications were approved. For example, participant MC_6 asserted that:

Well, I can say your question is hard to give a definitive answer, but I can say an average of about six or maybe seven in every ten credit applications were approved. That give us an average approval rate of about say 60%. Like is aid, your question is hard to give a definitive answer because sometimes the approval rate can increase to say 80% or it can even reduce to 50% if the bank has other investment opportunities that demands huge capital budgeting.

Given the noted assertions above, and contrary to literature that FFIs are not interested in financing businesses in South Africa, it is evident that FFIs are very supportive of family businesses despite the impact of Covid-19 on the economy.

4.2 Criteria used by FFIs in evaluating and providing credit to family businesses.

This study also explored the criteria used by the FFIs to evaluate and provide credit to family businesses. Table 1 highlights a summary of the participants' perspectives on the criteria used by FFIs in evaluating credit applications from family businesses.

Table 1: Perspectives of participants on the criteria used by FFIs in evaluating credit applications from family businesses

Participants	**Criteria used by FFIs in evaluating credit applications from family businesses**	**Frequencies (n)**
MB_1; MB_2; MB_3; MB_4; MB_5; MB_6; MB_7; MB_8; MC_1; MC_2; MC_3; MC_4; MC_5; MC_6; MC_7; MC_8	Family's contribution (equity)	16
MB_1; MB_2; MB_3; MB_4; MB_5; MB_6; MB_7; MB_8; MC_1; MC_2; MC_3; MC_4; MC_5; MC_6; MC_7; MC_8	Collateral	16
MB_1; MB_2; MB_3; MB_4; MB_5; MB_6; MB_7; MB_8; MC_1; MC_2; MC_3; MC_4; MC_5; MC_6; MC_7; MC_8	Credit profile	16
MB_1; MB_2; MB_3; MB_4; MB_5; MB_6; MB_7; MB_8; MC_1; MC_2; MC_3; MC_4; MC_5; MC_6; MC_7; MC_8	Audited financial statements	16
MB_1; MB_2; MB_3; MB_4; MB_5; MB_7; MB_8; MC_1; MC_2; MC_3; MC_4; MC_5; MC_6; MC_7	Annual turnover	14
MB_1; MB_2; MB_4; MB_5; MB_6; MB_8; MC_1; MC_2; MC_3; MC_4; MC_5; MC_7; MC_8	Quotation from supplier	10
MB_2; MB_3; MB_4; MB_7; MB_8; MC_1; MC_2; MC_3; MC_5; MC_7; MC_8	Entrepreneurship education	8
MB_2; MB_3; MB_4; MB_7; MB_8; MC_1; MC_2; MC_3; MC_5; MC_7	Business experience of the founder	8
MB_1; MB_3; MB_4; MB_7; MC_1; MC_2; MC_3; MC_5	Relationship with the bank	7
MB_2; MB_3; MB_4; MB_8; MC_1; MC_2; MC_4; MC_5	Permanent resident permit (PRP)	5
MB_3; MB_5; MB_6; MC_1; MC_4	Location of the business	3
MC_2; MC_5	Family image	2

As highlighted in Table 1, the participants' perspectives on the criteria used by FFIs in evaluating and providing credit to family businesses from the most to the least frequently cited are provided. In the left column, the code and number of participants are highlighted; the particular criteria are in the middle column; and the frequency of citation is in the right column. For instance, whilst all the participants viewed these criteria (family contributions (equity), collateral and credit profile) as being important, their importance was further enhanced by the frequency (n = 16) of its mention by the participants.

As presented in Table 1, FFIs consider family contribution (n=16), collateral (n=16), credit profile (n=16) and audited financial statements (n=16) as the most essential criteria when evaluating credit applications from family businesses. For families to commit personal finances and pledge family assets is a signal of commitment to the success of the business that most FFIs view as critical to the success of the business as participant MC_2 stated in the previous section. According to the participants, FFIs most often consider fixed investment accounts, fixed assets, contract agreement, a surety and life insurance policy. Participant MC_5 explained that:

We usually consider collateral like business property, investment accounts, contract award letter if the person wants money to finance a contract, or even life insurance policy. However, for us to consider a life insurance, we first do background checks with the insurance company to know if the person has not defaulted payment in the past and the conditions under which the insurance policy is not valid. We then create an auxiliary account in the client's name and let the insurance company know that the monthly payments can be deducted from this account in case the other account doesn't have enough cash.

The credit profile of the business and the family person(s) managing the business help provide pertinent information regarding the credit history of the family and the business, and such information is used to evaluate the credit worthiness of the application. Participant MC_2 noted that:

The credit profile of the business and the person managing the business gives us an idea of the riskiness of the credit application. That is to say, if the person or the business has been awarded credit in the past and if there was no defaulted payment or is it a client who has not been awarded credit before. We consider clients without past credit history as high-risk clients. Hence, we take a lot into consideration before considering such clients.

Audited financial statements provide valuable information regarding the cashflows of the business as participants MB_5 revealed that:

> *As a business manager I often asked for six months financial statements if the business is less than three years and three months statement for a business that is more than three years because I will want to see the cashflows of the business, how the family has been managing the cash, and the extent the family has been using business money for personal use.*

Annual business turnover reveals the sales of the business. Analysing the sales and the costs incurred, FFIs can tell if the business is making sufficient profit that can be used to service the credit as participant MC_1 noted that:

> *As a credit manager annual business turnover is important because it helps me to understand if the business is generating sufficient sales to cover the cost because without sufficient sales, you cannot make sufficient profit that can service the loan you are applying for*. So, i*n case the business is not generating sufficient sales, then, I will want to investigate why and advice the customer accordingly*.

Quotation from suppliers emerged as another vital criterion that FFIs consider when evaluating credit application from family businesses, especially those that want to buy an equipment or a car for business use as participant MB_5 explained that:

> *Like I explained to you before, I will ask for at least two quotations from the clients when they submit their credit application in case, they want us to finance something like an equipment or even a car. I will then contact other suppliers that we have on our system to see if we ca get a better deal for the client. However, if our supplier can agree to supply the client the product at a better price, we will recommend the client to discuss with our supplier.*

Entrepreneurship education and business experience of the founder is important to FFIs because both attributes help the founder to nurture that commitment and build resilience to succeed in business and be able to write good business plan. Relationship between family business owners and the FFIs is also an important criterion considered by FFIs when considering lending to family businesses as it helps to reduce information asymmetry and somehow, builds trust between the FFIs and the business as participant MC_1 noted that:

> *For businesses that have accounts with us, it become very easy for us to process their credit applications because we have all the information about the performance of the business,*

and we know the business. Sometimes you can write a motivation to support the credit application because we have that relationship with the client.

Some FFIs highlighted that they were worried when it comes to financing family businesses that are owned by foreign residents. Five of the as eight FFIs indicated that the founder of the business must have a permanent resident permit and a South African Identity Document (SAID) before they can consider giving them credit as participant MB_4 explained that:

It is very risky for us to give credit to businesses that are owned by non-South African. What if they take the loan and leave the country… how are we going to reach them? It is the reason why you must have a permanent resident permit and a SAID so that we have background information about you before we can consider giving you credit.

Due to the high crime rate in South Africa, location of a business is one criterion considered by FFIs when considering financing family businesses. Statistics South Africa (2023) shows that household crimes such as housebreaking and home robbery is the highest in the country and continue to rise, and FFIs are becoming very cautious and reluctant to finance family businesses located in high crime areas. Some participants mentioned that the family image also plays a huge role when it comes to accessing credit as FFIs are very cautious when dealing with credit applications from family businesses with a reputation for engaging in illegal business dealings or a family that had conned a bank in the past of a loan that was never paid.

5. DISCUSSION

The findings of this study presented in section 'How FFIs perceive investing in family businesses' reveal that FFIs perceive family businesses as a viable and profitable business opportunity despite the lending risk involved. As finance theory states 'the greater the risk, the greater the reward', the participants contend that the risk in financing family businesses is somehow reduced given the dedication of the family and the investment of the family financial resources and assets as collateral. There is evidence that the average credit approval rate of about 60%. However, in case FFIs feel the risk involved in financing a family business is equal to or greater than the credit requested, FFIs do not hesitate to reject such credit application. Hence, the risk averse lending characteristics demonstrated by most FFIs (Stiglitz & Weiss, 1981; Martinez, Scherger & Guercio, 2019).

As per the findings presented in section 'Criteria used by FFIs in evaluating credit applications from family businesses', all the participants noted that family's contribution, collateral, credit profile and audited financial statements are the most important criteria used by FFIs in evaluating credit applications. Considering these criteria, it is evident that FFIs are very risk averse given that family contribution and collateral is aimed at increasing FFIs' confidence and mitigating lending risk (Siddik, Kabiraj & Joghee, 2017). On the other hand, credit profile and audited financial statements indicate the credit worth of the business and its owner. Additionally, all four criteria also help reduce information asymmetry and moral hazard (Jansen *et al*., 2023).

Annual turnover report is used by FFIs to analyse the past and present performance and also forecast the future performance of the business in order to determine if the business have the capacity to finance the credit (Arteaga & Menéndez-Requejo, 2017). For family businesses requesting credit to finance the purchase of business assets such as machinery or cars or other supplies, FFIs usually demand two to three quotations from different accredited suppliers before deciding on which supplier to use. This is because FFIs do not accept quotations from nonaccredited suppliers. Entrepreneurship education and business experience of the founder are fundamental elements of business growth that assist FFIs to assess the entrepreneurial boldness, mindset, and vision of a family regarding the business, if the family can properly manage the growth aspect of the business and how the family can identify and explore viable business opportunity (Martinez *et al.,* 2019). An established relationship with FFIs helps to eliminate information asymmetry, build trust, and increase the legitimacy of the business (Molly *et al*., 2019). While PRP of immigrant family business owners is to assist FFIs establish a credit profile and gather all the relevant biographical information of the family, location of the business is meant to assess the level of risk (burglary and theft) the business is exposed to from the surrounding environment. Family businesses located in high crime areas will often find it difficult to access credit from FFIs (Fatoki & Asah, 2011). Positive family image act as an attractive signal to FFIs, leading to better access to credit (Arzubiaga *et al.* 2023).

6. RECOMMENDATIONS AND MANAGERIAL IMPLICATIONS

Despite the unstable economic climate in South Africa, characterised by high crime and unemployment rates, and low economic growth, FFIs continue to play a significant role to booster economic growth in South Africa by financing families that are committed to their business, by providing about 40 - 50% of the starting capital and also pledge a valuable collateral as evidence in the 60% average credit approval rate. This study therefore provides the following recommendations with the aim of boosting the financing of family businesses.

Family businesses are called to be investment-ready not only by providing first-class collateral or equity capital but also invest in the family image and use it as a marketing tool in reinforcing their expected family business image as a resourceful competitive advantage, as it is considered a credible signal of trustworthiness and status. Additionally, strengthening the family business image can help reduce information asymmetries between the family business and FFIs especially in circumstances where FFIs are not aware of the characteristics or behavioural intentions of the family business (Arzubiaga *et al.* 2023).

Furthermore, family businesses owners are encouraged to take on professional entrepreneurship education qualification courses to better improve their managerial knowledge and skills given that sound management knowledge assists in optimal decisions making, help owners solve emerging problems and also help owners understand how to keep proper financial records. It is also essential to develop and consider succession planning when considering training family managers to succeed the founder in order to deal with family conflict, as a clear path will be designed for the next generation and successor of the business. For family business owners that are reluctant to use debt, family business advisors are encouraged to consider ways of reducing family business owners' fear of losing control by enhancing their financial management knowledge in order to foster growth. For instance, family business advisors should educate family business owners that the continuous use of debt does not necessarily implies higher risk of bankruptcy. Such lessons might inspire a positive attitude in family business owners towards the use of debt in optimising their capital structure. This is consistent with the thinking of Modigliani and Miller (1958, 1963) that family businesses should take advantage of the tax shield and go for 100% debt capital structure.

7. CONCLUSIONS

Conclusively, though family businesses play a fundamental role in the economic development of South Africa, lack of a uniform definition and policy on the formation and structure of family business makes it difficult for family businesses to attract funding from investors such as FFIs. So, policy makers in the Department of Trade and Industry and FFIs are encouraged to come up with a uniform definition that can be used by researchers and investors. Additionally, through media platforms such as billboard and television, FFIs should educate the business community on the criteria they used to evaluate credit applications from family businesses. The findings of this study could enlighten and educate family business owners on the criteria used to access credit from FFIs in South Africa. With the current high crime rate in South Africa, family businesses' owners must avoid operating in high crime areas if they wish to access credit from FFIs. Further research could investigate on family businesses, access to credit from the FFIs from a demand-side perspective.

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The Role of Employee Engagement in Enhancing Sustainability within SMEs: Strategies for Attracting, Developing, Rewarding, and Retaining a Committed Workforce.

Victoria Adekomaya and Adelaid Margaret Sheik

1 Business Management, University of Johannesburg, Auckland Park, Johannesburg, South Africa

ORCiD: https://orcid.org/0000-0002-0786-4851

2 Business Management, University of Johannesburg, Auckland Park, Johannesburg, South Africa

ORCiD: https://orcid.org/0000-0002-5435-5662

Abstract

This study explores the key role of employee engagement in bolstering sustainability initiatives within small and medium-sized enterprises (SMEs). Through a comprehensive review of existing literature and empirical evidence, this paper highlights the integral role of engaged employees in driving environmental, social, and economic sustainability within SMEs. A qualitative approach was used, the targeted population was 15 case studies from different levels of the organization. A semi-structured interview was used to enable participants to express their unique perspectives experiences and insights regarding employee engagement and sustainability strategies. The findings aim to offer actionable insights for SMEs, shedding light on how cultivating a dedicated workforce can contribute to long-term business viability and environmental, social, and economic sustainability. The research therefore contributes to the evolving discourse on sustainable business practices by providing practical approaches tailored to the unique context of SMEs seeking to align their organizational goals with sustainable development objectives.

Keywords: Employee Engagement, Sustainability, Small, Medium, Enterprises (SMEs).

1. Introduction

The contemporary business landscape increasingly recognizes the vital intersection between employee engagement and organizational sustainability, particularly within the context of small and medium-sized enterprises (SMEs) (Amarakoon & Colley, 2023). Small and Medium-sized Enterprises (SMEs) constitute a vital segment of the global economy, driving innovation, employment, and economic growth (Faisal & Naushad, 2020). However, SMEs often face unique challenges in achieving sustainability amidst dynamic market conditions, resource constraints, and intensified competition. In this context, the role of employee engagement emerges as a critical factor in enhancing sustainability and ensuring long-term success. Employee engagement refers to the emotional commitment and active involvement of employees towards their work, organization, and its objectives (Abraham, Kaliannan, Avvari & Thomas, 2023). Within SMEs, where every resource must be optimized for maximum impact, engaged employees play a pivotal role in overcoming the challenges associated with sustainability. Moreover, SMEs operate within highly competitive environments characterized by rapid technological advancements, changing consumer preferences, and regulatory pressures (Houssein, Singh & Arumugam, 2020). In such contexts, SMEs must continuously innovate and adapt to remain relevant and competitive, further exacerbating the strain on their resources and capabilities.

Murray and Holmes, (2021) state that engaged employees are more likely to demonstrate higher levels of commitment, innovation, and productivity, thereby contributing to enhanced operational efficiency and competitive advantage. Furthermore, engaged employees exhibit greater loyalty and willingness to invest discretionary effort toward achieving organizational goals. Their sense of ownership and alignment with the company's vision fosters a culture of collaboration, creativity, and continuous improvement, essential elements for driving sustainable growth in SMEs. Kandukuri, (2023) highlights the broader significance of sustainability in the business realm and the specific challenges faced by SMEs in this regard. This study aims to contribute to the academic discourse on sustainable business practices but also seeks to offer practical guidance for SMEs navigating the complex terrain of employee engagement and sustainability integration. In essence, employee engagement acts as a linchpin for enhancing sustainability within SMEs by mobilizing human capital, fostering innovation, and building organizational resilience. By recognizing the pivotal role of engaged employees and implementing strategies to cultivate and nurture their engagement, SMEs can overcome the challenges posed by sustainability and thrive in today's dynamic business environment (Urme, 2023).

2. Literature review

Employee engagement plays a pivotal role in the success and sustainability of Small and Medium-sized Enterprises (SMEs). As these enterprises constitute a significant portion of the global economy, understanding the connection between employee engagement and sustainability is crucial for their long-term viability. This literature review explores existing research and theories related to the role of employee engagement in enhancing sustainability within SMEs. The focus is on strategies for attracting, developing, rewarding, and retaining a committed workforce, as these elements are integral to fostering employee engagement and contributing to the overall sustainability of SMEs. Existing literature underscores the significant relationship between employee engagement and sustainability within Small and Medium-sized Enterprises (SMEs), highlighting the crucial role of engaged employees in fostering sustainable business practices (Chung & D'Annunzio-Green, 2018; Mohammed, 2020; Houssein, Singh & Arumugam, 2020; Faisal & Naushad, 2020). Kandukuri, (2023) suggests that engaged employees exhibit higher levels of commitment, motivation, and job satisfaction, leading to enhanced productivity and organizational performance. Studies have consistently demonstrated a positive correlation between employee engagement and various indicators of sustainability, including financial performance, customer satisfaction, and employee retention (Abraham & Ponnusamy, 2016; Mostafa Saad, Abdelwakeel & Labib, 2022; Kaliannan, Islam, Mendy, Haque & Rahman, 2022). Moreover, engaged employees are more likely to demonstrate proactive behavior, innovation, and willingness to embrace change, essential attributes for addressing sustainability challenges and seizing opportunities for growth and adaptation. Pittino, Visintin, Lenger, and Sternad, (2016) argued that a culture of engagement in SMEs can unlock the full potential of their workforce and cultivate a shared sense of purpose and responsibility towards sustainability goals.

Furthermore, scholars highlight the importance of leadership and organizational culture in driving employee engagement and sustainability initiatives within SMEs (Deery & Jago, 2015;

Rai, Ghosh, Chauhan & Singh, 2018; Mukhuty, Upadhyay & Rothwell, 2022). The study provides compelling evidence supporting the integral role of engaged employees in enhancing sustainability within SMEs. Ibrahim, (2024) states that by leveraging employee engagement strategies and fostering a culture of involvement, SMEs can enhance their resilience, competitiveness, and long-term viability in today's rapidly evolving business environment.

2.1 Strategies for Attracting a Committed Workforce

Recruitment strategies in SMEs must go beyond traditional methods to attract individuals who are not only skilled but also share the company's vision for sustainability. Research by Tej, Vagaš, Ali Taha, Škerháková, and Harničárová, (2021) emphasizes the importance of communicating the company's commitment to sustainability during the recruitment process. Rai, Ghosh, Chauhan, and Singh, (2018) state that employing values-based hiring practices can help SMEs attract employees who are not only qualified for their roles but also motivated to contribute to the company's sustainability initiatives. Deery and Jago, (2015) claim that developing a strong employer brand that highlights the unique aspects of working for the SME, employee testimonials, success stories, and organizational achievements to create a compelling narrative that attracts top talent.

In today's competitive job market, offering flexible work arrangements, such as remote work options, flexible hours, or compressed workweeks, can be a compelling incentive for attracting talent. Tej et al., (2021) highlight opportunities for professional growth, skill development, and career advancement within the organization are pathways for upward mobility to attract ambitious and growth-oriented candidates. Dawwas, (2022) emphasizes the role of the SME in driving positive change, contributing to community development, or addressing societal challenges, appealing to candidates seeking purpose-driven work. Continuously evaluate the effectiveness of recruitment efforts by monitoring key metrics, such as time-to-fill, source of hire, and candidate quality, help to identify trends, optimize recruitment strategies, and make informed decisions to attract and retain top talent.

2.2 Strategies for Developing a Committed Workforce

Investing in the professional development of employees has been identified as a key factor in enhancing engagement and, consequently, sustainability (Pittino, Visintin, Lenger & Sternad, 2016). According to Kadiresan, Selamat, Jayabalan and Mansori, (2016) emphasize the need for ongoing training and skill development to keep employees engaged. SMEs can enhance employee engagement by providing opportunities for learning and growth and aligning individual development goals with the company's sustainability objectives. Develop and implement structured training programs to equip employees with the necessary skills and knowledge for their roles and offer both on-the-job training and formal training sessions tailored to individual needs and job requirements (Deery & Jago, 2015). Tej el at., (2022) claim that collaborate develops individual development plans that outline specific goals, objectives, and action steps for professional growth, by setting clear expectations and milestones for employee development and tracking progress over time. Abraham and Ponnusamy, (2016) establish that mentorship programs provide guidance, support, and career advice where experienced employees can be a mentor to coach mentees to facilitate knowledge transfer, skill development, and professional growth in their performance and areas for improvement.

Kandukuri, (2023) acknowledge high-potential employees provide an opportunity for leadership development programs, workshops, and coaching sessions to develop essential leadership skills such as communication, decision-making, and team management. Studies done by Mostafa Saad, Abdelwakeel and Labib, (2022) states that to invest in grooming future leaders from within the organization to ensure continuity and succession planning not only enhancing individual skills and capabilities, but also strengthens the organization's overall talent pool and competitive advantage. Kaliannan, Islam, Mendy, Haque and Rahman, (2022) highlight the value of lifelong learning and professional development as core components of the organization's culture. Hence, SMEs can foster a culture of continuous learning and professional growth as essential components of employee engagement a sense of fulfillment, purpose, and commitment within the workforce.

2.3 Strategies for Rewarding a Committed Workforce

Employee recognition and reward systems play a crucial role in sustaining a committed workforce. Research by Abraham et al., (2023) highlights the psychological aspects of rewards, suggesting that recognition and intrinsic rewards contribute significantly to employee engagement to sustainability, reinforcing a sense of purpose and motivation. Murray and Holmes, (2021) stress that compensation structures are fair and competitive, reflecting the value of employee contributions towards sustainability goals and performance expectations. By implementing equitable reward systems and incorporating non-monetary rewards and recognition practices, SMEs can effectively motivate and incentivize employees to actively contribute towards sustainability goals. These strategies not only reinforce employee engagement and commitment but also contribute to a positive work culture and organizational success in the long run.

2.4 Strategies for Retaining a Committed Workforce:

Employee retention is fundamental to SME sustainability, and this section reviews literature on effective retention strategies. Studies by Houssein et al., (2020) and Kandukuri, (2023) emphasize the importance of creating a positive work environment, fostering strong interpersonal relationships, and providing work-life balance. SMEs can enhance retention by implementing flexible work arrangements, promoting a healthy work culture, and recognizing the importance of employee well-being. Regularly communicate with employees about potential growth opportunities and encourage them to pursue career goals within the SME (Rai et al., 2018). The study align with Deery and Jago, (2015) states that SMEs **c**ultivate a supportive and inclusive work environment where employees feel valued, respected, and knowledge-sharing among colleagues. Provide opportunities for employees to participate in decision-making processes and contribute to organizational initiatives.

Mukhuty, Upadhyay and Rothwell, (2022) emphasize that the organization's values, mission, and vision in all aspects of employee engagement and communication. Ensure that organizational values are aligned with individual goals and aspirations. Encourage employees to embody the organization's vaes in their daily work and interactions, fostering a sense of purpose and alignment with the company's mission. By implementing these strategies, SMEs can create a supportive and engaging work environment that attracts and retains top talent, driving sustained organizational performance and success. Employee retention is crucial for maintaining continuity, preserving institutional knowledge, and fostering a culture of excellence within SMEs. Investing in employee retention not only enhances morale and productivity but also contributes to long-term growth and sustainability.

3. Problem investigated

In the context of small and medium-sized enterprises (SMEs), the integration of sustainable business practices is increasingly recognized as imperative for long-term viability and responsible corporate citizenship. However, a critical gap exists in understanding the specific mechanisms through which employee engagement influences and enhances sustainability within SMEs. Despite the acknowledged importance of employee engagement in organizational success, how engaged employees contribute to and bolster sustainability initiatives within SMEs is not well-explored. This knowledge gap hinders the development of targeted strategies for cultivating a culture of sustainability through a committed workforce. SMEs operate under unique constraints, including limited resources and distinct organizational structures. Existing research often lacks granularity in providing strategies specifically designed for SMEs to attract, develop, reward, and retain a committed workforce that actively participates in and advances sustainability goals.

The problem statement recognizes the need for a comprehensive examination of the employee lifecycle in SMEs, spanning recruitment to the retention of the employee journey contributes to building a committed and engaged workforce, aligned with sustainability objectives, which is crucial for effective human resource management within these enterprises. The absence of actionable insights hinders SMEs' ability to translate theoretical knowledge into practical strategies. There is a need for research that not only identifies the intersection between employee engagement and sustainability but also provides evidence-based recommendations that SMEs can implement to enhance sustainability through a committed and engaged workforce. By addressing these aspects, the research endeavors to bridge the identified gaps, offering a nuanced understanding of how employee engagement can be strategically leveraged within SMEs to enhance sustainability. The outcomes will contribute to the development of practical, context-specific strategies that empower SMEs to actively participate in and benefit from the growing emphasis on sustainable business practices.

4. Research Aim

The primary aim of this research is to investigate and understand the pivotal role of employee engagement in enhancing sustainability within small and medium-sized enterprises (SMEs).

4.1 Specific Objectives:

1. To explore the critical importance of employee engagement in enhancing sustainability within Small and Medium-sized Enterprises (SMEs).

5. Research Methodology

5.1 Research design

The study's research design is exploratory, using a qualitative method. It entails conducting a comprehensive interview to collect qualitative data from various organizations using a semi-structured interview guide. In addition, open-ended interviews were undertaken to provide qualitative insights into the role of employee engagement in enhancing sustainability within SMEs for attracting, developing, rewarding, and retaining a committed workforce (Huntington-Klein, 2021). This research design aims to understand the lived experiences, perceptions, and meanings attached to employees and management regarding employee engagement and its impact on sustainability. Focusing on multiple case studies of

SMEs to provide rich, contextual insights into their engagement strategies and sustainability practices. The purposive sampling of the study was based on the selected SMEs representing diverse industries, sizes, and geographical locations to capture a range of perspectives and practices. The targeted population was 15 participants which includes employees from different levels of the organization (e.g., frontline workers, middle management, executives) and key stakeholders involved in HR management and sustainability initiatives.

5.2 Data collection

The data were collected using a Semi-Structured Interview Guide (SSIG), allowing flexibility in the questions and enabling participants to express their unique perspectives experiences and insights regarding employee engagement and sustainability strategies. The data collection was by analyzing interview transcripts excerpts to identify recurring themes, patterns, and underlying meanings related to employee engagement and sustainability. The semi-structured format also allowed follow-up questions to explore deeper into specific topics, providing a more comprehensive understanding of the effective engagement strategies and their impact on sustainability outcomes, to participants to ensure the accuracy and credibility of interpretations. In this qualitative research, the units of analysis were the employees of SMEs. This includes various levels within the organization such as managers, team leaders, and regular staff members. The research timeframe during which data was collected was detailed in the methodology section of the study. For a qualitative study, this period of data collection took over eight months to ensure comprehensive data collection through face-to-face interviews. The researcher was responsible for designing the study and conducting the key interviews.

5.3. Data analysis

Qualitative research involves collecting detailed and in-depth data such as semi-structured with employees to explore their views on engagement and sustainability of the study. Conducting interviews within the SME workplaces to get a firsthand understanding of the environment and practices. The sample of the study was based on purposive sampling and obtaining necessary permissions and consent from participants. Collection and analysis of relevant documents such as engagement interviews, sustainability reports, and internal communication materials was done. Transcribe interviews, coding, and analyzing data were carried out to identify themes and patterns related to employee engagement and sustainability. Thematic analysis was employed to uncover common themes and patterns from participants' responses in the qualitative data obtained from the interviews conducted by the researchers (Braun & Clarke, 2020). This method provides a comprehensive and complete understanding of effective engagement strategies and their impact on sustainability outcomes. The researcher employed open coding to identify themes alongside the text. The first coding framework was formed using open coding, then the transcripts' themes were analyzed, and comparable categories were grouped to conduct the final coding framework. After finalizing the coding framework, we analyzed the data individually. The researcher carefully examined the transcripts, marking relevant sections and identifying emerging themes. Once the initial analysis was completed, the researcher exchanged findings and discussed them. Through deliberation and consensus-building, we ultimately reached an agreement on the final set of themes that accurately captured the essence of the data.

6. Findings

The findings underscore the multifaceted benefits of employee engagement in enhancing sustainability within SMEs. By implementing tailored strategies for attracting, developing, rewarding, and retaining a committed workforce, SMEs can strengthen their capacity for sustainable growth, innovation, and competitive advantage in today's dynamic business landscape. Case 5, 9, and 11

Interview Question: What are the critical importance of employee engagement in enhancing sustainability within Small and Medium-sized Enterprises (SMEs)?

Case ***5:*** *"Employee engagement emerges as a critical factor in driving sustainability SMEs, engaged employees demonstrate higher levels of commitment, productivity, and innovation, contributing to enhanced organizational performance and resilience.*

Case 9: "Engaged employees tend to be more innovative and proactive in finding sustainable solutions. They are often more willing to suggest improvements and identify opportunities for reducing waste, conserving resources, and implementing environmentally friendly practices".

Case 11: "Employee engagement positively impacts productivity and efficiency, which can translate to more sustainable business practice, and also engaged employees are motivated to work more efficiently, leading to reduced energy consumption, lower waste generation, and cost savings".

The findings of the study align with the literature that with the sustainability goals of the organization, when employees feel connected to the purpose and mission of the organization, they are more likely to contribute to sustainability efforts.

6.1.1 **Effectiveness of Employee Development Initiatives**

The findings on the effectiveness of employee development initiatives in enhancing sustainability within SMEs depends on various factors such as the alignment of training content with organizational goals, the level of employee engagement and participation, leadership support, and the integration of sustainability principles into the company culture. The following case 8, 12, and 15 mentioned that:

Case 8: "Development programs that incorporate sustainability principles and values into training sessions and workshops can help cultivate a sustainability mindset among employee, to consider environmental and social impacts in their decision-making processes and day-to-day work activities".

Case 12: "Investing in leadership development programs that lead to sustainability leadership skills can enable managers and supervisors to effectively lead sustainability initiatives within SMEs. Strong leadership commitment is often cited as a key driver of successful sustainability efforts".

Case 15: "*Sustainable development is a dynamic process, so employee development initiatives should emphasize continuous learning and adaptation about emerging sustainability trends, technologies, and best practices ensures that SMEs remain responsive to changing environmental and social challenges".*

The findings of the study indicate that the role of employee engagement in enhancing sustainability within SMEs: strategies for attracting, developing, rewarding, and retaining a committed workforce, leads to investing more on leadership in various program to strengthen (such as vision setting, stakeholder engagement, change management, etc.) in sustaining values into training sessions that cultivate a sustainability mindset among employee within the SMEs.

6.1.3 Equitable Reward Systems and Recognition:

The findings of this study indicate that equitable reward systems contribute towards sustainability goals are crucial for maintaining high levels of engagement and motivation. Non-monetary rewards and recognition practices, such as verbal praise, career advancement opportunities, and work-life balance initiatives, complement financial incentives and reinforce a culture of appreciation and recognition.

> ***Case 2: "****Recognition programs should incorporate inclusive criteria that recognize a diverse range of contributions to sustainability, as not only direct actions related to environmental conservation but also efforts to promote social responsibility, diversity and inclusion, and ethical business "*.

> ***Case 5: "****Involving employees in the design and implementation of reward systems and recognition programs can enhance their effectiveness and relevance. SMEs can ensure that these initiatives resonate with their values and priorities, increasing buy-in and participation.*

> ***Case** 7: **"****Sustainable reward systems and recognition strategies should be incorporate sustainability metrics into performance evaluations, setting clear sustainability goals, and providing ongoing feedback and support to employees as they work towards these objectives"*.

> ***Case 9: "****Recognizing and celebrating milestones and achievements in sustainability can help reinforce positive behaviors and inspire others to get involved. This can be done through internal communications, company-wide events, or social media platforms, highlighting the collective impact of employees' efforts towards sustainability goals"*.

Overall, the findings highlight the role of enhancing employee engagement and motivation in sustainability within SMEs. By acknowledging and rewarding employees for their contributions to sustainability, SMEs can cultivate a culture of shared responsibility and commitment to environmental and social stewardship.

6.1.4 Importance of Retention Strategies

The following case 1, 3, and 10 comments on the importance of retention strategies to for attracting, developing, rewarding, and retaining a committed workforce within SMEs.

> ***Case 1****: "Retention strategies are integral to enhancing sustainability within SMEs by promoting employee loyalty, knowledge retention, and organizational culture that values sustainability investing on employee retention and development, to build Sa strong foundation for sustainable growth and long-term success among SMEs"*.

***Case 3:* "*A culture of employee engagement fosters loyalty and commitment, reducing turnover rates. This continuity allows SMEs to retain valuable knowledge and expertise, which is crucial for implementing and maintaining sustainability initiatives over the long term".*

Case 10: *"Engaged employees tend to experience higher levels of job satisfaction and well-being, which contributes to their overall commitment to the organization's sustainability goals. Companies that prioritize employee well-being are likely to see greater participation in sustainability initiatives and a stronger sense of collective responsibility.*

The findings highlight the integral role that employee engagement plays in enhancing sustainability within SMEs. By focusing on strategies for attracting, developing, rewarding, and retaining a committed workforce, SMEs can create a culture that drives sustainable business practices and contributes to long-term success.

7. Discussion

The discussion of the findings on the role of employee engagement in enhancing sustainability within SMEs, focusing on strategies for attracting, developing, rewarding, and retaining a committed workforce, provides valuable insights into the dynamics of organizational success in the SME sector. The findings underscore the symbiotic relationship between employee engagement and sustainability within SMEs, engaging employees not only contribute to enhanced productivity and innovation but also demonstrate a stronger commitment to organizational values and sustainability goals. This alignment between employee engagement and sustainability objectives creates a virtuous cycle, where engaged employees drive sustainable practices and outcomes, further reinforcing their engagement. The findings highlights the importance of strategic recruitment practices in attracting individuals who are aligned with the organization's values during the recruitment process, SMEs can cultivate a workforce that is inherently motivated to contribute towards sustainability initiatives. This strategic approach to recruitment not only enhances employee engagement but also fosters a cohesive organizational culture centered around sustainability.

The findings emphasize the significance of investing in employee development initiatives to nurture a committed workforce, by providing opportunities for training, mentorship, and skill enhancement, SMEs can empower employees to grow both personally and professionally while aligning their skills with the organization's sustainability objectives. Continuous learning and development opportunities not only enhance employee engagement but also contribute to organizational resilience and adaptability in the face of changing market dynamics. The finding highlights the importance of equitable reward systems and non-monetary recognition practices in reinforcing employee engagement and commitment towards sustainability goals. By acknowledging and rewarding employee contributions through both financial and non-financial incentives, SMEs can foster a culture of appreciation and recognition that motivates employees to sustain their efforts towards sustainability. Moreover, non-monetary rewards, such as public acknowledgment, career advancement opportunities, and work-life balance initiatives, cater to diverse employee preferences and reinforce a sense of value and belonging within the organization.

Finally, the findings claim that the strategic importance of retention strategies in maintaining a committed workforce within SMEs are not only preserves institutional knowledge and expertise but also fosters a sense of stability and continuity within the organization. By offering competitive compensation packages, career growth opportunities, and a supportive work environment, SMEs can minimize turnover and retain top talent, thereby enhancing organizational sustainability in the long run. In conclusion, the discussion of the findings highlights the integral role of employee engagement in driving sustainability within SMEs and underscores the importance of implementing tailored strategies for attracting, developing, rewarding, and retaining a committed workforce. By prioritizing employee engagement and aligning it with sustainability objectives, SMEs can enhance their resilience, competitiveness, and long-term success in today's dynamic business landscape.

8. Implication and practical of the study

The implications and practical implications of the study significant for both SMEs and the broader business community. The study emphasizes the importance of strategic alignment between employee engagement initiatives and sustainability goals within SMEs. Practically, SMEs can assess their existing organizational culture and values to ensure alignment with sustainability objectives. By fostering a culture that prioritizes employee engagement and sustainability, SMEs can create a competitive advantage and differentiate themselves in the market. The study highlights the need for SMEs to adopt strategic recruitment practices that attract individuals who are aligned with the organization's values and mission. SMEs can refine their recruitment processes to emphasize cultural fit and sustainability-mindedness, thereby attracting talent that is committed to driving sustainability initiatives forward.

The study explores the importance of investing in employee development initiatives to nurture a committed workforce. SMEs can allocate resources towards training programs, mentorship opportunities, and skill enhancement activities that empower employees to contribute meaningfully towards sustainability goals. By investing in employee development, SMEs can enhance employee engagement, retention, and organizational performance. The study highlights the significance of implementing equitable reward systems and non-monetary recognition practices to reinforce employee engagement and commitment towards sustainability goals. SMEs can review and revise their reward structures to ensure fairness and alignment with sustainability objectives. By recognizing and rewarding employee contributions towards sustainability, SMEs can motivate employees and cultivate a culture of appreciation and recognition. Finally, the study emphasizes the strategic importance of retention strategies in maintaining a committed workforce within SMEs. Practically, SMEs can prioritize employee well-being and work-life balance through flexible work arrangements, wellness programs, and supportive organizational policies. By fostering a positive work environment and offering opportunities for career growth and advancement, SMEs can enhance employee satisfaction and retention rates. Overall, the study's implications acknowledge the importance of integrating employee engagement and sustainability initiatives within SMEs' business strategies. By implementing practical strategies to attract, develop, reward, and retain a committed workforce, SMEs can enhance their resilience, competitiveness, and long-term sustainability in today's evolving business landscape.

9. Recommendations

Based on these findings, the following recommendations are proposed for SMEs seeking to enhance sustainability through employee engagement.

1. Develop employer branding strategies that highlight the company's commitment to sustainability and social responsibility in promoting eco-friendly workplace practices, community engagement initiatives, and opportunities for employee involvement in sustainability projects.
2. Implement reward and recognition programs that acknowledge employees' contributions to sustainability metrics, such as energy savings, waste reduction, or community impact.
3. Create a supportive work environment that fosters employee engagement and retention opportunities for career advancement, and initiatives to promote work-life balance in decision-making processes related to sustainability.
4. Encourage a culture of innovation and continuous improvement by soliciting employee feedback and ideas for enhancing sustainability initiatives and monitor progress towards sustainability goals.
5. SMEs can effectively leverage employee engagement as a catalyst for enhancing sustainability and driving positive social, environmental, and economic outcomes. Investing in employee engagement initiatives not only strengthens the company's commitment to sustainability but also cultivates a loyal and motivated workforce capable of driving sustainable growth and innovation.

10. Limitation of the study

While the study on the role of employee engagement in enhancing sustainability within SMEs and its associated strategies offers valuable insights, it's essential to acknowledge its limitations. The study's findings may not be universally applicable to all SMEs or across different industries and geographic regions. Factors such as organizational size, industry-specific challenges, and cultural differences may influence the effectiveness of the strategies outlined in the study. SMEs often face resource constraints, including limited budgets, time, and personnel, which may impact their ability to implement and sustain employee engagement initiatives effectively. The study may not fully address the practical challenges and barriers faced by SMEs in implementing the outlined strategies. Acknowledging these limitations is essential for interpreting the study's findings accurately and informing future research, scholars and practitioners can deepen their understanding within the field of employee engagement and sustainability within SMEs and identify actionable strategies for driving positive outcomes in both domains.

11. Conclusion

In conclusion, employee engagement plays a crucial role in enhancing sustainability within SMEs. By implementing strategies to attract, develop, reward, and retain a committed workforce, SMEs can create a culture of sustainability that drives long-term success and positive impact. Attracting the right talent involves aligning recruitment efforts with the company's values and sustainability goals. By showcasing a commitment to social and environmental responsibility, SMEs can attract individuals who are not only skilled but also passionate about contributing to a greater cause. Once onboard, developing employees involves providing ongoing training and opportunities for growth, empowering them to make meaningful contributions to sustainability initiatives. This can include providing education on sustainable practices, encouraging innovation, and fostering a culture of continuous learning. Rewarding employees for their contributions to sustainability is essential for maintaining motivation and reinforcing desired behaviors. This can take the form of recognition programs, bonuses tied to sustainability metrics, or other incentives that demonstrate the organization's appreciation for employees' efforts. Finally, retaining a committed workforce involves creating a supportive work environment where employees feel valued, engaged, and connected to the company's mission. By prioritizing work-life balance, offering opportunities for advancement, and fostering a sense of community, SMEs can reduce turnover and cultivate a loyal and dedicated workforce.

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ENABLING FACTORS FOR WOMEN'S ADVANCEMENT IN LEADERSHIP POSITIONS: INSIGHTS FROM THE ICT INDUSTRY

Dr JD Ngo Ndjama
Vaal University of Technology, South Africa
joellengo2009@gmail.com
ORCiD: https://orcid.org/0000-0002-2472-2329

Prof J. Van Der Westhuizen
Vaal University of Technology, South Africa
ORCID: https://orcid.org/0000-0001-7140-0229

Abstract

The ICT industry is widely recognised as a crucial tool for global development and the model for the emerging information-based economy, which is frequently viewed as a primary driver of economic development. However, it has long been characterised as male-dominated, despite an increasing number of women entering the field. Thus, this study aims to explore the enabling factors that contribute to women's advancement in leadership positions within the ICT industry. Informed by the Expectations State Theory (EST), this study adopted an integrative review to provide valuable insights and recommendations for organisations looking to promote gender diversity and inclusivity in leadership positions. The literature search revealed three main factors namely individual, societal, and organisational factors. These individual and societal factors provide women with the necessary support and guidance to navigate their career paths and overcome challenges they may face in male-dominated industries. Organisational factors, on the other hand, focus on the environment and culture within the workplace that can either hinder or facilitate women's advancement in leadership positions. Therefore, it is recommended that implementing gender-neutral recruitment practices, providing mentorship and networking opportunities for female employees, and cultivating inclusive environments can contribute to greater representation of women in leadership positions within the IT sector.

Keywords: *enablers, leadership, expectations state theory, gender balance, ICT*

1. Introduction

Globally, various industries and businesses are experiencing a transformative shift by incorporating innovative information and communication technology (ICT) throughout their entire value chains. This strategic move aims to enhance the quality of personalised products and services, as well as optimise production, provisioning, and supply- chain operations for increased efficiency, adaptability, and flexibility (Haverkort & Zimmermann, 2017). Hence, ICT is widely recognised as a crucial tool for global development. It is a sector of the economy that specialises in the creation and production of technology products or offering technology-related services (Cidre & Weidman, 2021). The widespread availability of the Internet, wireless communication, and the integration of various communication technologies have played a significant role in empowering people worldwide and improving their quality of life for both current and future generations (Hussain, 2016). The ICT industry is seen as the model for the emerging information-based economy and is frequently viewed as a primary driver of economic development (Napier, Shortt & Smith, 2000). However, Jacquemard (2015) argues that the ICT industry has long been characterised as male-dominated, despite an increasing number of women entering the field. Women still face limited advancement opportunities compared to men, particularly at higher levels within organisations (Jacquemard, 2015). Maheshwari, Gonzalez-Tamayo and Olarewaju (2023) note that gender bias in leadership positions is evident across different geographical areas, such as the United States, United Kingdom, Europe, Asia, and other global regions. This is attributed to discriminatory practices within organisations and limited opportunities for advancement (Silva, Silva & Fontana, 2023; Lundberg & Stearns, 2019; ILO, 2016). Berghi and Bielli (2015) state that the discussion regarding potential career paths for women in the field of ICT is a longstanding one, with numerous studies dedicated to exploring this topic. However, a definitive resolution has yet to be achieved. ICT organisations are actively recruiting and nurturing female executives, yet there is a pressing need to enhance efforts in inspiring greater numbers of women to seek leadership positions. Addressing gender disparities and promoting gender inclusivity should be fundamental components of organisational strategies across all industries (Mohanty, 2023). Hence, this study aims to explore the enabling factors that contribute to women's advancement in leadership positions within the ICT industry. By examining the specific factors that support women in reaching leadership roles in this particular sector, the research seeks to provide valuable insights into how gender diversity and equality can be promoted in the technology field.

The ICT industry is predominantly male-dominated, with a majority of individuals involved in high technology fields being male (Livermore, 2011). Consequently, women are significantly underrepresented in the ICT sector. Following the declaration of the Sustainable Development Goals (SDGs) by the United Nations in 2015, there has been a global shift towards sustainable development. Specifically, SDG 5 focuses on promoting gender equality. As a result, gender-related matters concerning women and female leaders have garnered significant interest in recent times (Galsanjigmed & Sekiguchi, 2023). In the same vein, Hussain (2016) explains that SDG 5 aims to address gender-related concerns by promoting gender equality and empowering women. Its primary objectives include eliminating all forms of discrimination against women and girls worldwide, as well as utilising technology, especially ICT, to enhance women's empowerment (Hussain, 2016). Women in leadership positions are crucial for promoting gender equality by offering distinct viewpoints and experiences that enhance decision-making, foster more significant innovation, and cultivate a positive work environment. Additionally, women leaders are known for their collaborative and inclusive approach, which contributes to a more positive and productive workplace. This study indicates a significant opportunity for favourable policy measures in ICT. It can therefore serve as the foundation for a common G20 goal to narrow the digital gender gap and establish a more diverse digital future.

2. Literature review

2.1 Theoretical foundation

This research is informed by the Expectations State Theory (EST), which serves as the theoretical framework for this study. EST, rooted in organisational psychology stipulates that individuals adhere to societal performance expectations according to their gender (Brown & Czerniewicz, 2017). This theory lays down that individuals' expectations about the competence and suitability of others for leadership roles are influenced by societal norms and stereotypes. In the context of women's advancement in leadership positions, the EST suggests that gender biases and stereotypes may shape perceptions of women's leadership abilities, potentially hindering or promoting their advancement in the ICT sector. For instance, if a woman is perceived to excel in an ICT position, her abilities and experience play a crucial role in shaping her beliefs about her computer skills and career advancement. Brown and Czerniewicz (2017) support this perspective by revealing that women who hold leadership positions within the ICT industry frequently have their achievements credited to their innate qualities. This implies that women's success is often attributed to qualities that are believed to be naturally possessed. One of the inherent qualities is women's exceptional communication skills, which play a crucial role in their leadership roles within the ICT sector. This skill allows them to effectively convey their ideas, collaborate with team members, and build strong relationships with clients and stakeholders. Moreover, their ability to empathise and listen attentively enables them to understand the needs and concerns of their team members, fostering a positive and inclusive work environment. Additionally, women’s strong problem-solving abilities, high level of analytical thinking and attention to detail are essential skills in the technology field. Furthermore, their ability to approach challenges from different perspectives and think critically enables them to develop innovative solutions and overcome complex problems. These intrinsic characteristics allow women to excel in roles that require strategic decision-making and adaptability in the rapidly evolving ICT industry. However, the research conducted by Brown and Czerniewicz (2017) reinforces the notion that women in leadership positions within the ICT sector face a unique set of challenges, as their accomplishments are often overshadowed by assumptions about their natural abilities rather than their skills, competencies, educational background and/or qualifications. Therefore, this study emphasises the need for greater recognition and appreciation of women's skills, qualifications and expertise in leadership roles within the ICT sector.

2.2 Gender-related leadership competencies and attributes

Leadership denotes a prominent role within an organisation, wherein the leader offers direction and exerts influence over their followers to attain a shared objective (Klenke, 2016). Within the ICT sector, men predominantly hold leadership positions, given the industry's inclination towards male dominance (Cidre & Weidman, 2023). Thus, the progress of achieving gender equality in functional tech leadership positions, such as chief technology officer or chief information officer, has been sluggish (World Economic Forum, 2023). Enhancing the gender balance in leadership positions is advantageous for businesses as it enables increased consumer expenditure and provides companies with a competitive advantage (World Economic Forum, 2023). Fröhlich (2016) observes that masculine leadership behaviour is commonly linked to traits like assertiveness, mastery, and competence, as well as characteristics such as hierarchical and individualistic tendencies of power and influence. Consequently, male leaders are often perceived as being more assertive, decisive, and motivated by financial gain and personal accomplishment (Bhat & Sisodia, 2016; Fröhlich, 2016; Festing et al., 2015; Mendez & Busenbark, 2015; Bailey, 2014; Schein, 1973). Nevertheless, the association of women as mothers and caretakers and certain attributes such as generative, cooperative, and creative are influenced by societal expectations (Bhat & Sisodia, 2016). Moreover, feminine leadership competencies often include empathic understanding, which highlights qualities like caring, communalism, emotional sensitivity, and the ability to listen and assist younger colleagues (Brescoll, 2016; Glass & Cook, 2016; Sandberg & Scovell, 2015; Frankel, 2014). For instance, empathic understanding allows female leaders to connect with their team members on a deeper level, leading to increased trust, collaboration, and morale. Esser, Kahrens, Mouzughi and

Eomois (2018) state that the evidence regarding the distinction between masculine and feminine leadership competencies in the context of gender and leadership remains inconclusive. Some argue that the differences observed in organisational environments are minimal, while others advocate for gender role variances as the primary explanation for perceived gender disparities in leadership behaviour (Esser et al., 2018). The education-based empowerment of women has facilitated their journey of self-actualisation, allowing them to recognise their potential and strive for equal professional opportunities as their male counterparts (Shongwe, 2019).

2.3 The information and communication technology industry

Canarella and Miller (2018) posit that the ICT industry is the largest, most dynamic, and most widespread industry in the world. Melhem, Morrell and Tandon (2009) note that ICT has become ubiquitous in people's daily lives, spanning from community radios in remote areas to cell phones held by individuals worldwide, and computers present in the majority of medium to large organisations. James, Smith, Roodt, Primo, Beeby, Fok, Evans and Moutloutsi (2006) state that "ICT refers to the combination of manufacturing and services industries that capture, transmit and display data and information electronically. This definition excludes the industries which create the information, the so-called 'content' industries. Aydalot and Keeble (2018) points out that ICT is thus a means of obtaining content, such as education, information, and entertainment. It comprises businesses that utilise their technology to provide goods and services to consumers (Aydalot & Keeble, 2018). It is known for its fast-paced nature, innovation, and productivity. Its impact extends far beyond its boundaries, if such boundaries can even be defined (Canarella & Miller, 2018). The field of ICT presents a vast array of career opportunities for individuals entering the workforce, ranging from technical roles like networking and telecommunications to software engineering, enterprise architecture, and application development, as well as information security, business analysis, project management, information and knowledge management, artificial intelligence, and robotics, among others (Institute of Information Technology Professionals South Africa (IITPSA), 2023). It encompasses a wide range of communication technologies, such as the internet, wireless networks, cell phones, computers, software, middleware, video- conferencing, social networking, and other media applications and services that facilitate users in accessing, retrieving, storing, transmitting, and manipulating information digitally (AIMS, 2024). Over the past few decades, the ICT industry has made remarkable advancements, evolving from traditional telephone services to advanced technologies like fibre optics, cable, and wireless communication (Canarella & Miller, 2018). The progress of ICTs has opened up fresh avenues for sharing and acquiring knowledge for both genders (Melhem et al., 2009).

2.4 Women in the information and communication technology sector

Technology became popular in the 1950s and was commonly linked to men, with definitions reinforcing this masculine view (Eriksson-Zetterquist, 2007). Likewise, feminist historians and sociologists have highlighted the strong connection between technology and masculinity, particularly in engineering (Livermore, 2011; Kusku, Ozbilgin & Ozkale, 2007; Oudshoorn, Rommes & Stienstra, 2004). Following the technology boom in the 1990s, there was a significant surge in the demand for IT professionals in the United States (Livermore, 2011). Women progressively entered these professions, which were traditionally dominated by men (Chang & Milkman, 2019). This period also witnessed an increase in the number of women utilising ICT; however, the situation was not the same for women working in ICT professions (Livermore, 2011). In addition, Shongwe (2019) reported that the presence of women decreases as one ascends the corporate ladder (Shongwe, 2019).

According to the research conducted by Ashcraft, McLain, and Eger (2016), the lack of women in leadership positions in the technology sector can be primarily attributed to two significant factors: societal norms and biases, along with the organisational structures prevalent in the workplace. Moreover, Cidre and Weidman (2023) point out that technology workplaces have perpetuated the long- standing biases that women are unsuited for careers in technology and that their contributions to tech-oriented roles are negligible. Despite ongoing conversations about diversity and inclusion, women continue to be underrepresented in leadership positions within organisations (Cidre & Weidman, 2023). Esser et al. (2018) underscore that despite the presence of governmental regulations and increasing evidence supporting the advantages of diversity in senior management roles, the gender disparity in top leadership positions remains notably pronounced worldwide. Although there are instances where women achieve success in securing senior leadership roles, they encounter difficulties in navigating a work environment predominantly influenced by male leadership approaches and the perception that women are less competent as leaders (Esser et al., 2018). For instance, Livermore (2011) explains that in the European workforce, women make up approximately a quarter of technology workers, while in the United States workforce, they account for around one-fifth. Furthermore, an examination of over 1,100 organisations reveals that women occupy approximately 25.1% of senior management or leadership positions, according to S&P Global (2024). This percentage reflects a modest increase from 24.0% in 2022 and 23.0% in 2021, indicating a gradual yet positive trend in the representation of women in high-level roles within corporate structures (S&P Global, 2024). However, only a mere 5% of upper management positions in the IT industry are occupied by women (Livermore, 2011). In major tech companies, women are in the minority; specifically, at Amazon, Facebook, Apple, Google, and Microsoft, the proportion of female staff is 45%, 37%, 34%, 33%, and 33.1% of their entire workforce, respectively (WomenTech Network, 2024). When it comes to leadership positions, these figures are 29%, 34%, 31%, 28%, and 26%, respectively (WomenTech Network, 2024). Together, these societal norms and biases, along with organisational structures, contribute to the underrepresentation of women in leadership roles within the ICT industry.

3. Methods

To examine the enablers that support women in their career development within the ICT field, a comprehensive search strategy was employed to gather relevant studies from various databases such as PubMed, Scopus, and Google Scholar. Inclusion criteria were set to encompass studies published within the last decade, written in English. The decision to include studies published within the last decade was made to ensure that the information and insights gathered are current and relevant to the present landscape of the ICT industry. Focusing on more recent studies helped capture the most up-to-date opportunities that women face in advancing to leadership positions within this rapidly evolving sector.

The systematic screening process that was implemented to identify studies meeting the predetermined criteria involved several key steps. Initially, all relevant databases were searched using specific keywords including "female leaders," "career advancement," and "ICT sector". After the initial screening, forty-eight (48) studies were found; fourteen (14) duplicates were removed, and the remaining studies were further assessed for their relevance and quality. Finally, a detailed analysis based on the abstract was conducted to select the most appropriate studies that provided valuable insights into the enabling factors for women's advancement in leadership roles within the ICT sector. Following this screening, nineteen (19) studies were excluded since the studies did not provide insights into the factors related to the advancement of women in leadership roles; thus, they were excluded from consideration. Thereafter, a more in-depth screening process was undertaken to select studies that met the predetermined criteria. Eight (8) studies were then excluded since they did focus on women's advancement in leadership positions within the ICT industry. The remaining studies, seven (7) were then subjected to a thorough review and analysis to extract key findings related to the enablers of female leaders in the ICT sector. Additionally, data synthesis techniques, such as thematic and content analyses, were utilised to identify common themes and patterns across the literature.

4. Findings

Three common themes were identified from the analyses conducted with sub-themes. Tables 1, 2 and 3 present these findings.

Table 1: Individual factors for women's advancement in leadership positions

Individual enablers	**Authors**
a) Education	Davis (2021); Borah & Kalita (2019); Fauteux (2017)
b) Upbringing	Fauteux (2017)
c) Determination	Fauteux (2017)
d) Hard work ethics	Fauteux (2017)
e) Self-promotion, self-confidence and ambition	Davis (2021); Bhattacharya, Bhattacharya, Mohapatra (2018)
f) Innovation & risk-taking	Fauteux (2017)
g) Technical skills	Davis (2021); Fauteux (2017)

Table 2: Societal factors for women's advancement in leadership positions

Societal enablers	**Authors**
a) Family support	Shange (2022) Fauteux (2017)
b) Mentorship and sponsorship	Shange (2022) Davis (2021) Mamba, Nesaratnam and Singh (2018); Fauteux (2017)
c) Role model for younger females	Shange (2022) Fauteux (2017)

Table 3: Organisational factors for women advancement in leadership positions

Organisational enablers	**Authors**
a) Growth and restructuring	Fauteux (2017)
b) Organisational support	Shange (2022) Bhattacharya et al. (2018) Fauteux (2017)
c) Networking	Johansson and Wictorin (2023) Shange (2022) Mamba et al. (2018)
d) Stretch assignments & visibility	Fauteux (2017)
e) Remote work & flexible working hours	Shange (2022) Mamba et al. (2018) Fauteux (2017)
f) Training and career development support	Bhattacharya et al. (2018) Mamba et al. (2018)
g) Person organisation fit	Fauteux (2017)

5. Discussion of the results

The discussion of the results will be three-fold.

5.1 Individual factors

Table 1 depicts the individual factors for women's advancement in leadership roles in theICT sector.

a) Education

Education plays a crucial role as a key enabling factor for women to advance in leadership positions. Likewise, Fauteux (2017) explains that education has a positive influence on career advancement and is an enabler overall. By acquiring knowledge and skills through education, women are better equipped to take on leadership roles and make significant contributions in various fields. Education empowers women to challenge societal norms and break through barriers that may hinder their progress in leadership positions. It provides them with the confidence and capabilities needed to lead effectively. Munyeka and Maharaj (2023) point out that women working in the ICT sector emphasise the significance of obtaining skills and qualifications that go beyond the conventional responsibilities of being a wife and mother. The study by Davis (2021) revealed that a college degree is important. Participants emphasised the significance of education to progress in one's career. Many of them mentioned the value of obtaining a college degree, specifically highlighting the benefits of a master's degree coupled with relevant work experience. In essence, education serves as a powerful tool that enables women to overcome obstacles and achieve success in leadership roles.

b) Upbringing

A supportive family environment can instill confidence, ambition, and a strong work ethic in women, which are essential qualities for success in the competitive field of ICT. Additionally, access to quality education from an early age can provide women with the necessary skills and knowledge to excel in technology-related roles, breaking down barriers and stereotypes that may hinder their progress (Fauteux, 2017). Participants often referred to their upbringing in a positive light, recognising its role in shaping their career opportunities, with family and schooling being the most frequently mentioned influences. Furthermore, a nurturing upbringing can help women develop resilience, adaptability, and problem-solving abilities, which are vital for navigating the challenges and opportunities present in the rapidly evolving ICT industry.

c) Determination

Fauteux (2017) found that perseverance was found to be closely associated with determination, which has been recognised as a crucial component of women's human capital. Women often expressed the importance of persisting and staying committed, whereas men tended to emphasise the significance of achieving victory (Fauteux, 2017). In a male-dominated industry, women face numerous challenges and obstacles that require them to demonstrate unwavering determination to overcome. By staying focused on their goals and refusing to give up, women can navigate through the barriers and achieve success in their careers. Determination enables women to push through adversity, maintain a strong work ethic, and continuously strive for excellence, ultimately propelling their career growth in the ICT sector.

d) Hard work ethics

Barsh and Yee (2012) acknowledged that a firm dedication to work is essential for surpassing expectations and achieving tasks, particularly for women in the ICT sector. This commitment to hard work is considered a fundamental attribute that has propelled the advancement of female leaders in the workplace (Fauteux, 2017). By consistently demonstrating strong work ethics, women in the ICT sector can showcase their determination, perseverance, and ability togo above and beyond in their professional endeavours. This not only helps them gain recognition and respect from their peers and superiors but also opens doors for career advancement opportunities. Hard work ethics enable women to prove their capabilities, break through gender stereotypes, and establish themselves as competent and influential leaders in the ICT industry.

e) Self-promotion, self-confidence and ambition

The study by Davis (2021) provided evidence to support the importance of self-marketing in promoting the career growth of women. Numerous participants emphasised the benefits of engaging in volunteer work and pushing themselves beyond their comfort zones. Furthermore, they emphasised the distinction between self-promotion and arrogance, highlighting that self-promotion entails actively seeking out challenging roles or responsibilities that others may shy away from to enhance visibility (Davis, 2021). In the ICT sector, women's self-promotion plays a vital role in their career advancement by allowing them to showcase their skills, expertise, and potential to employers and colleagues, ultimately leading to increased opportunities for growth and recognition.

Moreover, it is widely acknowledged by Bhattacharya et al. (2018) that self-confidence is a key factor in determining success in any field, and this holds particularly true in a male-dominated industry like ICT. Women who exude confidence are more likely to take on challenging projects, speak up in meetings, and pursue leadership positions, all of which are essential for advancing their careers in this competitive sector. Confidence not only influences how women perceive themselves but also how they are perceived by their colleagues and superiors, ultimately shaping their opportunities for growth and development within the industry.

Furthermore, women's ambitions play a pivotal role in shaping their career trajectory within the ICT sector. Ambitious women are driven by a desire to excel and make a significant impact in their chosen field (Bhattacharya et al., 2018). This ambition fuels their motivation to continuously acquire new skills, knowledge, and expertise, enabling them to stay competitive in a rapidly evolving industry. Moreover, ambitious women are more likely to seek out mentors and role models who can guide and inspire them along their career journey. By setting ambitious goals, women in the ICT sector can push boundaries, challenge stereotypes, and pave the way for future generations of women in the industry.

f) **Innovation & risk-taking**

Women were found to attribute their career success to a higher degree of risk-taking compared to men, although both genders recognised the significance of risk-taking and entrepreneurialism (Fauteux, 2017). Moreover, women highlighted their proactive approach by proposing innovative ideas and seeking additional responsibilities beyond their job requirements as a means to progress, emphasising the role of initiative as a facilitator, which was more pronounced among women than men.

g) **Technical skills**

Munyeka and Mahara (2023) argue that in the field of ICT, it is imperative to constantly enhance one's skill set due to the rapid pace at which technological advancements occur. This necessitates a continuous process of upgrading one's knowledge and abilities to keep up with the ever-evolving nature of the industry (Munyeka & Mahara, 2023). Women's technical skills not only enable them to actively participate in the ICT sector but also play a crucial role in their career advancement (Fauteux, 2017). By acquiring technical proficiencies, women can break through traditional gender stereotypes and challenge the prevailing notion that technology-related roles are predominantly male-dominated. Davis (2021) showed that the importance of technical capability was highlighted by many participants, who believed that it played a crucialrole in their career advancement. They expressed a strong emphasis on possessing and comprehending the fundamental knowledge of ICT. This not only promotes gender diversity but also fosters an inclusive work environment where women can thrive and contribute their unique perspectives and insights. Additionally, possessing technical skills allows women to take on more challenging and higher-level roles within the ICT sector, leading to increased opportunities for career growth and advancement. The results also showed that young women who liked Science, Technology, Engineering, and Mathematics (STEM) subjects such as mathematics were also more likely to study IT or computer-related qualifications (Davis, 2021).

5.2 Societal factors

In Table 2, the societal factors influencing women's advancement in leadership roles within the ICT sector are presented. They encompass the following:

a) **Family support**

The study of Fauteux (2017) recognised that families played a crucial role in providing support and motivation. By having a strong support system in place, women are better equipped to balance their work responsibilities with their commitments, ultimately fostering a conducive environment for career growth and advancement. Family support can come in various forms, such as emotional encouragement, practical assistance with household chores, or childcare arrangements, all of which contribute to alleviating the burdens that women in the ICT sector may face. In Mexico, the study conducted by Maheshwari et al. (2023) revealed that family support emerged as the primary driving force behind women's career progression. Participants attributed their fathers as the most influential figures in their success, viewing them as role models. Fauteux (2017) argues that parents were commended for their assistance in childcare. Several women mentioned that juggling family responsibilities alongside work obligations had enhanced their ability to plan and manage their time effectively, ultimately improving their performance in the workplace (Fauteux, 2017). Additionally, the women acknowledged the support they received from their husbands in advancing their careers, a sentiment echoed by multiple participants (Maheshwari et al., 2023). Moreover, family support can also boost women's confidence and self-esteem, empowering them to pursue leadership roles and opportunities for professional development within the ICT industry. Ultimately, the presence of a supportive family network can serve as a catalyst for women to thrive in their careers and make significant contributions to the field of technology.

b) Mentorship and sponsorship

Mentorship, a type of social network support within the workplace, has been proven to positively impact career development outcomes (Seibert et al., 2013). Mentoring encompasses psychosocial support, such as counselling and overall well-being, along with career support, including advocacy and sponsorship. Both women and men view mentorship relationships as a combination of psychosocial support and advocacy.

Sponsorship, on the other hand, is a relationship where the mentor goes beyond traditional advice and guidance to use their influence in advocating for an individual and is considered asa higher level of career support (Ibarra, Carter & Silva, 2010). In the study of Davis (2021), participants in the study emphasized the significance of mentors and champions, known as sponsors, in advancing their careers within the ICT industry. These individuals played a crucial role in facilitating professional development and increasing visibility.

c) Role model for younger females

Role models serve as a source of inspiration and motivation for women, showing them that success is attainable and that they too can excel in a male-dominated industry. By observing the achievements and experiences of successful women in ICT, aspiring female professionals can gain valuable insights into the skills, strategies, and challenges associated with their chosen field. Role models also provide guidance and support, offering advice on navigating career obstacles and promoting self-confidence. Through their accomplishments, role models demonstrate that gender should not be a barrier to success in the ICT sector, encouraging women to pursue their ambitions and break through the glass ceiling. A significant majority ofAmericans (81%) express confidence in their daughter's ability to succeed in a leadership rolewithin a business of her choosing (The Rockefeller Foundation, 2024). Additionally, three- quarters (76%, increasing to 82% among women) believe that having female role models in her desired positions would be beneficial in assisting her to achieve her aspirations (The Rockefeller Foundation, 2024; Ramseook-Munhurrun, Naidoo & Armoogum, 2023).

5.3 Organisational factors

The organisational factors that play a role in women's progression into leadership positions in the ICT sector are depicted in Table 3. They are comprised of:

a) Growth and restructuring

The ICT sector has witnessed significant growth and restructuring in recent years, and this has had a profound impact on women's career advancement within the industry. Firstly, the growth of the sector has created numerous job opportunities for women, allowing them to enter and excel in previously male-dominated fields. This expansion has also led to the emergence of new roles and positions, providing women with the chance to explore diverse career paths and develop their skills in various areas of expertise.

b) Organisational support

Organisational support encompasses a range of initiatives and resources that can empower women to overcome barriers and excel in their professional journeys. Firstly, mentorship programs can be established within organisations, pairing women with experienced professionals who can provide guidance, advice, and support. Additionally, organisations can offer training and development programs specifically tailored to women's needs, equipping them with the necessary skills and knowledge to thrive in the ICT industry. They can provide flexible work arrangements. Furthermore, organisations can establish policies and practices that promote gender equality and inclusivity, fostering a supportive and inclusive work environment. This can include initiatives like diversity and inclusion training, equal pay policies, and creating a culture that values and respects the contributions of women in the ICT sector.

c) Networking

Networking opportunities and capabilities were discovered by Mamba et al. (2018) to arise from the existence and regularity of networking within the organisation, which has predominantly been described as informal and not very inclusive. Although women do not consider this as the most important factor, they noticed it on cultural and organisational levels as something they were not included in or readily invited to. According to Latchanah and Singh (2016), traditionally, women have faced exclusion from male-dominated networks, making women's networks a valuable platform for sharing knowledge and experiences among women. Previous research indicates that effective organisational networking positively influences career advancement by providing better access to information, social and professional guidance, as well as enhanced job prospects, promotions, and overall career fulfilment (Johansson & Wictorin, 2023; Latchanah & Singh, 2016). However, whether by choice or circumstance, networking exposedtheir longing for the privilege and convenience of engaging in this aspect without adhering to the traditionally male customs associated with it (Mamba et al., 2018).

d) Stretch assignments and visibility

Lyness and Thompson (2000) conducted a study that introduced the concept of a "stretch assignment." The primary objective of this study was to investigate the developmental career experiences of both women and men, with a specific focus on career mobility within organisations. Stretch assignments are crucial for women's career advancement in the ICT sector as they provide opportunities for individuals to step out of their comfort zones, take on new challenges, and develop new skills. Organisations that support stretch assignments for women in the ICT sector can provide mentorship programs, training opportunities, networking events, and a supportive work culture that encourages risk-taking and innovation.

e) Remote work and flexible working hours

Remote work and flexible working hours are essential factors that contribute significantly to the career advancement of women in the Information and Communication Technology (ICT) sector. These options allow women to balance their professional responsibilities with personal commitments, such as caregiving and household duties, which are often disproportionately placed on women. By having the flexibility to work remotely and adjust their schedules as needed, women in the ICT sector can overcome barriers that may hinder their career progression. By offering flexible schedules, remote work options, or part-time opportunities, organisations can accommodate the diverse needs and responsibilities that women often juggle, such as caregiving or family obligations. This flexibility enables women to maintain a healthy work-life balance and continue progressing in their careers without sacrificing personal commitments.

f) Training and career development support

Training is considered an important factor in the development of women in the IT industry for several reasons. One of these reasons is the opportunity it provides for expanding skillsets. Additionally, on-the-job training has been identified as a means to prevent stagnancy in both job position and job performance. Organisations that offer training programs enable women toenhance their competencies and take on different roles within the industry. As highlighted by Munyeka and Mahara (2023), the IT industry necessitates a constant need for upskilling and retraining. This is primarily due to the evolving nature of IT professions, which demand individuals to continuously enhance their knowledge and acquire new skill sets. Modern job in this sector have become increasingly cognitively demanding, thereby emphasising the importance of employees staying updated and upgrading their skills regularly (Munyeka & Mahara, 2023).

The individuals outlined that human resource initiatives, such as development programs, serve as facilitators for career progression. These programs can take on a formal structure within a classroom setting or be more informal through meetings and discussions that result in new opportunities and advancements. Additionally, development programs may result in stretch assignments that were identified as facilitators for career growth.

g) Person-organisation fit

In the study of Fauteux (2017), participants expressed experiencing a sense of connection with the organisations they were part of, highlighting the importance of finding environments where they felt they belonged. This sense of belonging was often linked to the nature of their work, whether it be the specific job role, the type of industry, or the organisational structure, such asproject-based setups or consulting firms. The participants articulated a strong alignment with aspects of the organisational culture, such as a focus on people, collaboration, and a commitment to fostering innovation. The presence of an organisational culture that valued people and encouraged collaboration was found to contribute to participants' thriving within the organisation, as they felt a strong alignment and sense of belonging.

6. Conclusion

Based on the results, the factors contributing to women's advancement in leadership positions can be categorised into individual, societal, and organisational factors. Individual factors such as education, upbringing, determination, hard work ethics, self-promotion, self-confidence, ambition, innovation, risk-taking, and technical skills play a crucial role in preparing women for leadership roles. Societal factors like family support, mentorship, sponsorship, and having role models for younger females also contribute significantly to women's advancement in leadership positions. These internal and external factors provide women with the necessary support and guidance to navigate their career paths and overcome challenges they may face in male-dominated industries. Organisational factors, on the other hand, focus on the environment and culture within the workplace that can either hinder or facilitate women's advancement in leadership positions. Factors such as growth opportunities, organisational support, networking, stretch assignments, visibility, remote work options, flexible working hours, training, career development support, and person-organisation fit are essential for creating a conducive environment for women to thrive in leadership roles. By addressing these various factors and creating a supportive ecosystem that fosters women's growth and development, families, organisations and society at large can empower more women to take on leadership roles and contribute to a more diverse and inclusive workforce and economy. These entities need to recognise the importance of these factors and implement strategies to promote gender equality and women's leadership in the workplace.

1. Limitations and future research opportunities

The scarcity of research studies on enabling factors for women's advancement in leadership positions within the ICT industry can be attributed to the complex and rapidly evolving nature of the ICT industry, which may make it challenging for researchers to keep up with the latest trends and developments, leading to a gap in the literature on this topic. Overall, the scarcity of research studies in this area highlights the need for more attention and resources to be directed towards understanding and promoting women's advancement in leadership positions within the ICT industry.

2. Recommendations

; Furthermore, organisations can address gender disparities by prioritising internal talent growth, exploring hybrid positions, enhancing inclusivity, and broadening their recruitment efforts (World Economic Forum, 2023). In addition, ensuring equal access to resources and opportunities for skills development is also crucial. To facilitate the advancement of women into leadership roles, technology companies should establish a nurturing atmosphere and implement mentorship, sponsorship, and coaching initiatives. Moreover, offering reskilling and upskilling initiatives can assist women in adjusting to digital transformations by equipping them with essential and sought-after competencies. To promote a harmonious work-life balance for female employees, ICT organisations should establish a supportive atmosphere by implementing flexible work hours and fostering a culture that embraces flexibility in the workplace. However, it is essential to ensure that all employees are given fair workloads and equal job responsibilities regardless of gender to avoid situations where women have to work harder than men to prove themselves for promotion. Finally, nurturing digital literacies during early childhood is vital in preparing children for the digital demands of the modern world. This idea is underscored by Latchanah and Singh (2016) who suggested that enhancing female involvement in the ICT industry can be achieved by fostering girls' interest in the sector from an early age. To achieve this, parents can take the following two proactive steps. Firstly, parents can expose their daughters to technology at an early age by providing them with access to educational toys and games that promote STEM learning. Additionally, parents can encourage their daughters to explore their interests in technology by enrolling them in coding classes or robotics clubs.

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Exploring the role of values on innovation practices in indigenous black South African family businesses

Welcome Kupangwa*, Shelley M. Farrington and Elmarie Venter

Nelson Mandela University, Department of Business Management, South Campus, Summestrand Gqeberha, South Africa

***Corresponding author**

Welcome.Kupangwa@mandela.ac.za

ABSTRACT

Values exert a significant influence on guiding strategic decisions and behaviours, including the innovation practices of family businesses. Innovation stands as a pivotal driver for entrepreneurship, business development, and economic expansion, with its continuous pursuit deemed essential for the success of family enterprises. Despite this importance, limited research has focused on the intersectionality of values and innovation within indigenous African family businesses. Through the examination of seven indigenous Black South African family businesses as case studies, our research uncovers the crucial role that the values held play in supporting innovation practices within these businesses. These values actively shape the innovation practices of family businesses by fostering a culture of creativity. By emphasising the centrality of values in innovation endeavours, our study significantly contributes to advancing values-based innovation within family businesses, elevating values from peripheral aspects of business operations to fundamental drivers of value creation and innovation.

Keywords: Indigenous African family business, Innovation, Values, Values-orientated innovation practices

INTRODUCTION AND PROBLEM DESCRIPTION

The existing body of literature has long contended that values, defined as “moral principles, standards, ethical, and behavioural norms” (Koiranen, 2002), are fundamental drivers of activities within family businesses (Ruf, Graffius, Wolf, Moog and Felden, 2021; Rau, Schneider-Siebke and Günther, 2019). These values represent the ideals that the owning family aims to perpetuate within their family business (Bika, Rosa and Karakas, 2019; Tàpies and Fernández-Moya, 2012).

Values are regarded as a critical, unique, and inimitable resource (Ruf *et al*., 2021), playing a pivotal role in the sustainability of family businesses (Tàpies and Fernández-Moya, 2012). In a recent study, Rau *et al*. (2019) found that values such as creativity and exploration significantly influence the innovation practices of family businesses.

Innovation is a pivotal driving force for entrepreneurship, business development, and economic expansion, with continuous innovation regarded as a cornerstone for the success of family businesses (Kraus, Pohjola and Koponen, 2012). To maintain competitiveness, family businesses must embrace change and innovation (Erdogan, Rondi and De Massis, 2020), as the intergenerational prosperity of such businesses hinges on their capacity for innovation (Jaskiewicz, Combs and Rau, 2015). Innovation is imperative for improving family businesses' operational efficiency, performance, growth, and sustainability (Kupangwa, Farrington and Venter, 2023; Heider, Hülsbeck and van Schlenk-Barnsdorf, 2022). Recognised as a vital long-term strategy for organisational flexibility, innovation plays a crucial role in securing the enduring success of family businesses (Rondi, De Massis and Kotlar, 2019). As a result, several studies in recent years (e.g., Gusenbauer, Schweiger, Matzler and Hautz, 2023; Sacristán-Navarro, Zúñiga-Vicente and Crespo, 2023; Heider *et al.*, 2022) have delved into innovation and how family businesses can harness its potential for their benefit.

Although these studies have shed light on the unique nature of innovation practices within family businesses in comparison to those of their non-family counterparts, scholars continue to grapple with the underlying factors contributing to these differences. For instance, Chrisman, Chua, De Massis, Frattini and Wright (2015) argue that family businesses often display lower levels of innovation, highlighting what they term the "willingness-ability paradox" in family business innovation. Criticisms have arisen regarding the predominant focus of research on family business innovation solely on the business dimension, overlooking the multifaceted and significant influence of familial dynamics on innovation within these businesses (De Massis, Di Minin and Frattini, 2015). Several scholars advocate for deeper integration of family systems theory and family-related dimensions, such as family culture, identity, and values, to elucidate the diverse and unique innovative behaviours within family businesses and uncover the underlying mechanisms (Jaskiewicz and Dyer, 2017; Jaskiewicz, Combs, Shanine and Kacmer, 2017). Similarly, while family businesses are often lauded for their innovative tendencies and values-driven decision-making (Kupangwa *et al*., 2023), the specific value systems that underpin their innovation management and practices remain largely misunderstood or unknown due to the lack of comprehensive research exploring the intricacies of their innovation strategies (Dieleman, 2019). Despite the recent surge in research on innovation within family businesses, the existing literature has yet to adequately investigate the influence of values on the formation and propulsion of innovation practices within these businesses. There exists a critical knowledge gap for scholars to deepen their understanding of the inherent values of family businesses and how these values mould their innovation practices.

To address this gap, we focus on the under-researched area of family business innovation practices (Dieleman, 2019) and formulated two research questions for this study: (a) What values shape the innovation practices of IBSA family businesses? (b) How do these identified values shape the innovation practices of IBSA family businesses? Employing the resource-based view (RBV) theory, we delve into how these values intricately shape the innovation practices within IBSA family businesses, thereby contributing to our understanding of the pivotal role and influence of values within family business operations and systems (Ruf *et al*., 2021). Uncovering the value systems underpinning innovation practices within indigenous Black family businesses is imperative, particularly if these businesses aspire to cultivate innovativeness and an entrepreneurial mindset to remain competitive and relevant. By delving deeper into the role of values in driving innovation practices within indigenous Black family businesses, we offer valuable insights for researchers and practitioners seeking to unlock the innovation potential of these distinctive businesses.

The subsequent sections of the paper are structured as follows: Firstly, we discuss the role of the RBV theory, and examine the nature of innovation in family businesses, as well as scrutinise the significance of values in innovation practices. Subsequently, we outline the methodology adopted to address the research questions. Following this, we present and analyse the empirical findings. Lastly, we offer conclusions, emphasising the theoretical and practical contributions and implications of the study while also acknowledging its limitations and suggesting avenues for future research.

THEORETICAL BACKGROUND

Resource-based view theory

Central to the RBV theory is a focus on internal factors, termed resources and capabilities, within an organisation, accentuating their pivotal role as the foundation of a firm's sustained competitive advantage (Barney, Ketchen and Wright, 2011; Hart and Dowell, 2011). The application of the RBV theory in family business studies traces back to the seminal work of Habbershon and Williams (1999), who propose that family businesses possess a unique resource stemming from the family's involvement in the business. Within this framework, the concept of "familiness" has emerged, referring to "the unique bundle of resources and capabilities" inherent to family businesses (Tokarczyk, Hansen, Green and Down, 2007). Through leveraging these unique resources and capabilities, family businesses can forge a competitive advantage and outperform their non-family counterparts (Frank, Kessler, Rusch, Suess-Reyes and Weismeier-Sammer, 2017; Tàpies and Fernández-Moya, 2012).

Aligned with the RBV theory, internal unique resources within the business, such as identity, norms, and values, are deemed valuable assets for family businesses and are challenging to imitate or substitute by other organisations, thereby fostering sustainable competitive advantages (Tàpies and Fernández-Moya, 2012). Values, in particular, are complicated to duplicate, making them a fundamental resource (Tàpies and Fernández-Moya, 2012) that drives the sustainability and longevity of family businesses (Bika *et al*., 2019; Oudah, Jabeen and Dixon, 2018).

Innovation in family businesses

Innovation, defined as the continuous process of developing and introducing new products and/or services (Bollinger, 2020), is particularly crucial for family businesses aiming for long-term sustainability and generational continuity. Scholarly perspectives on innovation in family businesses vary. On the one hand, some scholars portray these businesses as conservative entities, hesitant to adopt innovation (Duran, Kammerlander, Van Essen and Zellweger, 2016), deeply entrenched in tradition across generations (Kammerlander and Van Essen, 2017) and slow to respond to market changes (Lubatkin, Ling and Schulze, 2007). Family businesses are generally perceived as less entrepreneurial (Kraus *et al*., 2012), and they allocate fewer resources to innovation inputs, such as research and development investments (Calabrò, Vecchiarini, Gast, Campopiano, De Massis and Kraus, 2019; De Massis, Frattini and Lichtenthaler, 2013), than their non-family counterparts. Additionally, family businesses often encounter constraints related to generational transitions, emotional attachments, and pursuing non-financial objectives (Kotlar, De Massis, Wright and Frattini, 2018; Kotlar and De Massis, 2013; König, Kammerlander and Enders, 2013).

On the other hand, however, other scholars (e.g., De Massis, Frattini, Majocchi and Piscitello, 2018; De Massis, Audretsch, Uhlaner and Kammerlander, 2017) argue that certain family businesses rank among the most innovative organisations globally, with their long-term orientation catalysing innovation (Diaz-Moriana, Clinton, Kammerlander, Lumpkin and Craig, 2020; Rondi *et al*., 2019). Some studies suggest that family businesses demonstrate relatively high innovation outputs, such as patents or new products, and overall innovation performance (Urbinati, Franzò, De Massis and Frattini, 2017; De Massis *et al*., 2013). Consequently, a paradox emerges wherein family businesses are simultaneously perceived as better and less equipped to handle innovation pressures than non-family businesses are (Heider *et al*., 2022). The literature also underscores the presence of paradoxes in the innovation behaviours and practices of family businesses, resulting in tensions between various factors such as capability and willingness, control and autonomy, or traditions and change (Magistretti, Dell'Era, Frattini and Petruzzelli, 2020; Chrisman *et al*., 2015). Given this ambiguous empirical evidence, scholars have increasingly focused on comprehending the reasons behind this contradiction, elucidating the relationship between innovation inputs and outputs in family businesses, and understanding the influence of family involvement on innovation activities (Rondi *et al*., 2019).

Values and innovation practices

The existing literature emphasises the significant role of values in shaping the behaviour of family businesses, influencing their decision-making processes, and guiding the strategies they implement (Yuan and Wu, 2018). These values ultimately affect various business outcomes, including growth and innovation performance (Kupangwa *et al*., 2023). Founders and leaders of family businesses leverage values to foster innovative and entrepreneurial behaviours across successive generations, thereby contributing to transgenerational entrepreneurship (Eddleston, Kellermanns and Collier, 2019). The aspiration of owning families is to instil entrepreneurial mindsets across generations, often drawing upon heritage values to inspire future family members (Moores, 2018). For example, values that promote an open culture within the family are frequently associated with fostering and nurturing entrepreneurial activities within the family business (Chirico and Nordqvist, 2010). These values are also pivotal in developing dynamic capabilities and entrepreneurial performance over successive generations (Chirico and Nordqvist, 2010).

Several authors (Hnátek, 2015; Sorenson, 2015) have investigated the values that cultivate an entrepreneurial orientation within family businesses. According to Hnátek (2015), values such as innovation, creativity, flexibility, adaptability, and an opportunity-driven mindset enhance entrepreneurial thinking and mindset. Furthermore, research suggests that some family businesses embrace values that foster a long-term orientation and promote entrepreneurship (Lumpkin, Brigham and Moss, 2010). Cruz, Hamilton and Jack (2012) argue that family values should encourage continuous identification and pursuit of opportunities for family business growth. Promoting family values is crucial as it gives the family business an entrepreneurial competitive edge (Sorenson, 2013). Typically, owning families explore entrepreneurial opportunities aligned with their family goals and members' interests and passions (Goel and Jones, 2016). This alignment ensures continuity of the family business's opportunities, supported by innovative actions from the next-generation (NextGen) and non-family members.

METHODOLOGY

Research design

Our study is situated within an interpretative paradigm and adopts a multiple and descriptive case study design. This approach facilitates an in-depth understanding of the complexities and nuances inherent in the relationship between values and innovation within IBSA family businesses.

Case selection and sample

Our sample consisted of seven family businesses independently owned and managed by IBSA business families, with members of the Coloured and Indian population groups excluded. This exclusion was based on significant differences in their value and cultural systems compared to those of the Black African population (du Plessis, Saccaggi and de Bruin, 2015). The selected family businesses met specific criteria: (i) they identified their business as a family business, (ii) they actively participated in the primary operations of the family business with a minimum of 50 per cent voting rights or share, (iii) they operated at least one active business, not solely as passive shareholders or investors, and (iv) they expressed a desire to transfer the business to the NextGen family members. We utilised the concept of "information power" to determine the sample size of the study, which suggests that the larger the information power the sample holds, the lower the sample size needs to be, and vice versa (Malterud, Siersma and Guassora, 2016). Given the study's aim, the specificity of the sample, the application of established theory, the quality of the interview dialogue, and the adopted analysis strategy, a relatively small sample size of seven business cases was considered to have high information power.

Our study relied on semi-structured interviews conducted with 17 key participants, with interview durations ranging from 30 to 265 minutes. The key participants encompassed individuals from the most senior generation of the family business (e.g., founders or family elders), the current controlling family business owner or CEO, family members actively engaged in the business providing diverse generational perspectives, non-active family members, or non-family members with at least five years of involvement in the business. Examples of open-ended questions include: (i) How would you define innovation in the context of your family business? (ii) In what ways do you think your cultural background affects the way your family approaches? (iii) Can you provide examples of innovation practices or products your family business has developed? (iv) What set of values exists in your family business, and how do these values shape your approach to adopting new technologies in your business? Ethics approval (Ref. H19-BES-BMA-004) was obtained from our affiliated university's Research Ethics Committee (Human) to undertake the study. Table 1 presents the details of the participants and the family cases included in the study.

Data analysis

We transcribed all interviews verbatim to analyse our data and utilised the software program ATLAS.ti version 22 to manage the coding and theme development process. Following Braun and Clarke's (2021) guidelines for reflexive thematic analysis, six steps were employed. First, we immersed ourselves in the data by re-listening to the interviews, organising and thoroughly reading the collected text from the participants (Braun, Clarke, Hayfield and Terry, 2019). In the second step, we defined the coding units for analysis, and guided by existing literature, we deductively established codes utilising various coding techniques at each phase of the coding process. Subsequently, the third step involved generating and developing themes by identifying patterns and meaningful insights within the coded data (Terry, Hayfield, Clarke and Braun, 2017). In the fourth step, we consolidated and further analysed all initial themes derived from each case by reviewing and refining the dataset. This iterative process allowed us to shape and clarify the emerging themes. In the fifth step, we reviewed the themes by refining and defining them, aiming to transition from viewing themes as a mere list of codes and collated data to an interpretative orientation. In the final step, we focused on refining the range of writings, incorporating notes, field notes, and memos into a cohesive output that effectively addressed the research question (Terry *et al*., 2017). See Table 2 and Table 3 for data structures showing the values identified as shaping innovation practices and values-oriented innovation practices found in the study.

TABLE 1

DETAILS OF THE STUDY CASES AND PARTICIPANTS

Family businesses			Participants					
Case	**Founded**	**Industry**	**Participant**	**Gender**	**Generation**	**Relation to founder**	**Role**	**Tenure**
A	2005	Logistics	1	F	n/a	NFE	Financial Manager	11
			2	M	2nd	Son	Branch Manager	5
			3	M	1st	Founder	CEO	16
B	2002	Marketing	4	F	n/a	NFE	Employee	5
			5	F	2nd	Daughter	Manager	8
			6	F	1st	Founder	CEO	21
C	1981	Clothing	7	F	2nd	Daughter	CEO	9
D	1981	Laundromat	8	M	n/a	NFE	Operations Manager	10
			9	F	2nd	Daughter	CEO	6
E	1980	Funeral Services	10	M	n/a	NFE	Operations Manager	40
			11	F	2nd	Daughter	Non-active member	11
			12	F	2nd	Daughter	Employee	25
F	1974	Funeral Services	13	M	3rd	Grandson	Employee	5
			14	M	n/a	NFE	Office Manager	22
			15	M	2nd	Son	CEO	24
G	1973	Petroleum gas	16	F	3rd	Granddaughter	Operations Manager	5
			17	M	1st	Founder	Retired	45

n/a = not applicable, NFE = non-family employee

Sources: Authors' construction

TABLE 2

DATA STRUCTURE FOR VALUES SHAPING INNOVATION PRACTICES

Raw data – sample quotations	First-order level codes	Second-order level codes	Values as aggregate themes
"*I think the father* [founder] *was an entrepreneur. He had this mind to start things.*" (P8) "*My father passed away at some stage, and I think this thing [the funeral parlour] came up. My brother and my mother saw this opportunity from there* […] *so, we started the funeral parlour in 1974.*" (P15)	• Solving problems • Seeing opportunities • Pursuing entrepreneurial activities • Having an entrepreneurial mindset	Opportunity identification	***Entrepreneurship*** refers to the mindset, attitudes and beliefs that orient a person towards pursuing entrepreneurial activities (Habbershon, Nordqvist and Zellweger, 2010).
	• Financial support to family members • Exploiting opportunities • Business-orientated family members	Risk-taking	
"*What happened is that my mom and my dad have always had the desire for us not to be employed* [outside the family business]. *That was always very clear, that basisa eskolweni* [they sent us to school] *so that we can come back and re-invest and re-deposit whatever* [in the family business]." (P11) "*Uncle, I feel has always wanted the family business to carry on in the family.*" (P12)	• Next-generation involvement in the business • Children holiday jobs • Children working in the family business	Job mentoring	***Family business involvement*** refers to the participation of family members in the family business as owners, managers or employees (Garcia-Castro and Aguilera, 2014).
	• Family member participation in the family business • Business education through job rotation • Reinvesting in the family business • Family business legacy protection • Sucession planning	Family business stewardship and development	
"*Our team of experienced staff and managers pay attention to detail, giving our customers a personal and superior experience.*" (Case D website) "*For me, if there is an extra car and there is a driver who is not busy, we go that extra mile* […] *but what we do is that we try to keep our promises, we try to be on time*." (P15)	• Commitment to quality services and products • Customer happiness • Pay attention to customer details	Customer satisfaction	***Customer focus*** refers to putting customers first and paying detailed attention to their needs and opinions (Madhani, 2020).
	• Listening and understanding customers • Building loyal relationships • Keeping promises • Reliable and dependable services	Customer retention	
"*I like people to be innovative, to come up with solutions*." (P15) "*In terms of creativity, because the times have changed; we need not stay behind*." (P10)	• Process and system improvements • Employees being creative and solutions driven • Introduction of technological devices	Process innovation	***Innovation and creativity*** refer to a continuous process of developing and introducing new products and/or services through the generation of new ideas to solve problems (Bollinger, 2020; Dhliwayo, Mmako, Radiepere and Shambare, 2017).
	• Embracing change in the markets • Expansion into other markets • Introducing new products and service	Product development	
"*Continuously seek knowledge* […] *I learn about my market, and customer needs every day*." (P6) "*I try to share what I know with my staff members - because that's how* [the owner] *is. If he learns something, he'll tell you this is how it's done* […], *he's always been teaching me things*." (P3)	• Knowledge and skills sharing • Learning on the job and job internships • Open to new ideas	Skills and knowledge acquisition	***Continuous learning*** refers to the process of learning new skills and knowledge on an ongoing basis (Valamis, 2019).
	• Continuously seeking knowledge • Staying relevant in the industry • Understanding the economy	Industry knowledge	

TABLE 2 (cont.)

DATA STRUCTURE FOR VALUES SHAPING INNOVATION PRACTICES

Raw data – sample quotations	First-order level codes	Second-order level codes	Values as aggregate themes
"*I'm very open with my sisters, my team, my staff, my managers, I try and engage everybody in terms of what I do.*" (P9) "*We have got a WhatsApp group.* [it] *has got all our managers* [on it] *– we call it 'Team Bhengu'. So that's where we communicate.*" (P16)	• Accommodating and being receptive to new ideas • Seeking new solutions • Open sharing of information	Transparency	***Open communication*** refers to all stakeholders being freely able to express their ideas to one another as well as all stakeholders being given access to information (Rossouw and van Vuuren, 2013).
	• Using different communication platforms for employee • Involvement of employees • Continuous engagement	Employee engagement	
"*So, this* [the family business] *and whatever they left for us, I should value it, I should keep it, and I should make it flourish* […], *not only for us but also for our children.*" (P12) "*For me, I value that as a family, it should not just end up with me. We need to say how are we going to create this world for generations to come?*" (P6)	• Family business longevity • Business restructuring and cutting down on costs • Business potential growth • Developing long-term business decisions and vision	Business continuity	***Business sustainability*** refers to the quality of being able to continue over a period of time (Hornby, Turnbull, Lea, Parkinson, Phillips, Francis, Webb, Bull and Ashby, 2010).
	• Building towards the future • Creation and preservation of generational wealth • Leaving a family business legacy • The involvement of NextGen through mentorship	Protecting the legacy	
"*We believe that forming strategic relationships with stokvels should be one of the brand strategies in growing their market share and increasing sales.*" (Case A website) "*We value these partnerships, whether they are short-term or long-term commitments.*" (Case D website)	• Business collaborations • Being trustworthy and honest with others • Business opportunities	Collaborative work	***Partnerships*** refer to "agreements or collaborations between organisations or people to work together" (Hornby *et al*., 2010).
	• Long-term partnerships • Forging strategic relationships with stakeholders	Stakeholder relationships	
"*One of her favourite things is no man is an island, you can't work in silence – you have to be integrated with every other area of the business – so it is teamwork, it is very important in the family business.*" (P5) "*If you don't value your team, your team won't value what they're doing* […], *but I think also, a lot of people don't realise that your value of your business is in your team.*" (P9)	• Working together as a team • Combined team efforts • Embracing each other as teammates • Consulting employees • Member-tasks assignment	Employee team efforts	***Teamwork*** refers to the combined actions or effort of a group of people working together to achieve a goal or task (Hornby *et al*., 2010).
	• Employee ownership schemes • Appreciate the efforts of the employees	Employee appreciation	

Sources: Authors' construction

TABLE 3

DATA STRUCTURE FOR VALUES-ORIENTED INNOVATION PRACTICES

Raw data – sample quotations	First-order level codes	Second-order level codes	Aggregate themes
"*We have a system that we use for tracking and tracing. If you want to know where your waybill is, what happened to your parcel and so forth. So, our drivers have got handheld scanners, they're running around with handheld scanners*." (P3)	• Enhancing product functionality • Offering a variety of items • Product and service expansion • Providing value to customers	Product and service development	**Product and service innovation**
"*I then started buying new machines. Efficiency is needed to improve because we needed the same volume of staff and the same volume of machines, but the machines were old and not efficient*." (P9)	• Business partnerships • Improving operational efficiency • Replacing machinery and equipment • Technological advancements	Process improvements	**Process innovation**
"*So, I think this concept of a funeral parlour came from – my father* [founder] *passed away at some stage, and I think this thing came up. My brother and my mother saw this opportunity from there*." (P15)	• Assessing family business resources and capabilities • Understanding family business' core competencies	Internal capabilities and resources	**Opportunity identification**
	• Analysing customer needs • Identifying market gaps • Market attractiveness • Understanding customer needs and preferences	Market analysis	
"*No, it is actually only just one café store; there was a plan to open up one in City H. But that one was put on hold, yes, because he actually wanted to rather push in revamping the one here in City Y. And once he revamped this one; it looks more beautiful, more modern, more technological. Then moving to like to the other one*." (P2)	• Adapting to market challenges • Identifying growth opportunities • Monitoring and iteration • Starting small	Incremental growth	**Incremental innovation**
	• Continuous improvements • Continuous introduction of products and services • Enhancing customer experience • Expansion of product range	Expanding product and service range	

Sources: Authors' construction

KEY FINDINGS

Values that shape innovation practices

Our study reveals that the participating businesses uphold values such as entrepreneurship, family business involvement, business sustainability, innovation and creativity, continuous learning, open communication, partnerships, teamwork, and customer focus. These values were found to shape the innovation practices of the participating businesses as they encourage creativity within these businesses and influence the operational decisions made. The value placed on entrepreneurship, for example, influences opportunity identification as well as the levels of innovation in the participating businesses. How these values influence innovation in the participating businesses is evident in their innovation and opportunity identification decisions and processes. For the founders participating in this study, entrepreneurship is a value demonstrated by founding and building their family businesses. These businesses were established (founded) due to existing gaps or opportunities identified by the founders within their business markets.

The participating businesses value the involvement of family members, especially the NextGen, in the family business. From the onset, family business founders have involved their family members in their businesses. In some instances, founders' children were introduced into the family business at a very young age. These business founders constantly desired that the NextGen family members are not employed outside their businesses. In most cases, NextGen members were sent to schools and institutions of higher learning to acquire knowledge and skills so that they could come back and re-invest those skills in their family businesses.

The value placed on family business sustainability influences the family business continuity as they want to preserve the legacy of the founder and the family business as a source of wealth creation for future generations. The continuity of the family business is also crucial to the NextGen family members, who view it as their responsibility to preserve and protect the legacy left to them by the senior generation. For example, the NextGen members reflect on the values instilled in them by their parents, particularly concerning the family business. Valuing what their parents left for them, tangible assets like the business and intangible values like hard work and perseverance, is an important aspect of honouring their legacy. By recognising the struggles family business founders endured to raise them as children and maintain the family business, they acknowledge the sacrifices and lessons they imparted. Continuing to uphold and build upon the foundation they laid can be a meaningful way to honour their memory and ensure the success and longevity of the business for future generations. Therefore, the great value placed on business sustainability is demonstrated through prioritising the making of long-term innovation decisions that enhance the continuity of their family businesses. Business founders and/or current leaders regularly find ways to grow their businesses to ensure family business continuity.

Our findings show that the participating businesses stress the importance of innovation, creativity and adaptability in responding to change and driving progress for the growth of their businesses. These businesses recognise that change is a constant phenomenon in life and stress the importance of embracing it by being innovative and adaptable to navigate through market and economic changes and to ensure that they find success in dynamic business environments. For example, Participant 10 notes the necessity of creativity by emphasising the importance of not falling behind in a rapidly evolving world, suggesting that staying stagnant or resistant to change can be detrimental to the family business's growth. Consequently, these businesses prioritise staying ahead of the curve and continuously seek new ideas and approaches to improve and succeed. The need to stay ahead of the curve motivates the participating businesses to integrate continuous learning into their business activities. The importance of continuous learning is highlighted in that founders/leaders always learn new things and recognise the importance of doing so for themselves, the NextGen family members and the family business. In the family business context, continuous learning is important to stay abreast of customers' needs and remain relevant in the market.

Our study found that open communication is valued because business founders and/or current leaders are accommodating and receptive to the new ideas and views of different stakeholders, and they openly share information with all family business employees. As Participant 9 explains: "*I'm very open with my sister, my team, my staff, and my managers. I try to engage everybody in terms of what I do so there's continuity*." The participating businesses use various communication platforms to engage with their internal stakeholders. Through these platforms, internal stakeholders can share their views and ideas, and information is openly shared with them. The value placed on open communication is evident in that founders and/or current leaders regularly engage with employees to hear their views and to find solutions to business problems. As Participant 15 explains: "*They* [the employees] *are like my* [business] *partners. Whenever we discuss something, I want to hear their views before I can put my views.*"

The participating businesses prioritise strategic partnerships with key industry stakeholders and community role-players to advance the interests of the family businesses. The value placed on partnerships is also evident in how these businesses continuously seek to collaborate with other stakeholders to expand their operations. For example, the collaboration between Business Case C and the local municipality, as explained by Participant 7, demonstrates a strategic partnership. By partnering with a local municipality in 2018, Business Case C expanded its reach and opened a second outlet by the beachfront. This partnership provided access to a new customer base and increased visibility through association with a local government entity. Similarly, our study also found that the participating businesses value teamwork, which is evident in that they engage the efforts and opinions of all those working in the business when working on a task. Teamwork efforts demonstrated emphasise the importance of business founders, owners and leaders adopting a consultative approach to decision-making within their businesses. As Participant 8 explains: "*They have to consult with all of the employees on major decisions especially. They have to first sit down and motivate how you see it, and then it will become a discussion*." This consultative approach reflects an inclusive leadership style, where employees' perspectives and input are valued, which fosters a sense of ownership and responsibility among the team members and encourages open communication and collaboration within the family business. To further encourage teamwork, some businesses have even allowed their employees to share ownership of the family business. As Participant 1, a non-family member, says: "*He* [the founder] *has given us that opportunity to share in his business so that we can all work together*." By fostering a culture of collaboration and shared ownership, Business Case A leverages its team members' collective talents and efforts to drive innovation and growth in the business.

Great value is also placed on customer focus within the participating businesses. The value of customer focus is demonstrated through their commitment to providing quality services and products and keeping their customers happy. They keep their customers happy by going the extra mile to satisfy their needs and keep their promises. Due to the value placed on customer service, these businesses regularly engage in innovative initiatives, such as introducing new products and services to satisfy customer needs.

Values and innovation practices

We developed four sub-themes to describe how values shape the innovation practices among the participating businesses: product and service innovation, process innovation, opportunity identification, and incremental innovation. We discuss each of these in the following sections.

Product and service innovation

We define product and service innovation as the continuous introduction of new products and services to increase the effectiveness and quality of the family business' output (Damanpour and Aravind, 2012). In all instances, we found that the participating businesses were engaged in introducing new products and services to ensure a customer focus and to attract more customers to the family business. Participant 16 explains: "*My aunt asked me, how are you going to grow the kitchens? I said we grow them by growing a variety; we can't push people into the store, but we can attract them by widening our range*." This finding suggests that because the participating businesses value being customer-focused, they respond by providing innovative products and services. Participant 10 explains how Business Case E's focus on their customers led to them diversifying into the manufacturing of coffins and funeral policies to expand the ability of their family business to satisfy customer needs. Our study shows that the continuous introduction of new products and services takes place as a result of the value placed on feedback from and the satisfaction of customers (customer focus), as well as on the long-term sustainability of the family business (business sustainability).

Process innovation

In this study, process innovation is defined as innovation that is aimed at improving family business operations while increasing outputs and decreasing operational costs (Kammerlander, Dessì, Bird, Floris and Murru, 2015). Our findings show that family businesses are continuously investing in innovative processes, such as new digital and mechanical technologies, to enhance their operational efficiency. These investments are particularly evident among the family businesses managed by NextGen. It is believed that by enhancing operational efficiencies and process innovation, customer service will be improved in terms of speed of delivery. For Participant 10, introducing digital devices into the family business meant that the business would be able to deliver superior customer service by reducing order processing time. Similarly, Participant 3 views the use of technology as imperative. It is this belief that has made him invest in technology that enhances the operational efficiencies of the family businesses, ultimately improving the service experienced by their customers.

Innovation in the family businesses under investigation is also shaped by the value placed on having strategic partnerships with external stakeholders. Through entering strategic partnerships, the innovative practices of these partners are incorporated into the processes of the family business. For example, Participant 10 mentions: "*Old Mutual has done this for us* […] *a kickback that we are getting from one of the partnerships. It makes our life easier in terms of the payment because we do not release the body unless you pay*."

Opportunity identification

Our findings show that the value placed on identifying entrepreneurial opportunities influences the innovation levels in the participating businesses through increased opportunity identification. Most opportunities identified and pursued by the founders and/or current leaders emanated from their immediate business environment. Participant 6's family business was born out of the need to service the stokvel community while bringing the FMCG businesses closer to the customers. Founders and/or current leaders continuously seek opportunities to improve their product offerings. For example, Participant 9 explains: "*I do have an opportunity – in fact, I am going now to eNgcobo and to see a site*." This finding suggests that the value they place on their businesses' long-term survival (sustainability) drives the founders and/or current leaders to continuously seek new opportunities.

Incremental innovation

Our study found that the approach to being innovative by the participating businesses is based on the principles of incremental innovation. Incremental innovation, which is characterised by small and gradual improvements to existing products, services and processes (Frank, Kessler, Bachner, Fuetsch and Suess-Reyes, 2019), drives the participating businesses' innovation practices. For example, when Participant 9 took over the family business, she identified inefficiencies in the business operations. She focused on upgrading and replacing outdated machinery, which increased capacity, reduced downtime and improved the overall business productivity. Similarly, Participant 10 explains that by starting small, gradually expanding, adapting to market challenges, and making strategic decisions along the way, the founder of Business Case E was able to navigate the complexities of entrepreneurship and build a successful enterprise over time. By focusing on gradual enhancements to their existing café store and operations, Business Case A has effectively adapted to changing market conditions and positioned itself in the existing business location for sustainable growth over time. In another family business case, Participant 16 explains that by continuously introducing new and diverse food items, she attracted more customers and strengthened the competitiveness and sustainability of her family business over the long run.

DISCUSSION

Our findings underscore the substantial influence of family business values on their innovation practices. These values act as catalysts, driving innovation ambitions and processes within these businesses, encouraging employees to exhibit creativity, problem-solving skills, and innovation-oriented approaches to tackle business challenges effectively. Existing literature acknowledges the pivotal role of values as critical and unique resources for innovation in family businesses (Ruf *et al*., 2021), serving as rich sources for innovation within these contexts (Rau *et al*., 2019). Heider *et al*. (2022) emphasise the significance of family business resources in innovation, highlighting the development of unique resource bundles comprising values, culture, identity, and social and human capital, all contributing to innovation. Similarly, Eddleston *et al*. (2019) highlight that family business innovation practices are deeply rooted in the values these businesses uphold, driving innovative behaviours and actions. Family business leaders leverage these values to create environments conducive to innovation, while fostering transgenerational entrepreneurship.

Our study identified a range of values that the participating businesses uphold, including customer focus, entrepreneurship, continuous learning, innovation and creativity, and business sustainability. These values shape innovation practices within these businesses, influencing their operational decisions and strategic directions. For instance, the emphasis on entrepreneurship directly impacts opportunity identification and drives levels of innovation within these businesses. The influence of these values on innovation is evident in their decision-making processes and approaches to identifying and pursuing opportunities. This finding aligns with previous studies (e.g., Rau *et al*., 2019; Tàpies and Fernández-Moya, 2012), highlighting the significance of creativity and exploration in fostering entrepreneurial behaviour within family businesses. Cruz *et al*. (2012) also emphasise the role of values in facilitating the continuous identification and pursuit of entrepreneurial opportunities. Furthermore, the long-term orientation commonly observed in family businesses drives their engagement in innovative initiatives to achieve sustainability and longevity (Diaz-Moriana *et al*., 2020).

We found that the participating businesses exhibit innovation by introducing novel products and services. However, they tend to prioritise initiatives to improve operational efficiency over technological advancements. It is believed that enhancing operational efficiency can lead to enhanced customer service, highlighting the value they place on being customer-focused. Our findings align with prior research, suggesting that family businesses excel in “invisible” innovations like process improvements, which offer substantial cost benefits. This aspect is particularly important for small and medium-sized family businesses, especially in service industries, where streamlined processes are essential for effective service delivery. Our findings are consistent with Diaz-Moriana *et al*. (2020), who argue that innovation in family businesses often revolves around optimising processes and marketing strategies. Similarly, Matchaba-Hove (2020) found that indigenous African family businesses focus on refining existing processes rather than pursuing technological innovations. A recent study in South Africa by Hayidakis (2021) highlights a positive correlation between an innovation-oriented organisational culture in family businesses and their innovation output.

Our study reveals that the participating businesses predominantly adopt an incremental approach to innovation. In this approach, they focus on making small, gradual enhancements to their existing products, services, and processes (Frank *et al*., 2019). These incremental improvements are not disadvantageous to family businesses, as research indicates that the risk aversion inherent in radical innovations can impede their success (Naldi, Nordqvist, Sjöberg and Wiklund, 2007). Similarly, our findings align with the challenges faced by small and medium-sized family businesses, which often grapple with limited financial resources that restrict their ability to experiment and pursue radical innovation (Hayidakis, 2021; De Massis, Frattini, Pizzurno and Cassia, 2015).

CONCLUSION

Theoretical contributions

Our study offers several theoretical contributions. Firstly, it responds to various research calls by scholars (e.g., Eddleston *et al*., 2019) advocating for more comprehensive research exploring the dynamic interplay between the evolving institutional environment and values. While research interest in values (Ruf *et al*., 2021; Yuan and Wu, 2018) and innovation (Diaz-Moriana *et al*., 2020; Rondi *et al*., 2019) has surged in recent years, there has been a gap in understanding the intersectionality of values and innovation in family businesses. We contribute theoretically by addressing this gap in the existing literature, focusing specifically on the role of values in shaping innovation practices within the context of IBSA family businesses. Our findings suggest that the values upheld by these businesses influence their innovation practices, fostering innovative behaviours and actions within these businesses (Eddleston *et al*., 2019).

Furthermore, we contribute to developing values-based innovation within organisations, elevating values from the periphery of business activities to the core of value creation and innovation (Breuer and Lüdeke-Freund, 2017). We contend that values-based innovation necessitates integrating values as the foundation for innovation practices rather than pursuing innovation in any direction solely to generate new value for family businesses. By aligning innovation initiatives with deeply ingrained values, family businesses can ensure that their innovation efforts yield profitability and promote social and environmental responsibility, thereby fostering long-term sustainability. The linkage to long-term sustainability has long been recognised in family businesses due to their orientation toward legacy and intergenerational continuity (Diaz-Moriana *et al*., 2020; Parada, Samara, Dawson and Bonet, 2020). Harmonising values with innovation practices offers valuable insights for sustaining the competitiveness of family businesses across generations (Erdogan *et al*., 2020).

Practical contributions and implications

The outcomes of our research carry significant implications for practical application and managerial decision-making. Our investigation underscores the influence of value systems on the innovation strategies within IBSA family businesses. Values serve as crucial benchmarks in the decision-making process (Yuan and Wu, 2018) and form the cornerstone of the strategic direction in family businesses (Rau *et al*., 2019). Hence, founders and leaders of IBSA family businesses should acknowledge the influence of their business's values on innovation practices. Consistent with the recommendation of Kupangwa *et al*. (2023), it is imperative for founders and leaders to explicitly articulate the values they wish to instil in their family businesses, ensuring their integration into all aspects of innovation initiatives and long-term business orientation. Leveraging these values enables family businesses to develop distinctive products, services, or processes, setting them apart from competitors.

Furthermore, as we advocate for integrating values-based innovation practices, we suggest that IBSA family businesses prioritise adaptability and flexibility to navigate evolving market dynamics effectively, changing consumer preferences, and technological advancements within their respective industries. Thus, we strongly advise family business founders and leaders to allocate resources towards exploring new technologies and to maintain an openness to experimentation. Embracing novel technologies and digital tools empowers IBSA family businesses to streamline operations, improve efficiency, and foster the development of innovative products and services.

Study limitations

Our study has notable limitations that pave the way for future research. We employed a qualitative methodology, which limits generalising our findings to all indigenous South African family businesses. However, even though our findings might not directly apply to all family businesses, our qualitative approach facilitated a thorough analysis of family business values as important resources within the African business context. Future studies could provide valuable insights by embracing a quantitative methodology to empirically explore the relationships between identified family business values and innovation processes across a broader spectrum of family businesses.

Secondly, our study's limitation lies in its focus on small and medium-sized family businesses, potentially restricting the breadth and depth of innovations observed within these businesses. Mashingaidze, Phiri and Bomani (2021) highlight that strategic decisions in small and medium-sized businesses may differ from those in larger ones due to the latter's more intricate governance structures, demanding greater managerial attention (Hernaus, Vuksic and Štemberger, 2016). Future research could offer valuable insights by examining how values influence innovation practices in large family businesses and how these values evolve to shape their long-term innovation strategies.

Lastly, while our study found that IBSA family businesses prioritise innovation due to their emphasis on the sustainability of their operations, we did not delve into broader sustainability issues concerning environmental and social imperatives. We encourage future studies to explore the intersection of family business values with innovation practices in the context of social responsibility and sustainability. This exploration could uncover opportunities for these businesses to develop innovative solutions that address societal and environmental challenges while generating economic value.

DISCLAIMER

Much of this paper emanates from W.K.'s doctoral thesis study, of which S.M.F. and E.V. were the supervisors and mentors.

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South Africa to Norway: The Social Enterprise Diverge

Lelani Maree, Department of Business Management, Stellenbosch University

Caleigh Boshoff, Department of Business Management, Stellenbosch University

Abstract

The magnitude of societal catastrophes beckons the aid of a thriving social enterprise sector. Globalisation holds the potential to catapult the growth of the social enterprise sector but is presently stunted due to insufficient knowledge of the enabling environment. The Gartner framework is used to structure the exploration of the SE phenomenon and sheds light on the enabling environment of SE. The literature on an enabling environment underscores an institutional paradox of institutional void within developing economies and institutional support within developed economies. The exploratory, qualitative study adopts two embedded case studies for participants from South Africa and Norway respectively. Semi-structured interviews were administered to gather primary data from the six research participants. The findings confirm that South Africa operates in an Institutional Void and Norway operates in Institutional support, both of which are enabling environments. It is recommended to pursue a similar enabling environment when expanding globally.

Keywords: Social Entrepreneurship, Institutional Void, Institutional Support, Gartner Framework

1. Introduction

Social Entrepreneurs leverage their ambition and tenacity to overcome societal issues by innovating within a social context (Maniam, Engel & Subramaniam, 2018). Distinct from SE is that the host environment profoundly influences business operations (Zahra, Rawhouser, Bhawe, Neubaum & Hayton, 2008). The benefit of globalisation remains unrealised due to differing social conditions and economic climates within a nation, demanding tailored business approaches and solutions (Zarah *et al*., 2008). This is of concern as globalisation is a facilitator of the amplification of solutions to societal catastrophes (Maniam *et al*., 2018). It becomes paramount for social entrepreneurs to direct globalisation efforts towards similar enabling environments.

The challenge arises wherein the SE phenomenon is nascent and elusive, thereby stunting globalisation efforts as social entrepreneurs find it difficult to identify similar environments on a global scale (Doherty, Haugh, & Lyon, 2014). The complexities surrounding SE stem from both global disparities in the perspective and definitions of SE (Doherty *et al*., 2014) and an institutional paradox concerning the enabling environment for social enterprises (Stephan Uhlaner, & Stride, 2015).

An opportunity presents itself to explore a polar economic comparison of what constitutes an enabling environment for social enterprises, using South Africa and Norway as case studies. The knowledge gained from the research findings is of benefit to social entrepreneurs as they can channel their globalisation efforts towards similar enabling environments.

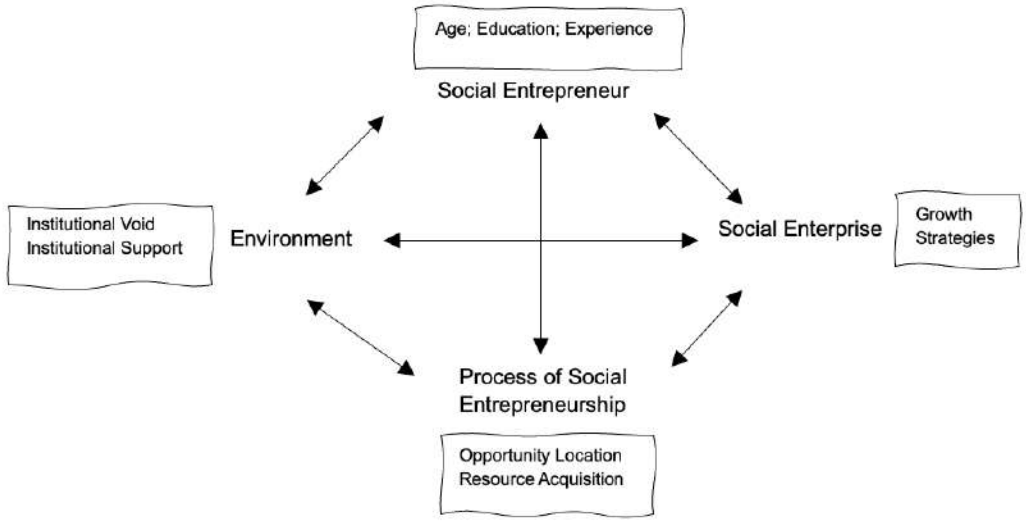
2. Social Entrepreneurship Phenomenon

The Social Entrepreneurship (SE) phenomenon has surpassed its nascent stage with volumes of research centred on themes such as the social entrepreneur, business strategy and the social phenomenon specifically (Gupta, Chauhan, Paul, Jaiswal, 2020). Despite extensive scholarly research, delineating the SE phenomenon remains elusive (Doherty *et al*., 2014). Divergent perspectives of SE exist wherein it is either viewed through the lens of an evolution of a non-profit organisation (Reficco, Layrisse & Barrios, 2021; Grassl, 2012) or as a commercial business with social objectives (Santos, Pache, & Birkholz, 2015). The inconsistency in defining the SE phenomenon stems from its hybrid organisational structure (Gupta *et al*., 2020). Social enterprises have a dual mission of economic gain and social impact, resulting in an amalgamation of the private, public, and non-profit sectors (Grassl, 2012). The complexities associated with the balance of the dual mission have resulted in an imbalance focus on the economic or social mission when delineating the SE phenomenon (Doherty *et al*., 2014). The absence of consensus in defining the SE phenomenon beckons further exploration. The Gartner (1985) framework will facilitate the conceptualisation and understanding of the SE phenomenon.

2.1 Gartner Framework

Gartner's (1985) seminal paper provides a framework for describing the SE phenomenon through a theoretical lens (Waqar, Jamil, Firdaus & Frdzil, 2020). The framework created by Gartner (1985) is of use in the description and understanding of new venture creation. Littlewood and Holt (2018) advance the findings of Gartner (1985) by situating the framework within the context of SE. The adapted framework highlights the four dimensions of Social Entrepreneur, Process of Social Entrepreneurship, Social Enterprise and Environment, as depicted in Figure 1.

FIGURE 1
ADAPTED GARTNER FRAMEWORK



Source: Adapted from Littlewood & Holt (20180)

2.2 Social Entrepreneur

According to Gartner (1985), it is paramount to develop a nuanced understanding of the idealised prototype of the entrepreneur associated with the new venture. A social entrepreneur is described as an individual who tenaciously discovers solutions to societal catastrophes (Dionisio, 2019). Social entrepreneurs are viewed as social heroes who are catalysts to social change through establishing social enterprises (Sengupta, Sahay & Croce, 2018). The extent to which a social entrepreneur can fulfil this role is contingent on specific background factors such as age, education, and work experience (Littlewood & Holt, 2018), illustrated in Figure 1.

The age variable is valuable to the description of the social entrepreneur as the individual must strive to benefit society and not personal gains (Dacin, Dacin, & Matear, 2010). A U-shaped relationship exists relating to the age of the social entrepreneur (Brieger, Bäro, Criaco & Terjesen, 2021). The tendency to become a social entrepreneur is greatest at the ages of 18-34 and 50-64 (Brieger *et al.*, 2021). The theory of lifespan development psychology validates these findings as it magnifies how the life goals of the younger and older generations are rooted in creating social value (Baltes, Lindenberger & Staudinger, 2007). The resistance from the middle-aged generation is due to instrumental values such as financial security (Waqar *et al.*, 2020).

The skills and competencies gained from higher education enhance the social entrepreneur's ability to provide innovative solutions to societal catastrophes (Waqar *et al*., 2020; Dionisio, 2019). The complexity of the social economy is grounded in the amalgamation of failing free market enterprises, government inefficiencies, and the difficulty in providing solutions to poverty, inequality, and unemployment (Grieve, 2008). The demand placed on social entrepreneurs to balance multiple goals and stakeholder demands merits the higher education requirement (Dionisio, 2019).

The success of a social enterprise is contingent on the commercial and welfare experience of the social entrepreneur (Shumate, Atouba, Cooper & Pilny, 2014). The benefit of commercial experience is the ease at which the social entrepreneur casts vision, locates business opportunities, ensures adequate resources, and manages stakeholder demand (Pangriya, 2019). The benefit of social welfare experience illuminates the finesse in overcoming hurdles associated with founding the social enterprise, fundraising skills, and understanding of the social issue at hand (Waqar *et al*., 2020).

2.3 Process

To enhance the social entrepreneurs' exploitative power within the market, Gartner (1985) implores an exploration of the process to realise the vision. The process dimension attributes the success of the enterprise to key factors that facilitate the mobilisation of the vision (Gartner, 19850). The social entrepreneurial function within the process dimension emphasises the opportunity location and resource acquisition actions (Littlewood & Holt, 2018; Sengupta et al., 2018), depicted in Figure 1.

The nature of located opportunities is influenced by the socio-economic context within a nation (Mair & Martí, 2006; Sengupta et al., 2018). The approach to the identification of opportunities is viewed through the lens of a necessity versus opportunistic perspective (Hoogendoorn, Pennings & Thurik, 2010). The former arises in predominantly developing economies wherein a fundamental need is unmet (Mulgan, 2006). The social entrepreneur experiences a desire to change society and is moved by dissatisfaction with the status quo (Sepulveda, 2015). The latter is evident in developed economies wherein an emphasis is placed on searching for new market opportunities (Mair, Robertson & Hockerts, 2006). The actions of the social entrepreneur are grounded in a philanthropic perspective (Mair et al., 2006).

Furthermore, a strategy must be implemented to acquire the social and financial resources necessary for the identified opportunity (Di Domenico et al., 2010). The acquisition of social resources pertains to the skills and experiential knowledge of the workforce (Ko & Kong, 2012). Social enterprises typically host workshops such as leadership training, mentoring schemes, and educational short courses to enhance the skills of the workforce (Ko & Kong, 2012). The acquisition of financial resources illuminates the diverse funding sources to meet organisational objectives such as donations, volunteer work, bootstrapping, and private or public investments (Choi & Chang, 2019).

2.4 Social Enterprise

Gartner (1985) exemplifies the clarification of distinct characteristics associated with the new venture as the nuanced understanding gained will facilitate the appropriate strategic direction employed. The Social Enterprise dimension is broken down into three distinct characteristics (Littlewood & Holt, 2018). The first characteristic distinguishes a social enterprise from a purely commercial enterprise by highlighting the social mission of reducing social deficits within a nation (Littlewood & Holt, 2018). The second characteristic separates a social enterprise from charities by illuminating the income-generating activities (Dees, 2004). The third characteristic differentiates a social enterprise from a cooperative by magnifying the balancing act of diverse stakeholder demands (Defourny & Nyssens, 2008). Gartner (1985) encourages an exploration of growth-related strategies concerning the organisation dimension, illustrated in Figure 1.

Santos et al., (2015) exemplify the adoption of commercial growth strategies within the context of SE as it is a facilitator to the achievement of the social mission. Attracting and retaining employees within social enterprises is a challenge given the subpar job security and salary offered (Buhariwala, Wilton & Evans, 2015). The internal growth strategy of capacity building becomes paramount to social enterprises as it mends the skills development gap (Hynes, 2009). This entails aid from an outside party to strengthen the skills of employees (Littlewood & Holt, 2018). External growth strategies implore key partnerships with the public and private sectors to ensure a reliable source of revenue (Hynes, 2009). This collaboration is mutually beneficial as government agencies utilise the aid from social enterprises to amplify the provision of public services while the private sector achieves the corporate social investment targets (Di Domenico et al., 2010).

2.5 Environment

Gartner (1985) emphasises the centrality of the environmental dimension as the contextual setting forces adaptability and flexibility within the three dimensions: Social Entrepreneur, Process of Social Entrepreneurship, and Social Enterprise. The adaptational change arising from the socio-economic context is rooted in isomorphic influences (Littlewood & Holt, 2018). The isomorphic influences are broken down into coercive isomorphism and mimetic isomorphism (Littlewood & Holt, 2018). The former constitutes an adherence to national and legal principles encompassing country-specific legal statutes (Mason, 2012). The latter pertains to the adaptation to best practices, influenced by the culture within the external environment (Mason, 2012). The interplay between the socioeconomic context and the isomorphic influences creates either an institutional void or institutional support within the Environmental dimension (Waqar *et al.,* 2020). This means that the manifestation of SE differs in polar economies (Stephan et al., 2015). The paradox of an institutional void or support renders an exploration of what constitutes an enabling environment for SE (Gupta et al., 2020), depicted in Figure 1.

The institutional void theory describes an enabling environment for a social enterprise as one with a significant scarcity of resources (Stephan et al., 2015). The merit thereof roots itself in the heightened demand for social enterprises to mend the social deficit gap (Mair & Marti, 2009). The scarcity of resources arises from an inactive government. The insufficiency in the provision of public services results in deficiencies within the community with a consequent plethora of business opportunities for social enterprises (Dancin et al., 2010). The institutional void theory is grounded in the economic concept of the law of demand (Heider, 2017). This is where the opportunity for business growth increases as the demand increases (Heider, 2017). Scholars have empirically investigated the institutional void theory and found that a strong positive correlation exists between an inactive government and the increased number of welfare-related enterprises (Mair & Marti, 2009). Notably, a rise in corporate social investment from the private sector is popular within the context of an institutional void due to the unreliability of public sector support (Myres et al., 2018). Developing economies, such as South Africa, form the environmental context for the institutional void theory as it is prone to a high degree of poverty, inequality, and unemployment (Hatcher et al., 2019).

The institutional support theory describes an enabling environment for social enterprises as one with an abundance of resources (Stephan et al., 2015). The rationale roots itself in social enterprises' scalability power as it is supported with the resources necessary for prosperity (Stephan et al., 2015). The abundance of resources arises from an active government that eagerly desires to work in synergy with social enterprises (Tortia & Borzaga, 2020). The synergy is mutually beneficial as the social enterprise benefits from a plethora of financial support while the government is empowered to ensure adequate provision of public services (Di Domenico, Haugh & Tracey, 2010). Distinct of the institutional support theory is that social enterprises receive support from the public and private sectors (Øyasæter, 2020). Formal and informal social capital institutions support social enterprises through private equity and crowdfunding (Øyasæter, 2020). Scholars have empirically investigated the institutional support theory and found that an active government is conducive to the scalable growth of the social enterprise (Casey, 2016). Developed economies, such as Norway, form the environmental context of the constitutional support theory as an emphasis is placed on the provision of public services (Vike, 2017).

3. AIM OF THE STUDY

The enormity of societal catastrophes underscores a critical need for a thriving social enterprise sector (Majhi, 2019). Exploring each dimension of the Gartner (1985) framework; Social Entrepreneur, Process of Social Entrepreneurship, Social Enterprise and Environment, facilitates an understanding of what constitutes an enabling environment for social enterprises in polar economies. Notably, the framework highlights the importance of the environmental dimension in shaping the social enterprise through the presence of either an institutional void or institutional support (Stephan et al., 2015). A South African-Norwegian comparison is beneficial as it empowers social entrepreneurs to strategically direct globalisation efforts towards economies with similar enabling environments (Zahra *et al*., 2008). Thus, an opportunity for comparative research wherein the enabling environment of the polar economies of South Africa and Norway are explored within the agriculture industry became evident. The objectives were to explore firstly the institutional void in South Africa and Norway and, secondly, the institutional support in South Africa and Norway.

3.1 Research Approach

A qualitative research approach was adopted, given that the research objectives were exploratory (Creswell & Creswell, 2018)). An interpretive paradigm was adopted to guide the research (Davis & Fisher, 2018) as it ensured a correct interpretation of the primary data (Klopper, 2008)

3.2 Research Design

The South African-Norwegian comparison necessitated the use of two embedded case studies as it was useful for the collection of data from multiple sources (Rehman & Alharthi, 2016). Three participants from South Africa formed the first embedded case study and three participants from Norway formed the second embedded case study.

3.3 Data Gathering

Data gathering underscores the rigorous and systematic process of collecting data (Ghauri, 2004). A highly esteemed data-gathering method is semi-structured interviews due to its conversational interview style (Klopper, 2008). The purposive sampling method was used for this study. The purposive sampling method selects a sample from a population, based on the subjective judgment of stipulated criteria (Tracey, 2019). The target population encompassed all social enterprises operating in South Africa and Norway. The selection criteria stipulated that the selected social enterprises had to be operating within the agriculture industry for a minimum of two years. The subjective judgment was done by two gatekeepers, each from South Africa and Norway. The rationale behind the use of gatekeepers roots itself in the leveraging power of the expert's network, thereby ensuring the most suitable sample (Barzilia-Nahon, 2009).

3.4 Data Analysis

Data analysis elucidates patterns and trends from the collected data so that novel insights are discovered to meet the research objective and question (Saldana, 2016). In-vivo coding was used within the first cycle of coding wherein insightful phrases were summarised in a table per each discussion point of the interview guide (Saldana, 2016). Thematic coding was used in the second coding cycle whereby patterns and themes were discovered and described to provide meaningful insights into the primary data (Saldana, 2016).

4. FINDINGS AND RECOMMENDATIONS

The interview guide for South Africa and Norway addressed each dimension of the Gartner framework: Social Entrepreneur, Process of Social Entrepreneurship, Social Enterprise and Environment. The findings provided novel insights into the SE phenomenon and its enabling environment.

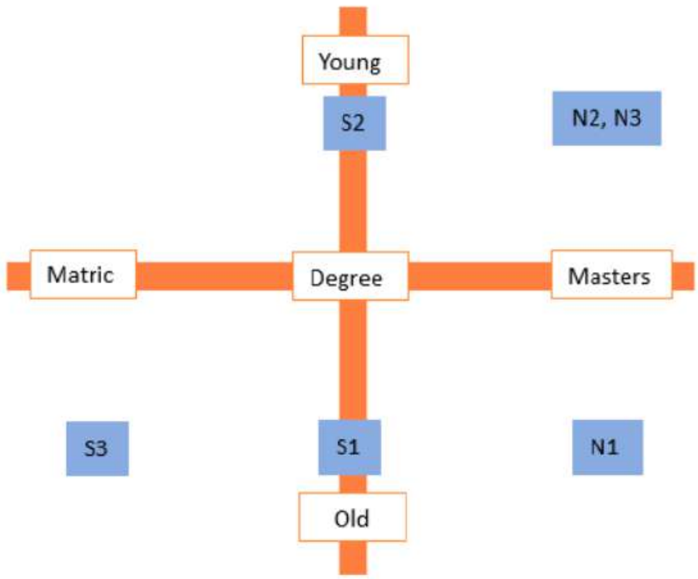
4.1 The Social Entrepreneur

The prototype of South African and Norwegian social entrepreneurs operating in the agriculture industry was explored concerning age, education, and work experience.

a) Findings

The findings are depicted in Figure 2 with the x-axis representing education qualification and the y-axis representing age. Notably, all six participants highlighted the importance of experience in the social sector. Given the unanimous agreement amongst participants, the experience variable was not included in Figure 2.

FIGURE 2
GRAPHIC DEPICTION OF THE SOCIAL ENTREPRENEUR



The x-axis in Figure 2 highlights an evident dichotomy of either young (aged 18-25) or old (aged 50-63) social entrepreneurs. The y-axis in Figure 2 illuminates a distinction in the level of education wherein the Norwegian social entrepreneurs had a consistently higher education compared to the South African social entrepreneurs. However, when exploring the value assigned to a master qualification, only S3 and N3 perceived it to be of value. Surprisingly, the rest of the social entrepreneurs were of the expert opinion that educational qualification was not relevant to the description of a prototype of a social entrepreneur

b) Recommendations

It is recommended to use the insights on age, education, and work experience to guide the onboarding process. Employers are encouraged to avoid middle-aged individuals as the nature of business operations does not align with their needs. Employers are advised to be welcoming of individuals with any level of education. Employers must ensure that the potential employee has sufficient prior experience directly relating to the social mission.

4.2 The Process of Social Entrepreneurship

The process of locating business opportunities and acquiring resources underscore pivotal variables to explore within the context of bringing the established vision into fruition.

a) **Findings**

Figure 3 reveals a country-specific distinction in locating business opportunities. The opportunity identification was grounded in the necessity for South Africa and the opportunity in Norway. The former was due to the detriment of poverty and food insecurity in South Africa. The latter was due to a nationwide emphasis on equality and sustainability in Norway. The distinction is of critical value as it sheds light on the degree to which South African social entrepreneurs operate in a resource-deprived environment, thereby hindering the achievement of prosperity and growth.

FIGURE 3
GRAPHIC DEPICTION OF THE PROCESS (DIMENSION) OF OPPORTUNITY LOCATION

b) **Recommendation**

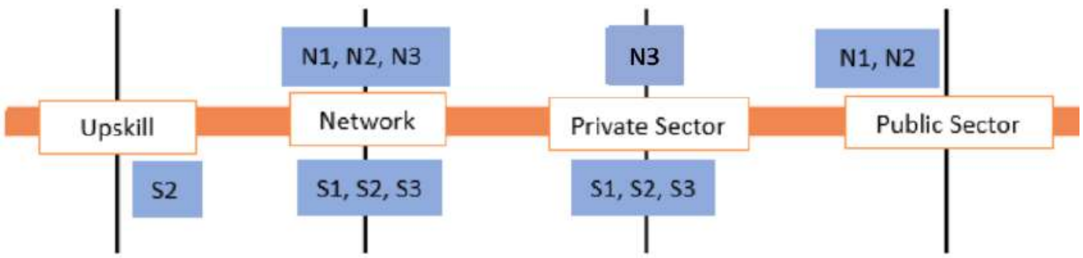
It is recommended to leverage the insight gained from the findings to guide the performance metrics. Social Entrepreneurs are advised to situate the social enterprise on the necessity versus opportunity continuum. In a necessity-driven social enterprise, management should adapt the performance metrics to encompass the challenges associated with limited resources. This adjustment serves a dual purpose: it fosters improved morale and enhances funding prospects.

a) **Findings**

The resource acquisition findings from both South Africa and Norway highlighted an agreement in the two most important types of social and financial resources, depicted in

Figure 4. Notably, it was unanimously agreed upon amongst the participants that networking was the most strived-for social resource given the inherent power vested in social capital and collaboration. A country-specific distinction was made concerning financial resources. South Africa received funding from the private sector, while Norway predominantly received funding from the public sector apart from N3. The distinction is primarily due to Norway being a welfare state, revealing its commitment to supporting citizens (Vike, 2017).

FIGURE 4
GRAPHIC DEPICTION OF THE PROCESS (DIMENSIONS) OF RESOURCE ACQUISITION



b) Recommendation

It is recommended to make use of the findings during the onboarding process. Social entrepreneurs are encouraged to consider the social capital of each potential employee in addition to their skills and knowledge. The consideration of social capital is necessary for optimising the social mission as it facilitates the acquisition of the resources required.

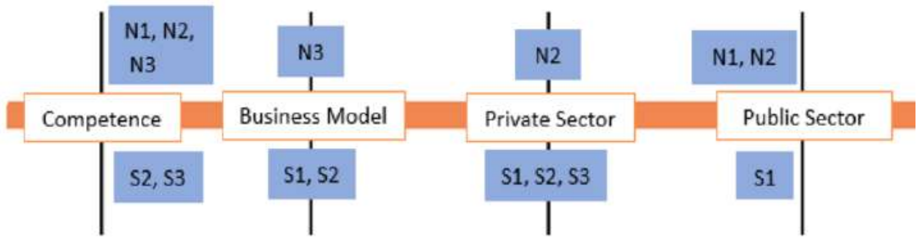
4.3 The Social Enterprise

The most prominent issue to consider when exploring the social enterprise dimension is strategies for growth.

a) Findings

The growth-related strategies highlighted in Figure 5 reveal a widespread consensus in the most important internal and external strategies. The dominant internal growth strategies were competence enhancement and business model refinement. The former was related to the employee's skills and knowledge. The latter was related to a restructuring of the business to ensure future sustainability. The dominant external growth strategies are private and public financial support, through donations, grants, and partnerships. The value assigned to each strategy is contingent on the operational context of each social enterprise.

FIGURE 5
GRAPHIC DEPICTION OF THE SOCIAL ENTERPRISE DIMENSION



b) Recommendations

It is recommended to utilise the findings during the strategic planning process of social enterprises. Social entrepreneurs are encouraged to assess the external landscape to determine how often the business model should be restructured. The benefit thereof is rooted in a capitalisation of detected changes within the environment. In addition, it is essential to establish short-term and long-term external growth-related strategies. Specific financial resources are more easily accessible and prominent in particular environmental contexts. However, managers must not negate the less conventional resources. For instance, the presence of South African social enterprises intending to receive funding from the government despite recognising the limited chances of success underscores a deliberate and long-term strategic planning process. In this case, management ensures the social enterprise is not dependent on unconventional growth strategies but also makes sure the social enterprise does not lose out on a potential opportunity.

4.4 Environment

The perceived support from the public and private sectors was explored to establish the prevalence of an Institutional Void in South Africa and an Institutional Support in Norway.

a) Findings

The findings from both nations confirm an institutional void in South Africa and institutional support in Norway. The institutional void in South Africa was confirmed by none of the social enterprises relying on the public sector for support. The institutional support in Norway was highlighted by the presence of both public and private support.

Notably, all of the research participants exemplify the value of receiving support from the private sector, as depicted in Figure 6. The private sector includes friends, family, community members, and companies. The hesitation towards the support from the public sector for both countries was rooted in the subpar delays and a plethora of prerequisites for receiving the funding. The significance of private sector funding for both countries underscores a crucial element in establishing an enabling environment for social enterprises. While government policies can vary, the presence of a private sector is a universal aspect across all countries globally.

FIGURE 6
GRAPHIC DEPICTION OF THE ENVIRONMENT DIMENSION

b) Recommendation

Concerning the institutional support, present in South Africa, it is recommended to leverage the understanding of an institutional void to inform prudent strategic planning. The synergy between social enterprises and the private sector encourages social entrepreneurs to rely on private sector support for urgent and immediate matters as it is a reliable source of support. In addition, potential social entrepreneurs can take a proactive approach whereby they navigate the intricate landscape of governmental priorities and align the social mission accordingly. These actions will increase the likelihood of public support. Concerning the institutional support in Norway, it is recommended that social entrepreneurs use discretion in understanding the operational context of the social enterprise. In the context of aligning the social mission to government tenders, the pursuit of public sector support is advised. In every other situation, it is recommended to pursue private sector support.

5. CONCLUSION

Exploring the enabling environment of SE in South Africa and Norway, specific to the agriculture industry, has yielded esteemed insights and recommendations. The study aims to highlight how the results and findings mend the knowledge gap of insufficient research on the contextual environment of social enterprises. The study used the Garter framework as a guide to shed light on the SE phenomenon. Within the context of the contextual environment of social enterprises, it was not clear what the enabling environment was. A paradox existed within literature wherein an enabling environment was viewed through the lens of institutional void or support. The former underscored a resource-scarce environment while the latter encompassed a resource-abundant environment. This resulted in uncertainty regarding globalisation endeavours on behalf of social entrepreneurs. The results and findings confirm that both the institutional void and support are enabling environments within developing and developed economies respectively. The pursuit of globalisation should be within the realm of pursuing similar enabling environments. The study concludes that regardless of the institutional void or support, the most prominent factors to consider as a social entrepreneur are the provision of support from the private sector and intricacy in knowledge of the social mission. These two factors are pivotal within the contextual environment and are conducive to the success of the social enterprise.

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NETWORKING FOR PERFORMANCE: THE INFLUENCE OF SOCIAL TIES ON SMALL AND MEDIUM ENTERPRISE (SME) PROSPERITY IN SOUTH AFRICA.

*Masiso Siso[1], Lynette Louw[2] and Nadine Oosthuizen[3]
Rhodes University, Department of Management

ABSTRACT

This study investigates the relationship between social capital (bonding, bridging, and linking) and small and medium enterprises (SMEs) performance in South Africa. Given the country's economic challenges and SMEs' crucial role, understanding the strategic resources driving their success is imperative. A quantitative research design used data from 334 online questionnaires. Data was analysed using descriptive statistics, Spearman Rank Correlation, and multiple regression analyses. A Confirmatory Factor Analysis (CFA) was used to confirm the factor structure, and Cronbach's Alfa coefficients provided evidence of reliability. The findings reveal a significant positive relationship between bridging and linking social capital and SME performance, while no significant relationship was found for bonding social capital. The study underscores the importance of entrepreneurs cultivating diverse networks spanning socio-economic levels to access valuable information and resources for enhancing enterprise performance. SME owners/managers are encouraged to prioritise expanding their professional networks through consistent participation in networking events or workshops and using online platforms to develop strategic relationships that facilitate access to strategic information and resources.

Keywords: SME performance, bonding social capital, bridging social capital, linking social capital

INTRODUCTION AND BACKGROUND

The Coronavirus (COVID-19) pandemic has had a detrimental impact on the economies of developing countries, which were already contending with challenges such as stagnant economic growth, elevated poverty rates, and unemployment (Bai, 2020; Loayza, 2020). South Africa provides an illustrative example of how COVID-19 has affected emerging economies, with stagnant economic growth, rising inflation, and a skyrocketing unemployment rate (Francis and Webster, 2019; Stats SA, 2020; Wasserman, 2021). Given the nature and challenges facing South Africa, developing small and medium enterprises (SMEs) is crucial to propel economic growth and alleviate poverty and inequality (World Bank, 2020).

Notwithstanding the pivotal role of SMEs, only a limited percentage survive the initial two years of operation (Cant and Wiid, 2013; Fatoki, 2014). Several researchers have investigated factors leading to SME failure, identifying common themes such as the lack of management skills, financial illiteracy, weak supportive social networks or networking, overtraded markets, limited access to finance, and inadequate infrastructure (Chittithaworn, Islam, Keawchana and Yusuf, 2011; Cant and Wiid, 2013; Bouazza, Ardjouman and Abada, 2015; Muriithi, 2017). These issues highlight entrepreneurs' inability to effectively leverage their social capital to access critical resources and capabilities. Akintimehin, Eniola, Alabi, Eluyela, Okere and Ozordi (2019) refer to social capital as the potential resources embedded in personal and social networks that enable entrepreneurs to identify business opportunities and mobilise resources. Therefore, this study argues that understanding how entrepreneurs leverage their social capital is pertinent for improving enterprise performance and concurrently improving the entrepreneurial success rate.

A number of studies have since emerged exploring the relationship between social capital and SME performance. However, the majority of these studies have been conducted in developed economies, primarily in Europe and North America (Hernández-Carrión, Camarero-Izquierdo, and Gutiérrez-Cillán, 2017; Lee, Tuselmann, Jayawarna and Rouse, 2019). In addition, these studies often combine social capital with other resources and capabilities, such as human, financial, and psychological capital, and emotional intelligence, when examining its impact on enterprise performance (Fatoki, 2011; Cetindamar, Gupta, Karadeniz and Egrican, 2012; Boohene, Gyimah and Osei, 2020; Elsafty, Abadir, and Shaarawy, 2020). While valuable, this multifaceted approach obscures the individual contribution of social capital and limits understanding of its unique influence on enterprise performance, thus limiting an understanding of which factor directly contributes to SME performance.

Given the limitations highlighted in the previous paragraph, this study investigates the relationship between social capital and SME performance in South Africa. By examining social capital as an isolated variable, this study will provide a more nuanced understanding of this relationship, unencumbered by the confounding effects of other forms of capital. This study will also provide valuable insights for policymakers and practitioners in developing economies regarding better leveraging social capital, particularly in South Africa, where SMEs play a crucial role in economic development and job creation.

In this paper, an overview of relevant theory will be provided, and hypotheses formulated. Thereafter, a discussion of the methodology and results of this study will be provided. Lastly, the conclusion and recommendations will be presented.

PRIMARY AND SECONDARY OBJECTIVES

The primary objective was to investigate the relationship between social capital (bonding, bridging and linking), the independent variables and SME performance, the dependent variable, in South Africa. To achieve the primary objective, the following secondary objectives se are stated:

LITERATURE REVIEW

In this section, an overview of bonding, bridging and linking social capital is provided.

Social capital theory

The social capital theory was developed in the 1980s, exploring the importance of social contracts and networks for entrepreneurs and enterprise performance by Bourdieu (1986) and Coleman (1988). Bourdieu (1986) defined social capital as a combination of existing and potential resources arising from an individual's access to a strong network of institutional relationships and mutual acquaintances. Similarly, Bourdieu (1986) and Coleman (1988) define social capital as a function where resources are available to facilitate specific actions for an actor. These resources are available due to the actor's social structures; without these social ties, the actor would not have access to resources or would incur significant transaction costs.

As in the resource-based theory, social capital can be considered a crucial resource that may bring sustained competitive advantage to an enterprise (Barney, 1986a, 1986b, 1991; Madhani, 2010), provided the relationships and networks forged are valuable, rare, inimitable, and organisationally supported. Social capital is underpinned by social relations or connections between people, consisting of strong and weak ties. Granovetter (1973) explains that a tie's strength depends on the amount of time, emotional intensity, intimacy (ability to confide), and reciprocal service. To have social capital, "one must be related to others, and it is those others, not themselves, who are the source of their competitive advantage" (Portes, 1998: 7).

Social capital involves developing bonding, bridging, and linking ties that provide the individual access to information, influence, legitimacy, and solidarity. However, these ties have a reciprocity culture where donors who provide access to resources expect to be fully repaid (Adler and Kwon, 2002). Social capital has been heavily criticised (Portes, 1998; Poder, 2011; Smith, Smith, and

Shaw, 2017; Claridge, 2018; Weiler and Hinz, 2019) for potentially excluding outsiders, restricting members' freedom, and causing member dependency on the network.

Bonding social capital and SME performance

Bonding social capital is described as strong ties that are within (Claridge, 2018), homogeneous (Putnam, 2000; Weiler and Hinz, 2019), exclusive (Putnam, 2000; Martikke, 2017), inward-looking (Putnam, 2000), and closed (Poder, 2011). Baycan and Öner (2023) point out that these ties are closely connected and have strong bonds, such as familial relations, friendships, or closely-knit organisations and groups. As indicated by Granovetter (1973), for strong ties between individuals, they should spend a significant amount of time together, be emotionally intense, confide in each other, and have a culture of reciprocation. On the other hand, Browning (2009) critiques the use of bonding social capital, indicating that it can be claustrophobic and stagnant. In addition, Portes (1998) and Putnam (2000) illustrate that dense networks such as bonding social capital tend to convey redundant information and, as such, will only help one "get by" as opposed to bridging social capital, which helps entrepreneurs to "get ahead". Much like Smith et al. (2017), this study argues that bonding social capital is paramount for nascent and developing entrepreneurs as it allows them access to emotional support and scarce or limited resources and provides a sense of community, which, in turn, enhances SME performance. Thus, the first hypothesis is stated as follows:

H^1: Bonding social capital has a positive and significant relationship with SME performance.

Bridging social capital and SME performance

On the other hand, bridging social capital has been described as weak ties that are connecting (Claridge, 2018), heterogeneous or involving individuals with dissimilar social ties (Putnam, 2000; Weiler and Hinz, 2019), inclusive (Putnam, 2000; Baycan and Öner, 2023), outward-looking (Putnam, 2000), and open (Poder, 2011). Bridging social capital acts as a bridge to connect people of different ethnicities and socioeconomic statuses with shared interests and goals. It includes business associates, friends, and acquaintances from other ethnic groups (Klaas, 2020). Entrepreneurs who develop weak ties have access to a more extensive and diverse network, allowing them access to the resources they need to succeed. However, this requires the entrepreneur to engage in network-broadening behaviours (Smith et al., 2017). Unlike bonding social capital, bridging social capital is said to help entrepreneurs "get ahead" (Putnam, 2000). This study argues that bridging social capital is paramount for SME performance as it allows the entrepreneur to forge relationships with individuals that can grant them access to diverse information and resources, leading to new ideas, innovative solutions, and opportunities. In addition, bridging social capital can enable the enterprise to connect with different markets, customer segments, and potential business partners. Consequently, the second hypothesis is stated as follows:

H^2: Bridging social capital has a positive and significant relationship with SME performance.

Linking social capital and SME performance

Linking social capital involves hierarchical relations where individuals have ties with people of a higher level than themselves. Claridge (2018) states that the critical feature in linking social capital is that relations are of higher social status, wealth, and influence. As such, it is often described as vertical. Contrary to bonding and bridging social capital, linking social capital is purely based on social positions and power, and the higher the people on the hierarchy, the stronger the link. Claridge (2018) draws attention to the dark side of high levels of linking social capital, where connections were discovered between linking social capital and nepotism, corruption, and suppression. This study argues that linking social capital can lead to increased SME performance as these networks can provide access to connections that can provide access to individuals with specialised skills, knowledge, or expertise. In addition, having a diverse network can assist in developing a stronger reputation and credibility, particularly for nascent enterprises. Accordingly, the third hypothesis is stated as follows:

H^3. Linking social capital has a positive and significant relationship with SME performance.

Nexus between social capital and SME performance

Several studies highlight the link between social capital and SME performance (see Akintimehin et al., 2019; Smith et al., 2017). Burton and Vu (2021) emphasise the significance of social capital for organisations, particularly new enterprises, as it plays a vital role in mitigating the inherent risks associated with their novelty and limited scale. Additionally, Johannisson (1988) concluded in his study that nascent entrepreneurs often depend on trial and error, a time-consuming and costly strategy. Hence, social capital mitigates these risks by providing entrepreneurs access to mentors, role models, and other business colleagues with experience in starting and developing an enterprise. Furthermore, Dzomonda and Masocha (2019) investigated the relationship between social capital and entrepreneurial success in South Africa. Their study found that social capital predicts entrepreneurial success as networks provide entrepreneurs with new opportunities and access to business advisors, funders, customers, and suppliers, enhancing their success. Gumede and Rasmussen (2002) and Fatoki (2011) highlight that social capital in South Africa is limited, as SMEs have little engagement with business networks like Chambers of Commerce or Business Forums.

Performance of SMEs

The definition of an SME and its performance measurement continues to evoke debates due to its complexity and multidimensionality. Vij and Bedi (2016) highlight that previously, performance was measured using only outcome-based accounting indicators such as profitability and growth. Over time, this approach was viewed as "static, difficult and complex to understand, too financial, short-sighted, provides little indication of future performance, has little regard for competitors and customers" (Vij and Bedi, 2016, p. 605). Performance measurement was then transformed into a dynamic and futuristic approach to include subjective measures.

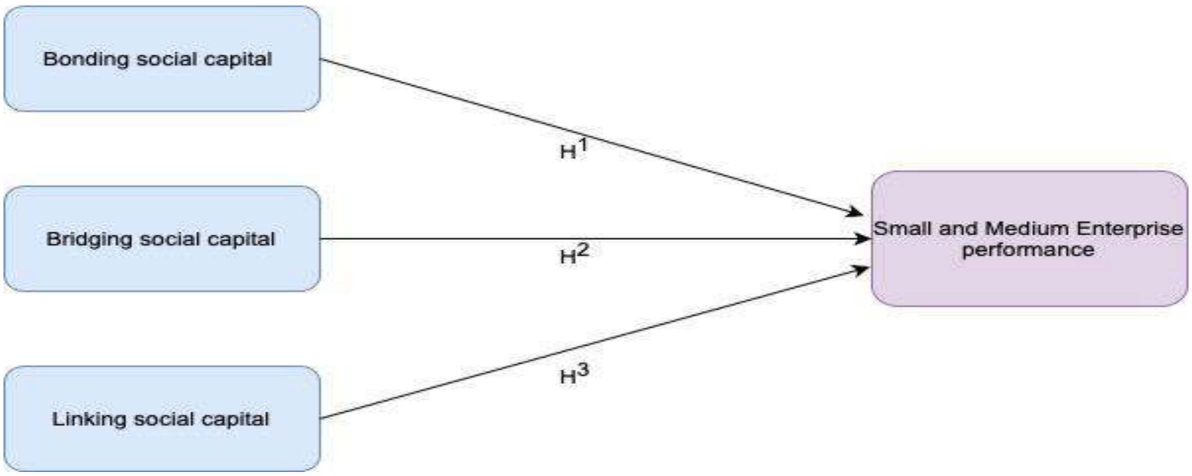
The stakeholder approach was adopted for this study when measuring the performance of SMEs, as it considers the perspective of various stakeholders, allows comparative evaluation amongst other enterprises, and views performance as both financial and non-financial. The approach suggests that enterprise performance should be evaluated in terms of the total value created by the enterprise for its legitimate stakeholders (Freeman, 1984; Fatoki, 2011). Thus, performance is conceptualised as the ability of the manager to satisfy all its stakeholders, as they are directly influenced and can directly influence the enterprise (Freeman, 1984; Clarkson, 1995). Santos and Brito (2012) state that shareholder satisfaction is achieved by superior financial performance, which is reflected in financial performance such as profitability, growth, and market value. According to Zakari and Ibrahim (2021), non-financial performance is reflected when customer satisfaction is achieved when the enterprise provides them with goods or services that meet their expectations. Moreover, an enterprise can achieve employee satisfaction by attracting and retaining its employees and having a low turnover rate.

Hypothesised framework

Based on the theoretical overview, the hypothesised framework is shown in Figure 1.

FIGURE 1

HYPOTHESISED FRAMEWORK



Source: Author's construction

Methodology

Within a post-positivist research paradigm, this study used a quantitative research design to gather data from online self-administered questionnaires. The population consisted of all SMEs who met the study's inclusion criteria, namely being located and operational in South Africa for at least three years. SMEs were required to be in operation for three years or more to ensure that the owner/manager could compare their performance over a certain period. Due to the unavailability of a comprehensive list of SMEs in South Africa, the study approximated the population based on a Small Enterprise Development Agency (2019) study, suggesting approximately 734,023 formal small, medium, and micro enterprises (SMMEs) in the country. Note that this figure includes micro-enterprises, which were not included in this study.

Based on the estimated population, the Raosoft sample size calculator was used to determine the appropriate sample size for the study. According to Raosoft (n.d), the calculation is based on the margin of error, confidence level, population and response distribution. Therefore, the recommended minimum sample size was 384, with a 5 percent margin of error and a 95 percent confidence level. The researcher engaged with Cint, a data-collecting company, to facilitate data collection from SME owners/managers in South Africa. Although data collection companies are not frequently used, Ko and Kim (2020) advocate for their effectiveness in collecting demographically diverse data quickly and inexpensively. Moreover, an ethics application was submitted to the Rhodes University Human Ethics Standards Committee, and approval was granted with the reference number 2022-5229-7220.

The online self-administered questionnaire was disseminated to potential respondents within Cint's database. The questionnaire consisted of four sections: Section A included screening questions to ensure potential respondents satisfied the study's inclusion criteria. Section B gathered information about the owner's/manager's social capital, using five-point Likert interval scales with 17 items. These scales were adopted from previous research by Klaas (2020) and Elsafty et al. (2020); both scales demonstrated good reliability scores with Cronbach's alpha coefficient scores greater than 0.90 and 0.70, respectively. Section C focused on gathering information about the enterprise's performance using seven items adopted from Santos and Brito (2012), Aminu and Shariff (2015), and Asah (2019), which also reported good reliability levels with Cronbach's alpha coefficient scores greater than 0.80. Section D gathered information about respondents' demographic characteristics. A pilot study with 30 respondents similar to the main sample ensured the content validity of the online self-administered questionnaire. The Statistical Package for Social Sciences (SPSS) version 28 was used for data analysis (George and Mallery, 2019). Data was analysed using descriptive statistics, Spearman rank correlation, and multiple regression analyses. A Confirmatory Factor Analysis (CFA) was used to verify the factor structure Cronbach's Alfa coefficients provided evidence of reliability.

EMPIRICAL RESULTS

Biographical Analysis

The data collection company distributed the online self-administered questionnaire to a total of 1 699 potential respondents and received 335 responses; one was partially completed and deleted. Thus, the total number of usable questionnaires was 334, and the effective response rate was 20.00 percent. The study demographics show that most of the respondents were females (53.60%), aged 29 years and younger (41.00%), and held a degree (42.80%) in the commerce field (31.00%). These women entrepreneurs are primarily managers (56.90%) of medium enterprises (60.50%), operating for approximately three to seven years (41.30%), and primarily located and operational in Gauteng (36.80%).

Validity and Reliability

The study's construct validity was determined using a CFA. The CFA confirmed the extent to which the data met the expected factor structure based on theory, considering the measuring instrument was based on existing and adapted scales from previous studies. In this study, the minimum acceptable factor loading was set at 0.3. While this threshold is not frequently used, Ouliaris (2011) indicates that a good model makes statistical sense and is theoretically sound. Given that the acceptable factor loading is arbitrary, Hair, Black, Babin and Anderson (2014) argue that there are instances where maintaining the theoretical foundation of a factor may outweigh improving model identification. For example, poorly performing items can be retained if they are essential to ensuring identification requirements, meeting the minimum number of items per factor rule and face validity considerations. Lastly, Cronbach's alpha coefficients were calculated to determine the reliability of the online self-administered questionnaire. A Cronbach's alpha score of greater than 0.6 was considered acceptable in this study (Hair et al., 2014).

In measuring respondents' social capital, seventeen items were adopted. After conducting the CFA, item B.11, measuring bridging social capital, had a factor loading of less than 0.30 and was removed. Table 1 shows that the majority of respondents agreed with statements relating to their social capital, with slight variations in responses. Regarding SME performance, the CFA revealed that all seven items had factor loading scores greater than 0.40 and were retained for further analysis. A similar feedback pattern as with social capital was provided regarding the enterprise's performance. The majority of respondents agreed with the statements, with slight variations. All variables displayed a good Cronbach's alpha coefficient greater than 0.70, indicating that the factors used were reliable and accurate.

TABLE 1
CONFIRMATORY FACTOR ANALYSIS RESULT

Variable	Number of items retained	Mean	Standard deviation	Minimum factor loading	Maximum factor loading	Cronbach alpha
Bonding social capital	Six	4.30	0.62	0.58	0.82	0.84
Bridging social capital	Four	3.78	0.80	0.36	0.91	0.75
Linking social capital	Six	4.16	0.62	0.48	0.81	0.83
SME performance	Seven	3.72	0.80	0.50	0.90	0.88

Source: Author's construction

The following section discusses the results obtained from the Spearman Rank Correlation analysis. Thereafter, the hypotheses are tested using multiple regression analysis.

Correlation Analysis

The Spearman rank correlation analysis revealed several noteworthy associations among the examined variables, as shown in Table 2. Bonding social capital demonstrated a weak positive correlation with SME performance (r = 0.25**, $p < 0.01$). Bridging social capital exhibited a moderate positive correlation with SME performance (r = 0.37**, $p < 0.01$). Furthermore, linking social capital showed a moderate positive correlation with SME performance (r = 0.39**, $p < 0.01$). The correlation analysis also revealed that bonding social capital was significantly correlated with bridging and linking social capital.

TABLE 2

SPEARMAN RANK CORRELATION RESULTS

Factor	Bonding social capital	Bridging social capital	Linking social capital	SME Performance
Bonding social capital (BNS)	1			
Bridging social capital (BDS)	0.39**	1		
Linking social capital (LS)	0.57**	0.54**	1	
SME performance (SME P)	0.25**	0.37**	0.39**	1

***Correlation is significant at the 0.01 level (2-tailed)*
Source: Author's construction

The following section presents the outcomes of the multiple regression analysis.

Multiple Linear Regression Analysis

Table 3 summarises the regression model fit statistics. The R-squared (R^2) and adjusted R-squared (Adj. R^2) statistics were used to assess how well the regression model fits the data (Hair, Money, Samouel and Page, 2016). The model exhibited a moderate fit, with $R^2 = 0.17$ and Adj. $R^2 = 0.17$ suggesting that the independent variables explain 17 percent of the variability in the dependent variable.

TABLE 3

MODEL SUMMARY FOR MULTIPLE LINEAR REGRESSION ANALYSIS

Model	R	R-squared	Adjusted r-squared	Std. Error of the estimate
1	0.42^{a}	0.17	0.17	0.88

a Dependent Variable: SME performance
Source: Author's construction

Table 4 presents an overview of the multiple regression analysis. The analysis revealed that bonding social capital did not have a statistically significant relationship with SME performance. Bonding social capital had a coefficient of 0.02 and a p-value of 0.79; thus, hypothesis H^1 was not supported. The analysis also revealed that bridging social capital had a statistically significant relationship with SME performance. Bridging social capital had a coefficient of 0.25 and a p-value of 0.00, thus hypothesis H^2 was supported. Regarding linking social capital, the analysis uncovered a statistically significant relationship with SME performance. Linking social capital demonstrated a coefficient of 0.23 and a p-value of 0.00, thus hypothesis H^3 was supported. Furthermore, while the Spearman rank correlation showed a significant correlation between bonding social capital and both bridging and linking social capital, the multicollinearity test showed no multicollinearity between variables. Thus, bonding, bridging and linking social capital had the following tolerance levels: 0.69, 0.74 and 0.57, respectively.

TABLE 4

MULTIPLE REGRESSION ANALYSIS

Model	Unstandardised coefficients		Standardised coefficients	T-value	P	Collinearity statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	3.22	0.05	-	0.00	1.00	-	-
Bonding social capital	0.02	0.06	0.02	0.27	0.79	0.69	1.45
Bridging social capital	0.25	0.06	0.25	4.30	0.00	0.74	1.36
Linking social capital	0.23	0.07	0.27	3.26	0.00	0.57	1.77

Dependent Variable: SME performance
Source: Author's construction

DISCUSSIONS, RECOMMENDATIONS AND CONCLUSION

The respondents in this study can be described as the owners/managers of successful SMEs. Due to the lack of separation between ownership and control, this study included owners of SMEs and managers, as they are often responsible for the daily operations of an enterprise (Fatoki, 2011). These individuals are primarily young, well-educated female adults with a commercial background. These women entrepreneurs are mostly managers of small enterprises that have been operating for approximately three to seven years and are primarily located and operational in Gauteng Province, South Africa.

Notably, most owners/managers in the study were young females, as ownership and management were traditionally considered male responsibilities in African countries (Garwe and Fatoki, 2012). Additionally, many owners/managers are young, indicating that younger people have a greater appetite for entrepreneurship, which was previously reserved for the older generation (BusinessTech, 2013). The increasing number of young entrepreneurs in South Africa (as seen in this study) illustrates that individuals view entrepreneurship as an alternative to finding employment due to the country's high unemployment rate. This suggests positive progress towards entrepreneur development, as Bowmaker-Falconer and Meyer (2022) stress that women and youth are critical drivers for economic growth and development in South Africa.

Based on the multiple linear regression results, this study found no significant relationship between bonding social capital and SME performance. Contrary to prior research (see Elsafty et al., 2020; Linder, Lechner, and Pelzel, 2020), this finding suggests that relationships with family, friends, and spouses do not contribute to the success of an enterprise. Although these relationships provide emotional support and psychological well-being, they may not directly translate into improved enterprise performance, as families, friends, and spouses tend to be free riders dependent on the entrepreneur. Hernández-Carrión et al. (2017) found that although networks can help access resources and boost performance, not all relationships contribute to the performance of the enterprise. Moreover, Putnam (2000) concurs that dense networks such as bonding social capital tend to convey redundant information.

The multiple linear regression analysis also revealed a significant positive relationship between bridging and linking social capital and SME performance. The relationship between both bridging and linking social capital and SME performance suggests that if the owner/manager has greater access to strong networks consisting of institutional relationships and mutual acquaintances, the more existing or potential resources the individual has access to, which can assist the enterprise in performing better. Also, it indicates that the more time the SME owner/manager invests in acquiring and building relationships with business associates, casual friends, and acquaintances, the more access the owner/manager will have to information and resources.

Moreover, this finding shows that entrepreneurs with connections to individuals of higher social class and power, such as political leaders, well-connected business leaders, and financial managers, are more likely to use these connections to get ahead in business. The relationship between both bridging and linking social capital and SME performance is supported by Uzzi (1999), Hernández-Carrión et al. (2017), Claridge (2018), Dzomonda and Masocha (2019), and

Klaas (2020). These researchers concur that several small enterprises face significant difficulties in gaining access to resources; however, an entrepreneur with a vast network of relationships can overcome this challenge and use these relationships as strategic resources to build a competitive advantage.

Consistent participation in events, meetings, and workshops hosted by associations and entrepreneurship support agencies enables owners/managers to expand their professional networks across diverse industries. Also, leveraging professional social media platforms such as LinkedIn allows entrepreneurs to connect globally and promote their enterprises. Support agencies aiding SME development should facilitate networking by conducting workshops, hosting events, and providing platforms for member interaction. Entrepreneurial educators can contribute by establishing mentorship programmes that pair new entrepreneurs with experienced mentors and teaching social skills to equip entrepreneurs with relationship-building techniques.

This study acknowledges limitations inherent to the non-probability sampling methods employed. While non-probability sampling methods are recognised for their cost-effectiveness and time efficiency, they can introduce selection bias; thus, future research is encouraged to use probability sampling techniques to enable the generalisability of findings. Additionally, exploring factors that potentially moderate or mediate the relationship between social capital and SME performance presents a valuable avenue for further investigation. Furthermore, conducting a comparative study across developed and developing contexts could illuminate the specific role of resource availability and capabilities in influencing SME performance.

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TRACK GENERAL AND STRATEGIC MANAGEMENT

Unravelling the nexus of organisational politics and time stress in Small and Medium Enterprises in South Africa

Letshaba Kenneth Ralebitso and Chinomona Elizabeth *

Department of Logistics and Supply Chain Management, Vaal University

*Corresponding author email: elizabethc@vut.ac.za

In the fraternity of Small and Medium Enterprises (SMEs), managing time stress is a critical challenge that directly influences organisational efficiency, employee well-being and a sense of good business. While the literature has extensively explored the factors contributing to time stress, the role of organisational politics remains an under-examined dimension. This paper sought to address this gap by investigating the complex interplay between organisational politics (OP) and time stress in SMEs. It examined the influence of general political behaviour, strategies for getting ahead, and pay and promotion policies on the experiences of time stress among employees in SMEs. This study employed a quantitative method, and 431 survey questionnaires were used for data collection. The target population for this study comprised employees working in SMEs, and a non-probability sampling technique was utilised to gather data. Data was analysed using the Statistical Package for the Social Sciences (SPSS 28.0) software and Analysis of Moment Structures (AMOS 28.0). The findings of this research present a compelling insight into the association between organisational politics and time stress in SMEs. Through a comprehensive survey of SME employees, it is revealed that organisational politics contributes to the levels of time stress among the SME workforce. This relationship highlights the undeniable impact of organisational politics on the psychological well-being aspects of employees' daily work lives. The research clarifies how general political behaviour, get ahead, and pay and promotion policies in the organisational context can amplify the perception of time stress among SME employees. It further emphasises the need for a more structured approach to managing and mitigating the adverse effects of organisational politics within SMEs.

Keywords: *Small and Medium Enterprises, Organisational politics, Time stress, General political behaviour, Get ahead, Pay and promotion policies*

Introduction and background

Small and Medium-sized Enterprises (SMEs) play a pivotal role in the contemporary global economy (Gherghina, Botezatu, Hosszu & Simionescu, 2020). Their significance transcends geographical boundaries, encompassing diverse industries and sectors (Kumar, Phani, Chilamkurti, Saurabh & Ratten, 2023). The SMEs are frequently described as the backbone of the economy (Matsongoni & Mutambara, 2018). They have attracted the interest of policymakers, academics, and businesses because of their significant role in driving economic growth, promoting innovation, and creating employment opportunities (Alharbi, Kanu & Mamman, 2015; Matekenya & Moyo, 2022). The enterprises are characterised by their adaptability and resilience (Fubah & Moos, 2022). However, beneath the entrepreneurial dynamism, these enterprises grapple with unique challenges.

Organisational politics (OP) is a daily challenge every employee must face in today's global business environment (Iqbal & Tahir, 2020). There are a variety of interests involved: competition for limited resources, internal conflicts within groups, and above all, the need for survival or power/position in the organisation (Labrague, Mcenroe-Petitte, Gloe, Tsaras, Arteche & Maldia, 2017). Any organisation faces the unpleasant reality of organisational politics. As a form of social influence, it consists of controlling behaviour in such a way as to maximise self-interest at the expense of others (Rawwas, Javed & Iqbal, 2018). Organisational politics is a prevalent aspect of the corporate world (Buchanan & Badham, 2020), affecting employees at all levels. In the SME sector, where resources may be limited, the implications of organisational politics on employees' well-being and overall productivity are particularly critical (Kowalski & Loretto, 2017). The principal factor contributing to workplace inefficiency and inducing stress is organisational politics (Murtaza, Roques, Talpur, Khan & Haq, 2024:78). The impact of organisational politics on employee performance is a significant contributor to workplace stress and conflict, ultimately diminishing overall employee efficiency (Awaah, 2023).

Time stress, characterised by inadequate time to accomplish tasks effectively (Bergmann, Muth & Loerbroks, 2019), can be a detrimental consequence of organisational politics within SMEs. According to Kadir and Broberg (2020), the repercussions of time stress extend beyond individual well-being; they impact the organisation's overall performance and, ultimately, its competitiveness in the market. At the heart of the SME landscape lies the complex dynamics of organisational politics (Eldor, 2017). Within these relatively smaller work environments, the complexities of political behaviour, the pursuit of getting ahead, and the implementation of pay and promotion policies take on a significance that cannot be underestimated (Iqbal & Tahir, 2020). The nexus between organisational politics and time stress in SMEs is an area suitable for exploration (de Carvalho Chinelato, e Mota, Tavares & Valentini, 2020), as the interaction of these dimensions holds the key to unlocking a deeper understanding of the challenges faced by individuals, the effectiveness of organisations, and the success of the sector as a whole. Previous research looked at the negative impacts of organisational politics on several job outcomes, like job satisfaction, sorganisational commitment, job burnout, stress, and turnover intentions (Labrague, McEnroe-Petitte, Gloe, Tsaras, Arteche & Maldia, 2017; Donald, Bertha & Lucia, 2016; Chen, Wang, Chang & Weng, 2017; Asrar-ul-Haq, Ali, Anwar, Iqbal, Iqbal, Suleman, Sadiq & Haris-ul-Mahasbi, 2019; Ahmed, 2018). Nevertheless, debatably, not many studies have investigated the dimensions of organisational politics on time stress in the SMEs of emerging economies.

The purpose of this paper was to embark on a comprehensive investigation into the dimensions of organisational politics and their influence on time stress in SMEs. We explored the concept of general political behaviour, exploring how informal power structures, alliances, and coalitions contribute to the burden of time stress within these enterprises. Simultaneously, the study investigated the strategies adopted by individuals in getting ahead in the organisation, assessing how these efforts correlate with increased time stress. Furthermore, our enquiry extended to the design and implementation of pay and promotion policies within SMEs, scrutinising their role in intensifying or alleviating time stress among employees.

Problem statement

In the dynamic landscape of SMEs (Nwachukwu & Onuoha, 2023), the intertwined issues of organisational politics and time stress have emerged as critical challenges (Sriharan, Ratnapalan, Tricco & Lupea, 2021). SMEs play a pivotal role in economic growth, innovation, and employment, but their success is often impeded by internal power struggles and the looming threat of time-related pressures (Abisuga-Oyekunle, Patra & Muchie, 2020). SMEs face outside threats, for example, business rivals and the latest technologies. However, organisational politics within small enterprises is a major issue (Ahmed, 2018). Organisational politics, characterised by hidden agendas, favouritism, and the pursuit of personal gain within the workplace, can create a toxic atmosphere in SMEs (Malik & Pichler, 2023; Agina, Khairy, Fatah, Manaa, Abdallah, Aliane, Afaneh & Al-Romeedy, 2023). These political activities often result in unequal resource distribution, compromised decision-making processes, and a lack of transparency, ultimately leading to increased time stress among employees (Park & Lee, 2020; Cohen & Özsoy, 2021). Organisational politics negatively affects the workplace, causes anxiety and stress and reduces employee confidence. This leads to reduced productivity, low organisational engagement and decreased revenues (Jain & Ansari, 2018). Despite a large number of studies on the issue of organisational politics worldwide, studies that describe this phenomenon in SMEs in developing countries are unexplored (Yang, 2017; Aggarwal, Goyal & Nobi, 2018; Malik, Shahzad, Raziq, Khan, Yusaf & Khan, 2019; Hochwarter, Rosen, Jordan, Ferris, Ejaz & Maher, 2020). This paper sought to address this gap by investigating the relationship between organisational politics and time stress in SMEs.

Small and Medium Enterprises in South Africa

The economic development of any nation is significantly dependent on the progress and development of Small and Medium Enterprises. There is a growing acknowledgement of the significance that SMEs hold in fostering economic, sound, good business sense and societal growth. Small and Medium Enterprises have a significant role in employment creation and serve as vital drivers of economic growth (Abor & Quartey, 2010). The emergence and increase of SMEs can be traced back to various historical, social, and economic factors (Aremu & Adeyemi, 2011; Opafunso & Adepoju, 2014; Pratono, Pramudija & Sutanti, 2019).

Traditionally, these enterprises were often family-owned or operated as small businesses, serving local communities and fulfilling niche markets (Lukács, 2005; Kontinen & Ojala, 2010). Over time, the role and importance of SMEs have evolved significantly (Cant, Wiid & Hung, 2013; Ngek, 2014), making them integral components of both developed and developing economies. The strength and direction of an economy are heavily impacted by the generation, success, and sustainability of small and medium-sized enterprises. In South Africa, all stakeholders and lawmakers are in unequivocal agreement about the importance of fostering the establishment and supporting the growth of SMEs (Naicker & Ajaram, 2019). In South Africa, SMEs refer to privately-owned business entities with one or more proprietors overseeing business strategy and operations. They have a workforce ranging from one to 200 employees and generate an annual turnover of R500K to R5m (Mamorobela, 2023). Research indicates that SMEs in South Africa play a significant role in employment generation, providing over 50 per cent of job opportunities for the youth and the unemployed. Additionally, they contribute approximately 34 per cent to the country's Gross Domestic Product (GDP). Notably, a substantial 95 per cent of private businesses in South Africa fall under the SME classification (Mamorobela, 2023).

Roles played by the SMEs in the economy:

Economic Contribution
SMEs contribute substantially to the overall economic output of a nation. In many countries, they account for a significant portion of the Gross Domestic Product (GDP) (Muriithi, 2017). Their contributions are evident through revenue generation, tax payments, and export activities (Piza, Cravo, Taylor, Gonzalez, Musse, Furtado, Sierra & Abdelnour, 2016). By diversifying the economic landscape, SMEs mitigate the risks associated with over-reliance on large corporations (Lynch-Wood, Williamson & Jenkins, 2009), thereby enhancing economic stability (Nyanga, Zirima, Mupani, Chifamba & Mashavira, 2013).

Employment Generation
One of the most crucial roles SMEs play is the generation of employment opportunities (Kongolo, 2010). They serve as incubators for talent, offering a gateway for individuals to enter the job market (Stacey, 2015). Their flexibility in hiring and their propensity to create jobs in various sectors (Kotey, 2017), including manufacturing, services, and technology, are instrumental in reducing unemployment rates and fostering inclusive growth (Ogunjimi, 2021; Abisuga-Oyekunle *et al.,* 2020).

Innovation and Entrepreneurship
SMEs are often hotbeds of innovation and entrepreneurship (Vijayakumar, 2021). Their size allows them to adapt quickly to changing market conditions, experiment with new ideas, and develop cutting-edge products or services (Bhagwat & Sharma, 2007). This innovation is critical for driving economic competitiveness, fostering technological advancements, and promoting sustainability in a rapidly evolving world (Uden, 2007; Ng & Kee, 2017).

Regional Development
SMEs are vital in promoting regional development and reducing economic disparities (Rosenfeld, 2003). They tend to be more evenly distributed across geographies, offering opportunities in rural and urban areas (Laurin, Pronovost & Carrier, 2020). This decentralisation of economic activity can help bridge the development gap, ensuring that resources and opportunities are not concentrated solely in urban centres (Tödtling & Kaufmann, 2001).

Resilience and Adaptability
SMEs are known for their ability to weather economic downturns and adapt to changing circumstances (Kottika, Özsomer, Rydén, Theodorakis, Kaminakis, Kottikas & Stathakopoulos, 2020). Their flexibility and smaller scale enable them to pivot quickly, diversify their products or services, and innovate in response to market challenges (Burch, DiBella, Rao-Williams, Forrest, Hermelingmeier, Ninomiya & Chisholm, 2020). This resilience is particularly evident during economic crises (Pal, Torstensson & Mattila, 2014). The next section describes the concept of organisational politics and its dimensions.

Organisational Politics

While politics are a universal presence in most organisations, the influence of organisational politics exerts a significant and immediate effect on the daily lives of individuals within the workplace (Wijewantha, Jusoh, Azam & Sudasinghe, 2020). Therefore, its influence on employee performance is worth examining (Iqbal Khan, Kaewsaeng-on, Hassan Zia, Ahmed & Khan, 2020). An employee's perception of organisational politics is their perspective on the level of politics in their organisation, as well as the political behaviours of their colleagues (Meisler, Drory & Vigoda-Gadot, 2020). Employee perceptions can be positive or negative (Wijewantha *et al.,* 2020). Organisational politics can be broadly characterised as purposeful actions taken by individuals to advance their interests, often at the expense of the well-being of others or the organisation itself (Kapoutsis, 2016). These actions may occur covertly or fall outside established organisational norms and regulations. Nevertheless, they exert a significant, although sometimes indirect, influence on the functioning and processes of the organisation (Labrague *et al.,* 2017). It is worth noting that organisational politics is present to varying degrees in all types of organisations (Faye & Long, 2014). It serves as a means to accomplish individual objectives, safeguard or enhance one's professional career, and obtain valuable resources or advantages from the organisation (Butt, Imran, Shah & Jabbar, 2013; Landells & Albrecht, 2017). Existing literature suggests that organisational politics can significantly contribute to time stress among employees (Landells & Albrecht, 2019; Ullah & Ahmad, 2018; Parvaiz, Batool, Khalid & AftabFarooqi, 2015). Dimensions of organisational politics are described as follows:

General Political Behaviour

Given that human organisations are fundamentally "political", researchers suggest that political behaviour within these organisations can result in both favourable and unfavourable consequences for both the organisations themselves and their employees (Mehmood, Macky & Le Fevre, 2023:1326). The typical conduct within politics involves the general political behaviour of individuals engaging in actions primarily oriented towards fulfilling their personal objectives (Ugwu, Okafor, Onyishi, Casimir & Chinedu, 2018:548). General political behaviour includes favouritism, rumour-spreading, and undermining colleagues (Umoren & Umoren, 2023). These actions can create a hostile work environment, increasing time stress (Salin, 2003). According to Julius, Ojiabo and Alagah (2017:94), political behaviour is characterised as an individualistic, divisive, and narrow-minded approach to achieving desired outcomes. This behaviour encompasses the utilisation of information as a political weapon, the act of undermining colleagues, flouting established rules and procedures, and the formation of informal groups in an attempt to alter formal regulations. The perpetuation of political behaviour can be attributed to the challenges of enforcing rules and regulations, scarce resources, and a lack of accountability in daily operations (Julius *et al.,* 2017:94).

The majority of employees typically find political behaviour to be unacceptable and perceive participation in such behaviour as personally unappealing and detrimental to their organisations (Elbanna, 2018). Additionally, it is argued that it cannot be denied that, whether for better or worse, political behaviour frequently serves as a significant driving force within organisations, and proficient decision-makers are frequently capable of and willing to employ suitable political strategies to advance their organisational objectives. Historically, political behaviour has often been seen as being motivated by self-interest, sometimes to the extent that it violates established norms (Elbanna, 2018:617). General political behaviour in the organisation impacts the work outcomes, such as time stress experienced by employees.

Getting Ahead Strategies

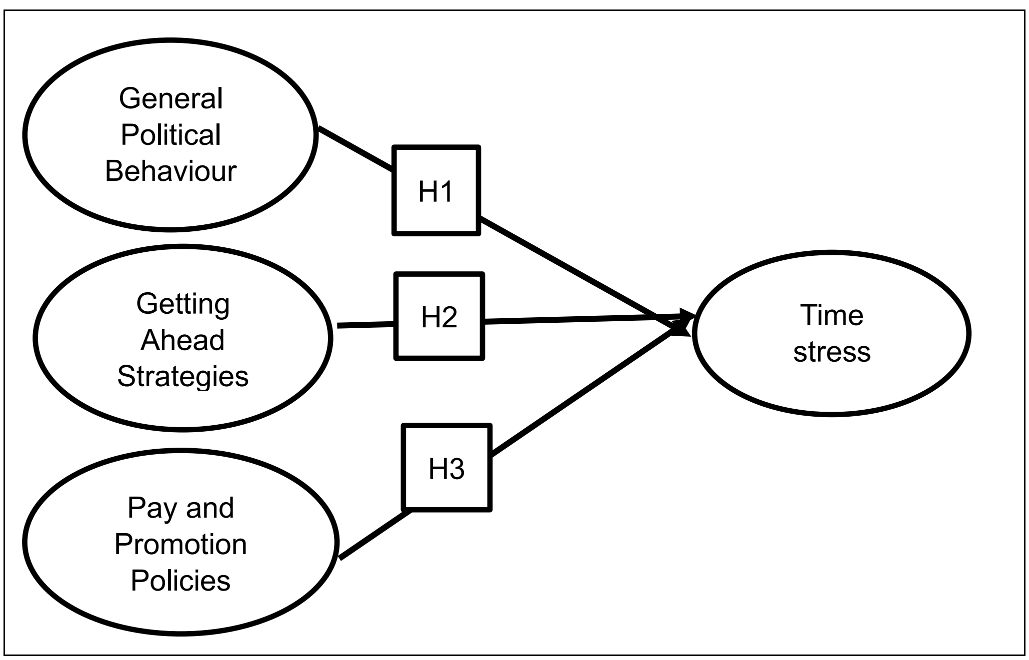
The concept outlines the behaviours exhibited by employees who maintain a low profile within the organisation by refraining from engaging in personal interactions. Some workers endeavour to safeguard their individual concerns discreetly, avoiding drawing attention to themselves. In specific circumstances, employees may opt to remain discreet or adopt a passive stance to circumvent drawing attention to their personal interests (Gull & Zaidi, 2012:157). Individuals often engage in political behaviour to advance their careers. Pursuing personal goals may lead to time stress as individuals strive to balance their workloads and political manoeuvres (Kacmar, Andrews, Harris & Tepper, 2013). In accordance with Kacmar and Carlson's (1997) findings, adopting a pragmatic and advantageous approach to getting ahead may be a rational strategy for individuals seeking to promote their self-interests within a political context. Get ahead could be considered a sensible and advantageous approach when navigating a political setting to further one's personal interests (Lau, Scully & Lee, 2018).

Pay and Promotion Policies
Pay and promotion policies refer to how individuals within an organisation engage in political activities related to the development and execution of policies (Lau *et al.,* 2018:249). Unfair pay and promotion policies, influenced by politics, can breed resentment and stress among employees. In SMEs, where the stakes are high, these policies can have a profound impact on time stress (Ram & Prabhakar, 2010). Pay and promotion play a pivotal role in fostering organisational politics. In a comprehensive investigation conducted by Ahmed (2018), examining the correlation between organisational politics and turnover intentions, it was evident that pay and promotional prospects exerted a substantial influence on job outcomes, thereby nurturing a political atmosphere within the organisation. In the following section, time stress will be discussed.

Time stress
Time stress, on the other hand, is the emotional and cognitive response to a perceived lack of time to fulfil work obligations (Yasmin, Khalil & Mazhar, 2020). According to Larson (2004:1126), time stress refers to the degree to which impractical time constraints and demanding schedules are enforced. When individuals lack sufficient time to complete the necessary tasks, they will encounter time stress. This time stress can result in exceedingly tight deadlines, which is particularly critical when an individual's capacity to meet time-related expectations significantly influences their performance (Al Shbail, Salleh & Nor, 2018). Time stress has rooted itself as a fundamental aspect of the working landscape. This phenomenon is particularly pronounced within the present workforce, where individuals grapple with heightened levels of time stress (Prem, Paškvan, Kubicek & Korunka, 2018). There is a prevailing belief that time stress significantly impacts the performance of employees within the work setting (Runtu, Worang & Wangke, 2023:95). Moreover, the adverse effects of time stress can lead to a decline in employee productivity, causing organisations to become less effective, contributing to job satisfaction issues, and escalating absenteeism (Kamila & Muafi, 2023:99). Deduced from the literature review, the following conceptual model is developed.

Conceptual model
Utilising a comprehensive integration of the interconnected literature pertaining to the variables under investigation, a conceptual framework has been formulated , as shown in Figure 1.

Figure 1: Conceptual Model



The literature illuminates various established works, offering opportunities to examine a set of hypotheses in this study. Employing hypotheses, this research articulates specific relationships between variables, facilitating empirical testing of these associations. Moreover, the hypotheses serve the dual purpose of validating the theoretical framework employed in the study and enabling a logical analysis of variable relationships, explaining their relationship. Grounded in scientific evidence pertaining to general political behaviour, get ahead, pay and promotion policies, and time stress, the study formulates three hypothesis statements.

General political behaviour and time stress

H1: General political behaviour has a positive impact on time stress

Getting ahead strategies and time stress

H2: Getting ahead strategies has a positive impact on time stress

Pay and promotion policies and time stress

H3: Pay and promotion policies have a positive impact on time stress

Research Methodology Design

This study employed a quantitative research methodology to assess the impact of sorganisational politics on time stress within the context of Small and Medium Enterprises (SMEs). Quantitative research, as defined by scholars such as Bloomfield and Fisher (2019), entails the systematic gathering of numerical data to elucidate a specific phenomenon. To carry out this study, a survey questionnaire was employed for the data collection process, which involves collecting data from a sample of respondents at a single point in time (Leedy & Ormrod, 2013).

Sampling approach or technique

In the present study, a non-probability sampling approach, specifically a convenience sampling technique, was utilised to select respondents. This choice was driven by the researcher's convenient access to SME employees and their willingness to participate in the study. The respondents selected for this study were SME employees in e Matlosana Local District in North West province.

Data collection and measuring instrument

Various techniques were employed to administer the surveys to employees of Small and Medium Enterprises in Matlosana Local District in North West province. The primary approach utilised was the drop-and-collect method, which entailed the in-person distribution and retrieval of hard-copy questionnaires to and from the respondents. The questionnaires were dispatched to the respective SMEs. Of the initial 500 questionnaires distributed, 443 were returned, with 12 deemed incomplete. The total number of questionnaires suitable for data analysis amounted to 431, indicating a response rate of 78 per cent. Following Agustini's (2018) definition, the response rate is characterised as the proportion of completed surveys by eligible respondents.

Measurement Instruments

The questions in this study were adapted from past literature. Organisational politics was measured using fourteen items adopted from Kacmar and Ferris (1991), and time stress was assessed using thirteen items adopted from Parker and Decotiis (1983). Pay and promotion policies were measured using items adapted from Ahmed (2018). Response options were arranged in the five-point Likert scale configuration standardised as follows: Scale: 1 = strongly disagree, 2 = disagree, 3 = moderately agree, 4 = agree, and 5 = strongly agree. In this study, a Five-point Likert-type scale was used because it is less confusing and comprehensive and allows respondents to evaluate the strength of agreement or disagreement about a statement (Hair, Wofinbarger, Money, Samouel & Page, 2015). A Five-point Likert scale was used in this study because it was easy for respondents to understand the questions while completing the questionnaires.

Descriptive Statistics

The results show that the majority of the respondents were male (55%; n=238) compared to females (45%; n=193). The respondents' ages ranged from under 30 years to 60 years and above. The majority of respondents were under 30 years (40%; n=174), followed by those employees who were between 30 and 39 years (36%; n=154). Around (17%; n=73) of the respondents were aged between 40 and 49 years. The respondents aged between 50 and 59 years represent (5%; n=21) followed by (2%; n=8) of the age group of 60 years and above. The literature on SMEs employees indicates that this sector is dominated by employees aged between 16 years and 39 years, and it is attributed to factors such as unemployment and willingness to assist their families financially (Maloka, 2013:71). In terms of race, the findings present that the majority of respondents (81%; n=349) are Black, followed by 7.9 per cent (n=34) Coloureds, 5.6 per cent (n=24) Indians, 5.3 per cent (n=23) White and 0.2 per cent (n=1) of the respondent indicated other as their race.

Reliability Results

Table 1 demonstrates the research constructs, descriptive statistics, Cronbach's test, composite reliability (CR), Item-to-total values, average variance extracted (AVE) and factor loading values.

Table 1: Accuracy analysis statistics

Research constructs		Descriptive statistics		Cronbach's test		C.R. value	AVE value	Factor loading
		Mean	SD	Item-total	α Value			
General Political Behaviour (GB)	GB1	2.833	5.423	0.689	0.884	0.884	0.771	0.778
	GB2			0.741				0.832
	GB3			0.685				0.773
	GB4			0.711				0.794
	GB5			0.669				0.758
	GB6			0.703				0.807
Get Ahead (GA)	GA1	3.158	4.147	0.845	0.835	0.835	0.656	0.941
	GA2			0.813				0.940
	GA3			0.450				0.457
	GA4			0.458				0.502
Pay and Promotion Policies (PP)	PP1	3.210	3.387	0.451	0.700	0.700	0.649	0.490
	PP3			0.837				0.925
Time Stress (TS)	TS1	2.952	5.200	0.785	0.928	0.928	0.800	0.843
	TS2			0.834				0.870
	TS3			0.803				0.846
	TS4			0.747				0.815
	TS5			0.736				0.808
	TS6			0.615				0.712
	TS7			0.756				0.827
	TS8			0.719				0.799

Note: GB= General political behaviour; GA= Get ahead; PP= Pay and promotion policies; Time stress= Time stress

Source: Developed by the Researcher

Items with factor loadings below 0.5 were deleted because they failed to meet the threshold. Those items were PP 2 and PP 4. The bottommost item to total loading observed was GA 3 with 0.450 and the highest was GA 1 with 0.845. The lowest factor loading observed was GA 3 with 0.457 and the highest is GA 1 with 0.941. These results conclude that the measurement instruments are valid. The lowest Cronbach alpha was 0.700, and the highest was 0.928, which shows that the constructs were internally consistent or reliable and explained more than 60% of the variance. All composite reliability values were above the recommended minimum of 0.7 (Bagozzi & Yi, 1988), which further attests to the reliability of the measurement instrument used in the study. All average variance extracted (AVE) are also within the recommended threshold of 0.5 by Bagozzi and Yi (1988). One of the methods used to ascertain the discriminant validity of the research constructs was the evaluation of whether the correlations among latent constructs were less than 0.60. These results are reported in Table 2.

Table 2: Correlations between constructs

Research Construct	Construct correlation			
	GB	GA	PP	TS
GB	1.000			
GA	0.419**	1.000		
PP	0.432**	0.108**	1.000	
TS	0.280***	0.102	0.505**	1.000

Source: Developed by the Researcher

Table 2 illustrates a correlation analysis between the different constructs. The correlation between GA and GB shows a significant relationship (*r*=0.419; p<0.01), followed by a correlation between PP and GB (*r*=0.432; p<0.01). A significant correlation exists between TS and GB (*r*=0.280; p<0.01). Moreover, the correlation between PP and GA demonstrates a significant relationship (*r*=0.108; p<0.01), followed by a correlation between TS and GA (*r*=0.102; p<0.01), which is significant. A significant relationship is evident between TS and PP (*r*=0.505; p<0.01).

DISCUSSION OF THE RESULTS

The results of the hypotheses H_1, H_2, and H_3 were significant and supported (p<0.01).

Results for hypothesis 1

Hypothesis 1 stated that employees' perceptions of general political behaviour are positively related to time stress. The value of the path coefficient for H_1 is at 0.280; the result of the hypothesis indicates that there is a positive relationship between employees' perceptions of general political behaviour and time stress in the SMEs. Therefore, the p-value is significant at 99% (*r*=0.01), which means that this hypothesis is supported. The results resonate with the results obtained by studies undertaken by Evans and Qureshi (2013), who found that political behaviours in organisations could result in stress and have undesirable effects on the employee and organisational environment. This study confirmed that general political behaviour exists in SMEs and influences time stress experienced by the employees.

Results for hypothesis 2

Hypothesis 2 stated that employees' perceptions of get ahead in the organisation are positively related to time stress. As stated in Table 2, there is a positive correlation between perceptions of get ahead and time stress (*r*=0.102; p<0.01). The results further confirm that perceptions of getting ahead have an influence on time stress in the SME sector. These results are confirmed by Abbas and Raja (2014) that employees who observe get ahead practices in their organisational environment to be politically motivated experience time stress. In support of the findings of this study, research conducted by Swart and Potgieter (2017) indicates that employees' perceptions of getting ahead can function as a potential stressor that can result in time stress. The results confirmed that employee perceptions of get ahead in the SME sector can result in time stress.

Results for hypothesis 3

Hypothesis 3 stated that employees' perceptions of pay and promotion in the organisation are positively related to time stress. Table 2 shows a path coefficient value of (r=0.505; p<0.01) for H_3, and it means the results are significant and confident at 99%. The outcome confirms that perceptions of pay and promotion are positively related to time stress. The positive relationship established between employees' perceptions of pay and promotion and time stress is consistent with the results provided by Cacciattolo (2015), who found that employees are expected to participate in organisational politics when there is uncertainty involved in pay and promotion procedures and as a result, they might experience time stress.

CONTRIBUTIONS OF THE STUDY

This study is one of the limited efforts to investigate the influence of organisational politics and time stress. This research has contributed to new literature and empirical findings on organisational politics and time stress in the SME context, and it is a valuable source for future research. An effort has been made in this study to formulate a conceptual framework illustrating the dimensions of the constructs. This conceptual framework would be useful for further empirical studies in various research backgrounds. Additionally, the framework makes an important contribution to current academic literature on human resources management, particularly in the SME sector. The management of SMEs should concede that organisational politics are part of the organisational environment; therefore, policies and procedures must be in place to control such political behaviour. Organisational politics should be managed and resolved since it affects job outcomes of employees within the organisation.

PRACTICAL AND MANAGERIAL IMPLICATIONS

The current research provides various practical implications. It shows a positive relationship between organisational politics and time stress within SMEs. This suggests that management should create a work environment that addresses and mitigates sorganisational politics, thereby reducing the time stress experienced by employees. Consequently, organisations should offer more support and guidance to help employees cope with organisational politics.

LIMITATIONS AND FUTURE RESEARCH OF THE STUDY

This study was restricted to the SME employees in Matlosana Local District. For this reason, the results of the study should be interpreted with caution because they may only be generalised to the sample chosen for the research and may not be generalised to other SME employees in other local districts within South Africa. Additionally, this study is limited in scope since there may be other factors, such as employee motivation, engagement and retention, that could affect the influence of organisational politics on time stress. The researchers distributed questionnaires physically to the respondents and had no control over how respondents completed the questionnaires and had to rely on data provided by the respondents. This study sampled 431 SME employees from a target of 550. A larger sample size of 550 may have produced better results, and only a quantitative approach was followed, which limits the depth of information collected. Nothing has been done on the staff count and turnover of the organisations surveyed. This may have given important clues to the complexity of the organisations within which the respondents work. Future researchers might attempt to solve this lacuna.

Future research should also expand the conceptual framework and explore mediating variables, for example, personality, emotional intelligence, and leader-member exchange to strengthen and describe the relationship between constructs. Comparatively, further studies should be conducted in other cultures, areas, and countries and with a large sample size of respondents to better understand the relationship between organisational politics and time stress. Since the study uses the quantitative approach, the researcher believes that better accuracy and understanding may be attained if future studies utilise longitudinal studies or mixed methods, which combines both qualitative and quantitative approaches.

CONCLUSION

This study investigated the influence of organisational politics on time stress among SME employees. The primary purpose was to ascertain the relationship between organisational politics variables such as general political behaviour, get ahead and, pay and promotion policies against time stress variable and, time stress. There are several studies that have been conducted in developed nation's context, yet there is insufficient evidence of how organisational politics influence time stress among SME employees, particularly in the context of small enterprises in developing nations. The results suggest a positive significant relationship between organisational politics and time stress in SME employees in Matlosana Local District in South Africa. Moreover, results support the findings of prior studies which examined the effect of organisational politics on job-related outcomes, particularly time stress. In this view, if the organisational politics dominate SMEs, there could be job outcomes resulting from the organisational politics experienced by employees, other than time stress. As a result, it is the duty and responsibility of SME owners/managers to engender good working relationships between their employees in order to achieve the objectives of the organisation.

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TRANSFORMATIONAL LEADERSHIP, INNOVATION AND UNIVERSITY PERFORMANCE IN SOUTH AFRICA: A BALANCED SCORECARD PERSPECTIVE

George Mofokeng, Irvine Langton and Chengedzai Mafini

Vaal University of Technology, South Africa.

Corresponding author: Irvine Langton irvinemakena7@gmail.com

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Abstract

Transformational leadership and innovation are two concepts that have gained increasing importance in managing various organisations, including universities. The present study addresses the importance of transformational leadership and its strategic influence on organisational innovation and performance in South Africa's Universities of Technology (UoTs). The study employed a quantitative survey to collect data from a sample of 387 academics and support staff drawn from selected UoTs in South Africa. Hypotheses were tested using partial least squares structural equation modelling. The study results show that intellectual motivation and individualised consideration predict organisational innovation. Idealised influence and inspirational stimulation were statistically insignificant. However, organisational innovation predicts business performance through its four components: customer satisfaction, financial performance, internal business processes and learning and growth. The study concludes that implementing transformational leadership through intellectual motivation and individualised consideration is vital in achieving innovation cultures in universities, leading to improved business performance. This study contributes to the business management literature in the South African higher education sector by providing insights into the impact of transformational leadership practices on innovation and business performance.

Introduction

Contemporary literature shows that higher education institutions (HEIs) operate in an increasingly complex and competitive environment. These institutions are under tremendous pressure to transform and be responsive to national, global, economic, political, and social changes (Daniel, 2015; Yang, Al Mamun, and Salameh, 2023). Such changes include the growing need to increase the proportion of students in specific disciplines, entrenching workplace graduate attributes, and ensuring that the quality of learning programmes is nationally and globally relevant. In light of such developments, transformation, innovation and performance at South African HEIs have been topical subjects since the dawn of democracy in 1994.

Innovation is a vital factor for survival and competitiveness, entrenched in organisational processes, structures, services, and products (Oliveira, Alves and Leitao, 2024). Consequently, innovation is regarded as one of the most central determinants of organisational performance (Fuad, Musa and Hashim, 2022; Cheah, Cheng and Hen, 2023). Yang *et al*. (2023) assert that transformational leadership style has been known as one of the most imperative factors influencing the relationship between innovation and organisational performance. This is because transformational leaders can set precise objectives and inspire innovative initiatives from subordinates (Yang *et al*., 2023).

Problem statement and objective of study

There is a growing research interest in leadership and innovation in different organisations. Thus, a lot of recognised studies in the literature examine the relationship between leadership, organisational innovation and performance. The general agreement amongst academics is that transformational leadership style is positively and significantly linked to organisational innovation, creativity and organisational performance (Nasir et al., 2022; Gad David, Yang, Pei and Moosa, 2023; Nguyen, Hooi and Avvari, 2023). However, despite the presence of overwhelming empirical evidence presenting the relationship between transformational leadership style, innovation and organisational performance, limited studies have been designed to trace the influence of transformational leadership style on Balanced Scorecard performance in South African Universities of Technology (UoTs) by examining the mediating effect of organisational innovation. Furthermore, studies on strategic factors are more common in profit making organisation then in HEIs and they also concentrate on large businesses. Therefore, this study aims to investigate the relationship between these strategic factors: transformational leadership style, organisational innovation, and organisational performance in South African UoTs.

Literature Review

Transformational leadership

Transformational leadership is defined as a leadership style that can create significant change and acts as a change agent, raises a high level of intrinsic motivation and loyalty among followers, introduces a new image or view of the future, and creates a commitment to this image among followers (Begum, Ashfaq, Xia and Awan, 2022). This leadership approach inspires followers to surpass self-interest and perceptions of their confines to pursue collective goals more effectively (Begum *et al*., 2022). Leaders are transformational when they exhibit high moral, ethical and personal conduct, referred to as idealised influence, inspirational motivation, intellectual stimulation, and individual consideration (Ashfaq *et al*., 2022). Idealised influence refers to a leader's envisioning and confidence and one who sets high standards for emulation (Jun and Lee, 2023). Inspirational motivation refers to leaders who motivate their followers through high expectations. This gives followers challenges and meaning to engage in shared goals and undertakings (Gui, Lei and Le, 2024). Intellectual stimulation relates to transformational leadership, which integrates an open architecture dynamic into processes of situation evaluation, vision formulation, and patterns of implementation (Jun and Lee, 2023). Individualised consideration refers to how individually considerate leaders work with followers, diagnose their needs, and elevate them to higher levels. The leaders treat each follower individually and provide coaching, mentoring and growth opportunities (Begum *et al*., 2022).

Organisational innovation

Organisational innovation is the introduction of new organisational approaches for business management in the workplace and the relationship between the organisation and external agents (Gui *et al*., 2022). Correspondingly, Nabi, Liu and Hasan (2023) posit that innovation is perceived as an essential determinant of any business in a changing and competitive sector. It is the creation and realisation of new value and the implementation of the latest methods in business practices, workplace organisation or external relations, and improvement and transformation of managerial mindsets and business models to cope with changes (Tan, van Dun and Wilderom, 2023). These assertions confirm that innovation is a significant driver and tool to gain a competitive advantage in organisations (Nabi *et al.,* 2023).

Organisational performance

Theories and various methods have been employed to evaluate multiple organisational performance. These include, among other things, the performance measurement matrix (Keegan, Eiler & Jones, 2019), the results and determinants framework (Fitzgerald *et al*., 2021), the performance pyramid (Lynch & Cross, 2022), and the BSC (Ableeva *et al.,* 2024). Each of these tested approaches has its fundamental concepts, goals, advantages, and disadvantages. The approach management chooses to examine organisational performance depends on the status and type of the organisation involved (Zangoueinezhad & Moshabaki, 2021). However, the BSC has emerged as arguably the most popular framework to measure organisational performance (Kurniawan, 2023). Developing from this contention, Ableeva *et al.* (2024) concur that the BSC is an extensive and comprehensive performance measuring tool for adequately planning and controlling how an organisation can achieve its intended and set goals and objectives The four perspectives of a balanced scorecard are learning and growth, business processes, customer perspectives, and financial data. Therefore, this study considers the BSC perspective as the barometer to measure the performance of UoTs.

Figure 1: The Balanced Scorecard
Research Objectives

Conceptual framework and hypotheses formulation

This study adopted the framework presented in Figure 1 to conceptualise the relationship between transformational leadership, organisational innovation and BSC performance. Transformational leadership formed the predictor variable, with organisational innovation and organisational performance as the outcome variables.

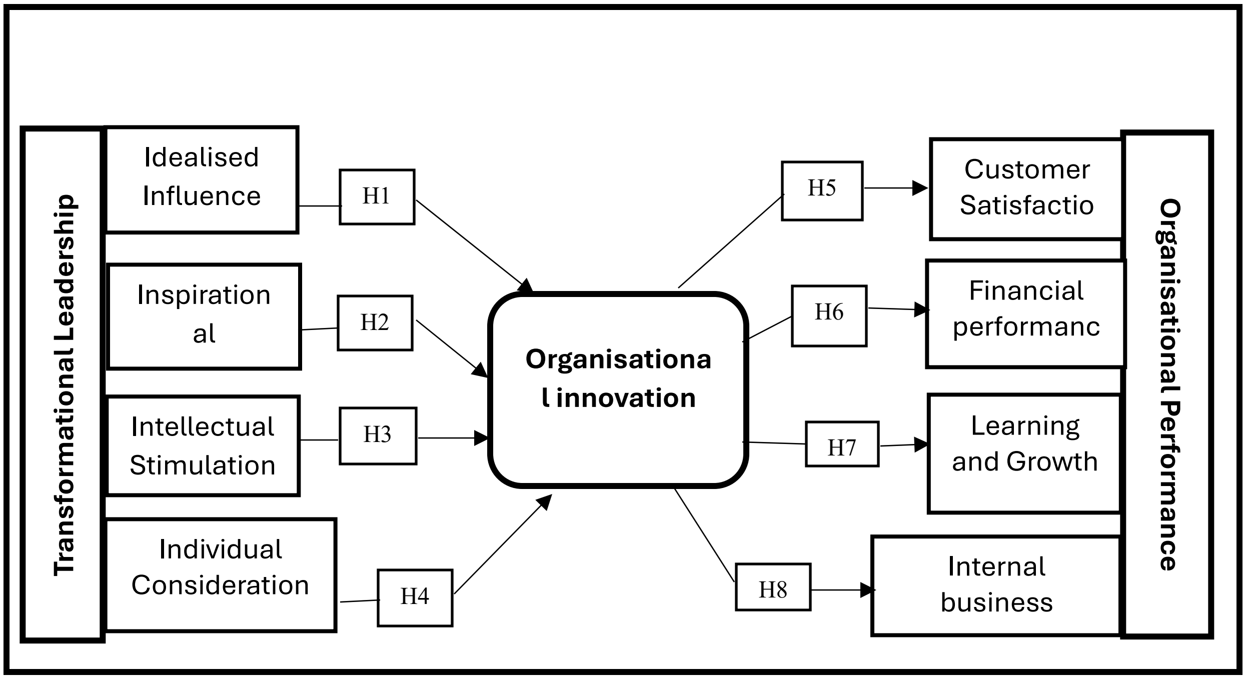

Figure 2: conceptual framework
Source: Author's compilation

Transformational leadership and organisational innovation

Transformational leadership incorporates behaviours that implant pride in followers for being associated with the leader, often signified or synonymous with charisma. A transformational leader with idealised qualities presents a sense of power and self-confidence and can assure others they can overcome difficulties (Nguyen *et al.*, 2023). Idealised influence has been recognised as one of innovation's most important factors. Kumar, Raj, Salem, Singh, Goel and Bhatia (2023) argue that this style is essential in developing the process, structure, and climate for organisations to become innovative. Moreover, Zhu and Huang (2023) confirm that II as a transformational leadership practice is an essential strategic leadership tool that enables innovation. However, Audenaert and Decramer (2024) contend that it takes a combination of different leadership practices to influence the innovation culture in an organisation. Asbari (2024) established a positive relationship between II leadership and innovation and creativity in public universities. Transformational leaders who apply inspirational motivation (IM) practices inspire employees to use innovative techniques in their job functions (Zhu and Huang, 2023). The result of such high-level motivation then improves organisational innovation (Bauwens et al., 2024).

Intellectual stimulation involves a set of behaviours and attributes, which concludes that a transformational leader seeks divergent perspectives when solving problems and gets others to look at those problems from a different angle. Those who employ intellectual stimulation also encourage non-traditional thinking and propose novel ways of looking at how to complete projects (Zhu and Huang, 2023). Gui *et al.* (2024) contend that a leader with intellectual stimulation permits followers to question the status quo and the tried and tested ways of problem-solving and inspires them to address challenges from diverse perspectives.

Transformational leaders who exhibit individualised consideration (IC) characteristics spend time coaching and teaching their followers, promoting self-development. They treat them as individuals rather than group members and detect each other's opposing needs, aptitudes, and ambitions (Kuma *et al.*, 2023). Nguyen *et al.* (2023) established that assisting individual employees to advance their skills may enhance their creativity, particularly in thinking of new ways to do things and using their creative abilities when faced with challenges. Such leaders are also likely to display innovative work behaviour such as idea generation, idea promotion and idea realisation, both for self-enhancement and for developing the potential of their subordinates (Mohammed and AL-Abrrow, 2023). Based on the above discussion, the following hypotheses were proposed:

H_1: A significant positive relationship exists between idealised influence and organisational innovation in South African UoTs.

H_2: There is a significant positive relationship between inspirational motivation and organisational innovation in South African UoTs.

H_3: There is a significant positive relationship between intellectual stimulation and organisational innovation in South African UoTs.

H_4: A significant positive relationship exists between individualised consideration and organisational innovation in South African UoTs.

Organisational innovation and organisational performance

Organisations bring about many changes and innovations to attract customers and give them more satisfaction (Sharma, 2022). Furthermore, organisational leaders and managers are willing to invest in innovation once they consider that customers' needs are not fully satisfied by the current products (Ayinaddis, Taye and Yirsaw, 2023; Ayinaddis *et al*., 2023). Universities are not spared either. Innovative means that universities generate something new to raise their customer share and satisfy their needs (Ayinaddis et al., 2023). Govindan et al. (2023) assert that because innovation means coming up with something unique and different from competitors, it should result in a positive customer experience. This is the essence of innovation: attract customers and satisfy them. Some studies established that organisational innovation is an essential factor in determining the levels of customer satisfaction in different institutions (Ayinaddis *et al*., 2023). Moreover, in a competitive environment, service and product innovation is essential to better competitors to an extent to which the needs of customers are satisfied (Sharma, 2022). Therefore, it is logical to believe that universities that implement innovation initiatives together and that benefit from the advantages of having an innovative culture will make an appropriate and considerable effort to satisfy their customers—innovation of their products and services.

Financial performance is an organisation's business condition over a specific period that includes collecting and using funds measured by several indicators such as capital adequacy ratio, liquidity, leverage, solvency, and profitability. It is the ability to manage and control resources (Sauri *et al.,* 2023). Notably, Ruhviyanti, Dioputra and Rodji (2023) maintain that innovation in the workplace has gained recognition as a critical performance output over the last decades. On the other hand, Rezaee, Ahadi Serkani, and Mahmoudi (2022) contend that innovation is positively related to superior financial performance. A learning and growth perspective is the backbone of a successful scorecard because it involves employee skills and information systems (Ruhviyanti et al., 2023). Rezaee *et al.* (2022) argue that learning and growth can embrace employee satisfaction, alignment of employee skills with jobs, number of employee proposals executed, and hours of employee training. Innovation and new technology promote learning and growth in organisations (Rubio-Andrés, del Mar Ramos-González, and Sastre-Castillo, 2022). Furthermore, Mio, Costantini and Panfilo (2022) confirm that innovation is the conception of novel ideas and transforming those ideas into beneficial applications; therefore, the amalgamation of creativity and contribution as operational values promotes innovation.

Improving the internal business processes of a modern HEI should be associated with attributing the flexibility (adaptability) properties to the new technology and innovation (Kaputa, Loucanova, and

Tejerina-Gaite, 2022). Universities implementing new technology and innovation achieve strong internal business controls and processes (Nwankpa, Roumani and Datta, 2022). Previous studies have established that robust internal business processes in organisations are influenced by adopting new technology and innovation (Mio *et al*., 2022; Rubio-Andrés *et al.,* 2022; Sauri *et al*., 2023). However, some studies indicated no relationship between innovation and internal business processes (Kaputa *et al*., 2022). Therefore, based on the above discussion, the following hypotheses were formulated:

H_5: Organisational innovation significantly and positively influences customer satisfaction in South African UoTs.

H_6: Organisational innovation significantly and positively influences financial performance in South African UoTs.

H_7: Organisational innovation significantly and positively influences learning and growth in South African UoTs.

H_8: Organisational innovation significantly and positively influences internal business processes in South African UoTs.

Research Methodology

Research approach, design, and strategy

This study utilised a quantitative approach to test theoretical relationships using statistical procedures. The quantitative approach was chosen because it uses mathematical models, making it more reliable and valid when measuring behaviour related to the relationships between various constructs (Pandey and Pandey, 2021). This study adopted a survey design for collecting data. Survey research designs involve collecting data using a survey questionnaire as an instrument (Thomas, 2021). Survey research methods can be a longitudinal survey, which involves data collection over a long period, or a cross-sectional survey, which collects research data over a short period (Kumari *et al*., 2023). This study employed a cross-sectional strategy to collect data from the selected South African UoTs. The strategy was chosen because it provides cheap methods of collecting data over a large sample and pairs well with quantitative designs (Thomas, 2021).

Sampling approach, technique, and sample size

The study respondents were academic and support staff drawn from selected South African UoTs. The study followed a non-probability stance when selecting respondents. Non-probability sampling methods are based on the premise that respondents are chosen based on their expertise and in-depth knowledge of the subject being discussed. Purposive sampling, which refers to identifying and selecting individuals or groups who are incredibly knowledgeable about or experienced with a phenomenon of interest (Verma, Verma & Abhishek, 2024) was used to select respondents. The rationale behind using purposive sampling is that it was deemed necessary to find respondents with the knowledge and skills to address the study's objectives (Kumari *et al*., 2023). A sample size of n=387 was deemed adequate based on the recommendations from Verma *et al.* (2024) that sample sizes of between 150 and 500 cases are adequate for multivariate studies and prevent limiting the statistical significance of the results, as would the case if a small size is used.

Data collection method and measuring instrument

The study used a quantitative survey design to collect data. Data were collected through a self-administered survey questionnaire distributed through the drop-and-collect and e-mail methods.

Measurement Items

The measurement scales of the study were adapted from recognised scales in the existing literature. Items measuring transformational leadership practices were adapted from Ytterstad and Olaisen (2023), while those for innovation were adapted from Tan *et al.* (2023). Performance measurement items (Balanced Scorecard) were adapted from Ruhviyanti *et al.* (2023). All measurement items were authenticated in previous studies, scoring Cronbach alpha values above 0.7. Each item in the measurement scale was designed for response using a five-point Likert scale in which 1 corresponds to "strongly disagree" and 5 to "strongly agree." A self-administered survey questionnaire was used in the data collection process. Data were collected between March and July 2023. The extended period of five months was attributed to the number of questionnaires distributed.

Statistical Analysis

Data were analysed using descriptive and inferential statistics. The SMART partial least square (PLS version 3.0) tool was used to test the hypotheses.

Ethical considerations

The study was conducted after obtaining permission to collect data from relevant UoT authorities in South Africa. Respondents were made aware that their participation in the survey was voluntary and that they were free to withdraw from the study at any time without reprisals. Respondents remained anonymous, maintaining their confidentiality by ensuring their identities were not mentioned anywhere in the survey. They were not given any monetary incentives to participate in the study.

Research Results.

Five hundred questionnaires were distributed to the targeted respondents, and 387 questionnaires were used in the data analysis. The response rate for the study is 77.4%, which is acceptable based on the recommendation by Pandey and Pandey (2021) that a minimum of 70% is the most ideal in a survey. Regarding gender, 52% (n = 200 and 48% (n = 187) were male and female, respectively. The majority age group was 34-41, representing 30% (n = 116). Regarding the level of education, most of the respondents held postgraduate degrees (32%, n=124). The race with the most representation was the black African (49.6%, n = 192). Most respondents had more than 10 years of experience in higher education (23.8%, n=92). Regarding employment period in the institution, most of the respondents were in their organisation for more than ten years (29.9%; n=104).

Measurement scale accuracy

The accuracy of measurement scales was ascertained by testing for reliability and convergent and discriminant validities. Exploratory factor analysis (EFA) was carried out resulting in some items being removed. The results are indicated in Table 1.

Table 1: Constructs and measurement items

Construct	Item code	Factor Loadings	Cronbach's alpha	CR	AVE	$\sqrt{\mathbf{AVE}}$
Idealised Influence	TTL1	0.658	0.749	0.810	0.589	0.767
	TTL8	0.829				
	TTL15	0.803				
Intellectual Motivation	TTL4	0.675	0.741	0.807	0.584	0.764
	TTL11	0.817				
	TTL18	0,.91				
Inspirational Stimulation	TTL3	0.700	0.787	0,827	0.616	0.785
	TTL10	0.859				
	TTL17	0,.87				

Individualised Consideration	TTL2	0.791	0,739	0.806	0.583	0.763
	TTL9	0.691				
	TTL16	0.832				
Organisational Innovation	OI4	0.895	0.889	0.931	0.809	0.899
	OI5	0.916				
	OI6	0.904				
Customer Satisfaction	CS2	0.839	0.914	0.933	0.819	0.905
	CS3	0.842				
	CS4	0.793				
	CS5	0.857				
	CS6	0.871				
	CS7	0.810				
Financial Performance	FP4	0.884	0.926	0.947	0.817	0.904
	FP5	0.910				
	FP6	0.914				
	FP7	0.908				
Learning and Growth	LG1	0.823	O,880	0.917	0.733	0.856
	LG2	0.822				
	LG3	0.916				
	LG4	0.861				
Internal processes	IP2	0.862	0.906	0.934	0.780	0.883
	IP3	0.901				
	IP4	0.825				
	IP5	0.895				
CR=Composite reliability; AVE= Average variance extracted						

Source: Author's compilation

Analysis of reliability and validity

As shown in Table 1, scale reliability was determined using Cronbach's alpha test and the Composite reliability (CR) test. Arbale and Mutisya (2024) recommend Cronbach's alpha scores higher than 0.7 for measuring the internal consistency of research data. In Table 2, Cronbach's alpha test values range between 0.739 and 0.926, confirming the data's reliability. Regarding the CR test, dos Santos, P.M. and Cirillo (2023) recommend a minimum cut-off score of 0.7 to ascertain the suitability of the reliability. This study's CR values ranged between 0.806 and 0.947, confirming that scale reliability was achieved. Therefore, all measurement scales used for this study were considered internally consistent. Convergent validity was ascertained through factor loadings and the AVE values. Pandey and Pandey (2021) state that factor loadings higher than 0.4 are considered acceptable. The results show factor loadings ranging between 0.658 and 0.916, proving that the convergent validity requirements were met. Furthermore, AVE values were above the commended minimum threshold value of 0.4 (Arbale and Mutisya, 2024), which further confirms the adequacy of convergent validity. To ascertain discriminant validity, correlations between constructs must be below 1.0 (Arbale and Mutisya, 2024). Table 2 indicates that all inter-construct correlation scores were below the maximum threshold of 1.0. Therefore, discriminant validity was confirmed and considered suitable in this study.

Table 2: Correlation between constructs

	CS	FP	IC	II	IL	IP	IS	LG	OI
CS	1.000								
FP	0,644	1.000							
IC	0,488	0,535	1.000						
II	0,384	0,398	1,163	1.000					
IL	0,391	0,425	1,193	1,309	1.000				

IP	0,734	0,505	0,412	0,362	0,391	1.000			
IS	0,404	0,465	1,197	1,086	1,245	0,388	1.000		
LG	0,658	0,459	0,364	0,257	0,272	0,740	0,305	1.000	
OI	0,500	0,517	0,509	0,399	0,495	0,428	0,445	0,358	1.000

Source: Author's compilation

Path analysis

In this study, the path analysis was used to test the hypotheses based on the results obtained from PLS analysis. The study employs the two main criteria under the PLS model to validate and confirm each hypothesis. The first criterion in the application of path analysis included checking the path coefficients, which a Beta represents (β) Coefficient. For a hypothesis to be supported and significant, the path coefficient must be positive or negative (Pandey and Pandey, 2021). The second criterion relates to the constructs' significant influence (p-value). The significant influence constitutes three levels, represented by stars, also known as p-values. The levels of influence include p-values less than 0.05. The results of the path analysis are presented in the structural model in Figure 2.

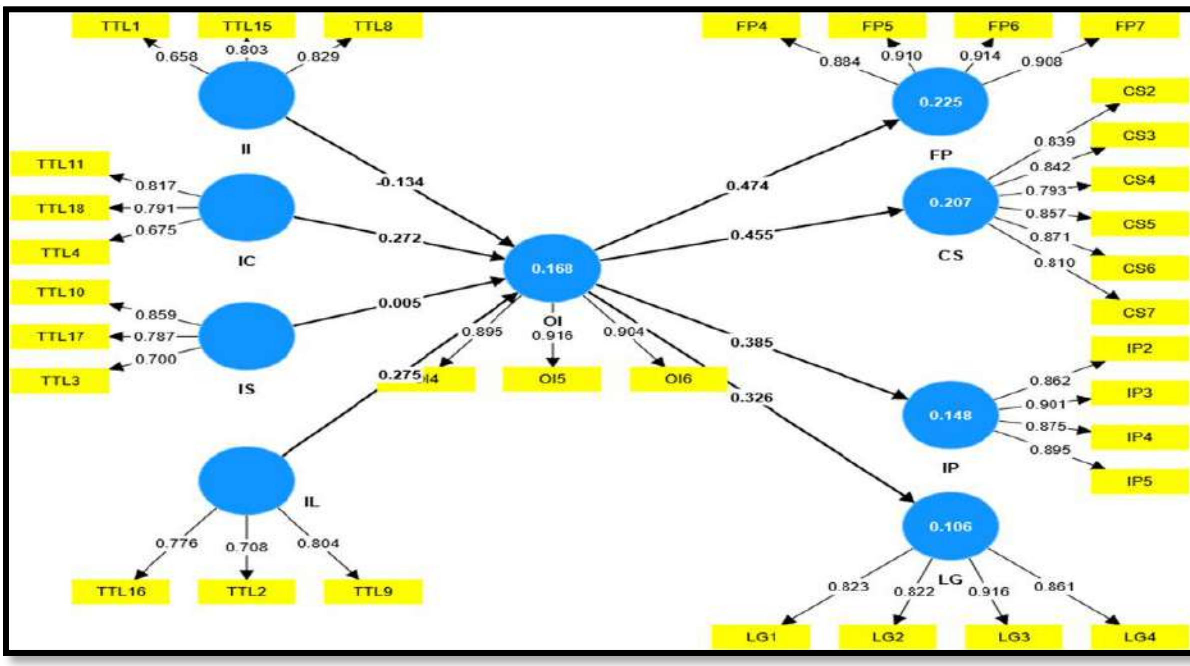

Figure 2: Path analysis

Sources: Authors' compilation based on data analysis results.

The results in Figure 2 show path coefficients ranging between -0.134 and 0.474. IC(β = 0.272), and IM (β = 0.275) exert positive influences on OI. OI has a significant impact on CS. (β = 0.455), FP (β = 0.474) and IP (β = 0.385) and LG (β = 0.326). However, II and IS do not influence OI.

Discussion of results

The study investigated the relationship between transformational leadership practices, OI, and the performance of a UoT in South Africa using the balanced scorecard. The results in Table 3 show that six hypotheses (H2, H4, H5, H6, H7, and H8) were accepted, while two hypotheses (H1 and H3) were rejected.

Table 3: Results of PLS hypotheses testing analysis

Hypothesis	Path (From-to)	Path Coefficient	T- values	P values	Hypothesis test result
H1	II -> OI	-0.134	1.349	0.177	Rejected
H2	IM -> OI	0.275	2.662	0.009***	Accepted
H3	IS -> OI	0.005	0.063	0.950	Rejected
H4	IC -> OI	0.272	3.132	0.002***	Accepted
H5	OI -> CS	0.455	10.975	0.000***	Accepted
H6	OI -> FP	0.474	11.849	0.000***	Accepted
H7	OI -> LG	0.326	6.645	0.000***	Accepted
H8	OI -> IP	0.385	8.631	0.000***	Accepted

Source: Author's compilation

Discussions of Hypotheses Results

Transformational leadership practices and organisational innovation

The results show that II has an insignificant negative influence on OI (β=-0.134; t=1.349, p=0.177). This result implies that II does not predict organisational innovation in UoTs. Therefore, the hypothesis (H1) is rejected. The above results are consistent with a previous study conducted by Audenaert and Decramer (2024), which indicates that idealised influence does not promote organisational innovation. Despite II's ability to motivate employees and foster a conducive atmosphere, the practice may sometimes fail to encourage the development of creative and innovative skills. The results contradict Gui *et al.* (2024), who found that the II practice is fundamental in enhancing innovation. Idealised influence has the potential to promote innovation, motivate employees and foster an enabling environment (Zhu and Huang, 2023). This implies that leaders who exercise II tend to possess astonishing competencies, risk-taking, tenacity, and purpose that encourage creative ideas, thereby nurturing an innovative spirit within organisations. This study shows that UoTs within South Africa are no exception to this dynamic. The study's results also suggest that leaders within UoTs in South Africa should demonstrate those traits linked with idealised influence to promote innovation. These traits include trust, confidence and being admired by employees. Once employees are exposed to these traits, their desire to be innovative will be enhanced, benefiting the UoTs.

The results also indicate a significant relationship between IM and OI (β=0.275; t=2.662, p=0.009). This result validates the hypothesis (H2) that intellectual stimulation positively and significantly influences organisational in South African UoTs. This result is in line with previous studies (Rad, Shahi and Fazeli 2021; Zhu and Huang, 2023), which found that leaders who demonstrate IM behaviours have a propensity to stimulate innovation. Such leaders encourage followers to view obstacles as opportunities and think of new, innovative ways of solving problems using logic and reasoning. The results showed that IM encourages creative ideas that promote innovation within the UoTs in South Africa. The traits associated with IM include new ways of thinking, harnessing a team's creativity to respond to change, challenging assumptions, taking risks, soliciting employees' ideas, and recognising them through stimulation and creativity (Rad *et al.*, 2021). Therefore, South African UoTs, employees, management, and other relevant stakeholders may benefit from the ability of leaders to demonstrate IM traits as these tend to instil innovative and creative capabilities to build critical thinking and problem-solving skills.

The results show no relationship between IS and OI (β=0.005; t=0.063, p=0.950). The result of the current study contradicts the mainstream literature. For example, a study by Khan *et al.* (2020) found that IS practices are essential in influencing innovation in institutions of higher learning. Likewise, Arokiasamy, Maheshwari, and Nguyen (2022) posit that innovation in higher education institutions (HEIs) is achieved when leaders display traits. These traits include provoking employees' imagination and thoughts, stimulating their ability to identify and solve problems creatively, and encouraging creativity, curiosity, and critical thinking. This result implies that practising transformational leadership (IS dimension) does not contribute to innovation within UoTs. Universities in South Africa must comply with the Higher Education Act (HEA) and other Department of Higher Education and Training (DHET) regulations. These laws and regulations are rigid, and some need to be updated because they do not encourage transformational thinking in university leadership. They are sometimes viewed as an obstacle to IS, thereby influencing a negative mindset regarding innovation and creativity in HEIs. Hence, leaders in UoTs would be able to encourage innovation using other suitable leadership practices that are distinct from the laissez-faire approach.

The path analysis also reveals that IC positively influences OI (β=0.272; t=3.132, p=0.002). The result is consistent with previous studies that confirm that practising IS as a transformational leadership dimension can lead to higher levels of innovation in organisations (Arokiasamy *et al.,* 2022; Kucharska and Rebelo, 2022). Transformational leaders articulate a vision that inspires and appeals to employees about future goals that give meaning to the current tasks. This, in turn, motivates employees to be more creative in their work. In support, Howell *et al*. (2022) found that transformational leaders empower and provide an innovative climate for their followers through IC practices. Kucharska and Rebelo (2022) further show that leaders with IC traits (inspiration, motivation, harmony, and charity) enhance followers' self-efficacy, motivation, and innovation. Likewise, within the context of UoTs in South Africa, a transformational leadership style may inspire employees to achieve organisational goals through innovation.

Organisational innovation and performance

As expected, the results indicate a significant positive relationship between OI and CS in South African UoTs (β=0.455; t=10.975, p=0.000). The result is supported by previous studies (Reda, 2017; Kuma *et al*., 2023; Nguyen *et al*., 2023), which establish that innovation is an essential tool for enhancing the CS dimension of service quality. Likewise, Reda (2017) found a connection between innovation and customer (student) satisfaction at a selected university in the UK. Moreover, Iqbal *et al.* (2019) concluded that innovation significantly improves performance in HEIs as it can lead to increased research productivity, student satisfaction, curriculum development and responsiveness to environmental challenges. This, in turn, leads to positive word-of-mouth referrals to potential customers.

The results of this study point to the importance of UoTs' innovation as a tool to enhance the satisfaction of customers. While students may be identified as the primary customers of a university, other stakeholders such as alumni, communities, industries, communities of practice and employees may also be classified in the same category (Carvalho and Yorddanova, 2019). The satisfaction of these customers depends, among other things, on innovative solutions. South African UoTs need to embrace creative ideas as these further drive their capabilities in value creation and improving customer satisfaction. Therefore, innovation changes the way things are done, and it is facilitated by novel technology. Such changes are aimed at satisfying the growing section of the market (university students) who are currently either not satisfied with the existing offers or those who are currently not served.

The results confirm a significant relationship between OI and FP (β=0.474; t=11.849, p=0.000). The results are confirmed by previous scholars who assert that improved FP results from adopting new technology, creativity, and innovation within the HEIs (Chugh *et al*., 2023; Marczewska, Weresa and Lachowicz, 2023). This result is also in accordance with the findings of Namono *et al*. (2023), who found that innovation is a significant factor in organisations' financial and economic performance. In addition, Marczewska *et al.* (2023) also reported that universities hold organisational innovation as an essential consideration in their financial performance. The positive relationship is attributed to the fact that HEIs in South Africa have embarked on learning management systems (LMS) during the COVID-19 period. These LMS enable lectures and meetings to be virtually conducted, thereby saving on office costs. Therefore, as an institution increases its innovation outputs, it will perform better financially. This means that innovation output directly influences the universities' financial well-being by improving profits, cutting down costs sales and increasing student enrolment. This enabled these HEIs to reduce costs, thereby improving their FP.

The path analysis shows a positive and statistically significant relationship between OI and LG (β=0.326; t=6.645, p=0.000). This result aligns with previous studies, which posit that innovation influences learning in those new methods, processes, and strategies, enhancing institutional learning effectiveness (Ruhviyanti *et al.,* 2023; Rezaee *et al*., 2022). Sciarelli *et al.* (2020) reiterate that innovation is also vital to HEIs because it can help revise programmes, improve the institution's problem-solving ability, and enhance applied research. Likewise, this study confirms that LG in UoTs is an outcome of innovation and that institutions that are centres of the latter are likely to flourish.

Lastly, the results indicate that OI exerts a positive and statistically significant influence on internal processes (β=0.385; t=8.631, p=0.000). The results of the present study are supported by several previous studies which concluded that innovation promotes activities that create or improve the institution's processes (Mio *et al*., 2022; Rubio-Andrés *et al.,* 2022; Sauri *et al.,* 2023). They further found that innovation realigns internal administrative processes related to the organisation's work activities and its management; it fosters new management systems and staff development programmes. These results imply that innovation is instrumental in the improvement of internal processes in UoTs. With such strides, UoTs can survive in the competitiveness, uncertainty, and volatility that characterise today's South African higher education environment.

Conclusions and practical implications

This study investigated the relationship between transformational leadership dimensions OI and performance (balanced scorecard elements) in South African UoTs. Data were collected from 387 academics and non-academic professional staff from the three selected UoTs in South Africa. The first part of the path analysis tested the impact of transformational leadership practices and OI. Two transformational practices, namely IM and IC, positively influenced OI. However, the other practices, that is, II and IS, did not have a significant impact on OI. The second part of the path analysis tested the relationship between OI and balanced scorecard performance measures. The results yielded a positive and significant relationship between OI and all performance measures: CS, FP, IP, and LG. The study concludes that although existing literature confirms the positive influence of transformational leadership practices on OI, only some of these dimensions are important drivers of OI within the South African UoTs. It is essential to establish the exact relationship between specific transformational practices and intended innovation initiatives in different UoTs. In this case, only the employment of IM and IC leadership dimensions by UoTs in South Africa can cascade to positive results realisable through improvements in OI and, in turn, positively influence performance.

The study provides practical solutions to improve the performance of UoTs in South Africa and other HEIs. This performance is based on applying certain leadership styles (in this case, TTL) and innovation. This study also provides management in UoTs with several approaches to improve stakeholder welfare and competitive advantage, leading to improved performance. Firstly, the study is essential to UoTs because it offers information on the significant aspects of leadership that stimulate innovation. These are IM and IC. Therefore, UoTs can place more emphasis on these leadership practices for improved innovation and overall performance.

Greater attention should be directed to IM and IC, which exert more influence on innovation than the other leadership aspects. Secondly, the study suggests the importance of innovation for enhancing performance in a UoT. The study shows that innovation is directly related to various aspects of performance in a UoT. These aspects include financial performance, customer satisfaction, internal growth, internal processes, learning, grants, and income. As such, UoTs that intend to increase their performance in these areas should consider stimulating their innovation efforts. Additionally, innovation is an essential consideration in performance-related diagnoses in UoTs. The study indicates that when attempting to address performance-related problems in UoTs, assessing the level of innovation is worthwhile.

Regarding policy implications, the study can enable UoT regulatory authorities such as the CHE, DHET, and SAQA to formulate public policy regarding innovation and performance. Commercialising university research and innovations is a central part of knowledge-based institutions. However, at the same time, UoTs can also realise that commercialising innovation is a very challenging process, especially for start-up innovating institutions that face several barriers in the financing, technological, managerial, regulatory, administrative, and other spheres. The focal role of public policy in this regard is to ensure that a conducive environment prevails in UoTs to support innovation. The judicious application of suitable leadership styles is a central part of this process, as the current study shows.

Limitations and suggestions for future research

The study provided important insights into the hypothesised relationships between TTL, organisational innovation and BSC (performance) in UoTs in South Africa. However, despite its contributions, the study has a few limitations that can be highlighted. The first limitation is that the study did not test the moderating effects of factors such as respondents' positions in their respective UoTs, their departments, and remuneration. It would have been more prudent to check how such factors impacted the hypothesised relationships, which could have provided further analyses and insights. In addition, the scope of the study is limited to three selected UoTs in South Africa. Including all UoTs in South Africa would be interesting as this is likely to yield more comprehensive results. Another area for improvement is that the study was purely quantitative, which limited the data collection to using survey questionnaires only, without room to use other data methods such as interviews and participant observation. Since the current study utilised the quantitative methodology, a different view would be to perform similar research using a mixed-method approach, which combines both qualitative and quantitative approaches. A mixed method would provide a comprehensive picture of the relationships under consideration in this study.

Future research could also consider other leadership practices, such as distributed, participative, supportive, instrumental, autocratic, democratic and servant leadership styles, all of which were excluded from the present study. Additionally, similar studies could be conducted using performance management frameworks other than the BSC. It might also be worthwhile for future studies to test the moderating influence of categorical factors such as gender, qualifications and work experience on the same relationships tested in the present study.

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FACTORS IMPACTING THE PERFORMANCE OF FEMALE SUPERVISORS IN THE COAL MINING INDUSTRY

Thembeka P. Thobedi[1]

Johannesburg Business School, 69 Kingsway Ave, Auckland Park, Johannesburg, South Africa, pamthobedi@gmail.com

Lebogang Mosupye-Semenya [2] [0000-0002-2524-3661]

Johannesburg Business School, 69 Kingsway Ave, Auckland Park, Johannesburg, South Africa, Lebogang.Semenya@jbs.ac.za

ABSTRACT

The study aimed to identify the factors impacting the performance of female supervisors in the mining industry. A qualitative research study, with in-depth interviews, was conducted using purposeful sampling, chosen for its ability to provide rich data from participants' personal experiences. The findings indicated that gender stereotypes, cultural norms, lack of confidence and assertiveness, discrimination in decision-making, and especially the absence of mentorship or peer support all negatively impacted the performance of female supervisors. Key supportive factors emerging from the research were mentorship, coaching, and training. These findings inspired the development of the maNdlovu Thobedi Conceptual Framework, which illustrates the factors negatively impacting female supervisors' performance and identifies supportive measures. This framework can be utilized by the mining industry and adopted by other sectors to improve female supervisor performance and promote gender equality.

Keywords: female supervisors, performance, support factors, mining industry

INTRODUCTION

In Chapter 2 (9), the Constitution of South Africa provides for gender equality. Policies such as Employment Equity aim to ensure that organizations achieve equitable representation of employees from designated groups, utilizing affirmative action measures (Labour Guide, n.d.) and promoting the advancement of females into leadership positions. However, female supervisors in the mining industry face challenges that potentially impact their performance negatively.

Mine 1's organizational strategy for FY24 was to develop supervisors with knowledge and skills that translate into a competent workforce. Key performance indicators for FY23 indicated that supervisors were performing poorly in their current roles. Among the female supervisors, 72% received a performance rating below 80%. The study intended to identify factors that impact the performance of female supervisors in Mine 1 to assist them in improving their performance.

The paper provides an overview of the study and its findings, including an outline of the company, the dilemma statements and questions, and a literature review. The results and discussions will be integrated to present a cohesive analysis of the findings. The paper will conclude with the theoretical implications, practical recommendations, and a conclusion.

BACKGROUND

The study was conducted at a large mining company with 1,369 employees. At the time of the study, thirty-nine female supervisors were at Mine 1, which constituted 2.8% of the total employees. The study focused on 16 female supervisors, each with three or more direct reports, who are in Mining (Exploration), Technical Services (Planning and development), Engineering, and the Services department (Business Improvement and HSES).

PROBLEM STATEMENT

The identified problem at Mine 1 was that female supervisors were performing poorly, which negatively impacted the organization's performance. In the financial year of 2023, only 28% of female supervisors received a satisfactory rating higher than 80%, with 72% performing below 80%.

RESEARCH QUESTIONS

To address the problem faced by Mine 1, the study aimed to answer two research questions:

Research Question 1: What factors positively or negatively impact the performance of female middle managers (supervisors) at Mine 1?

Research Question 2: What solutions can be implemented to improve the performance of female supervisors?

These questions were explored through nine sub-questions aimed at gaining an understanding of factors impacting the performance of female supervisors and identifying support factors that can assist women in the mining industry.

LITERATURE REVIEW

Literature related to Research Question 1: What factors positively or negatively impact the performance of female middle managers (supervisors) at Mine 1?

The integration of women into the traditionally male-dominated workforce created many challenges, specifically in the workplace (Botha, 2016). The study aimed to identify the extent to which factors identified by the literature impact the performance of female supervisors in the mining industry, specifically at Mine 1. Existing literature identified eight factors that potentially impact the performance of female supervisors.

Gender stereotypes

Women are perceived as people-oriented and sympathetic, with the assumption that they are not focused on achieving tasks. The way descriptive and prescriptive gender stereotypes are structured impacts the progress of women (Heilman, 2012). These stereotypes dictate what males and females are and should be like, with females viewed through the prescriptive lens instead of what they are in the descriptive. This bias leads to an expectation of how women should be instead of allowing them to be themselves. In the mining industry, for example, if a female supervisor decides to change the plan, she may be perceived as indecisive, but her male counterpart would be perceived as flexible. Gender stereotypes in the mining environment include the expectation that women are not capable or are ill-equipped to handle male-oriented tasks and positions, which puts women at a disadvantage as they are not allowed to be genuinely and wholly themselves (Heilman, 2012). Gender stereotypes emerged pertinently as factors that impact females, preventing them from making an impression and requiring them to present themselves according to societal expectations in order to 'fit in.'

Sub-RQ1: Do gender stereotypes positively or negatively impact the performance of female supervisors at Mine 1?

Cultural norms

Studies have found that women are often seen as unfit because cultural norms portray women as weak, incompetent, and dependent on men, leading to gender bias against women (Bhatti &

Ali, 2020). "Fitting in" is discussed in a study by Benya (2016), who found that cultural norms inform how women present themselves in the workplace. An argument can be made that in the mining industry, female supervisors are pressured to conform, hindering their ability to excel in their roles and meet targets (Benya, 2016). This raises the following questions: Is conforming to fit in a valid reason? How does fitting in affect the performance of female supervisors at Mine 1? These were key concepts that the study aimed to address in identifying whether cultural norms impact the performance of female supervisors at Mine 1.

Sub-RQ2: Do cultural norms positively or negatively impact the performance of female supervisors at Mine 1?

Harassment

With the increase in female participation in the economy and the job market and with more females assuming positions of power, they challenge the status quo. To create a resistant barrier, men retaliate by exerting their masculine power. Folke, Rickne, Tanaka, and Tateishi (2020) indicated higher rates of harassment among women who have advanced and have been appointed to supervisory positions. The study will seek to determine if the female supervisors at Mine 1 experience harassment in the workplace.

Sub-RQ3: Does harassment impact the performance of female supervisors at Mine 1?

Lack of confidence

Research indicates that organizations, particularly those that are male-dominated, are still gendered, and females do not recognize their potential but would instead, more often, give credit to their male colleagues. Cultural norms typically portray females as incompetent, expected to be submissive, and to show respect to males even if they are equals in the workplace. As a consequence, women select less challenging tasks and refrain from exploring their full potential in demanding roles because they lack self-confidence and doubt their capabilities (Shinbrot et al., 2019). Males dominate the mining industry, with females vastly underrepresented. Hence, there are fewer females to climb the corporate ladder, and the risk of poor performance increases because of fewer female colleagues to network with and from whom to receive support. The study sought to determine if the lack of confidence impacts the performance of female supervisors at Mine 1.

Sub-RQ4: Does lack of confidence positively or negatively impact the performance of female supervisors at Mine 1?

Lack of assertiveness

In South Africa, especially in African culture, women are taught to be submissive instead of assertive, and that they should refrain from displaying self-assurance. Despite these challenges, women have demonstrated that they are ready and willing to take on leadership positions (Athanasopoulou et al., 2017). Successful female leaders, including those in the minority at Mine 1, demonstrate this readiness. For example, 28% of female supervisors received a good performance rating.

Sub-RQ5: Does lack of assertiveness positively or negatively impact the performance of female supervisors at Mine 1?

Inability to handle their emotions

The perceptions of colleagues and management towards leaders are crucial. A study conducted in Indonesia confirms that women generally struggle in male-dominated environments, and specifically, their level of emotional intelligence impacts their performance. Duan, Asif, Nik Mahmood, and Wan Zakaria (2022) supported this assertion and found that female supervisors with an increased level of emotional intelligence often demonstrate higher performance levels. On the other hand, female supervisors who cannot manage their emotions often feel overwhelmed, are impulsive, and at times demonstrate episodes of angry outbursts, which affect good relations. Factors that impact female supervisors more negatively than their male counterparts are often based on subjective interpretations. Hence, it is essential to determine objectively if these factors affect female supervisors at Mine 1.

Sub-RQ6: Does the inability to handle emotions positively or negatively impact the performance of female supervisors at Mine 1?

Discrimination in decision-making

While gender equality claims to benefit organizations, females are under-represented in decision-making positions globally (Profeta, 2017). Keohane (2020) notes that although more females are assuming leadership positions in many organizations across most countries, some are yet to be in positions of authority. The empowerment of female supervisors in decision-making positions will improve their performance, resulting in improved production performance and, ultimately, favorable financial returns. Hence, the study attempted to establish the impact of discrimination against female supervisors in decision-making at Mine 1.

Sub-RQ7: Does discrimination in decision-making positively or negatively impact the performance of female supervisors at Mine 1?

Lack of mentorship/peer support

Not having access to organizational networks can hinder the performance and growth of female supervisors (Athanasopoulou et al., 2017). The lack of peer support for females may be exacerbated by the fact that men predominantly advance to leadership positions, creating a shortage of women in leadership roles (Born et al., 2018). This results in a limited resource pool to form networks, get peer support or gain coaching and mentorship. Females have leadership talent, and the appropriate level of mentorship can build their capabilities. Support from their peers can assist in developing the skills required to perform optimally in leadership roles. According to the World Economic Forum (2016), female talent has been identified as one of the most underutilized business resources. High-potential women, compared to their male counterparts, often receive excessive mentoring, which eventually hinders their career advancement. Additionally, lack of sponsorship significantly reduces their chances of appointment or optimal performance within their roles (Athanasopoulou et al., 2017). The question, therefore, is if the lack of mentorship or peer support can be a factor that impacts the performance of female supervisors at Mine 1.

Sub-RQ8: Does the lack of mentorship or peer support positively or negatively impact the performance of female supervisors at Mine 1?

Literature related to Research Question 2: What solutions can be implemented to improve the performance of female supervisors?

Support in the workplace takes many forms. Zheng et al. (2015) found that appreciation, identification, and praise of capabilities, encouragement, and coaching represent positive supervisor development. On a global level, it is expected of women to hold a subordinate status to men in both society and the workplace, and if this is the view they hold, it could cause female supervisors to struggle to step up to their roles and meet performance goals (Xiang et al., 2017). The role of supervisors requires them to meet their own performance goals, which is an area of concern at Mine 1 because female supervisors are seen to be non-performing (N. Janse van Rensburg, personal communication, June 15, 2023). The study aimed to gather information from female supervisors about the type of support they believe could assist them in improving their performance. *Sub-RQ9: What support can assist female supervisors at Mine 1 to improve their performance?*

Frameworks such as Social Cognitive Theory may offer insights into how female supervisors' self-efficacy impacts performance in mining. However, broader cultural frameworks like Hofstede's may be less applicable due to their focus on national averages, which may not accurately reflect the specific challenges faced by women in mining contexts. In the absence of a framework that could be adapted, the research study explored a proposed conceptual framework to determine if the factors identified by the researcher positively or negatively impacted the performance of female supervisors, as depicted in Figure 1 below.

The research study explored a proposed conceptual framework to determine if the factors identified by the researcher had the potential to impact the performance of female supervisors positively.

METHODOLOGY

For this research, the researcher decided that the qualitative research method would be the most suitable to understand the factors impacting female supervisors in the mining industry (Ugwu & Eze, 2023). Interviews are helpful qualitative research tools because they allow data to be gathered directly from participants and provide the researcher with the opportunity to facilitate the exploration of the participant's experience and gain a deeper understanding of the subject as a result. The study intended to answer nine sub-research questions. These questions were asked according to purposeful sampling during the interviews, with participants articulating and reflecting on their experiences. The target participants were willing to share information on their personal experiences that would aid in answering the dilemma questions to obtain insightful reflections. The study achieved an emic perspective on the impact of the female supervisor's first-hand experience.

The interviews were conducted at Mine 1 during working hours, taking care to uphold all ethical considerations. To obtain accurate data, sixteen face-to-face in-depth interviews, averaging 25 minutes each, were held (Ugwu & Eze, 2023). The interviewer thanked each participant at the end of the interview. Interviews were transcribed and then coded using ATLAS.ti with the aim to identify patterns and gain a collective understanding of which factors impact the performance of female supervisors in the mining industry. Coding was limited to thematic analysis to answer the research questions.

RESULTS AND DISCUSSION

Participants

The majority of the participants of the study were supervisors with less than ten years' experience (82%) while the rest were those with more than ten years' experience (18%). This assisted in determining if their experiences were different and if the factors had a positive or a negative impact on their performance.

Research question 1: What factors positively or negatively impact the performance of female middle managers (supervisors) at Mine 1?

Gender stereotypes *Sub-RQ1: Do gender stereotypes positively or negatively impact the performance of female supervisors at Mine 1?*

The study found that gender stereotypes affected 69% of female supervisors negatively, while six per cent (6%) believe that gender stereotypes exist but do not impact them directly. The remaining 25% were of the view that gender stereotypes do not exist at Mine 1. Although not the focus of the study, it also found that African female supervisors experienced gender stereotypes more than white females. Gender stereotypes still exist in the mining industry and have a negative impact, as well as being more prevalent in executive positions:

> *Participant M: "I've seen it especially in the execution positions where the working environment is pretty tough."*

Gender stereotypes could cause female supervisors to become despondent and give up, but they could also encourage others to work twice as hard.

Cultural norms *Sub-RQ2: Do cultural norms positively or negatively impact the performance of female supervisors at Mine 1?*

The study found that cultural norms exist and impact the performance of female supervisors negatively, as reported by 63% of participants. The participants indicated that this informs how they present themselves at work. The study also found that men, particularly African men, still expected females to 'respect' them while females struggled to discipline men or hold them accountable:

> *Participant A: " They (men) still feel like you should submit."*

Most of the African females indicated that the expectation of African men is that females need to address them in culturally acceptable ways and not call them by their first name:

Participant Q: " You have to speak to them in a certain way and even if you give instructions, it's easier for them to feel disrespected."

Benya (2016) found that females are culturally groomed to "fit in", for example, some African men still insist to be addressed as elders which influences the female supervisors to assert themselves when in a position of authority. Cultural norms still exist in the mining industry and impact the performance of female supervisors negatively.

Harassment *Sub-RQ3: Does harassment impact the performance of female supervisors at Mine 1?* According to Folke et al. (2020), between 30% and 100% of females were likely to experience sexual harassment in the workplace. The findings of this study indicated that 69% of the females believed that harassment exists, while 62% had not experienced it personally but had heard other females, mainly in lower positions, did, and 38% did experience harassment. The study also found that 33% of those impacted experienced sexual harassment from men, and 67% experienced verbal harassment from other women:

Participant C: "I was harassed verbally by a woman."

Harassment impacts assertiveness and, in turn, performance. Though the study found the negative impact to be less at Mine 1, the mining industry cannot ignore the likelihood of both sexual and verbal harassment among its staff. The study found that harassment does not impact the performance of female supervisors at Mine 1.

Lack of confidence *Sub-RQ4: Does lack of confidence positively or negatively impact the performance of female supervisors at Mine 1?*
Lacking self-confidence is one of the reasons that women struggle in leadership positions (Herbst, 2020). This study found that 50% of the supervisors believed they were confident in their roles, and 50% indicated that they lacked confidence. Those lacking confidence indicated, though, that there was an improvement since they started in their roles because they have gained experience:

Participant A: "I am a lot of confident than I used to be, so there's a gradual increase in that."

The study also found that most of the supervisors possessed the skill to present themselves as confident:

Participant E: "I present myself as confident."

Some of the participants indicate that they are always nervous and often struggle when required to express themselves:

Participant I: "I run out of words if I want to express my feelings."

Women raised to adhere to cultural norms are more likely to present as lacking in confidence. Cultural norms typically expect women to be respectful and not voice their opinions. Shinbrot et al. (2019) found that this causes women to refrain because they doubt their capabilities. Experience is gained hands-on; hence, women should be open to displaying confidence once they are fully knowledgeable about the subject. Their holding back is an indicator of how societal and cultural norms impact the mind and inhibit the ability of females to express themselves:

Participant A: "It's way back then, the things you were told when you were young."

The mining industry must devise strategies to assist women overcome what they were taught as children to assist them improve their confidence. The study found that lack of confidence negatively impact the performance of female supervisors at Mine 1.

Lack of assertiveness *Sub-RQ5: Does lack of assertiveness positively or negatively impact the performance of female supervisors at Mine 1?*
Females struggle to communicate their thoughts and opinions in a positive and confident fashion. The study found that 69% of female supervisors lack assertiveness, which results in a negative impact on their performance, as they are reluctant to stand their ground in critical conversations. In the mining industry, where both males and females are expected to make the same decisions, the interpretation of such is at polar ends, with decisions taken by females seen as insignificant (Heilman, 2012):

Participant L: "I've been in a meeting where I was the only female and sometimes you would feel like your opinions are not takes serious until someone else would concur what you're saying…you find yourself keeping quiet."

The study found that female supervisors lacked assertiveness, and this impacted their performance negatively.

Inability to manage emotions *Sub-RQ6: Does the inability to handle emotions positively or negatively impact the performance of female supervisors at Mine 1?*
According to Duan et al. (2022), females with an increased level of emotional intelligence demonstrate higher performance levels. The study found that 69% of female supervisors were able to self-regulate their emotions, although some indicated that they sometimes needed a private space to vent and collect themselves:

Participant F: "I would rather go somewhere, in an office and breathe, but I don't show emotions in front of people because they might judge me."

Women must be intentional in regulating their emotions:

Participant A: "Then after everybody had left the office and there was some quiet, I went to the bathroom and cried myself a good couple of tears, and I felt a little bit better."

The study found that female supervisors are able to handle their emotions, and emotions do not impact their performance.

Discrimination in decision-making *Sub-RQ7: Does discrimination in decision-making positively or negatively impact the performance of female supervisors at Mine 1?*

This study found that 63% of female supervisors were not discriminated against in decision-making, and only 31% indicated that discrimination in decision-making had a negative impact on their performance, with some indicating that they received support to make decisions:

Participant E: "They give you your space to make decisions."

This was not the view held by all participants, though, as this striking comment illustrated:

Participant K: "To be honest with my experience, I feel like as a woman, you can be given a position and not have a seat at the table."

The study found that discrimination in decision-making negatively impacts performance. However, this was not prominent at Mine 1. The organization has made great strides in inclusivity and can share valuable lessons with the mining industry at large.

Lack of mentorship or peer support *Sub-RQ8: Does the lack of mentorship or peer support positively or negatively impact the performance of female supervisors at Mine 1?*

Lack of mentorship emerged prominently as a factor that impacts the performance of female supervisors negatively, with 88% of female supervisors citing that they do not have a mentor. Most of the participants eventually designated their supervisors as their unofficial mentors to gain guidance in handling their roles. The study found that a majority of female supervisors were looking for career-related support:

Participant J: "Career-wise I would've been far."

Some participants expressed the need for psychosocial support:

Participant A: "Had I had a mentor beforehand I would have been able to discuss the challenges that I'm probably gonna face with that and get guidance on how to deal with it."

Mentorship can be characterized as career-related support to assist mentees in understanding their careers, as well as psychosocial support to strengthen their identities and experience of competence (Ivey & Dupre, 2020). A majority of the participants indicated that they would want career-related support.

The study also found that 81% of females had a good network of both male and female leaders however most of their network were peers on the same level of leadership. Mentorship and peer support for female leaders should go beyond career advancement and incorporate guidance to navigate the role. The study found that lack of mentorship does exist at Mine 1, and it impacts the performance of female supervisors negatively.

Research Question 2: What solutions can improve the performance of female supervisors?

Sub-RQ9: What support can assist female supervisors at Mine 1 to improve their performance?

Mentorship, coaching, feedback and training emerged as the most common support factors that can assist female supervisors in improving their performance. This aligns with findings in the literature, as Zheng et al. (2015) identified that employee feedback from leaders improves employee performance.

Mentors take an interest in their mentees, serve as a sounding board, challenge their assumptions and encourage them to explore new ways of thinking. Participant K expressed it as follows:

"…and it is hard because you are going to make mistakes. I'm not saying that when you have a mentor, you're not going to make mistakes, but at least they can give you different perspectives on what you are thinking and how you want to approach certain situations.."

Coaches help guide for short-term goals. In the mining industry, coaches can assist females in navigating their roles, especially during their early days:

Participant D: "Let's say hold her hand in everything until she feels confident."

Schnieders (2020) asserts that coaching is best employed in instances where an organization has a specific goal. The goal of Mine 1 is to improve female supervisor performance therefore coaching could yield great benefit. The company can also introduce allyship from male seniors leveraging their privilege to those that have been historically left behind.

Training, such as supervisor development training, can encourage females to be more aware of their innate biases, advance their careers within the organization and promote collaboration and inclusion (Ellevate, 2020).

Other factors that emerged, albeit not as prominently, were confidence building, inclusivity, sharing experiences and stories, innovation and culture change. Based on the study's findings the researcher made theoretical implications and practical recommendations that Mine 1 and the mining industry can adopt to assist female supervisors improve their performance.

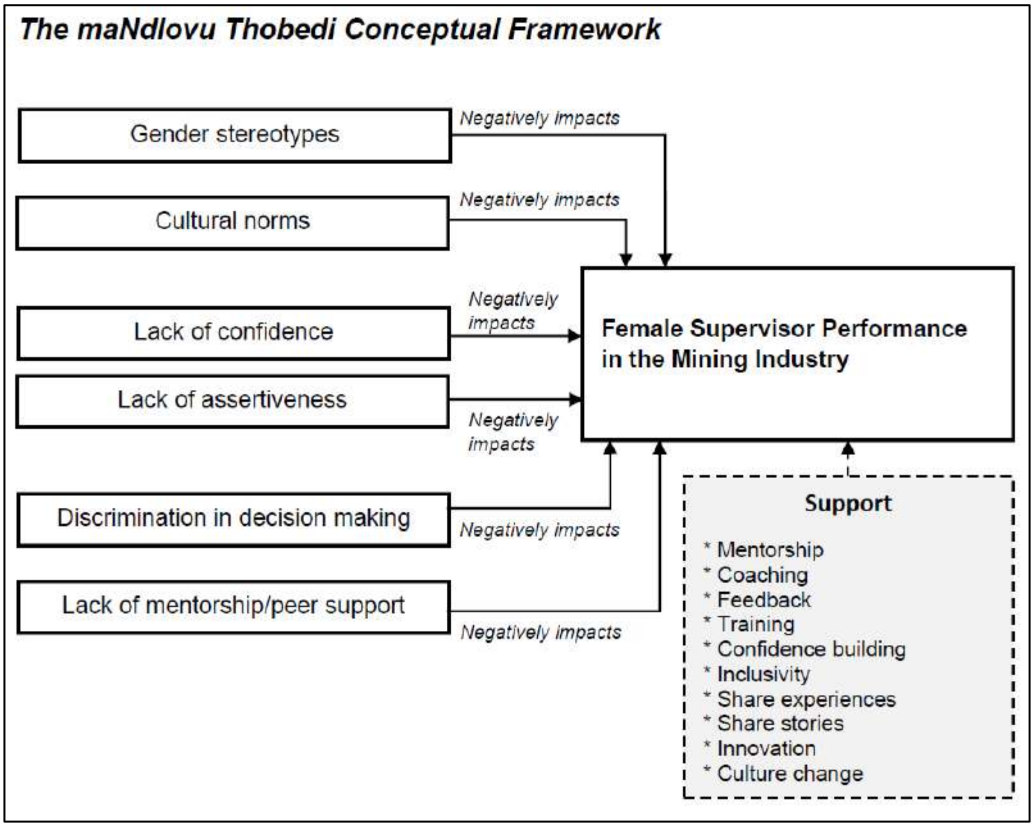
RECOMMENDATIONS

Theoretical implications

The research identified the factors that impact the performance of female supervisors in the mining industry, specifically at Mine 1. It also identified the support factors that can assist female supervisors to improve their performance. As the study intended to identify factors that impact performance negatively with the aim of improving female supervisor performance, the proposed framework adopted only those factors. The support factors identified from the study were then incorporated to develop The maNdlovu Thobedi Conceptual Framework, as depicted in Figure 1 below.

FIGURE 1

THE MANDLOVU THOBEDI CONCEPTUAL FRAMEWORK



Practical recommendations

Based on the findings of the study revealed that gender stereotypes, cultural norms, lack of confidence, assertiveness, discrimination in decision-making, and a lack of mentorship and peer support negatively impact female supervisors' performance in the mining industry, with a particular emphasis on the importance of mentorship, the following recommendations were proposed:

Implementing mentorship and programs, with potential risks including time constraints and financial commitments. The implementation plan involves focusing on performance and development while monitoring progress, with the mitigation plan suggesting piloting the program with underperforming supervisors.

Developing leadership training programs, acknowledging potential risks related to effectiveness. A needs analysis should be conducted, and programs should be tailored accordingly and incorporate stress management and EQ training. Off-site training sessions should be offered to mitigate disruptions, with program effectiveness measured through participant feedback.

Introduction of culture change initiatives and training despite potential challenges such as time constraints and resistance. Mitigation strategies include involving employees in development to drive inclusivity and celebrating the success of female supervisors to create role models.

Introducing peer support networks and recognizing risks related to participation, trust, and relationships. Implementation involves identifying employee champions and creating forums with clear rules of engagement, fostering trust through honest communication, and adapting the program based on feedback.

Providing regular feedback at shorter, with risks including inconsistent and non-developmental feedback. As a mitigation, monthly monitoring and formal feedback solicitation will be implemented, along with introducing monthly reports to top management.

Introducing confidence-building programs and acknowledging potential risks related to cost, effectiveness, and trust. Strategies include implementing public speaking forums, promoting females to lead critical meetings, and establishing allyship partnerships between male and female supervisors. Wellness partners will assist with feedback on public speaking, progress monitoring, and soliciting feedback on the allyship partnerships to ensure program effectiveness.

CONCLUSION

The study set out to identify the factors that impact the performance of female supervisors. It focused on gender stereotypes, cultural norms, harassment, lack of confidence, assertiveness, the inability of female supervisors to manage their emotions, discrimination in decision-making, and lack of mentorship and peer support as key concepts that potentially impacted the performance of female supervisors. The theoretical implications that emerged from the study were the identification of factors existing at Mine 1 that have a negative impact on the performance of female supervisors.

These factors are gender stereotypes, cultural norms, lack of confidence and assertiveness, discrimination in decision-making, and lack of mentorship. These findings inspired the creation of the novel Ma-Ndlovu Thobedi Conceptual Framework, contributing valuable insights to the existing body of knowledge. The mining industry is mandated to uphold gender equality as stipulated by Chapter 2 (9) of The Constitution of South Africa and actively promote the advancement of females into leadership positions. The factors identified by the study and the recommended solutions can ensure that female supervisors in the mining industry perform to and above the required standards.

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TOP 10 COMPANIES LISTED ON THE JSE: WHAT IS THEIR SENSE OF GOOD BUSINESS?

Prof T Botha, University of South Africa, Department of Business Management

Dr J Botha, University of South Africa, Department of Human Resource Management

ORCID ID: https://orcid.org/0000-0003-3178-2269

ABSTRACT

Human rights, global warming, corruption, biodiversity, labour rights, fair competition, community well-being, and responsible sourcing are only a few issues that contemporary managers, governments, and societies face. Business managers, especially those managing large multinational corporates, should play a crucial role in addressing these challenges and a responsible approach to management is one way of doing so. The purpose of this study is to investigate the sense of responsible management in the strategic direction of the top 10 companies listed on the Johannesburg Stock Exchange (JSE) by market capitalization. The research questions driving this study were as follows: what is the sense of responsible management that can be identified in the strategic direction of the top 10 companies listed on the JSE by market capitalization, as indicated in the 2023 integrated and annual reports and 2024 website information? (primary research question), and what is the sense of sustainability, responsibility, and ethics of the top 10 companies listed on the JSE as indicated in their 2023 integrated and annual reports and 2024 website information? (secondary research question). A qualitative research methodology, utilizing document analysis as data-gathering method, was used. The key finding of the study is that the top ten companies listed on the JSE have a good sense of responsible management as evidenced by their strategic intent. These companies illustrate their competence to balance social, environmental, and economic impacts over time; realize stakeholder responsibilities and create value for all stakeholders, stressing the importance of community-building competencies and social-issues awareness; and engage in ethical decision-making and behavior. The market capitalization of these companies is almost 12 times the Gross Domestic Product of South Africa during the same period of investigation, which indicates the power of such companies. The significance of the research results lies in the evidence that the top 10 companies succeed in balancing power and their responsibility by considering the greater good, even beyond the interests of shareholders, and that they contribute to sustainable and inclusive socio-economic development in the country.

1. INTRODUCTION

Humanity is facing existential environmental and social challenges. Extreme weather events, natural disasters, failure of climate change mitigation and adaptation, water crises, cyberattacks, biodiversity loss and ecosystem collapse, food crises, and man-made environmental disasters are amongst the most dangerous threats to human well-being and safety, as identified by the World Economic Forum's annual assessment of global risks (World Economic Forum Global Risks, 2018). Today, 878 233 643 people in the world are undernourished (of which 3 500 000 are in South Africa representing 6.10% of the population) and one in four people do not have access to safe drinking water (Ritchie *et al* 2024; Worldometer, 2024). Business managers can and should play a crucial role in addressing these challenges. This requires responsible managers who are competent to start, manage, and maintain a sustainable, responsible, and ethical business. Responsible businesses will lead to a responsible industry, which will create a responsible socio-economic system and eventually world society (Laasch and Conaway, 2015). This study investigates the sense of responsible business of the top 10 companies listed on the JSE. A brief literature review is provided, followed by the problem statement; research objectives, methodology, and results; and practical managerial implications and recommendations.

2. LITERATURE REVIEW

2.1 Evolution of management theory to responsible management

What is the best way to manage a business? This is the question that management and management scientists and researchers have been attempting to answer for many years. Although *Management* as a field of study may be just 135 years old, management ideas and practices have been used from the earliest times and recorded in history (Williams, 2013).

Having flexible working hours, working remotely, or having 08:00 to 17:00 office hours and working in a digitized era, are things that we associate with today's world of work (Williams, 2013). Work was not always this way - the design of jobs and businesses has changed dramatically over the last 500 years. In 1720, almost 80% of the 5.5 million people in England lived and worked in the countryside, and in 1870, two-thirds of Americans earned their living from agriculture (Williams, 2013). After the first industrial revolution, management theory has evolved continuously as new knowledge became available and approaches were explored. Figure 1 depicts the evolution of management theory since the first industrial revolution.

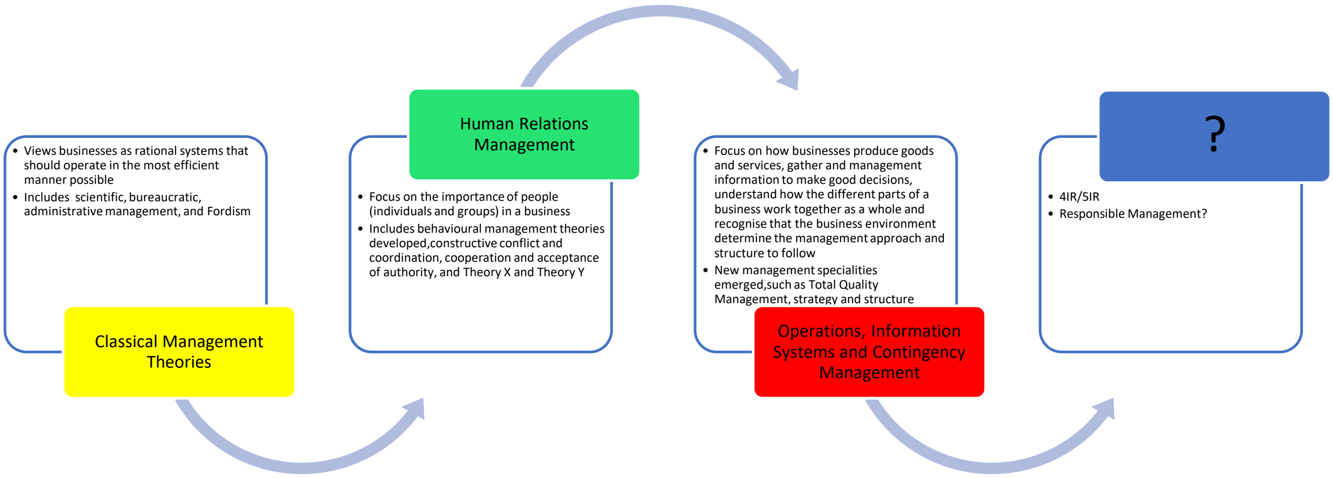

FIGURE 1: THE EVOLUTION OF MANAGEMENT THEORY

Source: Authors' own construction

Past approaches to management have been blamed for many of the world's current environmental and social challenges. A new management approach is needed – an approach that addresses these challenges – a responsible approach to business management (Laasch and Conaway, 2015). Responsible management assumes responsibility for the triple bottom line (sustainability), stakeholder value (responsibility), and moral dilemmas (ethics) of a business (Laasch and Conaway, 2015). Responsible management requires managerial competencies from the sustainability, responsibility, and ethics disciplines (Laasch *et al,* 2021):

- ***Sustainability competence***: This refers to the competence to balance social, environmental, and economic impacts over time. Management activities must lead to a sound and positive triple bottom line that protects, creates, and sustains social, environmental, and economic business value. Sustainability competence is displayed inter alia in reporting on the organisation's social, environmental, and economic activities and impact (Gherardi & Laasch, 2022).
- ***Responsibility competence***: This refers to the competence to realise stakeholder responsibilities and create value for all stakeholders, stressing the importance of community-building competencies and social-issues awareness. Management activities must lead to the optimisation of value for all stakeholders, instead of the narrow focus on maximising shareholder value. Responsibility competence can be seen inter alia in an

organisation's stakeholder engagement and total responsibility management (Gherardi & Laasch, 2022).

- ***Ethics competence***: Competence is required to engage in ethical decision-making and behaviour, highlighting ethical management like moral judgments and moral courage. Management activities must be morally desirable in both process and outcome. Ethics competence materialises inter alia in an organisation's code of ethics and whistleblower initiatives (Gherardi & Laasch, 2022).

The above three domains of responsible management are highly interrelated, complementary to each other, and even, in some cases, overlapping. With the emergence of the responsible approach to management, these domains create an important basis for a responsible business (Cullen, 2020). It is important to note that adopting a responsible approach to management does not mean that all the traditional approaches become null and void. Traditional approaches can still provide many insights for responsible management – they can provide insights into managerial practices to avoid as well as practices on which management can build (Laasch and Conaway, 2015). In addition, the adoption of a responsible approach to management will not be achieved overnight. The decision to go the responsible management way implies a desire for long-term change supported by a responsible strategic intent, long-term strategies, business initiatives, and future-focused decision-making (Sobczak and Mukhi, 2015).

2.2 Drivers of responsible management

Responsible management has become a new mainstream approach to management and strategic imperative (Lubin and Esty, 2010). Businesses and whole industries are experiencing times of swift shift toward more sustainable, responsible, and ethical practices (Laasch and Conaway, 2015). There are various drivers of responsible management activities. Table 1 provides some of these drivers (Botha *et al* 2023).

TABLE 1

DRIVERS OF RESPONSIBLE MANAGEMENT

Driver	Explanation
Responsible consumers	There is an increasing tendency for consumers to care about responsible businesses and to buy responsibly sourced and manufactured products.
Responsible sourcing	Business partners are equally accountable for ethical behaviour and sustainability during the supplying, purchasing, manufacturing, and retailing of goods and services.

Responsible employees	Employees increasingly prefer to work for responsible businesses, which uphold high values with a social purpose and value accountability.
New markets and the business case	Entering new markets is only one of many tangible economic benefits to be derived from practicing responsible business. Other benefits include the attraction, motivation, and retention of employees; cost savings; reduced business risk; and increased profitability. These benefits are referred to as the business case for responsible management.
Globalisation	Operating beyond national borders offers businesses opportunities to keep costs low – for example, by operating in countries where labour costs are significantly lower. These measures, although cost-effective and profit-inducing, could have a downside: globalisation may also come at the cost of social and/or environmental and ethical considerations, increasing the need for responsible management.
Advances in technology and transparency	Conducting business in a responsible manner is good for the reputation of a business; conducting business in an irresponsible manner may lead to various losses, first of reputation, then in the value of the brand or even in the business itself.
Increasing corporate power	Businesses have an immense influence in society – especially multinational businesses. As they grow and increase in size, their revenues and returns increase accordingly. With increased returns comes an increase in power and responsibility.
Global business risks	Businesses worldwide are becoming increasingly exposed to global risks, which are all drivers of responsible management activities.
Shared value	There is an immense potential for the co-creation of business value for society and the environment.

The drivers of responsible management have redefined the way businesses compete. The linear throw-away economy, in which products and services follow a one-way trajectory from extraction to use and disposal, can no longer be supported – the environment is simply running out of resources. In addition, unethical business practices negatively affect the business, community, and all other stakeholders. This calls for a responsible approach to the strategic management of a business. The focus of responsible management shifts from the goal of a sustainable competitive advantage to responsible competitiveness, where the latter refers to the achievement of a competitive advantage for a business through the strategic management process, while also creating above-average responsible business performance (Laasch and Conaway, 2015). The point of departure in the quest for responsible competitiveness is the integration of the domains of responsible management in the strategic direction of a business, which is the guiding principles that shape all actions, activities, projects, and decisions of a business. That means the domains of responsible management should be integrated into the following elements of strategic direction: (i) formulating the strategic intent of the business, which includes the formulation of the vision, mission, and values of a business; (ii) formulating strategic goals; and (iii) analyzing of the business environment. The overarching message of responsible strategic direction is that the business environment externally and internally is changing significantly and swiftly throughout all its social, economic, and environmental factors. The strategic direction of businesses needs to follow - responsible management is the new business imperative and must lead to the formulation of new strategic direction and new strategies responding to these changes (Laasch and Conaway, 2015).

3. PROBLEM STATEMENT

The second millennium has not only seen an increase in the number of global issues and crises, but also an increasing interrelatedness and convergence of those crises toward a global mega-crisis triggered by multiple causes (World Economic Forum Global Risks, 2018). Businesses can be neither fully responsible for nor solve all the world's crises (Laasch and Conaway, 2015). However, businesses are powerful in that they have broad discretion in terms of their activities. If business activities are profitable, businesses have access to a wide range of funding possibilities that can be invested in the mitigation issues. In addition, businesses often act globally and are therefore able to provide global solutions. The immense power of big corporates is undeniable (Schaninger *et al*, 2020). Table 2 lists the top 10 companies listed on the JSE by market capitalization as on 20 February 2023 that were investigated. It provides background information on these companies, and when it was founded. It also compares the total market capitalization of these companies with the GDP of South Africa in 2023. As indicated, the total market capitalization of these companies is almost 12 times the GDP of South Africa.

TABLE 2

TOP 10 COMPANIES LISTED ON THE JSE BY MARKET CAPITALISATION

	Company	Market Capitalisation (R '000 000)	Background information	Year founded
1	BHP Group	2,861,300	Australia multinational mining and metals company (primary listing in Australia, secondary listing on JSE)	BHP was incorporated in 1885. Billiton's roots trace back to 1851. In 2001, BHP and Billiton merged.
2	Prosus	2,389,950	Technology investing group (primary listing for ordinary shares on Euronext Amsterdam, secondary listing on the JSE). Majorly owned by Naspers.	Founded in 2015, but only active for 6 years as of 2021.
3	AB Inbev	2,002,350	Primary listing on the Euronext Brussels, and secondary listings on the JSE, Mexico City Stock Exchange, and NYSE.	Artois Brewery was established in 1366, merged with Piedboeuf brewery established in 1812, to form Interbrew in 1987 in Belgium. Ambev is a Brazilian beverages company formed in 1999 and in 2004, Ambev and Interbrew merged, creating InBev. In 2008, InBev acquired Anheuser-Busch, creating Anheuser Busch InBev (AB InBev). In October 2016, merged with SABMiller, creating AB InBev SA/NV.
4	Glencore	1,549,980	Swiss multinational commodity trading and mining company. Primary listing on London Stock Exchange. Dual listing on JSE.	Founded in 1974.
5	Richemont Signatory to the UN Global Compact	1,427,410	A Switzerland-based luxury goods holding company. Primary listing on the SIX Swiss Exchange, secondary listing on the JSE.	Founded in 1988 through the spin-off of the international assets owned by the Rembrandt Group Limited of South Africa.

6	BAT	1,335,960	British multinational company manufacturing cigarettes, tobacco, and other nicotine products. Primary listing on London Stock Exchange and secondary listing on the JSE. It also has ordinary shares listed on the NYSE.	Founded in 1902, when UK's Imperial Tobacco Company and the US American Tobacco Company formed a joint venture.
7	Anglo American	695,610	British multinational mining company producing diamonds, platinum, iron ore, metals, and minerals in South Africa. Primary listing New York Stock Exchange. Secondary listing on the JSE.	Established in 1917.
8	Naspers	603,570	South African multinational internet, technology and multimedia holding company.	A media company founded in 1915.
9	FirstRand Signatory to the UN Environment Programme Finance Initiative Principles for Responsible Banking	339,930	South African financial services provider listed on JSE and Namibian Stock Exchange.	Founded in 1970 as an investment bank. The group, as it is currently operated, was established in 1998.
10	Goldfields	319,970	Gold mining company listed on the JSE and dual listing on the NYSE.	Gold Fields of South Africa was founded in 1887.
	Total	13,526,030	Total market capitalisation = 11,68 times the GDP of South Africa in 2023	

1. Source: SA Shares. Available online https://sashares.co.za/top-100-jse-companies/#gs.7f4sxl. [Accessed 15 April 2024]
2. In the fourth quarter of 2023, South Africa's GDP was R1 158 billion. (STATS SA. Available online https://www.statssa.gov.za/?p=17053. Accessed 15 April 2024].

It is unclear whether top South African companies are choosing to integrate sustainability, responsibility, and ethics in their strategy, commencing with the strategic direction, which is the problem statement of this study.

4. RESEARCH OBJECTIVES

The primary objective of this study is to determine the sense of responsible management in the strategic direction of the top 10 companies listed on the JSE by market capitalization, as indicated in the 2023 integrated and annual reports and 2024 website information. The secondary objective is to determine the sense of sustainability, responsibility, and ethics of the top 10 companies listed on the JSE as indicated in their 2023 integrated and annual reports, and 2024 website information.

5. RESEARCH METHODOLOGY

5.1 Research philosophy

The research philosophy underpinning this study is grounded theory, which follows a systematic process to help social scientists identify factual phenomena and create useful theoretical insights from the data (Spencer *et al*, 2020). Following the grounded theory approach, the researchers collect and analyze the data as the study progresses, applying an organized, inductive process by interacting and analyzing the data continuously so that each informs the other, increasing the focus of the data collection and analysis, thereby strengthening the analysis (Bryant, 2020). A qualitative research methodology was, therefore, used in this study. Qualitative methodology is known for the richness of the data that is unearthed and the value such rich data contributes to the existing body of knowledge in a discipline (Van Den Berg and Struwig, 2017). Content analysis is one data-gathering method that can be used in qualitative studies. In content analysis, a systematic process is used to collect and assess the information conveyed in reports and other documents (Morgan, 2021). The following structured approach was used in this study: Step 1: identify and clarify the research questions; Step 2: select the appropriate documents; Step 3: organize and arrange the documents; Step 4: do an initial review and start coding; Step 5: study and clarify the data; and Step 6: discuss the findings and draw conclusions.

Pre-existing units of meaning relating to responsible management incorporated in an analysis matrix were used to analyze the data. The three units of meaning were sustainability, responsibility, and ethics. In addition, a multiple case-study approach was followed, utilizing the 2023 annual and integrated reports and website information of the top 10 companies by market capitalization in South Africa listed on the JSE. The multiple case-study design allowed the researchers to identify divergent and/or similar results between the cases. The integrated and annual 2023 reports and 2024 websites of each of the ten companies are in the public domain and published for alternative reasons, thus the study focused on gathering data from secondary sources. The researchers focused on descriptive document analysis, aiming to find and record the explicit meaning in the data. The data was explored using a deductive analysis technique, looking for specific indicators of sustainability, responsibility, and ethics. Data extracts were used as examples to support the conclusions.

Content analysis is a useful data collection method because the data is stable (not inadvertently influenced by the researchers), cost-effective, easily available, and the research is unobtrusive (Morgan, 2021). However, there are limitations to content analysis because the information available is restricted to what is provided in the reports and on the websites, and it is impossible to check for bias in the documents. Authenticity, credibility, representativeness, and meaning determine the usefulness of the documents chosen for analysis (Morgan, 2021). Authenticity depicts a document’s legitimacy. The integrated and annual reports chosen for this study were downloaded from the various company websites and are therefore authentic, as are the websites themselves from which further information was retrieved. Credibility is indicated by the documents being free from falsehoods or prevarications. The integrated reports of businesses trading on the JSE are required to adhere to the guidelines of integrated and annual reporting as indicated by the Integrated Reporting Committee of South Africa (IRC) – the credibility of the documents is therefore established. Representativeness is about documents containing the kind of information that can usually be found in such papers (Morgan, 2021). Since a standardized approach is followed in compiling integrated and annual reports, the information contained in them is what is required, and the documents are therefore representative. Meaning revolves around the significance of the document content. A document's meaning can be literal or interpretive. The literal meaning relates to the face value of the document (Morgan, 2021). To assess the face value of the documents analyzed, the researchers should relate the literal meaning of the document with the context in which it was created (Morgan, 2021). As integrated reports are produced in a standardized format the documents analyzed in this study were assumed to be representative of and meaningful in the business context. The same was assumed for the information garnered from the various official company websites.

- The primary research question was 'What is the sense of responsible management in the strategic direction of the top 10 companies listed on the JSE by market capitalization, as indicated in the 2023 integrated and annual reports and 2024 website information?'
- The secondary research question was 'What is the sense of sustainability, responsibility, and ethics of the top 10 companies listed on the JSE as indicated in their 2023 integrated and annual reports and 2024 website information?'

The population of the study was the companies listed on the Johannesburg Stock Exchange (JSE). The sample was the top 10 companies listed on the JSE per market capitalization as on 20 February 2023. A purposive sampling strategy was used since the top 10 companies were purposely chosen as case studies for this research.

5.2 Data analysis

The steps of the data analysis are explained in Figure 2.

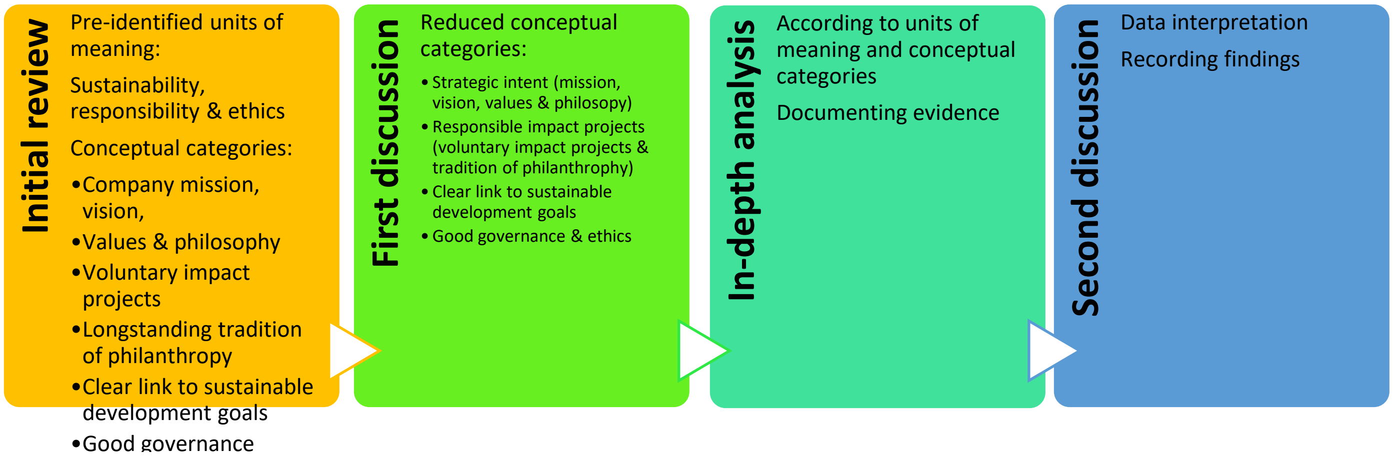

FIGURE 2: THE STEPS IN THE DATA ANALYSIS PROCESS

(Source: Authors' own construction)

The data was analyzed by implementing four steps**. Step 1**: each researcher studied the ten companies' expressed mission, vision, values & philosophy, involvement in voluntary impact projects, a reported longstanding tradition of philanthropy, the existence of a clear link to sustainable development goals, good governance as indicated by the existence of specific committees responsible, and how the companies embraced reporting on ethics (seven conceptual categories), focusing on identifying and recording evidence of the three units of meaning (sustainability, responsibility, and ethics). The initial seven conceptual categories were used as the companies' operationalization of the drivers of responsible business. **Step 2**: after studying the evidence recorded in Step 1, the researchers decided to reduce the number of conceptual categories to four, namely: strategic intent and governance (including mission, vision, values, and philosophy) representing responsibility competence; sustainable impact projects and a clear link to the sustainable development goals representing sustainability competence, and any indication of an ethical orientation towards conducting good business representing ethics competence. This reduction was necessary because of the overlap experienced by the researchers in the evidence supporting each of the first seven conceptual categories. **Step 3**: in-depth analysis by both researchers according to the units of meaning (sustainability, responsibility, and ethics) and the four conceptual categories, and recording of the evidence. Step 4: the researchers interpreted the evidence gathered and recorded their findings. In **Step 4**, it was decided to report on sustainability as one unit of meaning, and on responsibility and ethics as one unit of meaning, once again because of the overlap found in the supporting evidence.

5.3 Trustworthiness of the research

The trustworthiness of a qualitative study depends on its dependability, credibility, transferability, and confirmability (Enworo, 2023). **Dependability** indicates that the research findings are consistent and repeatable and is supported by reporting the particulars of the research process accurately. The records of the analysis process indicate the dependability of the findings - records of this study are available from the researchers. **Credibility** focuses on the researchers' confidence in the integrity of the findings and is supported by involving more than one person in the analysis, and continuously checking the data and the analysis for accuracy and freedom from bias. **Transferability** relates to how the findings can be applied in different contexts. The transferability of this study is supported by a detailed description of the phenomenon being investigated, the sample used, and the steps followed to interpret and analyse the data. **Confirmability** relates to the neutrality of the findings or an assurance that the findings were not influenced by researcher bias (Enworo, 2023). To ensure confirmability, the researchers established an audit trail of the data collected, and several steps of data checking were included as described.

6. RESEARCH RESULTS

6.1 Coding of data sources

The documents used in this study were integrated reports (IR) and website information (WS). The companies were grouped into five cases based on their focus of operations, namely mining (M) (case 1), technology and multimedia (TM) (case 2), liquor and tobacco (LT) (case 3), luxury goods (LG) (case 4), and financial services (FS) (case 5). Table 3 indicates the coding of the data sources.

TABLE 3

DATA SOURCE CODING

Organisation	Type of data source	Year	Code
BHP (M1)	Integrated report	2023	M1-IR
	Website	2024	M1-WS
Prosus (TM1)	Integrated report	2023	TM1-IR
	Website	2024	TM1-WS
ABInbev (LT1)	Integrated report	2023	LT1-IR
	Website	2024	LT1-WS
Glencore (M2)	Integrated report	2023	M1-IR
	Website	2024	M2-WS
Richemont (LG)	Integrated report	2023	LG-IR
	Website	2024	LG-WS
BAT (LT2)	Integrated report	2023	LT3-IR
	Website	2024	LT3-WS
Anglo (M3)	Integrated report	2023	M3-IR
	Website	2024	M3-WS
Naspers (TM2)	Integrated report	2023	TM2-IR
	Website	2024	TM2-WS

Organisation	Type of data source	Year	Code
First Rand (FS)	Integrated report	2023	FS-IR
	Website	2024	FS-WS
Goldfields (M4)	Integrated report	2023	M4-IR
	Website	2024	M4-WS

Organizations displayed in order of ranking on JSE by market capitalization

Four organizations are primarily involved in mining (M1, M2, M3, and M4), two are primarily involved in technology and multimedia (TM1 and TM2), two produce and supply liquor and tobacco (LT1 and LT2), one manufactures and supplies luxury goods (LG), and one provides financial services (FS). Two sources of information were studied, namely the integrated and annual reports (IR) (2023) and company websites (WS) (2024).

6.2 Research results

The results report on two units of meaning, namely sustainability, and responsibility and ethics. The involvement in sustainable impact projects and explicit links to sustainable development goals were used as indicators of the sense of sustainability of the companies. The strategic intent and governance of the companies were investigated as indicators of their sense of responsibility. Lastly, the researchers searched for any evidence of an ethical orientation towards conducting business of these companies. All the companies investigated provided evidence of responsible management in the two categories (sustainability, and responsibility and ethics) in their integrated and annual reports and in the information on the company website. However, on closer examination, the following was found:

6.2.1 Sustainability

Table 4 provides the research evidence for the two indicators of sustainability (sustainable impact projects and explicit links to the SDGs) identified for each of the five categories of companies investigated.

TABLE 4

SUSTAINABILITY RESULTS

	Sustainable impact projects	Explicit links to SDGs
Mining	M2:WS: ”To help provide students with access to education, we work with schools and teachers to create mobile learning opportunities. These systems are designed to enable students in rural areas to connect	M1:WS: “2030 goals focus on decarbonisation……, healthy environment……, responsible supply chain….., indigenous partnerships….., safe, inclusive and future-ready workforce……, and

	Sustainable impact projects	Explicit links to SDGs
	with experienced teachers to improve their performance and create new opportunities for their future." M3: WS: "Our impact investment vision …..Impact Finance Network….accelerate impact investment in host countries, creates economic opportunities and jobs beyond the mining industry by identifying and supporting impact businesses with the potential to scale and grow." M1:WS:" Projects to conserve and restore coastal ecosystems……investing in blue carbon projects…that will restore natural tidal flows to provide protection for endangered shorebirds, enhance carbon capture within coastal wetlands." M4:IR: "…we continued to roll out our most advanced legacy programme [in Ghana]: a dairy value chain development programme to benefit a mine's host community during and beyond its life-of-mine. The programme is expected to benefit approximately 800 families directly." M4:WS: "In South Africa we collaborate with …. to facilitate more effective delivery of projects that benefit host and labour-sending communities." M1:WS: "At the Foundation we are leaning in by	thriving, empowered communities..." M3:WS: "Future Smart Mining: Technology, digitalisation and sustainability working hand-in-hand……the step-change innovations that will transform the nature of mining – how we source, mine, process, move and market our products – and how our stakeholders experience our business. It is about transforming our physical and societal footprint." M4:IR: "As a responsible gold miner, we seek to create lasting socioeconomic value for our people, host communities and governments. The SDGs…are key to our vision to be the preferred gold mining company delivering sustainable, superior value……we recognise the equal importance of all 17 SDGs, we prioritise 12 where we believe we have the greatest ability to deliver meaningful impact".

	Sustainable impact projects	Explicit links to SDGs
	pursuing difficult issues, partnering with others to pioneer new solutions which, if successful, will become transformational game changers and sharing insights and evidence to enable solutions that are successful to be sustained, scaled and mainstreamed." M4:WS: "The foundation is focused on accelerating progress towards the UN SDGs placing a particular importance on programmes that empower women, youth and vulnerable groups."	
Technology and multimedia	TM1:IR: "…sustainability accelerators network (SAN) is an engagement opportunity….forum where sustainability leaders and experts across the group….share updates and exchange best practices." TM2:IR: "Equipping South Africa's unemployed youth through investment in digital skills." TM1: IR: "In line with our decarbonisation strategy, we are setting groupwide, multiyear, science-based greenhouse gas emissions reduction targets that will drive our climate transition plan." TM2: IR: "…our aim is to be a sustainable business. We do this by	TM1: IR: "We create sustainable value for key stakeholders through our business model and in line with the United Nations Sustainable Development Goals (UN SDGs)." TM2: IR: " We reach 90% of Fortune 100 companies across our corporate learning platforms. We also have a strong presence in K–12 (kindergarten to grade 12) in key markets." TM2: IR: "We use technology to improve daily life for billions of people. This creates sustainable value for our customers and communities, our many stakeholders…"

	Sustainable impact projects	Explicit links to SDGs
	investing in tech-driven ventures in many countries, building them into enterprises that support local job creation and prosperity. Sometimes these services create more environmentally friendly alternatives to traditional solutions. Many are also socially transformative.“ TM1: IR: “We believe it has now become essential that we do business with the stated goal of being a positive force for the world around us. We will therefore ensure we are all clear on our role in the world, and on our expectations of each other. Through our Ventures arm, we are increasing our focus on sustainable investment themes, such as agtech (agriculture technology) and healthtech.” TM2:WS: “…Foundry is a R1.4 billion South Africa-focused startup vehicle that helps talented and ambitious South African technology entrepreneurs develop and grow businesses that improve people’s daily.”	TM1: IR “As a global consumer internet group and a leading long-term technology investor, we recognise the power of technology to create solutions for some of the world’s most pressing needs.” TM2: IR: “Digital inclusion underpins our business strategies. We extend access to digital products and services, promote digital literacy and support information technology infrastructure.” TM1: IR: “……. FLIGHT aims to create a network of female graduates who can become role models for other young women……Human rights statement reinforced with all our group companies.” TM2: IR: “We recognise our opportunity to influence our supply-chain partners through our supplier and purchase decisions. As such, we require a commitment to minimum human rights standards that are compatible with our own commitments from companies seeking to qualify as ……. suppliers.”
Liquor and tobacco	LT2 IR: “…planting trees, cover crops and conservation tillage that	LT1:WS: “embedding sustainability in our strategy. We are committed to

	Sustainable impact projects	Explicit links to SDGs
	may keep the soil covered and undisturbed to reduce the possibility that carbon can escape…may also have wider benefits, including increasing water-retention capacity in the fields, …making the soil more fertile for growing crops…increased yields and better-quality crops for farmers helping to boost their profits." LT1:WS: "In 2018 the 100+ Accelerator was launched to support the achievement of the UN [United Nations] SDGs and exponentially to fuel the growth of startups developing critical sustainability solutions. Through this partnership four of the largest consumer-goods companies in the world open their supply chains and leverage their teams to work with start-ups to maximise collective impact."	transforming our operations and reducing our emissions…We address water stewardship…supporting climate resilience and biodiversity….reduce packaging……increase the availability and use of recycled content….rethink our packaging and distribution models….An innovation-driven strategy…". LT2: IR: "Farmer Sustainability Management (FSM). Our digital platform for FSM allows our field technicians to collect data during farm visits with 95% of our directly contracted farmers. Over 30% of criteria in FSM relate to human rights. Our Thrive programme collects data and indicators across a number of issues, including human rights. This data represents over 94% of our tobacco volumes sourced in 2023."
Luxury goods	LG:WS: "…we know we play a major role in preserving and sharing excellence. That is why education and knowledge sharing are essential to who we are and what we do." LG:WS: "Through various projects, the company and its Maisons support many global and local community programs together	LG:WS: "we launched our Transformational Strategy ('Strategy'), which reflects our aspiration for Better Luxury – improving the way luxury is created, in a way that is more sustainable and responsible, and creating a positive impact for the many different

	Sustainable impact projects	Explicit links to SDGs
	with art and cultural programs that reflect our heritage …..”.	stakeholders involved in our value chain”.
Financial services	FS:WS: “The group is acutely aware that an economy cannot hope to grow without an educated workforce. Responding to this, over time the foundations have shifted the bulk of their attention to systematic initiatives. Our education programmes cover the whole education continuum from early childhood development to primary and secondary schooling, tertiary education, and workplace readiness, with the aim to increase employability and productive livelihoods”.	The company investigated is a signatory to the UN Environment Programme Finance Initiative Principles for Responsible Banking, which provides a framework for their sustainable banking practices and programs to make a positive contribution to society.

From the above evidence, the following can be deducted: (i) All the mining companies engage in a combination of voluntary impact projects and longstanding traditions of philanthropy. These projects are in addition to skills development support that is above what is required by skills development legislation in South Africa. They also have explicit links to the SDGs. This is an important conclusion to make since the extraction of natural resources remains a controversial issue, despite the requirement to report on the environmental and social impacts of these operations (Baudot *et al*, 2021). In addition, because South Africa is one of the global leaders in mineral mining and export and given mining’s impact on the social and natural environment, societal expectations of social responsibility in the mining sector are high (Kelling *et al*, 2021). (ii) Technology and multimedia companies focus on enhancing entrepreneurial and digital skills and competencies. (iii) Liquor and tobacco companies have impact projects and are involved in voluntary philanthropy. One of the liquor and tobacco companies has explicit links to the SDGs in their strategy. (iv) The luxury goods company investigated is involved in voluntary impact projects, is committed to adding value to society beyond the scope of its business, and has a longstanding involvement in philanthropy. As a signatory to the UN Global Compact, this company aligns all goals and initiatives with the SDGs. The company is co-chairing the SDGs taskforce, launched by the Responsible Jewelry Council to track and aid members' progress in implementing the UN's SDGs. (v) The financial services company investigated does not have any evidence of voluntary impact projects engaged in. However, they are involved in several voluntary philanthropy programs through various foundations. They are a signatory to the UN Environment Programme Finance Initiative Principles for Responsible Banking, which provides a framework for their sustainable banking practices and programs to make a positive contribution to society. In summary, companies investigated in all 5 categories, provided evidence of sustainability competencies. The findings are aligned with Sabbaghi's (2023), who indicated that globally, financial services companies are making positive progress towards achieving (or supporting the achievement of) the SDGs and creating value for all. On the other hand, the result differs somewhat from the study by Deigh and Farquhar (2021) who found that some financial institutions in Sub-Saharan Africa tend to limit stakeholder engagement to reactive processes (waiting for the client or community to reach out to the institution). A possible option for the specific financial institution, or financial institutions in South Africa can be to invest in initiatives with financial institutions in Sub-Saharan Africa to transfer knowledge, skills, and best practices in terms of responsible management.

6.2.2 Responsibility and Ethics

Table 5 provides the research results for the indicators of responsibility and ethics for each of the five categories of companies investigated. Indicators of responsibility are the strategic intent and governance of the companies, whereas any evidence of a sense towards ethical business were investigated.

TABLE 5

RESPONSIBILITY AND ETHICS

	Strategic intent	Ethics
Mining	M3:WS: "We wouldn't be able to re-imagine mining to improve people's lives without the strong foundation of our values, which are at the core of	M1:WS: "Corporate governance underpins the way we conduct business. We are committed to the highest level of governance and

	Strategic intent	Ethics
	our way of working….safety…, care and respect…., integrity…., accountability….., collaboration….., and innovation…..”. M1:WS: “….we seek to produce…responsibly and ethically and create value for all stakeholders and the broader community….”.	strive to foster a culture that values and rewards exemplary ethical standards, personal and corporate integrity, and respect for others.” M2:IR: “We take our responsibilities to our people, to society and to the environment seriously and align our internal health, safety, environment, and social performance and human rights governance with relevant international standards…….” M3:WS: “Sound corporate governance is a critical foundation for protecting stakeholder value and achieving the group’s strategic growth objectives. Our governance universe illustrates how the pillars of value are governed by the four governance segments – board, finance, risk and social and sustainable – in support of our strategy and purpose.” M4:WS: “The Board assumes ultimate responsibility for the Company's adherence to sound corporate governance standards and ensures all business decisions and judgements are made with integrity, reasonable care, skill and diligence”. M1:WS: “Operating with integrity is everyone’s responsibility so if you work for us, with us, or on our behalf, Our Code applies to

	Strategic intent	Ethics
		you". M2:IR: "We are committed to operating transparently, responsibly and ethically and meeting or exceeding applicable legal requirements". M3:IR: "In the prior year we rolled out a revised Code of Conduct that informs ethical decision-making in the business and in all dealings with stakeholders". M4:IR: "Setting the tone for an ethical culture and responsible corporate citizenship anchored in our purpose and values and reflected in how we make decisions and reward performance".
Technology and multimedia	TM1:IR: "We build leading companies that empower people and enrich communities. We put the power to make fast, secure payments in people's hands." TM2:WS: "We improve everyday life for billions of people through technology. We back local entrepreneurs that build valuable products for more than two billion customers and help their communities thrive. We empower our teams to develop their skills and build meaningful careers. We create long-term value for our shareholders and our many other stakeholders."	TM1:IR: "The Group has a governance committee…the adopted governance, risk and compliance framework is the basis for how we manage governance". TM2:IR: "Governance and progress are monitored by the audit and risk committees and reported to the board". In addition, policies guide behaviour and decisions". TM1:IR:" We attach the highest priority to fairness, integrity and transparency – in short, doing the right thing, no exceptions". TM2:IR:" Ethics and compliance responsibilities are clearly defined in role clarifications….. an ethics and

	Strategic intent	Ethics
		compliance framework of minimum standards required for subsidiary businesses.”
Liquor and tobacco	LT1:WS: “We are committed to using the core capabilities of our business to promote moderation and responsible drinking behaviours.” LT2: IR: “Tobacco harm reduction is a public health strategy that is about minimising the negative health impact of smoking. It is core to our delivery of *A Better Tomorrow*™.”	LT2:IR: “Our governance structure starts at the Main Board of Directors, who have oversight of strategic sustainability issues…..we also have clear policies, principles and standards that detail the way we do business and how we behave….”. LT1:IR:” In achieving our business objectives we must always adhere to the highest standards and comply with all applicable laws and regulations”. LT2:WS:” A trusted organisation operating with integrity. ….We follow strict best practice standards in all our scientific research”.
Luxury goods	LG:WS: “We care for the world that we live in and are committed to conducting business responsibly, helping to create a positive impact on the environment and the many stakeholders involved in our value chain.”	The company’s governance structure reinforces its ability to deliver its ambition of growing value for stakeholders over the long term. This is mainly achieved through committees of the Board. The company’s activities are guided by a common framework reflecting their values. Within this framework, they implemented Standards of Business Conduct, Supplier Code of Conduct, and the Environmental Code of

	Strategic intent	Ethics
		Conduct. This set of codes ensures consistency in their commitment to Business Ethics.
Financial services	FS:WS: “Our purpose is to build a future of shared prosperity through delivering of both financial and societal value for a broad set of stakeholders, including our customers, employees, and the societies we serve. This is the foundation to a sustainable future and will preserve the group’s track record of creating superior returns for shareholders”.	Good governance is ensured through a set of promises regarding various governance outcomes, namely sustainable value creation and good performance, effective control, climate oversight, and trust and legitimacy through stakeholder engagement. The company continually assesses, through its Group Ethics Office, its ethics and risk culture through surveys, audits, and ongoing employee engagement.

From the above evidence, the following can be deducted: (i) In terms of strategic intent, mining companies focus heavily on the environmental and human impact of their business operations, including their employees’ health and safety, innovation, and reskilling and upskilling for future market needs. They have a sense of good governance¸ as indicated by assigned board committees, each responsible for one or two pillars of good governance, for example, a risk and audit committee, a finance committee, ethics, health and safety, and so on. All companies have detailed and clearly formulated Codes of Ethics/Conduct, with various structures to report unethical behaviour and means to manage these. (ii) In terms of strategic intent, liquor and tobacco companies focus on emphasizing the responsible consumption of their products. These companies are strongly committed to good governance and ethics, with Codes of Conduct available. This finding supports the recommendation made by Adesanya *et al*, (2020) that strong executive management commitment to responsible management supports responsibility in the tobacco industry. (iii) The strategic intent of technology and multimedia companies emphasise customer empowerment and community enrichment through technology. Both companies are strongly committed to good governance and ethics, with clearly defined principles in Codes of Conduct. However, little mention is made of these companies' corporate digital responsibility (CDR). The pervasiveness of technology in business activities requires a focus by specifically technology-based companies to adopt CDR practices and processes (Hartley et al, 2024). (iv) The luxury goods company investigated explicitly states that commitment to responsible management is at the core of their values and an essential benchmark for all their stakeholders, from employees to suppliers, shareholders, and society. The company has an exceptional sense of good governance and ethics. This result supports the conclusion by Essiz and Senyus (2023) that consumers of luxury goods are increasingly insisting on "sustainable luxury" – that is, the adoption of sustainable, responsible, and ethical business practices in the luxury goods market. (v) In terms of strategic intent, the financial services company investigated provides evidence of responsible management, especially in terms of sustainability and responsibility. Strong evidence of good governance and business ethics was found. However, the issue of individual and corporate privacy and the access to and management of big data are not clearly addressed in the strategic intent and ethics declarations of this organization. According to Arthur and Owen (2019), the ethics of financial service organizations' access to and management of customer data and the privacy of this information is a far-reaching issue that financial services and technology companies should address.

6.3 Summary of research findings

The top 10 companies listed on the JSE investigated in the study, have long histories of success. Except for one company, all are multinationals that have over time, identified new opportunities in the global market, and gone through various mergers and acquisitions to adapt to major environmental changes to ensure their sustainability. Their integrated and annual reports and company websites provided evidence that these companies have a good sense of responsible management. Their strategic direction (as manifested in their strategic intent, sustainable impact projects, explicit reference to the SDGs, and good governance and ethics) integrates the three domains of responsible management, namely sustainability, responsibility, and ethics. In essence, the top management of these companies illustrates their competence to balance social, environmental, and economic impacts over time; realize stakeholder responsibilities, and create value for all stakeholders, stressing the importance of community-building competencies and social issues awareness; and engage in ethical decision-making and behavior. As can probably be expected in the South African context, four of the 10 biggest companies listed on the JSE in

2023, were mining companies. These companies' perceived attitudes towards responsible management are exemplary, given the dangers associated with their operations and the clear expectations from society that they should mitigate their impact on all levels. The adoption of responsible management practices displayed in the research findings of the liquor and tobacco companies supports their acceptance of the negative impact their products can have on their consumers and the broader society and illustrates the adoption of mitigation practices that may be costly in the short term but will lead to long-term positive consequences – this is the ethics that huge multinationals are expected to display. While the technology and multi-media companies and the financial services organization include responsible management in their strategic intent and reported practices, little is said about their CDR, which is increasingly becoming a concern for society. This indicates that business practices should continuously evolve as new issues are identified.

7. PRACTICAL MANAGERIAL IMPLICATION AND RECOMMENDATIONS

The companies investigated reap tangible economic advantages from their responsible management conduct, as indicated by their market capitalization and responsible competitiveness. Their expertise to not only recognize but also to foresee market and macro-environmental changes and adapt to them to ensure their long-term survival (for the benefit of all) is an example of the significant role played by these companies in the sustained economic, social and environmental wellbeing of all those touched by their operations. Other advantages include the attraction, motivation, and retention of talented employees; the attraction of new investments; and increased profitability. Deigh and Farquhar (2021) posit that a company that embraces sustainability, responsibility and ethics adopts principles that augment positive impacts and reduce negative impacts on their stakeholders (including the environment), and the commitment to responsible management becomes visible through investment decisions and stakeholder engagement practices.

As stated earlier, technology is pervasive in the business environment of the 21st century. The technology and multimedia and financial services companies, while adopting approaches that display a commitment to responsible management, should ensure that they also pay attention to CDR and the privacy of customer data, and incorporate these principles in their strategic intent. Furthermore, all three companies can consider providing guidance to Sub-Saharan financial institutions in terms of the adoption and management of technology-enhanced, responsible business practices, possibly through partnerships. Guiding Sub-Saharan financial service organizations in pro-active stakeholder engagement initiatives is another possible strategy to be considered by the financial services organization. In addition, the vast knowledge base of these companies can be utilized effectively through inter-industry engagement and communities of practice to share best practices in responsible management.

The benefits reaped from responsible business conduct as a whole are called the business case for responsible management – as clearly illustrated by these companies. The example that they set and their successes can be used as a benchmark for other companies aspiring for responsible competitiveness in a fast-changing business environment. However, the digitization of business has already added another layer of concern in terms of CDS that should also be considered by companies to ensure that value is created for all.

Since this study focused on the integration of the domains of responsibility in the strategic direction of the companies, further research is necessary to investigate the integration of these domains in strategy implementation and control.

8. CONCLUSIONS

Business managers can and should play a crucial role in addressing social and environmental challenges experienced today. This requires responsible managers who are competent to start, manage, and maintain a sustainable, responsible, and ethical business. The top ten JSE-listed companies have a good sense of responsible business, as judged by their strategic intent and the incorporation of the domains of responsible management therein. The power of companies like the 10 investigated in this study lies not only in their profits but also in the wide discretion they have in accessing funds that can be utilized to mitigate the effect their business operations have on the environment and societies globally. In addition, since these companies have global footprints, they can find or support global solutions to the problems that face society. According to Paul Polman of Unilever, *"There are clear signs of stress around the world, coming from the 'other 99%'. A billion people still go to bed hungry. A child dies of starvation every six seconds. Our form of capitalism has brought us far, but it hasn't solved everything. We think that businesses that are responsible and actually contributing to society as part of their business model will be successful."* (Unilever Sustainable Living Plan 2010-2020). The big question that remains is whether the sense of responsible management of these 10 companies also extends to strategy implementation and control, which encourages further research.

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Pre-assignment challenges for expatriate managers in South Africa

Lena Hemker and Conrad van Greunen*

The Independent Institute of Education, Monash South Africa

*Corresponding author Email: conradvg@gmail.com

ABSTRACT

Although the expatriate process must be strategically developed for the success of an international assignment, expatriate managers encounter various pre-assignment challenges associated with the expatriate process that could have adverse effects on international assignments. The primary objective of this study was to identify and empirically investigate the challenges that expatriate managers experience during their selection, recruitment, and pre-departure preparation for their international assignment in South Africa. Semi-structured interviews were conducted with seven participants working for two multinational corporations in South Africa. The collected data were subjected to thematic analysis. The findings of the study revealed certain challenges that were not previously identified in existing literature, therefore contributing significantly to the existing body of knowledge on expatriate management. Drawing from the identified challenges, several managerial recommendations were offered to potentially address them and contribute to the success of international assignments.

Keywords: Expatriate management challenges; expatriate management process; expatriate selection and recruitment; pre-departure preparation

INTRODUCTION

With globalisation advancing rapidly and geographical and cultural borders being less restrictive to populations and workforces, international management – together with its challenges – plays an increasingly relevant role for multinational corporations (MNCs) (Tarique and Schuler, 2018; Ozdemir and Cizel, 2007). International activities are constantly escalating to realise the MNCs' quest to increase their sales while minimising their costs and risks at the same time (Michie, 2019; Ozdemir and Cizel, 2007). Multinational corporations are expanding and relocating their business activities throughout the world to remain competitive globally and locally (Michie, 2019; Schuler, Tarique and Jackson, 2011). However, to transfer and maintain the competitive advantage of the

MNC within and between their subsidiaries, both local and global workforces are needed (Tarique and Schuler, 2018).

Nowadays, foreign assignments in a multinational company are no longer seen as something unique, but as a usual experience for the company's employees (Tahir, 2018). Apart from the key role that employees play, the expatriates among them are of high importance to MNCs as they often play a crucial role in the MNCs' operations (Tahir, 2018; Caligiuri and Bonache, 2016). However, for the expatriate manager (i.e., an individual who legally and temporarily resides in another country of which they are not a citizen to accomplish an assignment) to execute their assignment successfully, it is essential that the expatriate has the necessary skills and that the expatriate process is strategically developed (Ren, Chadee and Presbitero, 2020; Tahir and Egleston, 2019; Ozdemir and Cizel, 2007). While it is important for the expatriate management process to be well-designed, expatriate managers often face several challenges associated with the various stages of this process. To ensure the successful execution of international assignments and minimise costly disruptions, such challenges must be identified and managed accordingly.

LITERATURE REVIEW

The following sections delve into the expatriate management process and associated challenges. It is noteworthy that the literature includes older yet well-documented sources, due to their relevance to the present study and foundational nature of earlier studies. It is also important to acknowledge the general lack of current research on the challenges pertaining to the expatriate management process.

Expatriate management process

Ozdemir and Cizel's (2007) framework was employed in this paper to examine the various stages in the expatriate management process. The model by Ozdemir and Cizel (2007) was chosen because it provides a holistic representation of the expatriate management process and its challenges. It was further successfully used by Tahir (2018) and Tahir and Egleston (2019) when investigating expatriate management in previous studies and is generally well-cited in the literature.

The expatriate management process model by Ozdemir and Cizel (2007) views expatriate management as an overall process with four stages: recruitment and selection, pre-departure preparation, foreign assignment, and repatriation. The process addresses the challenges expatriate managers may experience in each stage. Furthermore, it explains that these should be considered carefully to ensure the effectiveness of both the expatriate and the MNC because every challenge the expatriate experiences in the process of expatriation may have an impact on the overall process (Ozdemir and Cizel, 2007).

The recruitment and selection stage is concerned with global staffing and whether to employ parent-country nationals, host-country nationals, or third-country nationals on the international assignment. The employment choice has a high impact on the MNC's performance (Tarique and Schuler, 2018). This stage is often carried out in an unsystematic, informal, and rushed way (Tahir and Egleston, 2019; Collings, 2014). Further, the selection criteria usually only focus on technical skills and ignore interpersonal and cultural skills (Tahir, 2018).

The pre-departure preparation stage aims to prepare the expatriate managers for their international assignment, teaching them about the host country's culture and enabling them to interact and communicate effectively when living in the host country to avoid challenges (Tahir and Egleston, 2019). Ozdemir and Cizel (2007) show that cross-cultural training is the focal point of this stage to teach the expatriate manager the necessary skills to adapt successfully. The authors further mention that language knowledge is of high importance for the expatriate manager to communicate effectively and suggest that language training be included in this stage.

The foreign assignment stage describes the time the expatriate manager spends in the host country. Challenges experienced in this stage in particular focus on processes, systems, lifestyles, and communication patterns that are characterised by cross-cultural differences (Stahl, 2000). Ozdemir and Cizel (2007) explain that expatriate managers often struggle to adapt to new surroundings, which has a direct influence on their personal and managerial effectiveness and performance.

The repatriation stage is often ignored in the expatriation process although it is of the same importance as the other stages (Hilldrup, 2015; Ozdemir and Cizel, 2007). According to Ozdemir and Cizel (2007), this stage should be an efficient process to decrease the chance of expatriate failure and sustain the expatriate's commitment to the MNC. Since repatriation could create a challenge when it comes to readjusting in the home country, the repatriation process should start before the expatriate returns to the home country (Tahir and Egleston, 2019; Ozdemir and Cizel, 2007).

While recognising the significance of all stages in the expatriate management process, the subsequent section prioritises previous empirical studies and challenges pertaining to the stages preceding the commencement of an international assignment. This approach aligns with the scope and purpose of this paper, facilitating a more targeted assessment of the challenges relating to the preparation and readiness of expatriates before embarking on an international assignment.

Challenges identified regarding recruitment and selection

Tahir (2018) conducted a study on the challenges that Western expatriate managers experienced during the process of their international assignment to the UAE. Being a qualitative study, 22 Western expatriate managers in the UAE were interviewed. Tahir (2018) found that technical skills were the predominant criteria for selecting these expatriate managers, whereas language proficiency and adjustment skills were not part of the criteria. Most of the participants also confirmed that they were selected based on their technical skills, whereas their soft skills and personal characteristics were mostly ignored (Tahir, 2018). This challenge was also noted in the model by Ozdemir and Cizel (2007). These authors mention that the recruitment manager must take into account all skills that are necessary for the expatriate manager to be effective during their international assignment. Lastly, Tahir and Egleston (2019) confirm the existence of this challenge in their quantitative study on the challenges that expatriate managers experienced during their international assignment in the UAE. The study was based on a questionnaire among 110 expatriate managers from five Anglo-Saxon countries. Tahir and Egleston (2019) further underline that interpersonal skills and cultural empathy in particular were ignored during the recruitment and selection of expatriate managers.

The second challenge relates to the informal and often rushed selection of expatriate managers. Collings (2014) explains that this process is ad-hoc and informal, for both short-term and long-term assignments. Tahir and Egleston (2019) further identified the recruitment and selection of expatriate managers as irrational and often beyond the control of the human resources department, as the authors found that many selections were made based on recommendations by employees in the MNC. In addition to this, the authors state that the selection and recruitment of expatriate managers are often carried out in limited time as the openings are usually crucial and relocation needs to take place immediately. This challenge was confirmed in the study by Tahir (2018), in which most of the participants indicated that no specific method was followed during their recruitment and selection.

The third challenge concerns the lack of a long-term orientation of the recruitment and selection of expatriate managers. Stahl (2000) shows that the career planning made for expatriate managers is often inadequate. With regard to this challenge, Ozdemir and Cizel (2007) suggest that recruitment and selection be based on a comprehensive career management system to ensure that the long-term development of expatriate managers is taken care of.

Challenges identified regarding pre-departure preparation

Dousin and Sulong (2021) conducted a qualitative study among 12 Western expatriate managers in the Kingdom of Saudi Arabia on the cross-cultural challenges these expatriate managers experienced. In this study, the authors determined a lack of pre-departure training as the interviewed expatriate managers were unprepared when they arrived in the Kingdom of Saudi Arabia. The authors mention that cross-culture training enhances the expatriate manager’s capability to adapt to the foreign culture and they point out that it is crucial to offer customised cross-cultural training on the differences between the home and the host culture. Dousin and Sulong (2021) do not consider standardised training to be efficient, as they believe that the training must be tailored to the two involved cultures and the specific MNC.

Tahir (2018) discovered in his study conducted in the UAE that most interviewees did receive cross-cultural training. However, the training was neither tailored to the expatriate manager’s specific needs nor the culture of the UAE. This shortcoming resulted in the expatriate manager’s mentioning that the training did not facilitate their capability to adapt to the new culture. In addition, they felt inadequately prepared for their international assignment, which led to unrealistic expectations. Tahir and Egleston (2019) confirmed the lack of preparation of expatriate managers but put it in a broader context. The authors found that few participants in their study received a physical examination before relocating to the host country and that even less preparation was arranged for their family members. Tahir and Egleston (2019) point out that appropriate cross-cultural training is necessary for expatriate managers to be happy during their international assignment, which further influences the performance and successful completion of the assignment.

Wilczewski, Soderberg and Gut (2019) conducted a study on a European expatriate manager being on an international assignment in Asia. The authors found that although the expatriate manager was experienced in dealing with intercultural communication and different cultures, was able to speak two foreign languages, had worked in another country before, and in general showed an openness to intercultural experiences, being exposed to the new culture was a challenge for her. In this case, the expatriate attended cross-cultural training, but only after being on her international assignment for five months. The lack of cross-cultural training was also identified in the study conducted by Dousin and Sulong (2021), as their participants did not receive proper training before they relocated to the Kingdom of Saudi Arabia. Ozdemir and Cizel (2007) mention the high costs that MNCs had to provide for cross-cultural training, which could be a reason for the lack of this kind of training. Haile and White (2019) also addressed this challenge in their study and expanded it to the lack of support and training offered to the expatriate's family members.

PROBLEM STATEMENT

While a strategically developed expatriate management process is important for the success of an international assignment, expatriate managers encounter various pre-assignment challenges associated with the expatriate process that could have adverse effects on international assignments.

RESEARCH OBJECTIVE AND SIGNIFICANCE OF RESEARCH

The primary objective of this study was to identify and empirically investigate the challenges that expatriate managers experience before an international assignment. Specifically, the focal point of this paper centers around the challenges that expatriate managers experience during their selection, recruitment, and pre-departure preparation for their international assignment in South Africa. These are all elements within the expatriate management process that precede the actual commencement of the international assignment. Identifying such challenges that may occur before an actual assignment is crucial as it allows MNCs to proactively address potential issues in the expatriate management process and subsequently minimise costly disruptions during the actual international assignment. This approach also facilitates a more targeted assessment of the challenges relating to the preparation and readiness of expatriates before embarking on an international assignment.

Although several different challenges in expatriate management have been identified in the literature, these challenges are rather general. Most of the studies in expatriate management focus on expatriate management in general and not on a specific region or country (Tahir and Egleston, 2019). In studies where the focus falls on specific countries or regions, these are mostly Western countries, Japan or China (Tahir and Egleston, 2019; Tahir, 2018). In addition, these studies represent the headquarters' view and rarely include the expatriate managers' perspective of expatriate management (Tarique and Schuler, 2018). By expanding the geographical context of expatriate management research to South Africa, this study contributes to a more comprehensive understanding of the challenges that expatriate managers face before an international assignment. Also, by focusing on the expatriate manager's perspective rather than the headquarters view, this study complements existing research that tends to overlook this important viewpoint.

RESEARCH DESIGN AND METHODOLOGY

This study adopted an interpretivism philosophy and an inductive methodological approach. The study was cross-sectional in nature and employed semi-structured interviews to collect and analyse qualitative data employing thematic analysis.

Population and sample

The target population comprised all expatriates from foreign countries such as the US, Canada, Australia, and European countries who were on an international assignment in South Africa at the time of the study. Since there was no database that contained the contact details of all expatriate managers in South Africa, the accessible population consisted of expatriate managers from foreign countries being on an international assignment in the Gauteng province of South Africa. Specifically, this study employed a non-probability sampling method, which involved a combination of convenience and snowball sampling. In this respect, the researcher interviewed expatriate managers from two MNCs that the researcher could gain access to easily. Both MNCs were German, meaning that their headquarters were in Germany. Appropriate ethical protocols were followed to obtain permission to interview participants from specific companies.

To participate in the study, expatriate managers had to be on their international assignment in South Africa for at least six months. This ensured that the participant had already passed through the process stages of recruitment and selection and pre-departure training and had already gained some experience about the expatriate adjustment, to eventually be able to provide insightful responses on the challenges they had experienced. As convenience sampling did not lead to a point of saturation, the snowball sampling technique was also used. It was however restricted to the individuals working for the companies where a signed gatekeeper's letter was obtained. In every interview conducted, the researcher asked the expatriate managers for further contacts who meet the requirements and might be willing to be interviewed. The contact details of these recommendations were shared with the researcher after permission to do so was obtained from relevant management within the MNCs. These recommendations were then contacted as the point of saturation was not reached after interviewing the willing expatriate managers in the convenience sample. A total of seven participants were interviewed, as this number achieved a point of saturation.

Data collection

Semi-structured interviews were conducted to collect data. The interview started with a few introductory questions about the participant's professional background to ensure that the participants met the criteria to participate in the study. The introductory questions were followed by questions to identify the challenges that the expatriate manager had experienced pertaining to recruitment, selection, and pre-departure preparation for their international assignment in South Africa. The questions were formulated using previous literature as guideline.

Data analysis

The researcher used a thematic analysis to analyse the collected data. The thematic analysis was divided into seven phases as guided by Lester, Cho and Lochmiller (2020). In phase one, the data were prepared and organised for analysis. In phase two the recorded interviews were transcribed and the observation notes were added to the transcripts. Phase three involved becoming acquainted with the whole dataset by reading through the transcripts and making notes of the experiences as described by the participants. In phase four, the data were written in a memorandum ('memo') format, which comprised reading through the transcripts again and generating memos of parts of the transcripts that were deemed relevant for the analysis. Phase five consisted of the coding of the data and was divided into two subphases. In the first subphase, the researcher assigned codes to the whole dataset, whereas in the second subphase, the coded sections were reviewed and assigned additional codes of a higher level of inference. In phase six of the thematic analysis, the codes were developed into categories, and the categories were developed into themes. To do so, all the assigned codes were imported into an Excel sheet to inspect for redundant codes. After removing the redundant codes, the relationships between the remaining codes were analysed to aggregate them into categories. Several categories were then collated into themes.

EMPIRICAL FINDINGS, DISCUSSION AND PRACTICAL RECOMMENDATIONS

Demographic profile of participants

From a demographic perspective, the participants had lived in South Africa for between one and eight years and were either on their first, second, or third international assignment. Six out of the seven participants were male, and one was female, whereas the participants' ages were well distributed between the ages of 30 and 60 years. Five of the seven participants worked for the German headquarters of their company before relocating to South Africa, the other two participants worked for subsidiaries in the Netherlands and India. These participants had the necessary experience and background to provide insights into the challenges pertaining to recruitment, selection, and pre-departure preparation for an international assignment.

Challenges of recruitment and selection for the international assignment

The most important challenges relating to recruitment and selection were ignorance among the participants' companies towards soft skills; the poor internal communication at these companies; and the resultant uncertainty among the expatriate managers.

Soft skills

A lack of soft skills was an important challenge identified during the recruitment and selection stage. Concerning this challenge, one of the participants noted that international assignments were often mandatory for future leaders. In this instance, the participant noted that "I think this is somewhere where companies have to understand that it makes no sense for me to force someone to a delegation or kind of make-it-a-must thing for senior roles […] so I think they must get the feeling that you are interested". Thus, future management candidates often accept international assignments without really wanting to or having the necessary soft skills to be able to adapt to their new environment. This challenge concerning soft skills corresponds with other studies. For example, Tahir (2018) confirmed in his study that technical skills were the predominant criterion in the company's selection of expatriate managers, whereas language skills, adjustability skills, and personal characteristics did not form part of the participating companies' selection criteria. To address this challenge, both the MNCs and the candidates for international assignments need to be aware of this challenge. Further, the MNCs should consider both the candidates' soft skills and their characteristics, such as interpersonal skills, cultural empathy, and adaptation skills. Candidates, on the other hand, should only accept an international assignment if they are interested in taking this step and not because it is a requirement to obtain future management positions in the company. Both the expatriate manager and the team in the host country will most likely suffer from a selection in which the soft skills of the candidate are not considered.

Poor internal communication

Poor internal communication during the selection process was another key challenge noted by participants. For example, one participant mentioned that he had to complete several repetitive tasks, as the company did not have a tool for sharing documents among colleagues or departments, which led to the challenge of poor internal communication. Also, in line with this challenge during the recruitment and selection stage, another participant noted that “You don’t know what is happening after the job interview, as the involved human resources colleagues did not communicate about the next step and the outcome of the selection process”. To manage this challenge, the MNCs should communicate as openly and transparently as possible during the entire expatriate management process, as taking part in an international assignment is a bold step for expatriate managers, who have to make considerable sacrifices in leaving their home country. In this situation, any kind of communication is welcome and helpful for the candidate to reduce their uncertainties. These uncertainties can be addressed by providing the expatriate manager with constant feedback on the status quo of the recruitment and selection process to provide more transparency on when a decision can be expected. Further, MNCs should make sure that internal communication among their different departments is efficient by introducing clear policies and procedures.

Uncertainty among expatriate managers

With regard to this challenge, one of the participants alluded to the fact that he never knew what would happen next in the process or whether something eventually would stop the company from selecting him for the international assignment, even if the decision had already been made, which pointed to the uncertainty. Two other participants noted that it took some time until the final selection decision had been made and that the waiting time in combination with the uncertainty regarding whether they would be given the assignment was a challenge to them. This is an interesting finding if viewed through the lens of Hofstede’s dimension of uncertainty avoidance, especially considering that the participants in this study are employed within a German MNC. Specifically, this finding correlates with Germany’s score in Hofstede’s (1980) dimension of uncertainty avoidance. Germany received a high score in this dimension, which means that certainty is important to them and that Germans, for example, prefer to have certainty before they start a task. In contrast to Germany, South Africa holds a rather low score in this dimension, which means that South Africans can live with the unknown. Consequently, Germany’s high score in this dimension corresponds with this challenge, as the participants who were either German or who were used to the German culture struggled with the uncertainty that was prevalent during this stage. The recommendation of open and transparent communication also applies to the challenge of uncertainties owing to company processes and circumstances, such as the long waiting time until a decision has been made or uncertainties regarding the outcome of this decision. If MNCs communicate openly, this challenge of facing uncertainties can also be diminished or even overcome.

Besides the uncertainty on company processes and circumstances, uncertainty among participants also extended to external factors. In this context, one of the participants explained that when he relocated to South Africa with his wife and children, he had experienced uncertainty as he did not know if any family-related issues, such as unforeseen difficulties with schools, jobs or an unwillingness to relocate his family members, would change or even stop the assignment from happening. MNCs could address the challenge of family issues by providing family support to the expatriate manager from the first stage of the expatriate management process onwards. This support can, for example, be in the form of an orientation programme on family-related topics and/or consulting services to family members. These offerings should be communicated effectively by attending to them in the very first meetings with the candidate or by adding the offerings to the company's policies on expatriation.

Challenges of pre-departure preparation for the international assignment

The key challenges identified relating to pre-departure preparation were as follows: the uncertainties caused by COVID-19; the unfamiliar living and working conditions; the companies' poor internal communication on the overall expatriate management process; the unclear situation for the expatriate's partner; a high need for self-initiative; training that did not adequately prepare expatriates for their assignment; and, finally, obtaining a visa.

COVID-related uncertainties

Four of the seven participants in this study prepared for their international assignment during the COVID period, and three of them mentioned COVID as a challenge. One participant, for example, explained that his relocation to South Africa had been difficult due to the outbreak of COVID and the complications with the logistics. For another participant, COVID-19 was the biggest challenge during his preparation. His move to South Africa was cancelled for an indefinite period. Consequently, he had to find solutions and had to manage the uncertainties of not knowing when and if the relocation to South Africa would materialise. This participant specifically noted "We selected the place to live in. I got my visa shortly after and basically at the time I got my visa, and we knew which apartment we want to have, everything was cancelled because of COVID. We could not move." Similarly, another participant was selected for his assignment in South Africa in 2020, but because of the COVID-related travel restrictions, he was not able to proceed with the planned look-and-see visit to South Africa. As a result, he also had to live with the uncertainties as he had never visited the African continent before and was therefore, along with his family, relocating to the complete unknown. Although the reviewed theory did not specifically mention the COVID-19 pandemic, it was to be expected that it would have an impact on this stage as the pandemic had far-reaching implications for several industries. It is evident that this challenge was due to external factors, which neither the company nor the expatriate manager could influence. Showing a certain degree of flexibility in the starting date of the assignment and a willingness to relocate to an unknown destination, however, should diminish the challenge of uncertainty for expatriate managers.

Unfamiliar living and working conditions

Unfamiliar living and working conditions were another challenge identified by participants. This challenge was not explicitly identified in the literature review. Regarding this challenge, one of the participants who moved to South Africa in November 2019 – just before the onset of COVID-19 – explained that the competitive housing market in Gauteng had been a challenge to him and his family. He mentioned that there had been few houses on the market that fulfilled all of the company's safety requirements, so it had taken a while until they could find a suitable home for the family. Also, in line with this challenge reflecting unfamiliar living and working conditions, another participant said that she had expected to receive the same benefits in her new position as she had in Germany; however, to her surprise, she did not receive a company car in South Africa. As she expected a car, she experienced the challenge of neither being mobile any longer nor being able to simply buy her own car in South Africa, which in turn affected her living conditions. To address this challenge, communication between the MNC and the expatriate manager should be as clear and transparent as possible while preparing for the international assignment. MNCs should be aware of changes in company benefits, such as the non-availability of a company car, and inform the expatriate manager accordingly. Considering the requirements for the expatriate's accommodation, requirements should always be made clear to the service providers by the MNC and the expatriate in finding suitable accommodation. Furthermore, it might be helpful to provide the expatriate managers with a document containing recommendations on all the aspects that the expatriate managers might need to know. These recommendations, which should be made by previous expatriate managers who have worked in South Africa before, could include information about situations that they had not expected or general recommendations about good residential areas. A document containing such information could serve as a written mentorship network. The findings revealed that expatriate managers sometimes had contact with other or previous expatriate managers who were on an international assignment in South Africa.

Two participants in the current study explained that this exchange had been most helpful as they could share experiences and learn from one another. As these former expatriates had been in the same situation as the participants, they were familiar with the questions that expatriate managers had and would be able to make recommendations to the human resources department that this department might otherwise not have been aware of. A document containing all these recommendations could also be helpful to those expatriate managers who do not have connections with previous expatriate managers. In this way, the expatriate managers might be able to overcome the aforementioned challenges. Lastly, it is recommended that information and guidance be included on the host country's property market in the pre-departure training that the expatriate managers receive.

Poor internal communication on the expatriate management process

This challenge refers to the challenge of poor internal communication in the overall expatriate management process. Participants raised the point that the overall process had not been understood and that there had been no transparent communication of expatriate policies. The findings also revealed that expatriate managers were overloaded with information and the focus on the more important aspects was lacking. Identifying the challenge of poor internal communication in the overall expatriate management process is a valuable contribution to the existing body of knowledge, as it has not been identified as a challenge in the literature review. MNCs should ensure that every expatriate manager has a clear point of contact in the human resources department who could guide the expatriate manager through the entire expatriate process and the relevant policies before starting their international assignment. This could be achieved by, for example, briefing sessions that should be offered as soon as possible in the expatriate management process.

Unclear situation for partner

In terms of this specific challenge, participants mentioned that there had been a lack of support for their partners and that the partners' situation with regard to obtaining a work permit for South Africa had not been made clear. For example, one participant shared that more support for the expatriate manager's partners concerning dual careers would be helpful, as the partners usually had to make sacrifices when joining the expatriate manager on international assignments. Secondly, he expressed that the situation for his partner had not been made transparent during the preparation process. In view of these findings, one responded noted "So, basically the company takes very good care of the person who is being transferred for the international assignment but [the company] completely neglects the partner. If they want to work, they are basically on their own. And even things like getting a work visa, getting guidance on what jobs are available, understanding the market situation in the new country, are completely neglected." The findings also indicate that partners were often neglected in the preparation process. This neglect, in combination with the lack of support for the partner, resulted in the challenge of an unclear situation experienced by the partner. This challenge was also mentioned in the literature review. Tahir and Egleston (2019) highlight the challenge of family members being left with no support to find work or schools in the host country, which was confirmed in the current study with the feedback received from participants. The recommendations about providing an information document as alluded to previously and having access to a clear point of contact could mitigate this challenge. MNCs should further be aware that the success of the partner's adaptation could have an influence on the success of the overall international assignment and that expatriate failure results in high costs. Consequently, MNCs should not neglect the expatriate manager's partner and should offer the same support that they offer to the expatriate manager. The support to partners should be stated in detail and clearly in the company's policies on expatriate management to avoid that expatriate managers are not aware of this support. On the other hand, expatriate managers should not only rely on the support provided by the MNC but should do their research to avoid being confronted with surprises about the partner's situation.

Dealing with administrative processes by showing self-initiative

Showing self-initiative to manage the administrative processes, as the preparation processes for the international assignment were either not intact or not in place, was another key challenge identified by participants. In this respect, two participants mentioned several times that they had to organise quite a few things themselves. For example, one participant faced the challenge of working with an inefficient third-party service provider who was supposed to deal with organisational tasks such as booking flights to South Africa, a shuttle service, and temporary accommodation. However, the participant explained that he had to book his flights himself and that he also had to find accommodation. The third-party service provider did not book the shuttle, and, as a result, the participant had to take care of the process himself by showing self-initiative. In line with this challenge, another participant also confirmed this experience and the challenge of being one of the first expatriate managers from his company to relocate to South Africa became obvious. The participant also took the initiative and applied for a visa himself. He further explained that he had arranged a cultural training session himself by contacting a few institutions in his home country. As his work in South Africa was his second international assignment, he already had prior experience and thus knew what was needed to be prepared for his international assignment in South Africa. This identified challenge has not been identified as a challenge in the literature review. To address this challenge, MNCs should review their preparation process by, for example, requesting honest feedback from previous expatriate managers after the completion of their international assignment. Based on this feedback, MNCs would be able to identify areas with potential for optimisation. Furthermore, MNCs should review the performance of third-party service providers to ensure that expatriate managers receive the necessary support in this regard.

Training not adequately preparing for assignment

This challenge that was identified by participants relates to cross-cultural training that did not prepare the expatriate manager adequately for their assignment. The training was either not offered on the correct platform, not timeous, not context-specific, not comprehensive enough or it was non-existent. Of the seven participants, five attended cross-cultural training during the preparation for their international assignment. One participant did not receive an invitation to attend cross-cultural training, while another received an invitation, but only after he and his family had lived in South Africa for six months. Based on the feedback from participants, it is evident that cross-cultural training had neither been offered on the appropriate platform nor had it been timeous to be helpful. Also, cross-cultural training took place with other expatriate managers, who were assigned to different countries. Cross-cultural training had been very basic and not detailed enough to understand the dynamics of South African culture. In this respect one of the respondents noted “So, as the majority was from Mexico, everything was concentrated on topics which are very, very typical in Mexico. Some of them [the topics], yes, it’s the same over here, but […] I was missing a little bit of Africa specifically”. The same challenge was identified in the study by Tahir (2018), who found that the training offered to the respondents in his study was neither tailored to the expatriate manager’s specific needs nor the culture of the UAE. According to Tahir (2018), this resulted in the expatriate managers mentioning that the training did not facilitate their ability to adjust to the new culture and that they were not prepared well for their international assignment, which in turn led to unrealistic expectations. Dousin and Sulong (2021) also state that standardised training is not considered to be efficient, as the training must be tailored to the cultures involved and the particular MNC. They further identified the lack of intercultural training as a challenge, which was also identified in the current study. Concerning the training, MNCs should communicate with the expatriate managers as soon as possible and provide them with different options regarding the time and platform that will be used. Cross-cultural training could be cost-intensive for MNCs. However, MNCs should not try to save costs by, for example, offering combined training for expatriate managers who are relocating to different countries, as this study confirmed that combined training leads to further challenges for expatriate managers. These challenges were experienced by one of the participants, who attended a training session along with other expatriate managers who were assigned to different countries.

Difficulties obtaining a visa

Another challenge not identified in the literature review, but noted by participants, was the difficulty in obtaining a visa. For example, one participant who was a German citizen married to a non-German wife, expressed that one should not underestimate the visa process and that it had been a challenge to him and his family to obtain the visa as he and his wife had different nationalities. Another participant explained that he did not receive any guidance from his company and – with the help of his South African colleagues – took care of the visa application process himself. Several other participants pointed out that it was a long process to obtain a visa. One participant stated that the visa requirements were from the host country's perspective and disregarded the situation in the home countries. He explained that it was, for example, a visa requirement to submit stamped bank statements of the previous three months, which was not difficult to obtain in South Africa. However, in his home country, it was rather difficult to obtain stamped bank statements, which was a challenge to him. As several visa-related challenges were mentioned by all the participants except for one, MNCs should try to make this process as effortless as possible for the expatriate managers and also plan and prepare the visa process as early as possible. In addition, the implications of visa challenges included a delayed start of the assignment or family issues (e.g., temporary family separation or limited work opportunities for the expatriates' partners). MNCs should provide professional and efficient support so that the expatriate manager is not left on their own with this critical and challenging issue. This support should also extend to the expatriates' partners or assistance with obtaining family visas. Professional support concerning visas could, for example, be offered by a dedicated team of immigration experts.

LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

This study addressed several gaps in the current literature on expatriate management. While the methodological choices were well-suited for the purpose of the present study, there is potential for further refinement in future research. For example, interviews were conducted in two German MNCs, and a non-probability sampling technique was employed, which could have led to sampling bias in the selection of the MNCs and the participants. Consequently, a recommendation for future research would be to conduct the same study but to employ probability sampling. Further, the sample size led to a point of saturation, but the sample was rather small with only seven participants and a majority of male participants. Thus, a recommendation for future research would be to replicate the study with a larger and more diverse sample of males and females to obtain more representative findings.

CONCLUSION

The primary objective of this study was to identify and empirically investigate the challenges that expatriate managers experience before an international assignment, with specific reference to their selection, recruitment, and pre-departure preparation for their international assignment in South Africa. The achievement of this objective addresses the gap in existing literature that predominantly focuses on Western countries. By expanding the geographical context of expatriate management research, this study contributes to a more comprehensive understanding of the challenges that expatriate managers face before an international assignment. In addition, by focusing on the expatriate manager's perspective rather than the headquarters view, this study supplements existing research that typically neglects this important perspective. The findings revealed several challenges experienced by expatriate managers before their international assignment. These findings contribute substantially to the existing body of knowledge on expatriate management, especially given that certain challenges were not previously identified during the literature review. Drawing from the identified challenges, several managerial recommendations were offered. Understanding and managing such challenges can contribute to the success of the expatriate management process and international assignments.

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Repatriation challenges for expatriate managers in South Africa

Lena Hemker and Conrad van Greunen*

The Independent Institute of Education, Monash South Africa

*Corresponding author Email: conradvg@gmail.com

ABSTRACT

Ensuring the successful completion of international assignments, which includes reducing expatriate turnover and fostering heightened commitment to the multinational corporation (MNC) post-assignment, requires the strategic development of the expatriate management process. Nevertheless, the repatriation stage of international assignments and the challenges it presents for expatriate managers and MNCs are often overlooked, yet it holds equal or even greater prominence than other stages in the expatriate management process. The objective of this study was to identify and empirically investigate the challenges expatriate managers anticipate facing upon returning home from their international assignment in South Africa. Semi-structured interviews were used to gather and analyse qualitative data through thematic analysis. The findings uncovered several challenges linked to the repatriation stage, some of which have not been identified in the current literature on expatriate management. This paper offers recommendations aimed at addressing these challenges that could adversely impact expatriate managers and subsequently MNCs.

Keywords: Expatriate management challenges; expatriate management process; expatriate repatriation; multinational corporations

INTRODUCTION

With the rapid advancement of globalisation, multinational corporations (MNCs) are expanding and relocating their operations worldwide to maintain competitiveness (Michie, 2019; Schuler, Tarique and Jackson, 2011). However, in this quest to sustain and transfer competitive advantage within and among subsidiaries, the involvement of both local and global workforces is essential (Tarique and Schuler, 2018). With the MNCs' increasing number of foreign subsidiaries, the number of foreign assignments has also increased over the past years and so has the number of expatriates working in an MNC's subsidiary (Tahir and Egleston, 2019; Caligiuri and Bonache, 2016). As cultural and geographic boundaries become less of a barrier to employees (Tarique and Schuler, 2018) and increasing competition between MNCs urges them to source new employees irrespective of their global location (Collings, 2014), the number of expatriates may even grow further in the near future.

One reason for MNCs sending expatriate managers on international assignments is to sustain a competitive advantage in an era of fierce global competition, as it is the expatriate manager's job to manage the subsidiary effectively (Ozdemir and Cizel, 2007). Further, Tahir and Egleston (2019: 520) describe the job of an expatriate manager as 'that of a facilitator who can stimulate the transfer of knowledge, enrich cohesion and align coordination and control between the MNC practices and local demands', which supports a further rationale for MNCs to send employees on international assignments: to enhance organisational development through well-developed links between the MNCs headquarters and their foreign subsidiaries (Tarique and Schuler, 2018). The rationales for international assignments that have been mentioned most in the literature, however, are firstly, leadership and career development; secondly, organisational development; and, thirdly, position filling (Tarique and Schuler, 2018; Caligiuri and Bonache, 2016; Collings, 2014). Leadership and career development will be experienced by being exposed to a new culture, which includes not only learning about the local culture, but also transferring the learning acquired to the headquarters and the home country. Organisational development will be achieved through sustaining well-developed links between the MNC's headquarters and its foreign subsidiaries, as the expatriate manager experiences both sides. The links refer specifically to communication and co-ordination. Position filling as a rationale is mostly applicable in host countries that have a lack of a highly qualified workforce (Tarique and Schuler, 2018; Caligiuri and Bonache, 2016; Collings, 2014). The study conducted by Hilldrup (2015) mentions four further rationales for expatriate management: developing local business relationships, starting new ventures, transferring technology and transferring the corporate culture to subsidiaries.

The extent to which the expatriate manager completes their international assignment successfully and therefore also reaches the objectives and rationales of the assignment depends on several factors. In this respect, to ensure that the expatriate manager successfully fulfils their international assignment, it is crucial that they have the requisite skills and that the expatriate process is strategically formulated (Ren, Chadee and Presbitero, 2020; Tahir and Egleston, 2019; Ozdemir and Cizel, 2007). However, it is important to note that expatriate managers often encounter several challenges associated with the various stages of the expatriate management process. These challenges could adversely affect the success of an international assignment and the achievement of its objectives and rationales. Due to the limited empirical research on these challenges, it is imperative to investigate these challenges in more detail.

LITERATURE REVIEW

The subsequent sections explore the expatriate management process in more detail, including its associated challenges. Ozdemir and Cizel's (2007) framework is used in this paper as a basis for discussing the various stages of the expatriate management process. This framework offers a holistic perspective on the expatriate management process and is widely cited in the literature on expatriate management. Before presenting this process, it is appropriate to elucidate the concept of international assignments and explain how expatriate management integrates into global talent management. In this context, international assignments refer to 'the organisational practice of sending an employee between a multinational company's (MNCs) units for a finite period' (Ridgway, 2023:203). Concerning expatriate management, it is typically considered a part of global talent management (GTM) (Przytula, 2018). Mellahi and Collings (2014) suggest that GTM has three major roles that MNCs should consider: firstly, identifying the key positions that have a major influence on the MNC's competitive advantage; secondly, constructing a talent pool for high-performing colleagues to accept these roles; and, thirdly, developing a framework to enhance filling these key positions with the most suitable employee. With regard to GTM, MNCs often face the challenge of balancing their personnel management strategies between global coordination and local adaptation (Vaiman, Haslberger and Vance, 2015). Therefore, effective GTM is of critical importance to the subsidiaries' success and performance (Tarique and Schuler, 2018).

Expatriate management process

Ozdemir and Cizel's (2007) framework views expatriate management as an overall process comprising four stages, namely: recruitment and selection, pre-departure preparation, foreign assignment, and repatriation.

The recruitment and selection stage involves matters concerning global staffing and decisions about the employment of parent-country nationals, host-country nationals, or third-country nationals on international assignments (Tarique and Schuler, 2018).

The pre-departure preparation stage seeks to prepare the expatriate managers before embarking on their international assignment. During this stage, expatriates are typically acquainted with the host country's culture and how to effectively interact and communicate when residing in the host country (Tahir and Egleston, 2019). According to Ozdemir and Cizel (2007), cross-cultural training assumes a central role during this stage, aiming to equip the expatriate manager with the necessary skills to adapt successfully in the host country.

The foreign assignment stage denotes the actual period that the expatriate manager stays in the host country. Typical challenges pertaining to this stage relate to processes, systems, lifestyles, and communication patterns that are associated with cross-cultural differences (Stahl, 2000). Ozdemir and Cizel (2007) acknowledge the critical challenge of adapting to new surroundings, which directly impacts expatriate managers' effectiveness from both a personal and managerial perspective.

The repatriation stage is the final stage in the expatriation process. This stage is often overlooked, yet it holds equal significance compared to the other stages in the expatriate management process (Hilldrup, 2015; Ozdemir and Cizel, 2007). Ozdemir and Cizel (2007) note that repatriation should be an efficient process to mitigate the likelihood of expatriate failure, turnover, and to maintain the expatriate's dedication to the MNC. Pascal (2020) further emphasises that the repatriation process is the most neglected part of the international assignment, despite it being the most essential and intricate for both the expatriate and the company.

Limited research exists that specifically addresses challenges related to these stages of the expatriate management process, especially from a South African perspective and the viewpoint of expatiate managers. Existing studies tend to represent the headquarters' view instead of the expatriate manager's perspective on expatriate management (Tarique and Schuler, 2018). In addition to these gaps, it is also concerning that the repatriation stage is often neglected, despite its importance in the overall expatriate management process. As such, while acknowledging the significance of all four stages in the expatriate management process, the following section addresses previous empirical studies and challenges associated with the repatriation stage. This stage is often overlooked, yet it holds equal or even greater prominence compared to the other stages in the expatriate management process (Pascal, 2020; Hilldrup, 2015; Ozdemir and Cizel, 2007). Despite its significance, it does not receive the necessary attention that it deserves. Therefore, the focus and scope of the present study centres on the repatriation stage. Gaining insights into the challenges associated with repatriation could enhance the overall understanding and efficacy of this process, thereby contributing to the overall success of international assignments. This includes reducing expatriate turnover and enhancing dedication to the MNC following an international assignment.

Challenges identified regarding repatriation

The predominant challenge of repatriation, as identified in the literature on expatriate management, lies in the actual oversight of this stage by MNCs. Tahir (2018) conducted a study on how MNCs select, train, deploy, and support expatriate managers during and after their international assignment in the United Arab Emirates (UAE). The findings revealed that there was no strategy or plan for the participants' repatriation. Also, in a more recent study conducted by Tahir and Egleston (2019) on the challenges associated with expatriate management, findings show that repatriation was not a priority in the expatriate management process. The authors indicate that expatriate managers could rely neither on a policy nor an adjustment plan when returning to their home country, which led to a lack in the transfer of repatriating skills acquired during their international assignment (Tahir and Egleston, 2019). Tahir and Egleston (2019) add that the expatriate managers faced the challenge of remaining connected to the headquarters, while most MNCs failed to support them in this regard. This impaired connection can result in an unsuccessful readjustment of the expatriate manager during their repatriation, which is another obstacle many expatriate managers experience during their repatriation (Ozdemir and Cizel, 2007). Instead, if the expatriate manager had a mentor in the headquarters during their international assignment, if they were allowed to visit the headquarters yearly, and could sustain relationships with their colleagues in the headquarters, the challenge of unsuccessful readjustment could be avoided (Tahir and Egleston, 2019).

PROBLEM STATEMENT

The repatriation stage of an international assignment is often overlooked, yet it holds equal or even greater prominence compared to the other stages in the expatriate management process. Despite its significance and associated challenges for expatriate managers and MNCs, it does not receive the necessary attention that it deserves, which could have adverse effects on MNCs and expatriate managers post-assignment.

RESEARCH OBJECTIVE AND SIGNIFICANCE OF RESEARCH

The primary objective of this study was to identify and empirically investigate the challenges associated with the repatriation phase of an international assignment. Specifically, this study examines the anticipated challenges that expatriate managers expect to encounter upon returning home from their international assignment in South Africa.

The significance of this study is underscored by its contribution to the existing literature on expatriate management, which is often outdated. Although selected challenges relating to expatriate management have been identified in the literature, these are often general in nature and do not focus on a specific region or country (Tahir and Egleston, 2019). In cases where countries or regions were the focal point, these were mostly Western countries, Japan, or China (Tahir and Egleston, 2019; Tahir, 2018). Furthermore, unlike the present study, existing studies typically provide insights from the headquarters' view on the expatriate management process and seldom offer the perspective of the expatriate manager (Tarique and Schuler, 2018). Finally, this study enriches the depth of expatriate management research by expanding its geographical scope to include South Africa. This study therefore enhances our understanding of the anticipated challenges that expatriate managers expect to encounter upon returning home from their international assignment in South Africa. These challenges could also adversely impact MNCs in terms of expatriate turnover and dedication to the MNC following an international assignment.

RESEARCH DESIGN AND METHODOLOGY

This study employed an interpretivism research philosophy and an inductive methodological approach. The study was cross-sectional in design and used semi-structured interviews to gather and analyse qualitative data through thematic analysis.

Population and sample

In this study, the target population encompassed all expatriates from foreign countries like the US, Canada, Australia, and European nations who were engaged in international assignments in South Africa at the time of the study. Due to the lack of a database with contact details of all expatriate managers on assignment in South Africa, the accessible population was confined to expatriate managers who were on international assignments in the Gauteng province of South Africa. A non-probability sampling method, which utilised a combination of convenience and snowball sampling, was used in this study. To this effect, the researcher interviewed expatriate managers from two MNCs that were readily accessible. Both MNCs were German with their headquarters in Germany. All necessary ethical protocols were followed to secure permission to interview participants from these MNCs.

Expatriate managers were required to have been on their international assignment in South Africa for a minimum of six months. This criterion ensured that participants had already experienced the initial stages of the expatriate management process and that they were in a position to provide meaningful insights into the repatriation stage. Since convenience sampling did not achieve a point of saturation, the snowball sampling method was also employed. In this respect, data collection was limited to employees working for the two companies where signed gatekeeper letters were obtained. Specifically, during each interview, the researcher requested expatriate managers to refer additional contacts who met the criteria of the study and might be willing to participate. After requesting and securing permission from relevant management within the MNCs, the contact details of these referrals were shared with the researcher. These additional participants were then contacted as data saturation was not achieved after interviewing the initial convenience sample. Ultimately, a total of seven participants were interviewed to reach a point of saturation.

Data collection

As previously noted, semi-structured interviews were conducted to collect data. The main questions were developed using existing literature as a guideline. The interviews commenced with a few introductory questions asking participants about their professional backgrounds to verify their eligibility for the study. Once the researcher confirmed eligibility, the questions then focused on uncovering the challenges associated with the repatriation phase of the international assignment in South Africa.

Data analysis

To facilitate the thematic analysis, the methodology proposed by Lester, Cho and Lochmiller (2020) was adopted. This process involves several sequential steps, with the core focus being the coding of raw data, followed by the organisation of these codes into distinct categories. Ultimately, similar categories are synthesised to develop overarching themes.

EMPIRICAL FINDINGS, DISCUSSION AND PRACTICAL RECOMMENDATIONS

Demographic profile of participants

The participants in this study had resided in South Africa for durations ranging from one to eight years and were on their first, second, or third international assignment. Among the seven participants, six were male and one was female. The ages of participants were distributed between 30 and 60 years. Before relocating to South Africa, five of the seven participants worked for the German headquarters of their company, while the other two participants worked for subsidiaries in the Netherlands and India. These individuals possessed the necessary experience and background to offer meaningful insights into the possible challenges associated with the repatriation stage of their international assignment.

Challenges of repatriation

The most important challenges that expatriate managers expect to encounter upon returning home from their international assignment in South Africa are discussed below. The main challenges associated with repatriation include the need for a higher degree of flexibility among both the MNCs and the expatriate managers; inadequate future career planning for expatriates; difficulty readapting to the home country after returning from an international assignment; neglecting the repatriation stage in the expatriate management process; and the expatriates' uncertainty about their future.

Need for a higher degree of flexibility

Regarding the challenge of needing a higher degree of flexibility, one of the participants explained that repatriation became difficult once he insisted on returning to Germany or going to a specific country. He explained that people in Germany stayed longer in their work positions than in many other countries, which led to fewer job openings and thus limited options for returning expatriate managers. Therefore, expatriate managers have limited control over their future location and must show a certain degree of flexibility on the work location or the work position. This specific participant had to make sacrifices concerning repatriation, as he had to leave the host country upon the expiry of his visa. Thus, he would need to start his new job at a specific point in time and must accept a position that was available at that time without being able to wait for a more suitable opening. This predicament shows the need for flexibility, which was identified as a challenge.

Also, in line with this challenge, a second participant pointed out that he felt trapped in company processes. As company processes were not flexible, he had to show a certain degree of flexibility. At the time of the interview, this participant was spending his final weeks in South Africa and the repatriation was already planned. He mentioned that his family needed to ship their furniture to two different places in Europe, which was, from his company's perspective, not possible. Although his family circumstances required this scenario, his company was not able to approve his request, which was a challenge to him. A third participant also experienced the challenge of flexibility. More specifically, this participant had already experienced two previous repatriations and explained that repatriation often involved a family separation, as families should consider school calendars. This meant that his family might need to return to India earlier than him for his daughter to be able to start school in India at the beginning of the new school year. With his international assignment ending on a specific date and associated visa challenges, these circumstances could lead to a temporary family separation.

This challenge to show a higher degree of flexibility is a valuable contribution to the existing body of knowledge on expatriate management, as it has not been identified as a challenge in the current literature. To mitigate this challenge, MNCs should be as flexible as possible, to provide a suitable solution to all returning expatriate managers. In addition, and to avoid the expatriate manager having to make sacrifices, the repatriation process should start earlier, that is, at least six months before the planned end date of the international assignment. In this way, the expatriate manager can investigate and assess the available job positions to make sure a suitable position is found. Involving the expatriate manager from an early stage is important to ensure a successful repatriation. This can be supported by regular career planning meetings, for example, between the expatriate manager and the human resources department. To this end, future possible jobs can be discussed and if a suitable position opens, the expatriate manager can decide to repatriate at an earlier stage and avoid sacrifices in finding a suitable job at a later stage. Consequently, if the process starts earlier and there is a constant exchange between the human resources department and the expatriate manager, the expatriate manager's need to show a high degree of flexibility might be reduced.

Inadequate future career planning for expatriates

Concerning the challenge of inadequate future career planning for expatriates by MNCs, three participants mentioned that they expected it to be difficult to find work back in their home country that matched both the company's and the expatriate manager's aspirations. One of the three participants explained that if there was a specific position he wanted to pursue following the international assignment, the timing was important as expatriate managers were restrained concerning the starting date of the position. Another participant elaborated that he saw expatriates leaving the company after returning from their international assignment as no suitable position could be found for them in the company.

A third participant was supposed to stay in South Africa for a further five months, but he still did not know where he would move to after the assignment in South Africa and which job he would do. The lack of career planning was a common theme in the responses from participants. This challenge was identified in the literature review; however, it was identified as part of the first stage of the expatriate management process. Stahl (2017) pointed out the challenge of the lack of a long-term orientation, by showing that the career planning made for expatriate managers was often inadequate. Stahl (2017) referred to this challenge to be part of the first stage of the expatriate management process, but as confirmed in the current study, this challenge is also prevalent in the repatriation stage.

Regular exchange between the expatriate manager and the human resources department or their managers is recommended to ensure that all possible options for their future are contemplated, and plans are being made. As experienced by one of the participants, this approach could give more certainty to expatriate managers.

Difficulty readapting to home country after returning from international assignment

Three participants alluded to the challenge of readapting to their home country following an international assignment. These challenges were partly based on experiences with previous international assignments. Although one of the participants was on her first international assignment, she was aware of the challenge of readapting to her home country, given that she had lived in South Africa for almost seven years. In line with this challenge, several participants shared that they had enjoyed several benefits in South Africa, such as having a domestic, living in a spacious apartment or house, the pleasant weather conditions, the people's generally positive attitude, and the overall low prices for services, which they did not have in their home country. In this respect, one of the participants described living in a big house in South Africa with the assistance of a gardener and domestic who handled cleaning, laundry, and ironing. However, upon returning home, they must readjust to life without these services. The experiences described by participants can be linked to the differences mentioned in Hofstede's (1980) cultural dimension of indulgence. South Africa's score in this dimension is high, which indicates a focus on enjoying life, being content, and generally having a positive attitude. This positive attitude was noted by one of the participants, who explained that it would be a challenge to him to not be surrounded by this positive attitude anymore when returning to Germany. According to Hofstede Insights (2023), Germany received a low score in this dimension, which shows that German people are generally more restrained by social norms concerning enjoying their lives.

To address this challenge of adapting to the home country, it is recommended that MNCs offer voluntary training for expatriate managers as part of the repatriation process, especially to those expatriates having lived in a foreign country for a longer period. This additional form of training could prepare the expatriate managers and their families for life in their home country and in general for the challenges that they might not expect.

Neglecting the repatriation stage in the expatriate management process

Regarding this challenge, several participants referred to the challenge of not receiving company support such as assistance in searching for a suitable school or apartment or support in readjusting to the German culture. This finding indicates that repatriation is not deemed as important as other stages of the expatriate management process. Specifically, one of the participants shared that she had wished for better communication during this stage and, for example, a process flow showing the timing of events concerning relocating, resigning, and receiving one's contract. This points to the lack of communication about the expatriation stage by her company and the disregard of this stage. The same participant also emphasised that more effort must be spent on repatriation than on preparation for an international assignment. This participant noted that considerable self-initiative was needed to make plans, given that the repatriation stage was not deemed as important as the other stages. Although this participant had a contact in the company's human resources department, no plan was in place for her and everything that was proposed in this respect was based on her initiative.

The inadequate focus on the repatriation stage is a common theme in the current literature on expatriate management. For example, Ozdemir and Cizel (2007) explain that the biggest challenge regarding repatriation that has been identified in the existing literature is that this stage of the process is often completely ignored by MNCs. Further, the study conducted by Tahir (2018) indicates that there was no strategy or plan in place for the participants' repatriation. Tahir and Egleston (2019) also found in their study that repatriation was not a priority in the expatriate management process.

To overcome these challenges, MNCs must acknowledge the importance of the expatriation stage and not be disregarded. As explained by a few participants, an unsuccessful repatriation can lead to the expatriate manager leaving the company. Consequently, it is recommended that MNCs put as much effort into this stage as in the other stages. Repatriation should start early and with the constant involvement of the expatriate manager. Company processes and policies should be communicated by the human resources department to make sure that the expatriate manager is aware of everything they need to know.

The expatriates' uncertainty about their future

On the challenge of expatriates' uncertainty about their future, one participant noted that no one in her company had given her information about her future options. Another participant, similarly, expressed concern about the lack of information regarding the country, role, or unit to which he would be assigned. This participant elaborated that while he was assured of having a job and salary, the uncertainty for his partner was higher. She could not explore employment opportunities because they were unaware of their next destination after his assignment in South Africa. This challenge about uncertainty extends beyond work positions and includes uncertainty about expatriates' partners and personal lives. The identification of this challenge is a valuable contribution to the existing body of knowledge on expatriate management, as it has not been identified as a challenge in the current literature.

To address this challenge, the constant and early involvement of the expatriate manager in the expatriate management process and regular career discussion meetings can be beneficial.

In summary, the recommendations to mitigate the challenges associated with repatriation include an early start of the repatriation process; regular meetings between the expatriate manager and pertinent MNC management to discuss future career prospects; a constant and early involvement of the expatriate manager in the repatriation process; a stronger focus on the expatriation stage by MNCs; and additional training to enhance the success of the expatriate manager's adjustment to the home country.

LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

This study addressed several gaps in the existing literature on expatriate management, yet it also acknowledges some limitations. In this instance, interviews were exclusively conducted in two German MNCs, and a non-probability sampling method was utilised. The possibility of sampling bias can therefore not be ignored. Consequently, a suggestion for future research would be to replicate this study but utilise probability sampling. Further, the sample size remained relatively small and predominantly included male participants. As such, recommendations and claims should be interpreted with caution, considering the context of the study. Therefore, another recommendation would be for future researchers to replicate the study with a larger and more diverse sample, possibly producing more representative findings. A last recommendation would be to conduct a quantitative study on the challenges associated with the repatriation stage of the expatriate management process. For example, the challenges identified in this study can be empirically tested through a deductive approach and survey strategy, therefore adopting a positivistic research philosophy.

CONCLUSION

This study's primary objective was to identify and empirically examine the challenges associated with the repatriation phase of an international assignment. Specifically, this study examined the anticipated challenges that expatriate managers expect to encounter upon returning home from their international assignment in South Africa. By pursuing this objective, the study addresses a gap in current literature that tends to concentrate on Western countries. The broader scope enriches our understanding of the challenges associated with repatriation, a stage that is often neglected by MNCs. The findings uncovered several challenges linked to the repatriation stage, some of which have not been identified in the current literature on expatriate management. Utilising these identified challenges, this paper offers several meaningful recommendations aimed at addressing them and possibly enhancing the success of international assignments. In this instance, expatriate turnover could be reduced, while enhancing expatriates' commitment to the MNC following an international assignment.

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Carrots or Sticks for Virtual Trust?
An Exploration of How Leader-Imposed Sanctions Affect Trust Within Virtual Innovation Teams

Lelani Maree, Department of Business Management, Stellenbosch University
Aeron Grenfell, Department of Business Management, Stellenbosch University

ABSTRACT

A key leadership task is to develop intrateam trust, but this is especially difficult in virtual innovation teams that have geographically dispersed team members collaborating via electronic communication. The primary objective of this study was to explore how sanctions imposed by leaders of virtual innovation teams affected intrateam trust. A single case study was adopted for this exploratory, qualitative research, whereby five participants belonging to the same virtual innovation team from a South African management consulting organisation were semi-structurally interviewed. The results showed that both positive and negative sanctions can be utilised by leaders to develop intrateam trust. Additionally, leaders can develop a trusting culture by using sanctions to develop social norms that relate to trust dimensions. Therefore, sanctions are an effective means for leaders to create a trusting culture in VITs.

Keywords: trust, leadership, sanctions, virtual innovation teams

INTRODUCTION

Virtual innovation teams (VITs) have become increasingly prevalent due to the impacts from globalisation (Tidd & Bessant, 2018; Williamson & Wan, 2018) and COVID-19 (Mischke, Luby, Vickery & Woetzel, 2023). A trusting culture is essential for good business, especially innovative business, and yet is more difficult to develop in virtual teams compared to face-to-face teams (Newman & Ford, 2021; Breuer, Hüffmeier, Hibben & Hertel, 2019; Choi & Cho, 2019). Since leaders are vital for developing trust (Newman & Ford, 2021; Costa, Fulmer & Anderson, 2018) and sanctions show potential for developing trust in VITs (Chen, Zhang, Laustsen & Cheng, 2021; Wang & Murnighan, 2017; Schein, 2004; Ferrin & Dirks, 2003), literature on VITs, trust, and sanctions showed that the impact of sanctions on trust within a VIT context calls for an exploration. It is also vital that the VIT's be placed in context.

VIRTUAL INNOVATION TEAMS

Innovation teams have team members from diverse disciplines that collaborate to solve complex issues in a manner that adds value, such as by implementing new products, services, positions, processes or paradigms (Brown, Von Daniels, Bocken & Balkenende, 2021; Caccamo, 2020; Schmidtke & Cummings, 2017; Krogh & Torfing, 2015). VITs are innovation teams whereby team members are geographically dispersed and communicate using electronic communication technologies, such as video conferencing tools, emails, and private discussion boards (Schmidtke & Cummings, 2017). VITs have become more significant in recent years because of shifting consumer demands (Williamson & Wan, 2018), increased competition (Tidd & Bessant, 2018) and COVID-19 (Mischke *et al.*, 2023). Although office attendance has increased since the pandemic, it has stabilised at “30 percent” below pre-pandemic levels, reflecting an increase in the number of virtual teams (Mischke *et al.*, 2023:iv). With virtuality comes the significant challenge of developing trust (Newman & Ford, 2021) which is explained after trust is described from a multidimensional perspective.

MULTIDIMENSIONAL TRUST

According to seminal trust authors, Mayer, Davis and Schoorman (1995), trust refers to one being willingly vulnerable to another’s actions because of the belief that the person will act in one’s best interest regardless of whether they are being monitored. However, this is a unidimensional perspective of trust and Hacker, Johnson, Saunders and Thayer (2019) call for a dynamic, multidimensional perspective which integrates swift trust, perceived trustworthiness, perceived risk, as well as Hacker *et al.*'s (2019) trust antecedents.

Swift trust and knowledge-based trust

Newly formed teams rapidly develop trust, which Meyerson, Weick and Kramer (1996:166) coined “swift trust”, based on their initial assumptions about other team members’ characteristics. Over time, team members develop trust that is rooted in their observations of other team members’ behaviours; this is known as knowledge-based trust and is stronger than swift trust (Robert, Denis & Hung, 2009). A team member’s disposition to trust and the positive bias towards in-group members are forms of swift trust because they are not based on knowledge of the team members’ behaviours (Homan, Gündemir, Buengeler & van Kleef, 2020; Hacker *et al.*, 2019; Robert *et al.*, 2009). Swift trust can impact a person’s perceived trustworthiness, as can knowledge-based trust (Hacker *et al.*, 2019).

Perceived trustworthiness

According to Mayer, Davis and Schoorman (1995), the dimensions of perceived trustworthiness, which is how trustworthy one considers another team member, include perceived ability, benevolence, and integrity. These dimensions respectively refer to the team member's level of competence, care for others, and reliability (Mayer *et al.*, 1995). According to Breuer et al. (2019) there are more facets that contribute to each dimension of perceived trustworthiness. More recent research shows that predictability and transparency are two additional dimensions of perceived trustworthiness (Breuer *et al.*, 2019).

Antecedents to knowledge-based trust

Member attributes, team structure, team management, and interpersonal relationships are knowledge-based trust antecedents that impact perceived trustworthiness (Hacker *et al.*, 2019). Firstly, team members with different cultures or expertise generally experience lower trust, but this can be mitigated by team members understanding everyone's competencies and sharing knowledge (Hacker *et al.*, 2019). Secondly, goal alignment is essential for trust, but role clarity is more important for VITs (McLaren & Loosemore, 2019). Size, hierarchy, and formalisation are other aspects of team structure that impact perceived trustworthiness: trust is easier to build in smaller teams with flatter hierarchies (Chiu & Chiang, 2019) and more formalised structures help team members judge their teammates' competence (Hacker *et al.*, 2019). Thirdly, participative leader behaviours and role model leader characteristics increase perceived trust in VIT leaders, while micromanagement leader behaviours decrease trust (Hacker *et al.*, 2019). Finally, perceived trustworthiness is increased by familiarity in interpersonal relationships, such as team members better understanding one another because of social activities (Zander, Zettinig & Mäkelä, 2013), and is decreased by task or relational conflict (Wang, Wang & Chang, 2019). These antecedents contribute to a team member's knowledge-based perceived trustworthiness, but there is an extra step required before they are trusted (Hacker *et al.*, 2019).

Perceived risk and trust

Even if a team member is perceived as trustworthy through knowledge-based trust or swift trust, perceived trustworthiness will only become trust if the potential gains outweigh the perceived risk of trusting them (Breuer *et al.*, 2019). The final stage of **Error! Reference source not found.** is deciding to trust. Developing and maintaining trust within VITs is a key but challenging leadership task (Newman & Ford, 2021; Costa *et al.*, 2018).

The leadership challenge of developing trust in virtual innovation teams

Research indicates that intrateam trust improves team members' proactivity, optimism, focus on task-output and their willingness to communicate and provide feedback (Newman & Ford, 2021). Trust strongly impacts collaboration which is important for innovation, making the formation of a trusting culture especially vital for VITs (Choi & Cho, 2019). However, developing trust virtually is difficult because electronic communication reduces intrateam bonding since it offers fewer nonverbal cues and informal interaction opportunities, while asynchronous electronic communication often causes misunderstandings (Newman & Ford, 2021; Eikenberry & Turmel, 2018). Sanctions show potential as a means for leaders to overcome these trust barriers within VITs (Chen *et al.*, 2021; Wang & Murnighan, 2017; Ferrin & Dirks, 2003).

Sanctions as leader tools for trust development in virtual innovation teams

Sanctions refer to the reinforcing of particular behaviours within a group to sustain social norms (Halpern, 2005). According to seminal organisational culture researcher, Schein (2004:12), social norms refer to the "implicit standards and values" that develop in teams. Norms are established when a team member takes a stance and others either let it stand by keeping silent, or they overtly approve, process or reject the stance (Schein, 2004). Norms show potential for developing trust because they provide standards for behaviour, which encourages consistency and abiding by these standards would be considered morally correct by the group (Schein, 2004). Consistency contributes to perceived predictability, while ethics contributes to perceived integrity, highlighting how the presence of social norms show potential for developing trust via perceived predictability and integrity (Breuer *et al.*, 2019). Social norms can be formed through positive or negative sanctions, which show potential for impacting trust (Chen *et al.*, 2021; Wang & Murnighan, 2017; Halpern, 2005; Ferrin & Dirks, 2003).

Positive sanctions, such as rewarding team members' behaviours because they performed better than other team members decreases trust, while cooperative rewards, such as increasing remuneration because of the overall team performance, improves trust (Ferrin & Dirks, 2003). Negative sanctions, such as leader threats to punish team members can increase team cooperation and trust between team members (Chen *et al.*, 2021). Punishment can also increase trust in the leader if it is perceived as deserved, but trust decreases if leaders are rewarded for punishing (Wang & Murnighan, 2017). Trust can thus be developed by leaders through the use of positive and negative sanctions. However, to the researcher's knowledge, there is limited research on sanctions' impact on trust within a VIT context, pointing to this study's research objectives.

It is evident from the literature that sanctions show potential for trust development (Chen *et al.*, 2021; Wang & Murnighan, 2017; Ferrin & Dirks, 2003), but their use by leaders in a VIT context has yet to be extensively explored. The primary research objective was to explore how leader-imposed sanctions affect trust development within VITs. Supporting research objectives include exploring the effect on intrateam trust of leaders (1) rewarding and (2) punishing VIT members.

RESEARCH DESIGN

An interpretive paradigm was adopted to explore how leader-imposed sanctions affect trust development within VITs.

Data gathering

A case study research design was followed and semi-structured interviews with a VIT from a South African management consulting organisation were conducted. This organisation was purposively sampled because of its many innovative projects. The VIT was purposively selected for interviews, firstly, because they qualified as a VIT: the team members were diverse in discipline, used electronic communication to collaborate, and demonstrated innovativeness by creating a new product in solution to a complex issue (Brown *et al.*, 2021; Caccamo, 2020; Schmidtke & Cummings, 2017; Krogh & Torfing, 2015). Secondly, the completion of their innovation project was recent, allowing for vivid recollections. Thirdly, this VIT operated entirely remotely, with most members never having met in-person, ensuring that any trust present between team members was solely influenced by virtual interactions rather than in-person events. Fourthly, the team was small, consisting of five team members, including the team leader, which offered rich insights into the dynamics and trust between all team members. Data was gathered with due regard for the research's trustworthiness and ethical considerations.

RESULTS AND FINDINGS

This study set out to explore how leader-imposed sanctions affect trust development within VITs, such as the effects on intrateam trust of the VIT leader rewarding or punishing team members. Five VIT members from a South African management consulting firm were interviewed because they had recently finished developing a new software programme. In order to protect the anonymity of the VIT members, each team member was named after one of Pluto's five moons, with Charon being the pseudonym of the VIT's leader. The impact on trust of Charon using positive and negative sanctions is explained first, followed by the general impact of sanctions and how this affected the VIT's trust.

Impact of positive sanctions on trust

Positively reinforcing behaviours, such as through rewards, is considered positive sanctions (Ferrin & Dirks, 2003). Although Charon claimed not to have rewarded the team, believing "the system" was rewarding in itself, **Error! Reference source not found.** showcases that every other team member believed Charon rewarded them verbally. The team agreed that the environment was considerably more collaborative than competitive and many of Charon's praises were directed towards the group as a whole. This praise developed intrateam trust because they believed themselves and one another to be more competent, increasing their perceived ability of one another (Breuer *et al.*, 2019). This finding aligns with research that shows trust increases with the use of cooperative rewards as opposed to competitive rewards (Ferrin & Dirks, 2003). Therefore, VIT leaders can use positive sanctions, such as verbal praise, to develop intrateam trust.

TABLE 4

IN VIVO CODES ILLUSTRATING CHARON'S USE OF REWARDS

Team member	**How Charon rewarded team members**
Charon	"No […] the system, to me, feels like a reward in itself."
Styx	"Verbally, yeah. Yeah, he does say "good work"
Hydra	CHARON was "impressed" "get recognition"
Nix	"Yeah! He did say 'thank you guys', 'you did a good job'" "nice words to encourage [you and to make you] feel good."
Kerberos	"gratitude […] job well done". I don't need any more than that to feel competent."

Impact of negative sanctions on trust

Negatively reinforcing behaviours, such as through punishments, is considered negative sanctions (Chen *et al.*, 2021). There was team consensus that the work itself was often challenging, as seen in TABLE 5. The stressful and frustrating nature of the team's work was exacerbated by Charon's verbal punishments.

TABLE 5
TEAM MEMBERS' PERCEPTIONS OF THEIR WORK

Team member	**The nature of the team's work**
Kerberos	"I find [my job] extremely challenging"
Nix	"getting stuck" "normally whatever you're working on is challenging" "stressful"
Hydra	"quite stressful" "gets frustrating" "Sunday evenings where we would sit up until midnight sometimes"
Styx	"there'd be hard times" "Worked on Sunday evenings together to finish by the deadline"
Charon	"the guys express multiple times [that they get] really frustrated"

Although the team agreed Charon did not punish anyone, TABLE 6 indicates that Charon used verbal comments to negatively reinforce better performance; these can be considered punishments in the context of negative sanctions (Chen *et al.*, 2021). Most of Charon's verbal punishments were intended as motivation for team members to develop themselves; Charon wanted to "empower the guys". Charon pressured the team members to perform better and once even stated that the team members could lose their jobs if they failed to do so. Despite the pressure and job loss threats, intrateam trust and trust in Charon seemed to increase. When the participants spoke of Charon's frustrations, they instantly defended him, justifying his comments and the pressure he placed on the team. This supports research that shows trust increases with leader-imposed punishments because such negative sanctions can improve team cooperation and inspire fear and respect for the leader (Chen *et al.*, 2021). Research showing that trust increases when team members believe the punishments given by leaders to be just is also supported (Wang & Murnighan, 2017). Team members agreed that they lacked experience and skill in certain areas, so Charon's verbal punishments were justifiable. The researcher believes that the team's trust also improved even when experiencing intense pressure and job threats because Charon's frustration arose from emotional care. Every team member reiterated the immense support Charon offered, highlighting his benevolence which contributes to perceived trustworthiness (Breuer *et al.*, 2019).

TABLE 6
IN VIVO CODES ILLUSTRATING CHARON'S USE OF PUNISHMENTS

Team member	How Charon punished team members
Charon	“I wish there was something I could do to help the team improve faster”
Styx	CHARON says “he’s worried” “there is pressure to improve”
Hydra	“He’s sometimes a bit frustrated but mostly he understands” “CHARON did tell us […] if we keep underperforming […] you don't know if you're going to have a job.”
Nix	Never mentioned punishments, but did say that CHARON motivates them “to achieve and learn more”
Kerberos	“the level of competency is sometimes frustrating [for CHARON].” “[CHARON’s] very direct to say “listen, this week there was not enough progress” or “Not fast enough, so let's get on it, please”

Sanctions and social norms

The purpose of sanctions, which involves positively or negatively reinforcing certain behaviours, is to create and maintain social norms (Halpern, 2005). Social norms are the “implicit standards and values” developed within a team (Schein, 2004:12). Through Charon’s aforementioned verbal positive and negative sanctions, implicit standards and values of excellence, efficiency, and self-development were created within the team, as suggested by TABLE 7. These social norms of a willingness to work hard to complete tasks and improve themselves increased team members’ perceived ability of one another. Additionally, the researcher believes that sharing these values increased their perceived predictability and integrity of one another because behaviours aligned with the team’s social norms would demonstrate consistency and be considered the morally correct choice (Breuer *et al.*, 2019; Schein, 2004). Not to mention that there was consensus on how willing everyone was to help each other improve and overcome challenges as a team, reflecting the genuine care and thus perceived benevolence present in the team. Perceived benevolence, integrity, predictability, and ability all contribute to perceived trustworthiness and, thus, increase trust (Breuer *et al.*, 2019).

TABLE 7
IN VIVO CODES ILLUSTRATING THE SOCIAL NORMS WITHIN CHARON'S TEAM

Team member	**In Vivo codes for implicit standards and values**
Charon	"They wish they learned faster" "I wish there was something I could do to help the team improve faster" "I can hear that they're disappointed if they haven't completed any issues. That might also just be me projecting"
Styx	"you like to learn how to do a thing easier" "Worked on Sunday evenings together to finish by the deadline"
Hydra	"trying to put in the time to get better" "would obviously really like to get them finished earlier or quicker" "Sunday evenings where we would sit up until midnight sometimes" Styx and I ""have our own little personal project that we work on outside of work time, which is not work related"
Nix	"my favourite part is being able to fix big issues without any assistance"
Kerberos	"I'm not going as fast as I want to go" "training, doing extra courses to improve my skills"

In conclusion, sanctions develop social norms (Halpern, 2005), which can contribute to trust because they increase the predictability of team members' behaviours, and team members that behave in the socially correct manner would be considered integrous. In this particular VIT, the social norms were embedded in a collaborative environment, and were thus carried out in a benevolent manner, increasing trust. Additionally, their social norms were closely linked to competence because they valued self-development and excellent and efficient task output, which naturally improved team member perceived ability. Therefore, sanctions developed social norms which enhanced the team's trust through perceived ability, benevolence, integrity, and predictability (Breuer *et al.*, 2019). These social norms were initiated and maintained in large part by the leader's positive and negative verbal reinforcements throughout the project, which increased intrateam trust and trust in the leader (Chen *et al.*, 2021; Wang & Murnighan, 2017).

PRACTICAL MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

The results and findings show that leader-imposed sanctions have a significant effect on intrateam trust, resulting in several pertinent recommendations for leaders of VITs. Firstly, VIT leaders can use positive sanctions, such as collaborative rewards and verbal praise, to improve intrateam trust (Ferrin & Dirks, 2003). Secondly, leaders can use negative sanctions, such as verbal comments and even threats, to increase team cooperation and intrateam trust, as well as trust in the leader if the punishments are fair (Chen *et al.*, 2021; Wang & Murnighan, 2017). However, leaders should consider that intentions matter when punishing individuals, as the results and findings suggest that punishments arising from good intentions and benevolence rather than malice are what improve trust (Breuer *et al.*, 2019; Wang & Murnighan, 2017). Thirdly, in using positive and negative sanctions, leaders are developing social norms, which are implied behavioural standards and values (Schein, 2004). Using sanctions to develop social norms is important because it enables team members to demonstrate consistent behaviours that are perceived as morally correct within the team, contributing to perceived predictability and perceived integrity and thus the perceived trustworthiness of team members (Breuer *et al.*, 2019). Fourthly, leaders can engender a trusting VIT culture by instilling values and behavioural norms that strongly link to trust dimensions: such as positively reinforcing competence and participation and thereby perceived ability; instilling values of team loyalty, autonomy and support to increase perceived benevolence; ensuring norms like being willingly available, consistent and keeping commitments to increase perceived predictability; being ethical to improve perceived integrity; and being open and honest to improve perceived transparency (Breuer *et al.*, 2019). Positive and negative sanctions are, therefore, key leadership tools for improving trust within VITs.

CONCLUSIONS

It is recommended that VIT leaders use positive and negative sanctions to develop social norms that foster a trusting virtual culture. These recommendations were based on the study's findings which illustrated that, firstly, sanctions create social norms (Halpern, 2005) which in and of themselves can develop trust because they allow for team members to demonstrate consistent behaviours that are perceived as correct by the group, promoting trust (Breuer *et al.*, 2019). Secondly, sanctions can foster a trusting culture if the developed social norms are closely linked to facets of perceived trustworthiness dimensions (Breuer *et al.*, 2019). For example, creating norms related to competence, emotional support, ethical values, keeping commitments, and openness would respectively increase team members perceived ability, benevolence, integrity, predictability, and transparency, improving overall trust levels (Breuer *et al.*, 2019). Thirdly, negative sanctions, such as verbal punishments and even threats can effectively build intrateam trust, inspiring team cooperation and respect for the leader (Chen *et al.*, 2021); however, it seems negative sanctions must be justifiable and arise from the leader's good intentions for them to effectively foster trust (Wang & Murnighan, 2017). Finally, positive sanctions, such as verbal praise and collaborative rewards, also show potential as a means for leaders to build a trusting virtual culture (Ferrin & Dirks, 2003).

The study concludes that leaders can leverage both positive and negative sanctions to develop social norms that foster a trusting VIT culture (Chen *et al.*, 2021; Breuer *et al.*, 2019; Wang & Murnighan, 2017; Ferrin & Dirks, 2003).

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TRACK MARKETING (EXCLUDING DIGITAL MARKETING)

E-Shopping expectations: A comparative study between South Africa and Germany

Prof. Danie Ferreira
Nelson Mandela University, Gqeberha, South Africa
danie.ferreira@mandela.ac.za
ORCID ID: 0000-0003-3337-3164

Dr. Altouise Jonas
Nelson Mandela University, Gqeberha, South Africa
altouise.jonas@mandela.ac.za
ORCID ID: 0000-0002-4423-1738

Prof. Dr. Marco Schmäh
Reutlingen University, Reutlingen, Germany
marco.schmaeh@reutlingen-university.de

Ms. Sarah Kern
Head of Commercial Management at Providata GmbH, Germany
sarah.kern@outlook.com

Abstract
E-shopping expectations vary across countries due to cultural and socio-economic factors, particularly between developed and developing countries. This research paper aims to study and compare the e-shopping expectations of online consumers in Germany and South Africa. The research is quantitative and employs both descriptive and exploratory research designs. The Levene test was performed to ascertain if the samples had the same variances. Only variables and items with equal variances not assumed were submitted for further testing. The independent T-test was conducted to determine significant differences in mean scores between the two groups. A p-value less than 0.05 indicates significant differences. The study's findings suggest distinct differences in e-shopping expectations between South African and German consumers. By implementing the recommendations outlined in this study, e-commerce platforms can cater to customers' diverse needs and expectations in both countries, thus enhancing the overall e-shopping experience for all consumers involved.

Keywords: e-commerce, comparative study, consumer expectations, e-shopping.

INTRODUCTION AND PROBLEM STATEMENT
E-shopping has gained widespread popularity as a convenient method for consumers to buy products and services in the modern digital era (Tasyürek, 2023). E-shopping's widespread appeal is due to the convenience of shopping from home and comparing prices and products from

different retailers (Shaw, Eschenbrenner and Baier, 2022). In addition, the availability of customer reviews and ratings provides valuable insights into the quality and reliability of products, helping consumers make more informed decisions (Sharma and Kumar, 2023). As e-shopping evolves, consumers must have realistic expectations regarding shipping times, return policies, and customer support (Mofokeng, 2021). By understanding the dynamics of e-shopping and being aware of potential challenges, consumers can make the most of their e-shopping experiences (Gulfraz, Sufyan, Mustak, Salminen, Srivastava, 2022). Consumers expect accurate product descriptions and images, easy navigation on the website or app, secure payment options, prompt delivery, hassle-free returns or exchanges (Callarman, 2023). This tendency is observable in Germany and South Africa, where e-shopping has increased (Mastercard, 2020; UNCTAD, 2020). Shaw et al. (2022) indicate that there are variances in expectations in different countries that can enhance e-shopping. Queiroz, Lima, Da Silva, Queiroz and De Souza (2021) propose that cultural and socio-economic factors could lead to differences in shopping patterns. Furthermore, Ta, Aarikka-Stenroos and Litovuo (2022) emphasise the importance of examining country-specific differences when researching shopping patterns. Luu & Baker (2021) agree and suggest that differences might exist between developed and developing countries, as developing countries typically lag behind developed ones in terms of material culture. Additionally, Ferreira and Jonas's (2024) findings indicate some similarities in consumer online expectations between developing countries and propose a comparative study between a developing and a developed country. Therefore, comparing a developed country like Germany with a developing country like South Africa is of particular importance. This view is echoed by researchers Dobbelstein and Lochner (2023), Dobbelstein and Naidoo (2020), and Snelgar, Shelton and Giesser (2017). It is essential to identify whether consumer expectations related to e-shopping are different or similar between countries such as South Africa and Germany, as this information can assist online store managers in enhancing the consumer e-shopping experience and managing e-consumer satisfaction. Furthermore, understanding consumers' expectations from both countries can significantly advance and improve local economies, particularly in developing countries such as South Africa. Therefore, this paper examines and compares the e-shopping expectations of South African and German consumers.

Primary and secondary objectives

The primary objective is to identify and compare the e-shopping expectations of consumers in Germany and South Africa. To assist in achieving this primary goal, the following secondary objectives have been identified:

- To identify differences in e-shopping expectations between South African and German consumers.
- To determine the factors that influence e-shopping expectations in both countries.
- To provide recommendations for e-commerce platforms to enhance the overall e-shopping experience for consumers in both countries.

Trends in e-shopping in South Africa and Germany

The following e-shopping trends have been identified in South Africa and Germany. The first trend in South Africa is an increase in demand for products supplied by online Chinese sellers whose product prices are more affordable than those charged by local suppliers (Kernes, 2024). Fraser (2024a) concurs and indicates that the increase in popularity of Chinese online stores Temu and Shein has negatively influenced sales of domestic online stores, especially Takealot and Superbalist. This differs from the situation in Germany, where consumers are more focused on sustainability and priorities have shifted to more ethical and localised consumption patterns (International Trade Administration, 2023). German consumers increasingly demand more information about material sourcing and manufacturing to determine sustainability and ensure responsible selection of products (Germany Trade and Invest, 2024; Klein and Popp, 2022). A second trend identified in South Africa is that consumers want to be heard and responded to immediately via their preferred platform regarding the products that they are most interested in. This trend is visible in the German market as consumers have grown accustomed to the enhanced development of technology, and German e-commerce businesses need to keep up with the high pace consumers expect (from B2C).

A trend common among South African and German consumers is the search for personalised product recommendations and tailored shopping experiences (Huge Connect, 2023; Sun and Xu, 2019). This involves adapting digital content, products and services to cater to cultural, linguistic, and regulatory preferences (Klein and Popp, 2022). Lastly, South African consumers increasingly turn to social media for discovery instead of Google. This means online retailers must optimise their social media profiles and content to remain relevant. In particular, TikTok is a social media app that has become a significant platform for brand and product research, specifically among young users (Business Tech Africa, 2024). The situation is similar in Germany, but the request for attractive technology has risen because of the younger generations entering leadership positions in B2B institutions. Consequently, social media can not only be seen as an additional channel within e-commerce but also needs to be considered as its own social commerce strategy, emphasising the interaction between consumers and institutions as well as the interaction between consumers (Sun and Xu, 2019).

E-Shopping expectations that can increase e-consumer satisfaction.

E-shopping expectation variables that can increase e-consumer satisfaction are website usability, website security, product offering, customer service, product awareness and complaint handling (Cai and Chi, 2018; Chiguvi, 2023; Li, Fan and Xue, 2020; Ratnasari, Siregar and Maulana, 2021; Shumba and Ferreira, 2023). Website usability refers to how efficiently and effectively a user can navigate a website (Karani, Thanki and Achuthan, 2021). In the e-shopping context, the organisation's website represents the first point of contact between the customer and the outlet (Hult, Sharma, Morgeson, and Zhang, 2019). Customers are exposed to numerous websites daily, and therefore, businesses should ensure that their websites provide sufficient motivation for customers to remain and not move on to a different website (Hiligoss and Rieh, 2008). According to Curth, Picoto and Garcia (2022) and Fariz (2022), website usability significantly influences e-customer satisfaction. Website security is concerned with technological advancements to safeguard users from fraud, hacking or “phishing”. E-commerce poses more uncertainty and risks than conventional transactions as customers are expected to provide sellers with personal information such as credit card details, email addresses and contact numbers online (Ratnasari et al., 2021). As a result, online businesses must understand and acknowledge the critical importance of website safety and security for their customers and make every effort to minimise the risks associated with online safety and security (Wilson, Alvita and Wibisono, 2021). Ratnasari et al. (2021) indicate that website security positively affects e-customer satisfaction levels.

Product offering is a term used to describe anything that can be presented to the market to attract attention, gain acquisition, and satisfy a need or want. This can encompass a wide variety of things including products, objects, services, events, people, places, organisations, ideas or a combination of these things (Phala, 2021). Product-related factors such as product variety and delivery have been found to influence e-customer satisfaction (Mofokeng, 2021). Customer service encapsulates all an organisation does to add value to its products and services for the benefit of its customers and is a critical dimension contributing to a customer's experience (Singh and Söderlund, 2020). In the online setting, e-customer service refers to the company’s collective efforts to support shoppers via the online platform (Pantano and Vissone, 2014). This support is provided over digital channels such as “live chat, email, video chat, chatbots or text messaging”. Customer service is a vital contributor to e-customer satisfaction, and e-customer service platforms have positively affected e-customer satisfaction (Chiguvi, 2023).

Product awareness helps customers gauge online products' quality, value, and variety. Without product awareness, customers may hesitate to make online purchases as they lack confidence in the products or may not even be aware of the available options (Daroch, Nagrath and Gupta, 2021). When customers are aware of the products available online, including known brands or frequent promotional offers, it positively influences their overall satisfaction with the e-shopping experience (Mofokeng, 2021). This is because product awareness allows customers to make informed purchase decisions, knowing precisely what they are buying and what to expect from the product (Luan, Shan, Wang and Xiao, 2019). Customers who are aware of the range, value, and quality of products offered online are more likely to have higher levels of satisfaction with their e-commerce experiences (Li et al., 2020). Effective and efficient complaint-handling processes can increase e-customer satisfaction by addressing customer concerns, resolving issues promptly, and providing appropriate compensation or resolution (Cai and Chi, 2018). Additionally, it shows that the business is attentive to customer needs and values their feedback, which can increase trust and loyalty (Rane, Achari, Choudhary, 2023). Customer satisfaction in e-commerce relies heavily on how companies handle complaints. By providing convenient methods for returning products, avoiding additional fees for defective goods, offering a considerable guarantee, and having a system for consumer reports of product problems, companies can enhance complaint handling and subsequently increase e-customer satisfaction (Shumba and Ferreira, 2023).

METHODOLOGY

The paper is quantitative and utilises deductive reasoning. The paper employed both the descriptive and exploratory research design. It is descriptive as it describes the sample of both studies, their online activity, and the devices used to shop online. It also describes the shopping patterns of both samples. It is exploratory as it explores the differences between German and South African online e-shopping expectations. It was considered essential to create a new measuring instrument based on current literature, as no existing measuring instrument was suitable for meeting the objectives of this study. A five-point Likert scale, ranging from strongly disagree (1) to strongly agree (5), was employed to assess the participants' attitudes toward well-defined variables and items. A pilot study was conducted on 30 respondents to test the measuring instruments' initial validity and reliability. The study collected data using a comprehensive self-administered online survey. Convenience and snowball non-probability sampling methods were used to collect data in both the German and South African studies. Google Forms was used to conduct the survey, and the raw data was automatically collected in an Excel spreadsheet. After completing data collection, the spreadsheet was downloaded from Google Forms and prepared for analysis.

The raw data was analysed using the SPSS statistical software package. The data underwent three different statistical tests. Firstly, descriptive statistics was used to calculate percentages and mean scores. Secondly, the data measuring the variables in the study was subjected to the Levene test. This test is used to determine if samples have the same variances. When variances are the same across samples, it is known as homogeneity of variance (Levene, 1960). Specific statistical tests, such as analysis of variance, require that variances be equal across groups or samples. The Levene test can verify this assumption. Only items and variables that have equal variances not assumed were further subjected to testing. When interpreting the results of the Levene test, it is vital to consider the specific statistical analysis being performed to ensure that the results are valid (Levene, 1960). In this study, the independent T-test was used to determine whether there were any significant differences in mean scores between the German and South African respondents (Lund Research, 2018). If the p-value was less than 0.05, it was considered that there were significant differences in mean scores. The data was tested for reliability; all variables in both studies had Cronbach's alpha scores higher than 0.6, as prescribed by Taber (2018). It's important to acknowledge limitations in a study's methodology. As the study compares the results from two studies, an exploratory factor analysis (EFA) could not be conducted. This decision was made to maintain the integrity of the comparison, as an EFA may have resulted in items measuring the variables loading differently between the two studies. It is believed that this transparency strengthens the credibility of this research paper.

RESULTS

The German study had 250 respondents, 52% females and 48% males. The South African study had 314 respondents, 59% females and 41% males. Table 1 presents the online activities and devices the respondents use to shop online.

TABLE 1

ONLINE ACTIVITIES AND DEVICES USED

Devices used for e-shopping	Germany	SA
Laptop	36	16
PC	7	1
Smartphone	49	80
Tablet	8	3
Time spent online daily.		
Less than 1 hour	10	16
1-2 hours	26	17
3-4 hours	41	26
More than 5 hours	23	40
Frequency of e-shopping		
Weekly	26	8
Monthly	60	58
Twice a year	13	23
Yearly	2	11

As noted in Table 1, eighty percent of South African respondents use smartphones for e-shopping, while only 49% of the German respondents do so. Forty percent of South African respondents spend more than five hours a day online, compared to 41% of German respondents who spend between 3 to 4 hours online daily. In addition, 60% of German respondents make online purchases monthly, whereas 58% of South African respondents do so on a monthly basis. These findings suggest differences in technology adoption and online behaviour between Germany and South Africa, with South African respondents showing a higher reliance on smartphones and spending more time online compared to their German counterparts. Table 2 presents the shopping patterns of the respondents.

TABLE 2

SHOPPING PATTERNS

Shopping patterns	Percentage					
	Germany			SA		
	A	N	D	A	N	D
My e-shopping has increased since the Covid-19 pandemic	44	30	26	70	15	15
E-shopping saves me time	74	18	8	79	15	6
I am familiar with e-shopping apps/websites	84	14	2	85	15	0
I find e-shopping more appealing than a brick-and-mortar shop	67	23	10	51	26	23
I find that e-shopping sites provide a more comprehensive product variety	82	14	4	52	26	22

* Key A = Agree; N = Neutral; D = Disagree

As can be seen from Table 2, most of the South African respondents (70%) indicated that their e-shopping has increased since Covid-19, compared to only 44% of the German respondents. This is in line with UNCTAD (2020) findings, which indicate that e-shopping trends during the Covid-19 pandemic varied across countries, showing significant growth in China and Turkey and comparatively less growth in Germany due to higher pre-existing e-commerce participation. In addition, a study by Mastercard (2020) revealed that 68% of South African consumers are shopping more online since Covid-19. Both German and South African respondents agreed that e-shopping saves them time and expressed familiarity with e-shopping apps/websites. It appears that a slightly larger proportion of German respondents (67%) find e-shopping more appealing than their South African counterparts (51%). Most German respondents (82%) indicated that e-shopping sites offer a more comprehensive product variety, whereas just more than half of the South African respondents (52%) shared this view. While both German and South African respondents see the value in e-shopping, there are differences in their perceptions regarding appeal and product variety.

T-test results

This section discusses the differences between the German and South African respondents with regard to the e-shopping experience variables and the items that measure them. The data set was first subjected to the Levene test. The test was conducted to establish which variables and items had a significant difference in variances. Only the variables and items that had differences in variances were subjected to the independent T-test. Table 3 presents the results of the T-test for website usability.

TABLE 3

T-TEST FOR WEBSITE USABILITY

Variable and item	Germany	SA	t-value	p-value
Website usability	-	-	-	-
Product images can be downloaded quickly	3.86	4.31	-4.787	0.000*
Convenient usage of the website	4.31	4.60	-4.406	0.000*
Update their website regularly to show timely information	3.92	4.55	-8.332	0.000*

*p<0.05

As can be seen from Table 3, all the items tested after the Levene test was conducted, presented a significant mean score differences (p=0.000). Overall, South African respondents had higher mean scores for the items than their German counterparts, supported by the negative t-values. The results suggest that South African respondents place greater importance on website usability items such as quickly downloadable product images, convenient website usage, and regular updates to show timely information than their German counterparts. Table 4 presents the results of the T-test for product offering.

TABLE 4

T-TEST FOR PRODUCT OFFERING

Variable and item	Germany	SA	t-value	p-value
Product offering	-	-	-	-
Indicate if a product is out of stock	4.23	4.75	-7.833	0.000
The product corresponds well with the description provided on the website	4.74	4.60	2.537	0.011

*p<0.05

Table 4 shows significant mean score differences for indicating if a product is out of stock (0.000) and if the product corresponds well with the description provided on the website (0.011). The results indicate that South African respondents had a higher mean score (m=4.75) for indicating if a product is out of stock compared to their German counterparts (m=4.23). However, German respondents had a higher mean score (m=4.74) for whether the product corresponds well with the website description than South African respondents (m=4.23). These findings suggest that South African consumers prioritise product availability, while German consumers place more importance on accurate product descriptions and quality. A study conducted by Dobbelstein and Lochner (2023) found that marketing strategies should prioritise providing precise product descriptions and maintaining high product quality when aiming to attract German consumers, mainly when the service is offered in the German language. The results of the T-test for website security are presented in Table 5.

TABLE 5

T-TEST FOR WEBSITE SECURITY

Variable and item	Germany	SA	t-value	p-value
Security	-	-	-	-
A 3D security for safe credit or debit card transactions	4.79	4.68	2.117	0.035
Compliant with consumer protection laws	3.94	4.58	-7.924	0.000
Shields from clickbait attempts	4.32	4.60	-4.047	0.000
The website is protected against malware attacks	4.49	4.67	-2.608	0.009
Bank verification transactions via mobile message pin	4.45	4.79	-5.278	0.000

*p<0.05

Table 5 shows significant mean score differences for items A 3D security for safe credit or debit card transactions (0.035), compliant with the consumer protection laws (0.000), Shields from clickbait attempts (0.000), website is protected against malware attacks (0.009) and bank verification transactions via mobile message pin (0.000). The results indicated the German respondents had a higher mean score (m=4.79) for the item A 3D security for safe credit or debit card transactions than the South African respondents (m=4.68). The importance of safe and secure online transactions for German consumers is supported by the findings of Shaw et al. (2022) and Deutsche Bundesbank (2022). German consumers may place a high value on secure and safe 3D online transactions because credit card usage is not as popular in Germany, as there is a strong preference for cash transactions (Vohra, 2023). Additionally, a study by Davies (2023) found that German consumers prefer using PayPal as their payment method for online shopping. South African respondents had higher means for the items compliant with consumer protection laws (m=4.58), shielding from clickbait attempts (4.60), website is protected against malware attacks (4.67) and bank verification transactions via mobile message pin (4.79) than compared the German consumers (m=3.94, 4.32, 4.49 and 4.45 respectively). These findings suggest that German consumers prioritise secure online transactions, specifically with their credit or debit cards. In contrast, South African consumers place higher importance on factors such as consumer protection laws, protection against clickbait attempts, website security against malware attacks, and bank verification through mobile message pins. These findings, which highlight the significance of website security to South African consumers, are corroborated by Ferreira and Jonas (2024). The differences between the countries could be attributed to cultural, economic, and regulatory factors specific to each country. These findings suggest that perceptions of security play a significant role in influencing e-shopping preferences in both countries. The results of the T-test for customer service are presented in Table 6.

TABLE 6

T-TEST FOR CUSTOMER SERVICE

Variable and item	Germany	SA	t-value	p-value
Customer Service	4.20	4.49	-6.190	0.000*
Good return and exchange policy	4.71	4.62	1.563	0.019*
An efficient way to get in touch with the company on the website	4.45	4.66	-3.066	0.002*
Asked to rate the overall experience of the e-shopping experience	2.80	4.04	-11.303	0.000*

*p<0.05

Table 6 displays significant mean score differences for the overall variable of customer service (m=0.000) and specific items such as good return and exchange policy (0.019), an efficient way to get in touch with the company on the website (0.002) and rating the overall e-shopping experience (0.000). The results reveal that German respondents had a higher mean score (m=4.71) for having a good return and exchange policy compared to South African respondents (m=4.62). According to Brougham (2022), German consumers attach great importance to online stores that provide a comprehensive end-to-end customer experience. However, South African respondents exhibited higher means for the overall variable customer service (m=4.49) and items related to an efficient way of getting in touch with the company on the website (m=4.66) and rating their overall e-shopping experience (m=4 .04), compared to German consumers (m = 2.80, m = 4.20 respectively). The findings suggest that German consumers prioritise a good return and exchange policy when it comes to customer service, while South African consumers value factors such as an efficient way to get in touch with the company and their overall e-shopping experience. The results of the T-test for product awareness are presented in Table 7.

TABLE 7

T-TESTS FOR PRODUCT AWARENESS

Variable and item	Germany	SA	t-value	p-value
Product awareness	-	-	-	-
Allows reviews and ratings of the products	3.45	4.44	-11.308	0.000
Opportunity to read reviews of the product from other customers	3.99	4.61	-8.390	0.000

*p<0.05

As seen from Table 7, all the items subjected to the T-test presented significant mean score differences (p=0.000). Overall, South African respondents had higher mean scores for the items tested than their German counterparts, supported by the negative t-values. The findings suggest that South African respondents place greater importance on allowing reviews and ratings of the products (m=4.44) and the opportunity to read reviews of the product from other customers (m=4.61) than the German respondents (m = 3.45, m = 3.99 respectively). South African consumers place a higher value on customer reviews and ratings when making online purchases compared to German consumers. This finding is consistent with the research of Dobbelstein and Lochner (2023), which suggests that promotional activities are crucial to South African consumers as they educate people about the product. Table 8 presents the results of the T-test for complaint handling.

TABLE 8

T-TEST FOR COMPLAINT HANDLING

Variable and item	Germany	SA	t-value	p-value
Complaint Handling	-	-	-	-
Staff inform customers that their complaints have been received	4.28	4.66	-6.304	0.000
Staff provide customers with feedback about complaints	4.24	4.64	-5.994	0.000

*p<0.05

Table 8 displays significant mean score differences for items, staff inform customers that their complaints have been received (0.000) and staff providing customers with feedback about complaints (0.000). South African consumers place more importance on staff informing customers that their complaints have been received (m=4.66) and staff providing customers with feedback about complaints (m=4.64) compared to German respondents. These findings align with Mogotloane and Louw's (2024) recommendation to address the poor resolution of customer complaints in South Africa. Companies should consider increasing the capacity of staff to handle customer complaints, developing appropriate training manuals for complaint management, and establishing a dedicated business unit or directorate to handle customer complaints.

CONCLUSION AND RECOMMENDATIONS

This study aimed to conduct a comparative analysis of e-shopping expectations of consumers in Germany and South Africa. Most South African respondents indicated a rise in e-shopping, while only 44% of German respondents reported the same. Additionally, differences were observed in perceptions regarding appeal and product variety between the two groups. These results show that e-shopping has significantly increased in South Africa compared to Germany since the onset of Covid-19. This is consistent with findings from Shaw et al. (2022), which highlight varying trends across different countries.

German consumers prioritise secure online credit or debit card transactions. In contrast, South African consumers place higher importance on factors such as consumer protection laws, protection against clickbait attempts, website security against malware attacks, and bank verification through mobile message pins. In addition to the aforementioned factors, the study also revealed contrasting preferences in customer service and product reviews. South African respondents preferred customer service-related items, such as staff informing customers that their complaints have been received and providing feedback about complaints. They also placed great emphasis on allowing and reading product reviews and ratings. On the other hand, German consumers had a higher mean score for a good return and exchange policy and prioritised secure online transactions. These distinct tendencies reflect the varied consumer behaviours and expectations prevalent in the two countries. The study highlights the importance of understanding and catering to consumers' specific preferences in South Africa and Germany. To provide more tailored e-shopping experiences, e-commerce platforms and businesses should consider the following recommendations.

In South Africa, website features that enhance usability are prioritised, such as quickly downloadable product images, convenient website usage, and regular updates to show timely information. For German consumers, focus on ensuring that products correspond well with the website description and provide accurate information. Priority should be on providing accurate and detailed product descriptions to align with the expectations of German consumers, ensuring that the information provided is precise and comprehensive. For German consumers, emphasise secure online credit or debit card transactions, including features like 3D security to resonate with the emphasis German consumers place on secure transactions. Implement initiatives that enhance trust and credibility, such as certifications, endorsements, and guarantees, to instil confidence in German consumers. In contrast, South African consumers highlight aspects related to consumer protection laws, protection against clickbait attempts, website security against malware attacks, and bank verification through mobile message pins. Emphasising these aspects will build trust and confidence among South African consumers. In South Africa, greater importance is placed on customer service-related items, such as staff informing customers that their complaints have been received and providing feedback about complaints. Provide opportunities for customers to read and leave product reviews and ratings. Develop promotional offers and discounts tailored to the preferences of South African consumers, considering their emphasis on customer service and product reviews. Place strong emphasis on implementing a robust return and exchange policy to meet the specific expectations of German consumers. By incorporating these recommendations, e-commerce platforms can better meet consumers' diverse needs and expectations in South Africa and Germany, ultimately enhancing the overall e-shopping experience for both sets of customers. This is particularly important for the online retailer Amazon, which dominates Germany's e-commerce sector, boasting outstanding annual e-commerce net sales of US$18,556 million (ChannelEngine, 2024). Amazon has expanded their operations to South Africa and started operations in the country on the 7th of May 2024 (Fraser, 2024b).

Furthermore, the study emphasises the importance of identifying online customer expectations, as these expectations are the key determinants of e-consumer satisfaction. Moreover, the study provides valuable insights for businesses and policymakers seeking to cater to online shoppers' diverse needs and expectations in different cultural and economic contexts. The differences in consumer preferences between South Africa and Germany highlight the importance of market segmentation and targeting for e-commerce platforms. It is crucial to create distinct marketing strategies and approaches for each market to meet consumers' specific demands and expectations. This may involve developing separate promotional offers, communication strategies, and product offerings tailored to consumers' preferences in each market segment.

MANAGERIAL IMPLICATIONS

The differences in consumer preferences between South Africa and Germany highlight the importance of market segmentation and targeting for e-commerce platforms. It is crucial to create distinct marketing strategies and approaches for each market to meet consumers' specific demands and expectations. This may involve developing separate promotional offers, communication strategies, and product offerings tailored to consumers' preferences in each market segment. To resonate with the cultural and linguistic nuances of the target markets, managers should emphasise the importance of localising marketing efforts. They may invest in language-specific marketing materials, adapt advertising content to align with cultural preferences, and leverage region-specific social media platforms to engage with consumers effectively.

The emphasis on customer service and feedback in both markets suggests the need for e-commerce platforms to prioritise responsive and transparent customer service. Managers should enable staff to address consumer complaints promptly and provide input to foster a sense of trust and reliability. Additionally, incorporating features that facilitate product reviews and ratings can enhance the overall customer experience in line with consumers' preferences in both South Africa and Germany. Although managers are advised to create distinct marketing strategies and approaches, they should not lose sight of the fact that online consumers often display common expectations. This is evident in a study by Curt et al. (2020), who identified similarities in online consumer behaviour among consumers from developed and developing countries. In a different study, Shaw et al. (2022) found that online consumers from three high-income countries displayed similar attitudes to online shopping. Therefore, some of the practical implications, although aligned to specific countries, could also be implemented in other geographic regions.

THEORETICAL IMPLICATIONS

This study contributes to the literature on online shopping experiences and managing e-customer satisfaction by identifying factors that can enhance German and South African consumers' e-shopping experiences and ultimately lead to e-customer satisfaction. A further contribution of the study is to cross-country research on online user behaviour. The findings of this comparative study have confirmed that online consumer expectations vary from country to country by Shaw et al (2022). Thereby providing a foundation for consumer e-shopping expectations in Germany and South Africa.

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HOW MILLENNIALS PERCEIVE LOCAL BUYING: AN EXTENDED THEORY OF PLANNED BEHAVIOUR

Njabulo Mkhize, University of South Africa, South Africa

ABSTRACT

Local brands are pushing back, but global brands' economic might and brand equity pose a challenge. The access that local brands have received through the growth of e-commerce has meant they can be shopped in most remote areas. This has come to the detriment of local brands and consumers' attitudes towards local brands. However, this study proposes a need to understand the antecedents of millennials' intention to buy local brands. This study, the theory of planned behaviour, is the underpinning theory that assisted in investigating the research question. The study adopted a descriptive, cross-sectional, and quantitative research approach. SPSS 28.0 and AMOS 26.0 were used to analyse the data. The findings demonstrated that attitude and perceived behavioural control positively influenced the intention to purchase local brands. In addition, brand equity was found to mediate in two motives. The theoretical and managerial significance of the study are outlined.

Keywords: Local buying intention, Motives, brand equity

Introduction

Due to the highly popular usage and consumption of global brands, the consumption of local brands has become a severe challenge to the localities' sustainable development. The trends have become more difficult for local producers of goods as awareness of different global brands has increased and come at a much lower cost. For example, generic clothing brands run by global players such as Alibaba and Shien, to name a few, have been toublesome to emerging generic brands as those e-commerce stores have been global brands at a very low cost. In the case of South Africa, in 2023, Shien was the most downloaded shopping app and was popular amongst South African consumers for its low prices (Mutandiroet al., 2023).

Import businesses such as Shein are just some of the ones imported; the World Bank (2024) estimates that 25% of the goods and services in South Africa are imported from outside the country. The latest reports illustrate that e-commerce is driving the rate of growth in global brand spending. In 2024, global e-commerce sales were estimated at US$6.7 trillion; significant sales were brought outside of one locality as companies exploited this opportunity (Snyder,2024).

Snyder (2024) forecasts that almost a quarter (23%) of sales will be conducted online. Another statistic is that half (52%) of online shops shop internationally, and this is a significant percentage of online shoppers who choose international brands over local brands. Additionally, there has been a reduction in the purchase of goods from a local market; in South Africa, 68% stated that they have reduced their local supermarket purchasing activities (Thenga, 2023).

Generational cohorts are individuals with the same interests, expectations and experiences (Easto, Steyn et al., 2022). Millennials are one such generational cohort as young adults born between 1981 and 1996 (Oke et al., 2023). Hoyos-Vallejo, Carrión-Bósquez & Ortiz-Regalado, (2023) expands the category of millennials to includes of individuals born between 1979 and 2000. Millennials are said to be educated and technologically advanced and comprise 27% of the South African population (Dilotsotlhe, 2021). Furthermore, millennials have started to show significant purchasing power (Qureshi et al., 2023). Hence, there are focus populations of this study.

More research is needed on the factors influencing local purchasing behaviour among millennials in an emerging market such as South Africa, particularly on general consumer goods. Previous studies have primarily focused on food products and needed consistent theories on consumer preferences for local brands (Birch &Memery 2020) (Zhang et al. 2020). To address this gap, this study aims to understand why individuals aged 18-35 in South Africa purchase local brands over global ones. The study investigates the antecedents that encourage local brand purchasing behaviour. This is done through explore the influence of brand equity and global motives, namely, subjective norms, attitudes and perceived behavioural control on intentions toward buying local brands. It further makes the case for the mediating role of brand equity on local buying intention. This provides an appreciation for the role that brand equity has on customers' intenion to adopt different brands. Consumers who support the "buy local" movement emphasise the benefits of increased commercial activity, improved living conditions for local employees, and reduced environmental harm (Murphy, 2018; Harteer & Ratliff, 2020). While the contrary is expected for consumers who do not have an appreciation for local brands. They believe in being global citizens, receiving value for their money and being brand loyal at the expense of the local brands.

This study extends the theory of planned behaviour by adding the latent variable of brand equity as a mediating variable) to examine the local buying phenomenon among Gauteng residents in South Africa. According to Ajzen (2005), TPB is a useful framework for understanding the motivational determinants of behaviour, with the intention being the primary determinant of behaviour. Norman, Conner, and Stride (2012) argue that behaviour evaluations can be determined by key motives that ultimately reflect people's intention to buy. The TPB has been the epicentre of behavioural research since its inception, and this study has sought to use but extend it to branding-related issues.

The paper's layout starts with exploring the different variables that influence the local buying intention of millennials. Then, a discussion is made on the contribution and role of brand equity as a mediating variable within the integrated research model and its influence or impact on millennials. Third, it provides the reader with different results and discussions founded on a predictive model analysed using the structural equation model via AMOS.

Literature review

Local buying behaviour

There is no consensus in terms of what can be defined as local buying (Kol, Zimand-Sheiner & Levy, 2023). Consumers' purchasing patterns and preferences within a specific geographical region or community can be described as local buying behaviour (Rossi & Woods, 2024). This type of consumer behaviour is influenced by a variety of factors, including cultural traditions, economic conditions, environmental considerations, and the availability of local products and services. Understanding the dynamics of local buying behaviour is essential for businesses and policymakers seeking to support local economies and foster sustainable food systems.

Underpinning theoretical background

This study used the theory of planned behaviour as an underpinning theoretical framework to establish the variables influencing the local buying intention of Millennials in South Africa. The TPB is proposed by (Ajzen, 1991). It is a prominent model in both psychology and marketing studies in understanding human behaviour. Ajzen (1991) emphasises that the (TPB) elucidates that behaviour is closely linked to intended behaviour, influenced by key aspects such as beliefs, control, normative considerations, and behavioural beliefs (Holdsworth et al. 2019). The argument is that consumers with a high degree of intention to behave or purchase usually result in the action of buying or behaving in the manner they had intended to behave. For this reseasoning, this study opted to use the TPB as the grounding theory for understanding millennials' local buying intentions. The key aspect is the role of individuals' attitudes, social norms and perceived behaviour control in their volition behaviour. To add to our understanding of local buying intention, this study included brand equity as a mediating variable. Brand equity is a critical tool in selecting one product over another. Therefore, combining the constructs outlined in the underpinning theory and brand equity makes much sense when attempting to understand local buying behaviour.

Conceptual Model and Hypotheses

Attitude

An individual's attitude refers to their overall favourable or negative evaluation of partaking in a specific behaviour (Dilotsotlhe, 2021). Put differently, Chanet al., (2019) state that attitudes are the residue of past experiences that influence subsequent behaviour behaviour. In the context of this study, attitudes relate to the positive or negative evatuons that millennials have towards local brands. This attitudes can be negative in the sense that millennials do not think locals are valuable or are of the same quality standard as a local brand. In extant research, attitude has been found to be a significant contributor to consumers' intention to purchase or behave. For example, Dilotsotlhe (2021) studied millennials' green consumer behaviour found that attitudes have a significant and positive relationship amongst consumers who want to buy green appliances, while Qureshi et al., (2022) sought to understand the role of attitudes in the purchase green purchase behaviour of millennials. Additionally, several studies investigating local buying behaviour found attitude to have a significant positive relationship and behavioural intention (Hussainet al., 2022). Similarly, attitude influences individuals' perceptions of certain local or international brands. Therefore, one's attitude influences the brand equity that one has towards a particular brand. In fact, brand attitude is a key driver of brand equity (Hafez, 2022). Extant research has found that attitudes have a positive and significant relationship with brand equity (Huang, 2023). Therefore, when consumers believe that local brands have a stronger brand equity than internal brands, they are more likely to participate in local buying behaviour. Thus, this study hypotheses the following:

H1a: A significant positive relationship exists between attitude towards local products and local buying intention.

H1b: A significant positive relationship exists between attitude towards local products and brand equity.

Subjective Norms

Ajzen (1991) defined subjective norms as the influence exerted by groups of similar or diverse individuals on an individual, which leads them to conform and behave accordingly. Put differently, subjective norms pertain to an individual's understanding of society's viewpoint regarding their specific behavioural intentions. In this study, subjective norms are understood to be the influence of close people to the respondents in their decision to purchase or intend to purchase locally produced brands. Previous studies have shown that subjective norms have a positive and significant relationship with behavioural intention (Oteng-Peprah et al., 2019) (Albayatiet al. 2023) (Dilotsotlhe,2021). Additionally, subjective norms influence individuals' attitudes towards a specific behaviour (Tarkiainen & Sundqvist, 2005). The argument is that individuals who are well-informed (through close friends and the society around them) about the impact of globalisation on the local market will, in turn, show great signs of having a positive outlook towards intention towards buying local products. Therefore, we believe that people who develop a positive attitude towards local brands are influenced by people close to them who influence them to purchase locally produced products. This study also posits that subjective norms have a significant and positive relationship with brand equity. This position is supported by other studies, such as Mainardes, Soares Júnior and Andrade (2020), who found that subjective has a significant and positive relationship with brand equity. Thus, this study hypotheses the following

H2a: A significant positive relationship exists between subjective norms and attitude

H2b: A significant positive relationship exists between subjective norms and brand equity.

H2c: A significant positive relationship exists between subjective norms and local buying intention.

Perceived Behavioural Control (PBC)

As per Ajzen (1991), the PBC variable or construct was explained to be a "person's perception of the ease or difficulty of performing the behaviour of interest" (Ajzen, 1991:183). Initially, as it was proposed, it formed part of the constructs to be antecedents of behavioural intention (Vamvaka et al., 2020). Literature has used PBC and self-efficacy interchangeably; however, there are two different constructs (Vamvaka et al., 2020; Machaka-Mare, Mpinganjira & Maduku, 2023). Machaka-Mare et al. (2023) further state that PBC integrates two constructs: self-efficacy and perceived controllability. In this study, PBC refers to the ability of millennials to find it easy to purchase locally-produced brands or the intention to buy locally-produced brands. Literature has highlighted the enabling and limiting circumstances that play an important role in promoting or discouraging performing certain behaviours, such as purchasing locally-produced brands (Machaka-Mare et al., 2023; Vamvaka et al., 2020). However, Ajzen (1991) posits that perceived behavioural control has a significant and positive relationship with behavioural intention. Studies support the originally posited relationship between behavioural intention and PBC. For instance, Lim & An (2021) found that PBC was the strongest and most influential predictor in consumers buying locally sourced and made food. However, in another study, there was no support for the relationship between behavioural intention and PBC (Aslan, 2023). The premise with PBC is that the higher the PBC, the likelier the individual will perform that behaviour and vice versa. Similarly, with brand equity, PBC will influence brand equity positively in instances where it is strong and negatively in cases where it is weak. Consequently, this study contends that:

H3a: A significant positive relationship exists between perceived behavioural control and brand equity.

H3b: A significant positive relationship exists between perceived behavioural control and local buying intention.

Brand equity

Literature provides two main categories of brand equity: one from a customer perspective and the other from a financial perspective (Goyal & Verma, 2024). This study focuses on the customer perspective of brand equity. Brand equity (BE) refers to customers' intangible and subjective judgment of a brand and is beyond the value that can be objectively determined (Shuyi, Mamun & Naznen, 2024). A comprehensive definition of brand equity is provided by Goyal and Verma (2024), quoting Aaker (1991), who state that it is a collection of brand assets and liabilities connected to a brand, its name, and its symbol. These assets and liabilities either increase or decrease a product or service's value to a company and its potential consumers. Studies have found that brand equity has a significant and positive relationship between purchase intention and behavioural intention (Shuyi et al., 2024; Goyal & Verma, 2024). Therefore, a high brand equity will most likely lead to purchase intention. Consequently, this study posits that:

H4: A significant and positive relationship exists between brand equity and local buying intentions.

After discussing the hypotheses and the related literature review, in the next section, this study covers the research methods that underpin this study.

RESEARCH METHODOLOGY AND DESIGN

This section covers the research methods and designs selected for this study. It further highlights the composition of the demographics.

Methodology and design

This study employed a positivist research philosophy using quantitative methods to investigate the relationships between variables and their effect on behavioural intention. Specifically, it employed a mono-method quantitative approach (Saunders et al., 2019) to examine relationships between constructs derived from positivism. The descriptive and cross-sectional research design enabled a population-level generalisation with minimal bias (Muigai, 2017).

Demographic statistics of the sample

The demographic statistics of the respondents who were part of the research sample for the study related to gender, age, and racial group. The results indicate that the questionnaire was sent to 224 respondents who were part of the research sample. It is noted that of these respondents who agreed to partake in the research, female respondents (62.9%) outweighed male respondents (36.2%). Furthermore, many respondents were between the 22 years (64.7%), followed by those in the 23–27-year age group (23.2%). Respondents between the ages of 28–32 years and 33–36 years accounted for the remaining.

Ethical considerations were condisered in the conducting of this study. This included the application for ethical clearance to a committee in a reputable institution. The ethical clearance was obtained before the conduction of the data collection.

Construction of the Data Collection Instrument and Data Collection

This study aimed to pilot test the reliability and appropriateness of a questionnaire designed to assess Attitude, Subjective Norms, Perceived behavioural Control, Local Buying Intention, and Brand Equity among millennials in Gauteng, South Africa. A pilot study was conducted on 26 participants who met the criteria of the target population.

The questionnaire was divided into Background Information and scales for the latent variable items. The items of this study were adapted from various validated studies. studies that were used by Ajzen and Fishbein (1980) and Esfandiar, Pearce, & Dowling (2019). An online survey was conducted, voluntary respondents were recruited through various social media platforms, and snowballing was used to increase the sample size.

A total of 224 respondents were deemed appropriate after the screening of the completed questionnaires , consisting of male, female, and non-binary millennial consumers. The response rate was 100%, although the number of times the links were shared is unknown due to the snowballing data collection method.

Data Analysis, Results, and Discussions

This study section covers various analyses to ensure the research question is answered. This section starts with confirming the normality of the data, then common method variance, and the validation of the measurement model.

Reliability and Validity Analysis

Reliability analysis was conducted using Cronbach's alpha test to measure the internal reliability of the constructs. The Cronbach's alpha for the different constructs ranged from 0.861 (Local Buying Intention) to 0.867 (Subjective Norms). Reliability estimates for the conceptual model constructs were deemed suitable and were above the norm of 0.7, as validated by different literature sources.

Items	Factor Loadings	AVE	CR	Cronbach Alpha
Attitude		0.661	0.853	0.849
ATT1	0.83			
ATT2	0.89			
ATT4	0.71			
Subjective Norms		0.689	0.869	0.867
SN1	0.77			
SN2	0.85			
SN3	0.86			
Perceived Behaviour Control		0.768	0.868	0.867
PCB1	0.84			
PCB2	0.91			
Brand Equity		0.678	0.863	0.856
BE1	0.74			
BE2	0.90			
BE3	0.82			
Local Buying Intention		0.674	0.861	0.861
LBI1	0.77			
LBI2	0.89			
LBI4	0.79			

Table 1: Reliability and Validity

Normality of the data

This study took a crucial step before choosing a suitable statistical technique for analysing the conceptual model. The data were examined for the possibility of normality issues by using univariate skewness and kurtosis. Table 2 illustrates the statistical representation of skewness and kurtosis. According to studies, data is considered norms in cases where the kurtosis and skewness fall within a specific range, namely, absolute values of − 2 to 2 for skewness and -7 to 7 for skewness kurtosis (Byrne, 2009; Hair et al.,2010). The statistics in Table 2 confirm the normality of this data.

Table 2. Assessment of normality

Variable	min	max	skew	c.r.	kurtosis	c.r.
PCB1	1,000	7,000	-1,642	-10,030	2,219	6,778
PCB2	1,000	7,000	-1,636	-9,997	2,432	7,431
SN1	1,000	7,000	-,195	-1,191	-,536	-1,638
SN2	1,000	7,000	-,154	-,943	-,711	-2,172
SN3	1,000	7,000	-,341	-2,086	-,627	-1,915
BE1	1,000	7,000	-,464	-2,833	-,738	-2,256
BE2	1,000	7,000	-,567	-3,465	-,640	-1,956
BE3	1,000	7,000	-,574	-3,509	-,604	-1,845
LBI1	1,000	7,000	-,895	-5,471	-,006	-,020
LBI2	1,000	7,000	-1,086	-6,637	,412	1,260
LBI4	1,000	7,000	-1,058	-6,464	,685	2,091
Att1	1,000	7,000	-1,143	-6,983	,768	2,346
Att2	1,000	7,000	-1,066	-6,516	,747	2,281
Att4	1,000	7,000	-,780	-4,764	-,019	-,057
Multivariate					99,668	35,238

Common method variance (CMV) and non-response bias

The use of the self-reporting method causes the study to be susceptible to biases. It is usually in the form of a common method variance. Studies argue that the presence of CMV threatens the validity of conclusions drawn from the study and related construct relationships as it develops systematic biases in the form of either inflating or deflating the relationships (Reio, 2010; Tehseen, Ramayah & Sajilan, 2017). Research suggests several remedies to use to reduce CMV that are qualitative, including the following: independent and dependent variables to be sourced from different sources, the protection of individuals' identity through the indication that respondents will remain anonymous, which could result in the reduction of evaluation apprehension and lastly to encourage participants through stating there are no "incorrect" or "correct" answers (Tehseen et al., 2017; Maduku et al., 2023). These methods were followed to reduce biases. Furthermore, this study also evaluated CMV through statistical means and Harman factor analysis. Harman's single-factor test shows that a single factor accounts for 46.261% of the total variance below the suggested threshold of 50% for CMV (Babin, Griffin, Hair Jr., 2016).

Measurement model validation

A two-step technique was utilised for data analysis recommended by Anderson and Gerbing (1988), and data were analysed using SPSS and AMOS software. Confirmatory Factor Analysis (CFA) was employed to assess the reliability and validity of the measuring scales used in this investigation. Second, the structural path of the model was evaluated by applying the structural equation modelling (SEM) method.

Anderson and Gerbing (1988) recommended a two-step technique using SPSS and AMOS software to analyse the data. The first step was to evaluate the reliability and validity of the measuring scales used in the investigation through confirmatory factor analysis (CFA). In the second step, the structural path of the model was assessed using the Structural Equation Modeling (SEM) method.

Exploratory factor analysis (EFA)

To examine the fundamental causes, the researchers utilised principal component analysis with varimax rotation in EFA. Only factors with eigenvalues greater than one were chosen, and all six retrieved factors had factor loadings greater than 0.5, explaining 46.3% of the total variance. Therefore, this value satisfies the condition of factor analysis and is accepted above 0.5 (Hair, Celsi, Money, Samouel & Page, 2011). The KMO value was 0.873, indicating that the data was appropriate for EFA. As highlighted previously, all variables had Cronbach's alpha higher than the recommended value of 0.70. Therefore, the internal consistency and reliability of the constructs' measures are confirmed in Table 1.

Model fit

The analysis of the model pertaining to the results of this study showed the model at good fit using fit indices ($\chi2$ = 110.467; df =67; $\chi2$ /df = 1.649; CFI = 0.967; TLI=0.968; IFI =0.977; RMSEA = 0.054), thus the measurement model has a good fit. This study then measured the convergent validity of the measurement model using average variance extracted (AVE), factor loading, and composite reliability (CR). As depicted in Table 1, the results establish the convergent validity through factor loadings and AVE that exceed 0.6, whereby AVE should be above 0.5, and CR that exceed 0.8. The lowest AVE was attitude, with 0,603. These results confirm the convergent validity of the measurement model.

Discriminant Validity

The study utilised two techniques to measure discriminant validity: HTMT and Fornell and Larcker (1981). Both tests agreed that the measurement model has discriminant validity. Using the HTMT technique, the argument is that HTMT values close to 1 indicate a lack of discriminant validity. Yet, a criterion is used to establish if the HTMT techniques achieve discriminant validity, which is predefined. Therefore, that validity is not attained if the HTMT values exceed the predefined threshold. Some studies have stated this threshold value to be 0.85. All the values in Table 3 are above this threshold.

Table 3: HTMT Analysis

HTMT Analysis

	Attitude	Local BuyingIntention	Brand Equity	Subject Norms	Perceived Behavioural Control
Attitude					
Local Buying Intention	0,646				
Brand Equity	0,539	0,515			
Subject Norms	0,520	0,487	0,455		
Perceived Behavioural Control	0,431	0,417	0,294	0,229	

The results in Table 4 show that the square root of the AVE of each construct exceeds its correlation with another construct, thus confirming the discriminant validity of the measurement model (Fornell and Larcker, 1981).

Table 4: Discriminant validity Fornell and Larcker technique

	CR	AVE	MSV	MaxR(H)	Attitude	Local Buying Intention	Brand Equity	Subject Norms	Perceived Behavioural Control
Attitude	0,853	0,661	0,597	0,874	**0,813**				
Local Buying Intention	0,861	0,674	0,597	0,876	0,773***	**0,821**			
Brand Equity	0,863	0,678	0,351	0,884	0,593***	0,579***	**0,824**		
Subject Norms	0,869	0,689	0,357	0,876	0,597***	0,557***	0,499***	**0,830**	
Perceived Behavioural Control	0,868	0,768	0,248	0,880	0,498***	0,478***	0,320***	0,253**	**0,876**

The following section deals with the second phase of the SEM analysis, the structural model analysis.

Structural model analysis

The structural model was evaluated once we had obtained acceptable findings regarding its validity and reliability. The results of the structural model are illustrated in Table 5. The structural model was conducted to examine the path coefficients and the significance level between the posited hypotheses.

Results presentation

Table 5: Path Co-efficient and Hypotheses Support

Hypotheses	**Relationship between constructs**	**Path Co-efficient**	**p-value**	**supported or not supported)**
H1a	Attitude→Brand Equity	0.414	0.000	supported
H1b	Attitude→Local Buying Intention	0.548	0.000	supported
H2a	Subjective Norms→ Attitude	0.607	0.000	supported
H2b	Subjective Norms→ Brand Equity	0.237	0.009	supported
H2c	Subjective Norms→Local Buying Intention	0.120	0.124	Not supported
H3a	Perceived Behavioural Control→ Brand Equity	0.077	0.225	Not supported
H3b	Perceived Behavioural Control→ Local Buying Intention	0.179	0.002	supported
H4	Brand Equity→Local Buying Intention	0.157	0.031	supported

As shown in Table 5, the results of this study indicated that of the eight (8) hypothesised relationships, only two (2) were not supported. As revealed in Table 5, the two (2) hypotheses which were not supported are H2b: subjective norms to local buying intention and H3a: perceived behavioural control to brand equity. Thus, hypotheses H1a (attitude on brand equity) and H1B (attitude on behavioural intention) were supported. For H1a, the results were $\beta = 0.414$, $p < 0.001$ and H1b, $\beta = 0.548$, $p < 0.001$. The results show that attitudes towards local brands strongly impact local buying intention ($\beta = 0.548$, $p < 0.001$), and attitude strongly influences individuals' brand equity perspectives. In fact, attitude towards local buying intention is the strongest predictor of the local buying intention of millennials, and so was attitude toward brand equity, which was the strongest relationship among predictors of brand equity. The results also showed significant relationships between subjective norms, attitudes towards local buying, and subjective norms toward brand equity. The findings are illustrated in Table 5, H2a: $\beta = 0.607$, $p < 0.001$; resulting in H2a being supported also H2b: $\beta = 0.237$, $p < 0.009$; resulting in H2b being supported. Findings on the effect of perceived behavioural control on behavioural intention were significant and showed $\beta = 0.179$, $p < 0.002$, resulting in H3b being supported. Lastly, brand equity significantly and positively affects local buying intention. The results of that relationship are depicted in Table 5 as follows H4: $\beta = 0.157$, $p < 0.031$, resulting in H4 being supported. The results illustrated by the structural model demonstrate that the endogenous constructs, R square, were satisfactory:

Attitude= 0.37, Brand Equity = 0.37, and lastly, Behavioural Intention= 63. However, these provided some adequate explanatory power to explain the relationship between the constructs reasonably. The quality of the study was assessed using the R squared, which indicates the difference of endogenous variables and is interpreted by using the exogenous variables. From the results, the R squared was examined to be 0.628, showing that brand equity, attitudes, subjective norms, and perceived behavioural control were considered 62.8% of the difference in behavioural intention.

Mediation analysis

In this study, we investigated brand equity's role in mediating the relationship between latent variables, such as attitudes towards local buying intentions, subjective norms, and perceived behavioural control. To carry out the mediation analysis, we used a bootstrap with 5000 samples to calculate the significance level of the parameters. The researcher adopted the recommendation by Zhao, Lynch Jr & Chen, (2010), which aimed to claim that the only condition for a mediation effect is a significant indirect impact to corroborate the mediation found in this study.

Table 6 Mediating impact of brand equity

Independent Variables	Path	Total Effect	Direct Effect	Indirect Effect	Accept or reject	Results
Attitude	ATT→BE→BI	0.631^{***}	0.548^{***}	0.065^{*}	accept	CMP
Subjective Norms	SN→BE→BI	0.530*	0.120^{ns}	0.410^{***}	accept	IND
Perceived Behavioural Control	PCB→BE→BI	0.191^{***}	0.179^{*}	0.012^{ns}	reject	No mediation

Notes: *p < 0.05; **p < 0.01; ***p < 0.001; ns = not significant; IND = Indirect-only mediation; CMP = competitive mediation.

Table 6 depicts the results of the mediating effect of brand equity; two of the three indirect effects are significant, while only one indirect effect is not significant. This implies that brand equity is a mediating variable for two relationships tested in the integrated model. To determine the types of mediation, this study again followed the recommendation by Zhao et al. (2010), who suggested that researchers need to focus on the direct and total effect and assess two main factors: the significance of the relationships and direction. The relationships that had significant indirect relationships were, namely, attitude towards local buying intentions- brand equity-local buying intentions and subjective norms-brand equity-local buying intentions. The former relationship had both total effects and direct effects that were positive and significant. In contrast, the latter relationship only had a total impact that was positive and significant, and the direct effect was not significant. This means that brand equity is a competitive mediator in the attitude towards local buying intentions and local buying intentions. Whilst brand equity was the mediator between the relationship of subjective norms and local buying intention., this meant that this relationship had only an indirect only mediation effect.

Discussions

Attitude towards local buying intention was shown to be the most important predictor of millennials' intention to buy local, thus providing super for H1b. This outcome aligns with previous research that has shown that having a positive attitude towards a behaviour is crucial in promoting the development of positive behavioural intentions (Qureshi et al., 2022; Dilotsotlhe, 2022; Kumar & Smith, 2018). For example, Kumar and Smith (2018) found that attitude towards buying local food and intention to buy local food had a significant and positive relationship. Additionally, attitude was found to have a significant and positive effect on brand equity, confirming H1a. The relationship between attitudes towards local buying intentions and brand equity is not uncommon in the literature; several studies have found this relationship exists (Hafez, 2022; Huang, 2023).

The findings of this research contradict the hypothesis of H2c and are incongruent with the results of prior investigations ((Oteng-Peprah, De Vries et al. 2019; Albayati, Alistarbadi et al. 2023; Dilotsotlhe 2021). H2c posited that subjective norms have a significant and positive relationship with local buying intentions. However, some studies have found that subjective norms do not significantly affect behaviour intention (Hasan & Suciarto, 2020; Sun, Law & Schuckert, 2020). For instance, Hasan and Suciarto (2020) found that subjective norms do not significantly contribute to the intention of the people of Indonesia to purchase organic food. Strangely, people close to the respondents of this study do not play a significant role in encouraging these respondents to have local buying intentions. However, society needs to be educated on the importance of buying locally-produced goods or services. Additionally, these results highlighted that subjective norms have a significant and positive relationship with brand equity, confirming H2b. This means that society and people close to respondents care about the values or symbols associated with local and global brands. Further, brand equity has a significant and positive relationship with local buying intention. This confirms H4.

Significance of the Study

Theoretical Significance: Although there is increasing interest in local consumption, there is still a lack of thorough knowledge on the elements that influence the desire to purchase local products in South Africa. Prior studies have mostly depended on separate theoretical frameworks, disregarding the interaction of several components. This work fills the existing gap by creating a unified conceptual model that integrates the Theory of Planned Behavior (TPB) and addresses its shortcomings. This study provides new insights into the intricate reasoning behind consumer decisions in favour of local goods by analyzing the connections between attitude, subjective norms, perceived behavioural control, brand equity, and local purchase intention.

Managerial/Practical Significance

This study has identified the key motivators that drive millennial consumers' purchasing decisions for locally produced products or brands. It offers valuable insights for marketers and entrepreneurs seeking to positively influence local brand purchases. The study quantifies the impact of each determinant on local brands and provides a roadmap for developing targeted strategies to enhance brand equity, customer acquisition, and loyalty.Prioritize marketing efforts based on the study's findings regarding the most influential motivators. Develop targeted campaigns that resonate with millennial values and aspirations related to local consumption. Build strong relationships with local communities to foster trust and loyalty. Local brands should leverage digital platforms to effectively reach and engage millennial consumers, and partner with local influencers to amplify brand messages and reach a wider audience. Offer incentives or rewards to encourage consumers to purchase local brands, thus encouraging repeat purchases and potential customer loyalty with brands. By implementing these strategies, businesses can capitalize on the growing trend of local consumption and achieve sustainable growth.

Conclusions, Limitations, and Recommendations

The study identified the determinants of consumers' local purchasing behaviour, utilising an online questionnaire to collect data from participants in South Africa. The study used the Theory of Planned Behaviour (TPB) and found that different frameworks can implement enhancements. Future research should randomly select a larger population and better understand consumers' intentions to buy locally, ensuring a stronger correlation between the items to measure the factors accurately. Despite resource constraints and no access to large groups of individuals due to the coronavirus pandemic, the study provided valuable insights into local purchasing behaviour in South Africa.

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Marketing the Corporate Reputation of a Higher Education Institution: An approach that appeals to parents

Ilze Bakkes[1] and Rita Niemann[2]

Organisation: University of the Free State, Bloemfontein, South Africa

Corresponding author: Ilze Bakkes: bakkesilze@gmail.com

Abstract

Higher education institutions (HEIs) in South Africa increasingly acknowledge the differentiating role that corporate reputation plays in a very competitive higher education marketplace. Parents of prospective students are key role players when HEIs are selected for application. This research paper addresses the marketing tactics and communication needed to drive the institution's corporate reputation to appeal to parents. Service experience, information from the media, information from others, and identification with HEIs' corporate reputation were identified as important variables to consider when developing differentiating marketing strategies. A positivist, deductive research approach and a quantitative cross-sectional investigation employing convenience sampling of Grade 12 learners' parents, was followed. Data analysis of 163 responses was done using SmartPLS version 4.0. The findings provided insights into the parental perspective on appropriate marketing tactics that could drive a HEI's corporate reputation and offer practical recommendations to marketing teams in promoting their respective HEIs to prospective students' parents.

Keywords: Corporate reputation, Higher Education Institution, Marketing, Parents

INTRODUCTION

Corporate reputation is a significant and major component of corporate marketing (Abratt and Kelyn, 2012) and is regarded as an essential intangible asset of a company (Badri and Mohaidat, 2014; Safón, 2009). It is a stimulus for a customer's decision to buy or not buy a product or service (Terblanche, 2009). Companies with good reputation management practices enjoy differentiation in the marketplace and can increase awareness and desire from current and potential stakeholders to engage, thus increasing the competitive advantage and likeliness to attract more customers (Skallerud, 2011).

Like for companies in the private sector, the management of corporate reputation is also important for HEIs (Lee, Park, and Cameron, 2018). In a fiercely competitive higher education landscape, HEIs progressively realise that corporate reputation marketing amongst its different stakeholders is pivotal to establish and maintain an advantage and differentiation in the market environment. HEIs have many stakeholders, including parents of students (Lee et al., 2018). Parents are viewed as consumers, like students, with perceived consumerist needs which include the desire to 'know'_what it is that they are paying for (Pugsley and Coffey, 2002). Therefore, it is imperative to understand the role corporate reputation plays in parents' influence on the identification and selection of and application to HEIs. Moving from an historical status as institutions of educational teaching and learning excellence, the modern view puts HEIs within the domains of the service industry (Khanna, Jacob and Yadav, 2014). The shift in marketing and strategic positioning of HEIs to recruit quality and quantity students requires HEIs to adapt a business-orientated approach that acknowledges the effect of corporate reputation on the behaviour of and the relationship with prospective students' parents. It is widely accepted that corporate reputation influences a company's success (Skallerud, 2011), which also applies to HEIs in the anticipation that a good reputation will attract more and quality students.

The available literature on parental involvement and influence in selecting a university is limited (Wong, Ng, Lee and Lam, 2020) and even more so regarding the relationship between the HEI's reputation and parents' influence and behaviour when selecting a HEI in the application phase. Lee (2019) agrees and states that despite valid evidence that parents play an integral role in their child's selection processes of a HEI, there is scant research available to understand the parental perspective and motivates that most research is on the prospective student's perspective and not from the parental perspective.

HEIs project a unique image, communicate information, and are contextually connected to different actors in the environment. These actors, such as parents of prospective students, are essential for commitment, trust, support, and legitimacy towards a HEI. The selection of a suitable HEI by parents is complicated due to the combination of consumption and investment properties against the background of a positive corporate reputation. Pires and Trez (2016) highlighted that corporate reputation is the accumulated views and opinions of the organisation's history and the expectations on its future actions, given its efficiency in relation with its competitors. In addition, authors such as Leiva, Ferrero, and Calderón (2016) substantiated that corporate reputation includes corporate identity and image. Therefore, a HEI's corporate reputation is forthcoming from the perception in stakeholders' minds based on their expectations compared to the lived experience, what they gathered from social networks, and the subsequent behaviour emanating from these expectations.

LITERATURE REVIEW

Prospective students are spoilt for choice between twenty-six public HEIs in South Africa. To improve and retain a competitive advantage among competitors, it becomes increasingly critical to include an approach to promotion and marketing that appeals to the client (Gifford, 2010). Over the past few years, the increasingly competitive nature of higher education necessitated HEIs in South Africa to turn more towards corporate business principles such as integrated marketing strategies and tactics to different stakeholders for differentiation and a strong strategic positioning within the market environment.

Lee (2019) proposes that communication specialists should elevate the strategic positioning of a HEI through its images and identities to influence stakeholders' attitudes, perception of the corporate reputation – in this study the parents as stakeholders. Lee (2019) further acknowledges that corporate reputation management has become vital for HEIs to position themselves within a complex education sector while contextualising reputation building and marketing tactics for each stakeholder group, such as parents.

The general perception that people have of a HEI is influenced by its corporate reputation (Khoi, 2020). Reputation can be beneficial to ensure the delivery of *quality* services or the production of quality products as clients will quickly indicate poor quality, which will tarnish the reputation severely. Within the above context the seminal work of Van Vught (2008) provides a suitable definition of corporate reputation applicable to HEIs, by referring to the image of the institution through the eyes of others. Building that image implies that HEIs must try to influence their clients to win the competitive 'race' between HEIs. Pérez-Diaz and Rodriquez (2015) refer to the reputational currency in higher education markets and highlights the excessive cost that HEIs pay to constantly improve their image and gain traction in the race to be recognized as highly reputable academic institutions.

The *corpus* of literature on the influence of parents' selection when selecting a HEI is limited, and even more so, regarding the relationship between marketing the corporate reputation and the parents as the customers. Gao and Ng (2017) are convinced that parental involvement is crucial for university selections, attendance, and completion. Parents want the best for their children, and with the significant financial layout they are making, they at least require the best possible education at a university they believe and perceive as being reputable (Akova and Kantar 2020). Akova and Kantar (2020) state that parents carefully study the information on the universities, including aspects such as infrastructure, accommodation, academic achievements, qualities of teaching staff, job opportunities upon graduation, and especially reputation.

In a study by Iacopini and Hayden (2017), parents viewed educational teaching and qualifications as paramount in selecting an institution. The parents interviewed felt a deep sense of responsibility to assist their children with post-school options to become better qualified, and therefore, regarded a good reputation as making a significant contribution to employment opportunities once graduated, and a university free of corruption was also a critical consideration when evaluating and selecting a university.

Lee et al. (2018) recognise parents as significant stakeholders in the search for a higher education institution implying that the parents' priorities, expectations, and experiences entice them to hold a positive predisposition towards a specific HEI. Lee (2019) identified elements that seem to appeal to parents considering an institution:

Experiences of quality of service

According to Hadi and Indradiwa (2019) service must specifically meet customer needs and desires because the service must be felt and enjoyed directly by the customer – the happiness factor. The quality of service experienced by parents of a HEI can be significantly influenced by their interactions with various aspects of the institution, including its academic faculties, online services, contact centres, and facilities. These experiences can affect their perceptions of the HEI.

Information from media and social media

Traditional and social media are not just platforms for information dissemination. They are powerful tools that connect and facilitate the formation and improvement of connections between consumers and brands via the distribution of information (Danuta, 2017). In the context of HEI, the media can play a crucial role in marketing and shaping perceptions, underlining the significant influence they wield.

Information from others (peer word-of-mouth information)

Peer word-of-mouth communications are not just casual conversations. They can be crucial sources of information. Mahaputra and Saputra (2021) highlighted the value of peer word-of-mouth communications to strengthen brand awareness and its impact on the reputation of the ‘product’. Peers providing information on specific HEIs can, therefore, influence parental decisions to participate in avoid a HEI. The information shared in these interactions may have a direct influence on the motivations, choices, attitudes, and sentiments of parents.

Institutional identity and identification

The idea of HEI identity is how corporate reputation affects parental identification with an HEI. This is determined by various elements, including the institution's mission, values, commitment to excellence, student involvement, and commitment to innovation (Tirong, 2022), which were also noted by Keh and Xie (2008) in contributing to the credibility, uniqueness, and trustworthiness of a HEI. Customer identification is a construct that extends beyond purchase behavior and is cemented on a deeper identity level. Identification with a strong brand identity leads to loyalty, an influential advocacy role, resilience to negative information, and willingness to try new services or products (Keh and Xie, 2009).

The above four elements formed the basis of the hypotheses and the data emerging from the research informed the recommendations on the marketing and communication strategies that HEIs could employ to build the institutions' reputation.

THEORETICAL FRAMEWORK

The overarching theory adopted for this study is the Stimulus-Organism-Response Theory. The S-O-R Framework, developed by Mehrabian and Russell (1974), refers to the 'shopping environment' containing stimuli (S) that affect organisms (consumers; O) and result in a response (R). The study of Zhu, Li, Wang, He, and Tian (2022) regards the S-O-R as a valuable framework to explain consumer loyalty and purchase intention.

PROBLEM

As indicated by the literature, corporate reputation is a significant factor in selecting a HEI, implying that building the corporate reputation through effective marketing is essential for any company (Safón, 2009; Abratt and Kelyn, 2012, Badri and Mohaidat, 2014). Like when buying any product, the reputation of the product is a stimulus for a customer's decision to buy or not buy a product or service (Terblanche, 2009; Abrate and Viglia, 2017).

Companies with good reputation management practices enjoy a differentiation in the marketplace and can increase awareness and desire from current and potential stakeholders to engage, thus increasing the competitive advantage (Skallerud, 2011). Some twenty years ago Argenti and Drukenmiller (2004) hitherto accentuated the building and maintaining of corporate reputation as a strategic activity of marketing management, encouraging the higher education landscape to aggressively recruit quality prospective students through various marketing messages, tactics, and promotions in a highly competitive market. Given the role that parents play in selecting a higher education institution, it is imperative to understand the role corporate reputation plays in parents' decision-making.

The problem is that, despite HEI marketing tactics and communication messages to attract prospective students, the parental perspectives are often overlooked in what marketing approaches appeal to parents in directing the HEI choice of their children.

RESEARCH AIM AND HYPOTHESES

Research aim: To investigate HEI marketing tactics and communication of corporate reputation that best appeal to parents in directing the choice of a HEI for their children. It is, therefore, necessary to determine the stimuli (marketing strategies and communication) that would have the best effect on the organism (HEI's corporate reputation) to elicit the required response (parents' choice of an institution). The stimuli (H1, H2, H3, and H4) to be investigated in this study were driven by the following hypotheses:

H1: There is a positive relationship between parents' experience of the quality of service (ES) and their choice of a HEI for their children based on the HEI's corporate reputation.

H2: There is a positive relationship between information gathered from media sources (IM) and their choice of a HEI for their children based on the HEI's corporate reputation.

H3: There is a positive relationship between information from others (IO) and their choice of a HEI for their children based on the HEI's corporate reputation.

H4: There is a positive relationship between the identification with the institution's identity (II) and their choice of a HEI for their children based on the HEI's corporate reputation.

RESEARCH METHODOLOGY AND DESIGN

This paper followed a quantitative research method, an ontological assumption, and a positivism approach as the first stance under the epistemological assumption. To realise the aim of the study through the collection of credible quantitative data, the study followed a deductive theory approach.

Sampling

The target population consisted of parents of Grade 12 learners in 2022 of high/secondary schools in Bloemfontein. Ten schools in Bloemfontein were conveniently sampled to participate in the study by disseminating the questionnaire either through emailing the link to the online or the hard copy questionnaire to their Grade 12 parents.

The following inclusion criteria pertained to this study, which was conducted in 2022:

- The parent's child must be in Grade 12 in a high/secondary school in Bloemfontein, Free State Province, Republic of South Africa.
- The parent has engaged or interacted with a HEI.
- The parent's child considered or has applied for undergraduate studies at a HEI in 2023.

Because not all high or secondary schools agreed to participate, the sample was limited to only six secondary schools in Bloemfontein that would disseminate the self-completion questionnaires. It was estimated that approximately 200 respondents would respond; however not all the targeted schools who agreed to participate, succeeded in distributing the link or the hard copy of the self-completion questionnaires to all Grade-12 parents, implying that not all parents had an equal chance to participate.

A total of 190 respondents from diverse groups (age, gender, race, level of education, employment status and HEIs considered) consented to participate in the study, of which only 163 responses were used for statistical analysis. Twenty-seven responses could not be included in the statistical analysis as these participants did not meet the criteria, resulting in a final sample size of 163 parents.

Data collection instrument

The data was collected by means of an online or hard copy self-completion questionnaire, which consisted of three sections: screening questions, background questions, and the marketing tactics that most appealed to the parents in selecting a HEI based on its corporate reputation.

The screening questions established the Grade 12 status of the parents, the school in which the Grade 12 learner currently is, and if the Grade 12 learner already applied for undergraduate studies at a HEI. The background questions established the demographic profile of the sample, including age distribution, gender distribution, home language profile, highest qualification, and employment status. Section C of the self-completion questionnaire determined the institutional marketing tactics and communication that best appeal to parents in directing the choice of institution for their children.

A seven-point Likert scale was employed to test statements related to the constructs of the conceptual model and the respective hypotheses. The following conventions were applied to each statement: 1 = strongly disagree; 2 = disagree; 3 = somewhat disagree; 4 = neutral (neither agree nor disagree); 5 = somewhat agree; 6 = agree; 7 = strongly agree.

Data collection

The data was collected over a four-week period, which allowed parents to participate and complete the questionnaire at a convenient time. In enhancing the validity and reliability, the scale items were gathered from relevant studies that emerged from the literature review (Hair, Page and Brunsveld, 2020). The four constructs to be researched and the number of items on each construct are indicated in Table 1.

TABLE 1

CONSTRUCTS AND NUMBER OF ITEMS PER CONSTRUCT

CONSTRUCT	N
Experience of Service (ES)	4
Information from others (IO)	4
Information from media sources (MS)	4
Identification with the HEI's identity (II)	3

Statistical data analysis

The statistical software package SmartPLS version 4.0 was used to test the hypotheses in the conceptual model. Partial least squares structural equation modeling (PLS-SEM) (Memon, Ramayah, Cheah, Ting, Chuah, and Cham, 2021) can provide robust results when small samples are analysed as it computes measurement and structural model relationships separately instead of simultaneously (Hair, et al., 2019). The sample size of the valid responses from the parents of Grade 12 learners from six Bloemfontein schools was n = 163.

ETHICAL CONSIDERATIONS

The following ethical measures were taken to mitigate the potential the risks of this low-risk study.

Consent and voluntary participation

The gatekeepers in the study were the school principals. Participating high schools consented in writing on the school's letterhead to disseminate the hard copy or the link to the self-completion questionnaire and a self-explanatory letter. The questionnaires were accompanied by a letter explaining to the respondents the purpose and main aspects, as well as the contact details of the researcher. Informed consent was also be obtained either digitally on the online platform or in hard copy from parents who agreed to participate in the research study. Participants could withdraw from the study at any time by choosing the exit button on the online platform or not completing the hard-copy questionnaire. Such withdrawal will not have any repercussions for the participants, and all data that have been gathered up to that stage will be destroyed. The respondents also had to consent to the publishing of the data by the researcher and supervisors.

Confidentiality and anonymity

The researcher did not capture the names of the respondents thus anonymity was ensured. Digital receipts of the online completed questionnaires were not retrieved and thus the identity and confidentiality of digitally completed questionnaires were ensured. The collected data was stored in a password protected file on Google Cloud.

Protection from harm

The researcher was aware of the ethical principles related to the protection of the physical, mental, and emotional well-being of the participants. and the gatekeepers and took care to deploy discretion, sensitivity, and care to protecting any participant and gatekeeper from potential harm. Completing the questionnaire posed not inconvenience or risk to the participant and that they could complete it at a time that did not lead to a loss of work time.

RESULTS AND DISCUSSION: DATA ANALYSIS

Measurement model assessment

The initial assessment of the measurement model yielded acceptable item reliability, internal consistency reliability, and convergent validity, making the PLS-SEM an appropriate model to use. Discriminant validity was evaluated using the Heterotrait-Monotrait ratios of correlations (HTMT). The measurement model supported discriminant validity as the HTMT ratios between the constructs were less than 0.9.

TABLE 2

HTMT RESULTS

	CR	ES	II	IM
ES	0.506			
II	0.545	0.399		
IM	0.871	0.548	0.600	
IO	0.825	0.547	0.515	0.896

PLS-SEM was used to generate the t-statistic, p-value (two-tailed), and the confidence interval for each path coefficient. The percentile bootstrapping procedure was used in this study to calculate t-statistics, p-values (two-tailed) and 95% bootstrap confidence intervals and 5 000 subsamples were used (Hair Jr et al., 2017). The path coefficients' statistical significance was determined at α = 0.05 (two-tailed).

TABLE 3

MEASUREMENT MODEL RELATIONSHIPS VARIABLES INFLUENCING A HEI'S CORPORATE REPUTATION

Hypothetical variable	Item	Outer loading	t-statistic	p-value (two-tailed)	Cronbach's alpha	rhoA	CR	AVE	ß
The influence of service experience	ES1	0.90	38.84	0.16	0.91	0.92	0.93	0.78	
	ES2	0.86	24.08						
	ES3	0.90	47.40						
	ES4	0.87	39.13						
The influence of HEI's identity on identification	II1	0.62	6.74	0.00	0.57	0.80	0.75	0.51	0.50
	II2	0.91	37.89						
	II3	0.57	5.26						
The influence of information from media	IM1	0.89	42.80	0.00	0.86	0.86	0.92	0.79	0.49
	IM2	0.89	34.21						
	IM3	0.88	41.20						
The influence of information from others	IO1	0.84	22.35	0.00	0.85	0.86	0.90	0.69	0.30
	IO2	0.84	26.72						
	IO3	0.79	19.89						
	IO4	0.86	35.58						

The results of the measurement model assessment are depicted in Table 3. The results show that most of the outer loadings were higher than 0.708 and statistically significant, except the outer loading of ID1 and ID3 (0.62 and 0.57, respectively). Therefore, considering that most of the outer loadings met the criterion of item reliability, and that outer loadings less than 0.708 are typical in measurement model results, it was concluded that the measurement model showed adequate item reliability. The measurement model also showed suitable internal reliability consistency based on Crohnbach's alpha, rhoA, and the Composite Reliability values for each construct. The Average Variance Extracted (AVE) of each construct also exceeded 0.5, which is evidence of sufficient convergent validity.

The four stimuli hypothesized to influence corporate reputation explained 61.9% of the variance in corporate reputation, meaning that if an institution's corporate reputation is good, there is a greater likelihood that the parents will influence their children's selection of that institution. Thus, these four factors provided substantial in-sample predictive power of corporate reputation, resulting in the institution of choice.

Structural Model Assessment

The Variance Inflation Factor (VIF) was used to evaluate the structural model (Hair et al., 2019). All VIFs were below the ideal cut-off of 3.0. The VIF quantifies the extent to which the estimated regression coefficient's variance is inflated in the presence of correlation between the independent variables (Shrestha, 2020). The highest VIF was for the influence of information from the media on corporate reputation (2.587).

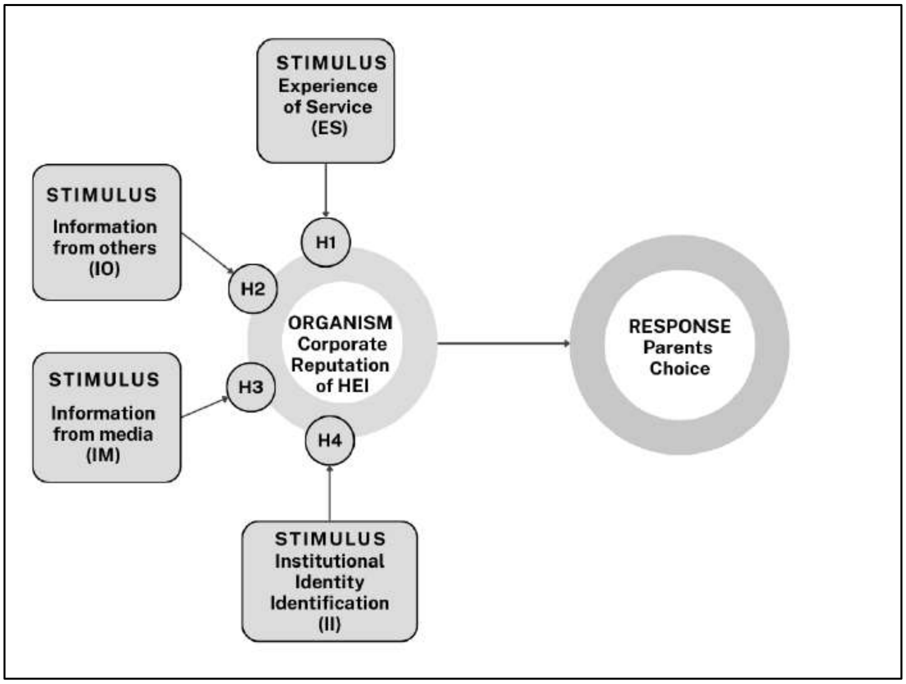
The empirical research found that of the four hypotheses, one hypothesis, i.e., the positive relationship between the experience of service of a HEI and the parent, was not statistically significant. The results of the hypothesis testing were as follows:

- The *influence of service experience* was not statistically significant as the value was above the threshold of $\alpha = 0.05$ (two-tailed) ($p = 0.159$). Therefore, H1 was not accepted. The statistical insignificance of the influence of experience of service on the parents' perspectives was understandable as the parents have not yet experienced the full suite of services offered by a HEI and was exposed to only the initial phase of a relationship i.e., application phase.
- The *influence of information from media* on corporate reputation was positive and statistically significant (ß = 0.488; $p = 0.000$). Therefore, H2 was accepted, concurring with the findings of Danuta (2017).
- The influence of *the information from others* yielded a statistically significant (ß = 0.302; $p = 0.003$). Thus, H3 was accepted. The positive and statistical influence of information from others on parents' perspective of a HEI's is supported by the findings of Plewa, Ho, and Karpen (2016) whose study found that a HEI's corporate reputation in the community, plays a significant role.
- The influence of *corporate identification* was positive and statistically significant (ß = 0.495; $p = 0.000$). Thus, H4 was accepted in line with the findings of Tirong (2022).

The data, as presented in Table 3 was used to develop the structural model that informs marketing tactics as they represent the *stimuli* that can be used by HEI's to build a HEI's corporate reputation (*organism*) resulting in it becoming the HEI selected by the parents (*response)*.

FIGURE 1:

STIMULUS, ORGANISM, RESPONSE (S-O-R) STRUCTURAL REPRESENTATION



Source: Design by author

RECOMMENDATIONS FOR MARKETING MANAGEMENT INTERVENTIONS

Based on the findings obtained through the field study, the following marketing management interventions are recommended to improve the corporate reputation of a HEI amongst parents of Grade 12 learners.

Strengthen experiences (ES) by virtual and in-person engagements

Virtual engagements are conducive to address concerns, issues, questions that parents might have. In addition, parent open days and campus tours to residences, lecture halls, faculties, gardens, and social spaces to showcase campus facilities to parents.

Parent reference groups promoting word-of-mouth peer (IO) and social media information (IM)

To enhance the influence of information provided by informal and social networks, HEIs will benefit from the formation of reference groups consisting of parents of Grade 12 learners representing the different Quintile public school classification system in South Africa, as well as private and international schools. Reference groups consisting of parents of Grade 12 learners will benefit a HEI by influencing other parents positively to choose a specific HEI.

Establish parent-focused programmes to increase identification (II)

HEIs must work towards an increased identification with the institution by amplifying the values, mission, student involvement and innovation in crafting such a parent-focussed programme. It is recommended that marketing teams could arrange programmes such as preparing prospective students and parents for the transition from school to university, relationship building, and parent support mechanisms to ensure that the parents can identify with the identity of the HEI.

Strengthen identification with HEIs (II)

HEI marketing teams need to understand the effect of identification with a HEI on the parents' commitment and supportive intentions. Therefore, it is recommended that HEI marketing teams craft a differentiating narrative to promote the values, ethos, and culture of the HEI with which the parents identify.

Impact of alumni (II)

The use of prominent alumni to publicly endorse the HEI on traditional and digital platforms and in the media will elevate the corporate reputation of a HEI and provide validation for parents to identify with a HEI.

Institutional identity (II)

Corporate reputation must be built at all levels of a HEI and at all touchpoints during the parents' journey to search for and select a HEI that is suitable for their Grade 12 child's post-school education. HEI teams need to market promote the corporate reputation by following a strategic approach with a long-term view. It is therefore recommended that all academic and support functions must identify and operationalise reputation drivers within their respective contexts to ensure elevated levels of trust, commitment, word-of-mouth promotion, and supportive intentions. In addition, HEI management teams at all levels need to identify mechanisms to mitigate potential reputational risks from the external and internal environments. HEI marketing teams need to review their brand assets at specific intervals and adjust each asset to the context of the parent as stakeholder, and subsequently address their needs and wants.

Corporate reputation capital value chain

To build a large reservoir of reputational capital throughout the value chain, it is recommended that HEI management and marketing teams investigate (1) establishing training programmes for academic and support staff to understand the parental perspective and to provide contextual care and support, (2) deploying social listening technologies to address feedback from parents on digital platforms and engaging with parents in promoting the sharing of information through word-of mouth and social networks, and (3) focusing on promotional campaigns to secure parental identification and commitment to select and maintain a relationship with a HEI for post-school studies for their Grade 12 child.

CONCLUSION

The field study provides empirical validation and valuable insights on the relationship between the corporate reputation and parents of prospective students as a key stakeholder of any HEI. The field study aimed to investigate higher education institutional marketing tactics and communication that best appeal to parents in directing the choice of institution for their children by determining the stimuli (marketing strategies and communication) that would have the best effect on the organisms (parents) to elicit the required response (parents' choice of an institution). Since the parental perspective on the corporate reputation of a HEI does not reflect adequately in the published literature, HEI management and marketing teams will benefit from the insights gained from this paper to acknowledge and target parents with specific corporate reputation interventions.

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DESTINATION SELECTION: THE EFFECT OF SOCIO-DEMOGRAPHIC CHARACTERISTICS OF TOURISTS, RISK AVERSION AND SAFETY CONCERNS

Prof Danie Ferreira
danie.ferreira@mandela.ac.za
Nelson Mandela University, South Africa
ORCID ID: 0000-0003-3337-3164

Dr Leonie Menzies
leoniem@ais.ac.nz
Auckland Institute of Studies, New Zealand

ABSTRACT:
The tourism industry is influenced by various factors, such as risk aversion, safety concerns, and socio-economic demographics, which affect destination selection and tourist arrivals. This study aims to develop a theoretical framework for tourist destination selection that considers these factors. The methodology involves inductive reasoning to identify patterns and develop theories. A systematic literature review was conducted to address the research question effectively. A total of 91 articles were reviewed and analysed. The research suggests that clear and honest communication is crucial for building trust and confidence among travellers, particularly those more risk averse. Collaboration with relevant stakeholders is essential to manage and mitigate travel risks and safety concerns. This study addresses a critical gap in the current literature and contributes to a better understanding of the complex dynamics that influence tourist destination selection.

Keywords: Risk Aversion, Safety Concerns, Systematic Review, Travel, Tourism

INTRODUCTION AND PROBLEM STATEMENT

The tourism industry of any country is highly vulnerable to various external and internal environmental factors. These factors include geopolitical tensions, terrorism, wars, and pandemics, among others, which can significantly impact the industry (Akamavi, Ibrahim and Swaray, 2023). Negative risk perceptions of tourist destinations can lead to a reduction in visitor arrivals, further damaging the image of that destination (Khan, Khan, Amin and Chelliah, 2020). Additionally, safety is crucial for tourists while travelling to any destination. It should be noted that specific safety concerns can vary based on the geographic location of the destination and the current prevailing circumstances (Zou and Yu, 2022). Moreover, personality traits such as sensation-seeking behaviour and risk tolerance can also influence how people approach travel safety. Some people actively seek out dangerous activities, while others choose to avoid them (Karl, Muskat and Ritchie, 2020; Talwar, Srivastava, Sakashita, Islam and Dhir, 2022). As a result, risk-averse travellers typically prefer well-known, well-developed destinations with a track record of high visitor numbers and low levels of uncertainty. On the other hand, travellers with a high-risk affinity will look for locations that are less frequented by other travellers and have higher levels of uncertainty (Karl, 2018). Within this premise, several authors (Pasaco-González, Campón-Cerro, Moreno-Lobato and Sánchez-Vargas, 2023; Talwar et al., 2022; Wambani, Ogunjimi and Oladeji, 2020) indicate that the socio-demographic characteristics of tourists influence their risk and safety perceptions, and ultimately the destination they select to visit. Lin, Jiang, Li and Qin (2023) acknowledge that there is a critical need for empirical and theoretical exploration of risk aversion and how it affects tourists' destination selection. Zou and Yu (2022) emphasise that further research is needed to explore the demographic characteristics of tourists and how their safety concerns affect destination selection. This has prompted the research question: How do risk aversion factors, safety concerns, and the socio-economic demographic characteristics of tourists affect destination selection? The paper aims to distinguish between risk aversion factors and safety concerns in the destination selection process, which is considered the first of its kind. The following objectives were formalised to assist in answering the research question.

RESEARCH OBJECTIVES

The study's primary objective is to develop a theoretical framework for tourist destination selection that considers tourists' socio-economic demographic characteristics, risk aversion, and safety concerns. To give outcome to the primary study objective of this study, the following secondary objectives are to:

- identify the socio-economic demographic characteristics of tourists that can affect destination selection;
- identify the risk aversion factors of tourists that can affect destination selection from literature;
- determine which safety concerns of tourists can affect destination selection;
- provide a clear distinction between risk aversion factors and safety concerns and
- propose a theoretical framework for the socio-economic demographic characteristics of tourists, risk aversion, and safety concerns that affect destination selection.

The next section outlines the methodology followed in conducting this study to address these objectives.

METHODOLOGY

The paper is qualitative as it seeks to theoretically explore the effect of the socio-economic demographic characteristics of tourists, risk aversion and safety concerns on destination selection. The paper employs inductive reasoning as it sets out to identify patterns and develop theories and concepts that explain these patterns (Thomas, 2006). The paper aims to propose a theoretical framework for the socio-economic demographic characteristics of tourists, risk aversion, and safety concerns that affect destination selection. A theoretical framework serves as a road map for the researcher to pinpoint and describe the key concepts, factors, relationships, assumptions, and theories that will be used to clarify or explain the phenomena under investigation (Grant and Osanloo, 2014: Salawu, Bolatitio and Masibo, 2023). It must be noted that developing the theoretical framework is the first step in a more extensive study. According to Waller (2022), a systematic literature review (SLR) is a research approach used to identify and evaluate relevant studies (secondary data), as well as to collect and analyse data from those studies. The purpose of a systematic review is thus to identify all empirical evidence that satisfies the predetermined inclusion criteria to address a specific research question (Moher, Liberati, Tetzlaff, and Altman, 2009). Turney (2023) identifies the following protocol to be followed for conducting an SLR for the development of a theoretical framework:

- Rationale for the systematic review;
- Inclusion or exclusion criteria;
- Literature searches for published literature;
- Apply the selection criteria;
- Data extraction;
- Synthesise the data; and
- Present theoretical framework

The rationale for using a systematic literature review was to reduce bias and random error, as systematic reviews combine the results of several research papers on a given subject (Drucker, Fleming and Chan, 2016). In addition, an SLR allows a researcher to synthesise previous research to provide a comprehensive overview of the research question and strengthen the foundation of knowledge for the particular topic (Williams, Clark, Clark, and Raffo, 2021). The SLR was only conducted on research published within the tourism industry and thus excluded all research in any other field of study. Three separate sets of searches were conducted on Google Scholar and Science Direct database with keywords: Risk aversion in tourism and destination selection, tourist safety concerns and socio-economic demographic characteristics of tourists in destination selection. The range was set to display only research publications from 2014 to 2024 to ensure articles were relevant. Thus, using explicit and systematic methods when reviewing articles and all available evidence, bias can be minimised, providing reliable findings from which conclusions can be drawn and decisions made (Moher et al., 2009). After performing a search on the database, the research publications were screened based on the information provided in their titles, abstracts, and keywords. This initial screening process resulted in 280 articles for further review. The articles were divided among the researchers for full-text reviews to ensure the quality of the research publications. Articles and conference papers that did not undergo a rigorous double-blind peer-reviewed process were eliminated. Each researcher took detailed notes on why specific articles were retained while others were eliminated. The researchers then exchanged articles to verify their findings. After this process, 91 research papers were retained for analysis. Data extraction, data collection, and data synthesis were all assessed to ensure accuracy. Sandelowski (1993) stresses the importance of trustworthiness in qualitative research. Trustworthiness can be divided into four main components: credibility, which is similar to the positivist concept of internal validity; dependability, which is related to reliability; transferability, which is a form of external validity; and confirmability, which primarily deals with how the information is presented (Rolfe, 2006). Only journal articles and conference papers that underwent a rigorous double-blind peer-reviewed process were considered source material to ensure credibility. A theoretical framework with a multi-theory approach was developed to ensure transferability. Dependability was ensured by focusing on contemporary research publications from 2014 to 2024. A rigorous literature review was conducted to ensure confirmability, including works from multiple authors, to limit research bias. The final research publications used for analysis were also verified. The data was then coded, analysed, and grouped into main and sub-themes for inclusion in the theoretical framework guided by Tesch's (1990) open coding method.

LITERATURE OVERVIEW

This section will provide a theoretical overview of risk aversion factors, safety concerns, and tourists' socio-economic demographic characteristics and their effect on destination selection.

Risk aversion factors

Tourism, being a service industry and due to its inseparability aspect, is associated with several risks (Zhou, 2020). General travel risks may include operational, financial, social, cultural, time, health, psychological, and physical risks. Additionally, tourists encounter a variety of risks related to terrorism, political unrest and natural disasters (Menzies and Ferreira, 2017). Samitasa, Asterioub, Polyzosc, and Kenourgios (2018) found that tourist risk aversion correlated with terrorism, war, political instability, crime, natural disasters, and health hazards. It is well known that risk perception can influence decision-making and consists of two main constituents: perceived uncertainty of outcomes and the perceived importance of adverse outcomes (Feng, Sun and Li, 2022). Individual differences may exist for both constituents, but it would seem more plausible that a general attitude toward risk would appear in the first mentioned, that is, perceived uncertainty of the outcomes. On the other hand, the perceived importance of the negative consequences is challenging to identify because the severity of the negative outcomes may vary according to circumstances (Zhou, Liu, Wang, Wang, and Wang, 2022). It is consistent with definitions of risk aversion found in the literature to view risk aversion as an attitude toward uncertainty. Lin, Jiang, and Qin (2023) and Lyu, Khalifeh and Li (2023) assert that in addition to risk perception, risk aversion is another crucial concept in tourism research. Risk aversion is considered a personality trait and represents a person’s propensity to engage in risky activities. An individual’s general attitude towards uncertainty is a predictor of travel behaviour. For example, risk-averse travellers may choose a location that they perceive as safe, while risk-tolerant travellers might seek out destinations which they perceive to have risky elements (Lin et al., 2023; Prince and Kim, 2021; Shekari and Azizi, 2022;). While an attitude towards risk, especially in those who are more risk averse, could pose an intrapersonal travel barrier, it straddles structural barriers such as economic factors, time, medical conditions and visa regulations (Menzies and Ferreira, 2017).

Economic considerations are paramount in travel decisions, and the more risk-averse individuals might avoid destinations with volatile currencies or economic instability (Lin et al., 2023). They may also fear financial loss due to cancellations, theft, or lost luggage. Conversely, risk-tolerant individuals might consider financial risk to be an acceptable trade-off for the thrill of the experience they seek (Karl, 2018). The risk of delays and a disrupted schedule due to political instability, lockdowns or natural disasters may further exacerbate the financial risk as well as the risk of time lost. This may not be tolerated by some travellers whose leisure time is limited. Individuals with medical conditions prefer destinations closer to home where they are familiar with the healthcare system and are reluctant to travel to unfamiliar destinations (Karl, 2018; Shekari and Azizi, 2022). While visas could be accepted as a necessary security regulation, processing times and uncertainty of approval could discourage the risk-averse traveller from travelling to a destination (Artal-Tur, Pallardó-López and Silvente, 2016). Travel advisories are issued by governmental or international bodies, such as the UN, to alert travellers to specific destinations for various reasons. These reasons may include armed violence, popular revolutions, political unrest, high crime rates (especially abductions and crimes), natural disasters, or outbreaks of contagious diseases (Ngwira, 2016). Akamavi et al. (2022) argue that travel advisories have had a significant adverse impact on the tourism industry in countries where they have been issued due to the high risks associated with travelling to such destinations. It is apparent that the complex relationship between risk and tourism stresses the need for having a thorough knowledge of how an attitude towards risk may affect decision-making and tourist behaviour. Such information is essential for successful destination marketing and management (Lin et al., 2023).

Several authors have classified time constraints, work pressures, financial constraints, medical conditions, and visa and immigration as travel barriers rather than risk aversion factors (Ferreira, Perks and Oosthuizen, 2016; McKercher and Darcy, 2018; Park, Woo and Nicolau, 2020). Li et al. (2015) state that a potential tourist may abandon the decision-making process if these constraints are not adequately addressed. Various authors (Kifworo, Okello and Mapelu, 2020; Kihima, 2015; Li et al., 2015) have highlighted the lack of time and work pressure as significant barriers preventing people from engaging in leisure activities, particularly international travel. The cost (financial constraints) associated with travelling is considered one of the most significant expenses (Park et al., 2020). Thus, individuals without financial means will not be able to travel. In addition, medical conditions such as a disability or illness impede individuals from travelling (McKercher and Darcy, 2018). Social environments, including physical, economic, social, and cultural factors, inherently disable people with disabilities, subjecting them to overt and covert social attitudes that limit their participation in travel (Hästbacka, Nygård and Nyqvist 2016). Anyasor, Okocha, Agina, and Nwankwo (2021) noted that obtaining travel documents can be burdensome for tourists due to the additional cost and discontent associated with applying for visas, the need to travel to embassies or consulates, and the possibility of being denied without reason.

Safety concerns

Research has shown that tourists' perceptions of safety, or safety concerns, significantly influence their choice of travel destination (Rittichainuwat, Nelson, and Rahmafitria, 2018). This makes safety concerns a crucial factor in their decision-making process and overall experience at the destination (Buigut, Kapar, and Braendle, 2022; Mataković and Mataković, 2019). A high crime rate at the destination is considered a safety concern for tourists as it influences their safety perceptions of the destination. Although theft is the most prevalent crime against tourists, they are exposed to other crimes as well, including physical and sexual assault, credit card fraud, and scams (Mataković and Mataković 2019). The presence of visual policing at tourist destinations and their effective crowd control measures, as highlighted by Zou and Yu (2022), play a crucial role in providing a sense of safety to tourists. The availability and efficiency of emergency services at the destination can also influence the perception of safety at the destination. Local laws and customs are another safety concern tourists face as they are unfamiliar with some local laws and customs. Laws and customs pertaining to conduct, including but not limited to drug and alcohol abuse, public nudity, and even photography, can differ significantly between countries (Mataković and Mataković 2019) (for example, Jaywalking being illegal in the USA). Violating these can be punishable by hefty fines or incarceration. Furthermore, the lack of an unkept infrastructure and public transportation at the destination are important concerns that tourists consider ensuring a peaceful and secure travel experience. Travelling can provide a range of health concerns for tourists, depending on their destination, activities, personal health conditions and fitness level. These include but are not limited to infectious diseases, gastrointestinal illnesses, altitude sickness, allergic reactions, as well as injuries and accidents (Rofaiel, Hession and Flaherty, 2021). Tourists are becoming increasingly aware that they should ensure digital safety while travelling. Bank card skimming is the biggest threat to the digital safety of tourists while travelling (Fragniere and Yagci, 2021). The presence of safety concerns does not necessarily mean that all travel will stop, but it does influence which tourist destination will be selected. This is evident in the case of Thailand and Malaysia, as Buigut et al. (2022) point out that increased safety concerns in Thailand have led to a shift in tourist arrivals to Malaysia. Conversely, an increase in safety concerns in Indonesia has decreased tourist arrivals to Malaysia. This trend is attributed to the perception of these countries as one geographical region due to their physical proximity (Buigut et al., 2022). Chisadza, Clance, Gupta, and Wanke (2022) further support this theory, stating that safety concerns in one country can spill over to neighbouring countries and decrease tourist arrivals.

The socio-economic demographic characteristics of tourists

Destination selection is perceived as a complicated process, with research focusing on the effects of socio-economic demographic characteristics on destination choice (Pan, Rasouli, and Timmermans, 2021). Destination choice is significantly influenced by the socio-economic demographic characteristics of tourists, meaning each tourist perceives a destination differently based on their unique traits. (Pasaco-González et al., 2023). These traits include age, gender, ethnicity, marital status, number of children, level of education, country of origin and income (Ferreira, 2022; Kara and Mkwizu, 2020). Ma, Chow, Cheung, Lee, and Liu (2018) state that the age of the tourist can predict destination selection based on a desire for relaxation and nature exploration. Pasaco-González et al. (2023) findings indicate that there are significant differences between gender groups (males and females) in destination selection. Research on sexual orientation and gender identity in risk aversion and travel safety concerns is limited. Yang, Khoo-Lattimore and Arcodia (2017) have identified the need for more research in this context. Risk aversion and safety concerns are a reality, with homosexuality still being condemned by law in 55 countries, and penalties range from prison sentences to the death penalty in some of these countries (Monaco, 2022). Ferreira *et al.* (2015) and Mawby and Ozascilar (2024) findings confirm that the ethnicity of a tourist influences destination selection. Djeri, Božić, Stamenković and Nagy (2017) postulate that a tourist's level of education can predict tourist preference and destination selection; the study's findings confirm that there are significant differences between tourists with secondary education qualifications and those with higher education. A study by Ferreira and Perks (2018) confirms that the tourists' nationality can play a role in destination selection.

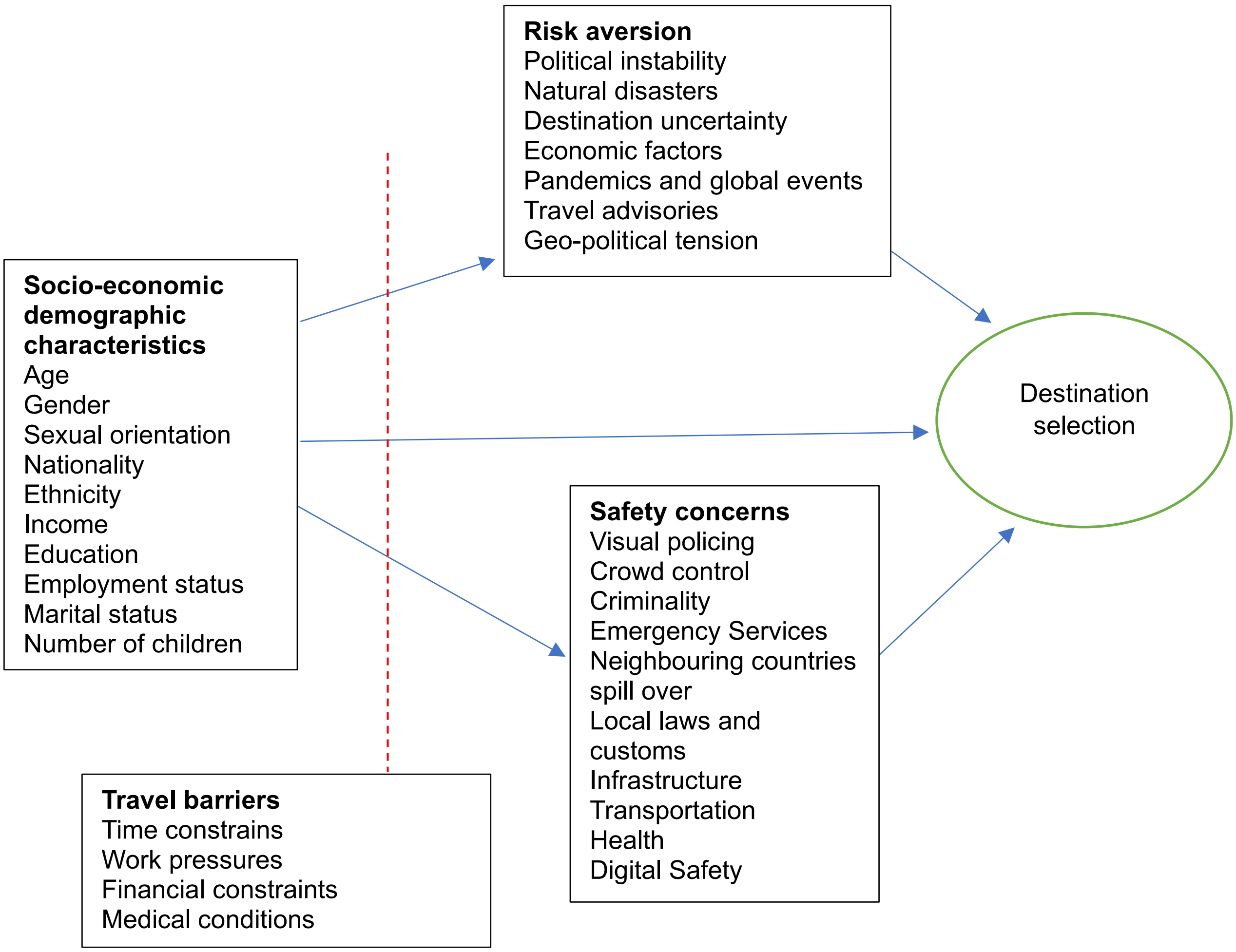
The perception of tourist destinations regarding safety concerns and risk aversion factors is significantly influenced by the demographic profile of tourists (Al Riyami, 2021; Seong and Hong, 2021). Paek and Hove (2017) have pointed out that different demographic profiles perceive risk aversion factors differently. Recent studies have confirmed that age, gender, ethnic affiliation, education level, employment status, and marital status significantly influence risk aversion (Ferreira and Perks, 2022). Specifically, female travellers are more cautious when selecting a travel destination, especially when travelling alone, as they are more prone to sexual harassment, discrimination, and physical abuse while travelling (Yang et al., 2017). Al Riyami's (2021) findings support that females are more sensitive to risk aversion factors when selecting a tourist destination than males. Qiao, Ding, Xinng, and Xu (2022) found that different age groups differ in the amount of risk they take, with older respondents being more vigilant regarding safety concerns than younger ones. Mawby and Ozascilar (2024) indicate that less educated people are more likely to not travel due to uncertainty and perceived risk of the unknown. Terzic, Petrevska, and Bajrami (2022) have also found that individuals with high-income levels who are classified as a couple or family living make careful choices regarding safety and seek tourist destinations where these concerns are limited. These findings emphasise the importance of considering the demographic profile of tourists in understanding their risk aversion and perception of safety concerns when selecting tourist destinations.

FINDINGS

The proposed theoretical framework, as represented in Figure 1, illustrates the conceptual structure and relationships between the different variables.

FIGURE 1

PROPOSED THEORETICAL FRAMEWORK



Researchers own construction.

As per Figure 1, socio-economic demographic characteristics such as age, gender, sexual orientation, nationality, income, employment status, and marital status can influence destination selection. These characteristics also affect the level of risk aversion and safety concerns of tourists, which in turn impact their choice of destination, which is in line with the findings of Al Riyami (2021) and Seong and Hong (2021). Travel barriers, such as time constraints, work pressures, financial limitations, medical conditions, and visa and immigration issues, can hinder travel. These findings are supported by Ferreira et al. (2016) and Park et al. (2020). Safety concerns encompass visual policing, crowd control, criminality, emergency services, spill over from neighbouring countries, local laws and customs, infrastructure, transportation, health, and digital safety. These observations are corroborated by the research of Buigut et al. (2022) and Zou and Yu (2022). Risk aversion factors consist of political instability, natural disasters, destination uncertainty, economic factors, pandemics, global events, travel advisories, and geopolitical tension, as supported by the findings of Lin et al. (2023) and Zhou et al. (2022). Thus, tourists' sense of safety involves feeling protected from or unlikely to experience danger or injury, despite its similarities with risk perception. Risk and safety are at opposite ends of a continuum, so it is debatable whether a sense of safety reflects a fear of specific offences, or a general feeling of insecurity combined with a lack of social trust (Valente and Valera Pertegas, 2018). Based upon the discussion, safety concerns in this study are considered issues that the tourist destination has limited to some control over. In contrast, risk aversion factors in this study are considered issues that the destination has limited to no control over.

PRACTICAL MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

Understanding how factors such as age, income, and cultural background can influence how people perceive travel risks and safety concerns is crucial for travel marketers to tailor their marketing strategies effectively. Destination management organisations (DMOs) should encourage potential tourists to connect with past visitors to help alleviate their uncertainties and build confidence in their travel decisions. Additionally, DMOs and travel agents should highlight the importance of tourists sharing their personal travel experiences and leaving reviews. This can foster trust and a sense of community among potential travellers to the destination. Recognising the preferences of risk-averse travellers for familiar destinations presents an opportunity for DMOs to tailor their marketing efforts accordingly. In addition, developing flexible travel packages, offering medical support services, and providing guidance on visa procedures can help mitigate travel barriers and attract a broader range of tourists to destinations. DMOs should provide transparent and comprehensive information that empowers tourists to make well-informed choices. This can be achieved by leveraging technology for real-time updates and targeted communication, which can further enhance the overall travel experience. Furthermore, tourist destinations should proactively address safety concerns and communicate effectively with potential travellers. In addition, tourist destinations should work towards mitigating the adverse effects of travel advisories by providing continual updates on safety concerns that may affect tourists.

CONCLUSION

The authors acknowledge that tourist behaviour (for example, the number of times travelled and repeat visitation) can mitigate both risk aversion and safety concerns regarding tourist destinations. However, this is outside the scope of this study. The study proposed a comprehensive theoretical framework on how tourists' socio-economic demographic characteristics, safety concerns and risk aversion can influence destination selection. Thus, understanding travellers' socio-economic and demographic characteristics can help destination marketers, travel agencies, and policymakers tailor their strategies to meet the preferences and mitigate concerns of different tourist market segments. In addition, effective communication, transparent safety information, and providing options to mitigate risks can all contribute to creating a safer and more satisfying travel experience for diverse groups of travellers for the tourist destination. Finding the right balance between offering an enjoyable travel experience and addressing safety concerns presents a complex challenge for DMOs. By focusing on clear and honest communication, they can build trust and confidence, particularly among more risk-averse travellers. Working collaboratively and coordinating with relevant tourism stakeholders is essential to manage and minimise travel risks and safety concerns effectively. The proposed theoretical framework can now be tested in a quantitative research study.

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MAKING SENSE OF THE CONCEPT 'LOCAL' IN SOUTH AFRICA

Lisa Esterhuyzen, Edwin Theron, Stefanie W. Kühn
Department of Business Management, Stellenbosch University, South Africa

Keywords: local business, buying local, local is lekker, proudly South African

ABSTRACT

The phrase 'local is lekker' is well-known amongst South Africans, denoting that everything from South African soil, including culture, value and products, is always enjoyable and the best. Businesses increasingly realise the potential advantages of emphasising that products and services are 'local'. However, inconsistencies appear in the literature concerning how the 'local' concept should be defined. Moreover, there is a paucity of studies regarding South Africans' sentiments toward 'local', the phrase 'local is lekker' and the 'Proudly South African' campaign. This paper explores and clarifies the meaning of 'local'. Six online focus groups were conducted with ordinary South African consumers, which were audio-recorded and transcribed. Thematic analyses reveal that the meaning of 'local' is contextual and nuanced. Although consumers hold positive sentiments towards the phrase 'local is lekker', they distrust products associated with the Proudly South African campaign owing to perceptions of inflated prices and low quality.

INTRODUCTION

Most South Africans are familiar with the phrase 'local is lekker'. The popularity of this phrase is understandable since it is the South African way of saying 'things from our home country are usually the best' ('Local is Lekker ZA', n.d.). In addition, the 'local is lekker' phrase evokes positive emotions about being proud of local businesses and brands. Since globalisation and international trade started, the 'buy local' movement has supported local businesses. Despite the efforts of governments and local communities to encourage customers to buy locally, many local businesses need assistance to survive or expand their operations. Local brands struggle in various ways, such as lacking funding or marketing expertise (UNDP, 2021; Minton and Cabano, 2022) and overcoming negative consumer sentiment (Sulhaini, Rinuastuti and Sakti, 2019). Furthermore, the complex 21st-century business environment and increased globalisation threaten local brands' survival.

In response, supporting initiatives, such as the ‘Proudly South African’ campaign, have been launched to encourage South Africans to be ‘proudly’ South African and, therefore, buy South African products and services (proudlysa.co.za, n.d.). The ‘Proudly South African’ (PSA) campaign encourages South African consumers to support locally produced goods and services, stimulating employment and the economy (proudlysa.co.za, n.d.). Local businesses that produce South African-made products according to specific regulations may display a PSA logo. The PSA logo helps consumers identify which brands are made in South Africa. Furthermore, the recent COVID-19 pandemic has prompted consumers to be more mindful about supporting their community by buying locally (Wijnberg, 2020), therefore being ethnocentric. Highly ethnocentric customers believe that buying products manufactured abroad hurts the domestic economy (Jiménez & San Martín, 2010). For example, to support their communities' economies, approximately 70% of consumers in both Canada and the US made local purchases as their primary mode of shopping in 2020 (Tighe, 2022). Comparatively, in India, a leading developing country similar to South Africa (Chen, 2022), only about 40% of consumers said they did so to support local brands. In addition to supporting local job growth, shoppers worldwide have cited community investment as another justification for shopping locally (Tighe, 2022).

However, such supporting initiatives and consumer ethnocentric behaviour are undermined owing to the complexity of what is meant by ‘local’. Owing to globalisation, local is indeed multifaceted and highly contextual (Davvetas and Diamantopoulos, 2016). Moreover, although the phrase ‘local is lekker’, and initiatives such as the Proudly South African campaign can indeed support local businesses, there is a lack of research exploring South African consumers’ perceptions and sentiments towards such initiatives. This paper, therefore, explores and clarifies the meaning of ‘local’ and uncovers consumers’ sentiments and perceptions towards the phrase ‘local is lekker’ and the ‘Proudly South African’ campaign.

THE LOCAL CONCEPT AND LOCAL BUSINESSES

Defining the concept of ‘local’ is a complex endeavour, as there are different layers, including brands and businesses. To elucidate, a local brand may only be available in South Africa or a specific community. However, a local brand can also be exported and, therefore, available in other countries. For example, the South African brand Carol Boyes’ products are distributed globally, but the brand is considered local to South Africa because it is a South African icon. Likewise, a local business that is situated in South Africa may sell local and international brands. For example, Kloppers Sport is only found in the Western Cape but also sells international brands such as Adidas and Nike. Country of origin is often used to identify a local brand in an industry-specific context (Davvetas and Diamantopoulos, 2016; Teng, 2019; Hasan, Sohail and Sadiq Sohail, 2021). Although country of origin may make it simpler to classify brands as either local or global (Teng, 2019; Hasan *et al.,* 2021), it can become too limiting owing to the complexity of the 21st-century marketplace. The rise of technological advances and globalisation has distorted consumers' perceptions of what is considered local or global (Davvetas and Diamantopoulos, 2016). Clearly, it is difficult to provide an exact definition of the concept of local. Although some literature distinguishes between local businesses and brands (Kallas, Escobar and Gil, 2013; Contini, Romano, Scozzafava, Boncinelli and Casini, 2015), these two concepts are often used interchangeably. However, for clarity, this study refers to 'local business', which offers a broader concept compared to 'local brand'.

Local businesses and benefits of buying local

Most local brands recorded in South Africa are small-scale operations, often family-owned and operated (SME SA, 2023). Although similarities exist, a local business differs from a small business. A small business in South Africa can be defined as a separate and distinct business entity, together with its branches or subsidiaries, including cooperative enterprises that one owner manages or more and predominantly carried on in any sector or subsector of the economy as specified in Schedule 1 of the Act (Gazette and Notice, 2022). Based on this definition, examples of small local businesses include hairdressers, dry cleaning services and veterinary clinics (community, social and personal services); lawyers and estate agents (business services); and corner cafés (trade) (Statistics SA, 2019). Therefore, defining a small business focuses on firm size and structure and its value to the economy.

On the contrary, a local business is defined according to specific dimensions. Depending on the context or local business' product category, a local business can be defined according to this business' availability in a geographical area, its cultural affiliation, or country of brand origin dimensions (Davvetas and Diamantopoulos, 2016; Teng, 2019; Hasan, Sohail and Sadiq Sohail, 2021). In South Africa, local businesses are important for achieving economic growth and decreasing unemployment (Mahembe and Chiumya, 2011). Since many local businesses are not formally registered, it is challenging to determine the exact contribution of local businesses to the South African economy (Nieuwenhuizen, 2019).

Nevertheless, the important role of local businesses in the South African economy cannot be disputed. Although no data exists on the exact role of local businesses in job creation, it is estimated that small and medium enterprises (SMEs) (which may be seen as proxy for local businesses) account for more than 98 per cent of all South African businesses. Furthermore, these businesses employ between 50 and 60 per cent of the country's workforce across all sectors (Kalidas, Magwentshu and Rajagopaul, 2020). Moreover, it is generally assumed that local businesses offer employment possibilities to millions of South Africans across many industries who may need more formal education or specialised skills (Peters and Naicker, 2013). It is also important to note that according to the South African National Development Plan (NDP) report 2022, it is estimated that by 2030, most new jobs will be created by local businesses.

Challenges of local businesses

Due to the accelerating pace of globalisation, consumers face expanding local and global product alternatives, contributing to the complexity of the consumer’s decision-making process (Huang and Chen, 2022). In South Africa, it was found that 75% of newly founded small local businesses do not survive during the first five years of existence (Enaifoghe and Ramsuraj, 2023), and between 50% and 95% of South African small local businesses fail by their fifth year (Mashavira, Chipunza and Dzansi, 2019). Furthermore, other challenges that small local businesses experience are an unfavourable legal environment, lack of access to markets and procurement, and lack of access to finance and credit (Peters and Naicker, 2013). These challenges contribute significantly to the excessive failure rate of South African local businesses (Enaifoghe and Ramsuraj, 2023).

A particular challenge that local businesses experience is overcoming negative consumer sentiments (Sulhaini *et al.*, 2019). Especially in developing countries, it was found that consumers may believe that products or services from local businesses are of lower quality than international brands (Teng, 2019). When customers prefer imported goods from more developed countries based on perceived greater quality, local businesses face a near-impossible feat to convince consumers otherwise. Previous research shows South African consumers view locally produced products as inferior to their international counterparts (Hasan *et al.*, 2021). This viewpoint can harm local businesses competing against global corporations with economies of scale cost advantages in the South African, price-sensitive consumer markets.

Initiatives to support local businesses

Despite the above challenges, governments are clearly realising local businesses' economic potential globally. In South Africa, the supportive focus on buying locally is increasing, with local programmes implemented to encourage consumers to be conscious of buying local products and bring awareness to these local businesses. For example, The Proudly South African (PSA) campaign seeks to influence local procurement to increase local production and influence consumers to buy from local businesses to stimulate job creation (proudlysa.co.za, n.d.). Furthermore, shortly after South Africa's hard lockdown in 2020 due to the COVID-19 pandemic, the online platform 'Local is lekker ZA' was launched to showcase and support local artisanal products. This website supports local business owners or skilled craft workers who make or create items by hand by inviting customers to visit the retail location in Johannesburg ('Local is Lekker ZA', n.d.).

PURPOSE OF THE STUDY AND RESEARCH QUESTIONS

Although 'buying local' is important for economic growth and fighting unemployment in South Africa, the complexity of what constitutes 'local' makes it difficult to formulate initiatives aimed at 'buying local'. Moreover, although some initiatives are in place to encourage South Africans to 'buy local' (including the 'Proudly South African' campaign and phrases such as 'Local is lekker') such efforts are hampered by negative consumer sentiments towards the perceived inferiority of local products and brands in comparison to international ones (Hasan *et al.,* 2021). Against the background, this paper seeks to explore and clarify the meaning of 'local' and to uncover consumers' sentiments and perceptions towards the phrase 'local is lekker' and the 'Proudly South African' campaign. Specifically, the following research questions were formulated:

1. How do consumers define 'local' and a 'local brand'?
2. What are consumers' sentiments towards the phrase 'Local is Lekker'?
3. What are consumers' perceptions of the 'Proudly South African' campaign?

METHODOLOGY

Online focus groups were used to acquire insight into South Africans' perspectives on the local concept. Online focus groups were selected for their ability to include participants across different provinces, thereby ensuring a wide range of perspectives (Stewart and Shamdasani, 2017).

Following a literature review, a discussion guide was developed centred on the study's research questions. Apart from facilitating conversations, the discussion guide included probing questions to glean additional insight from participants. All focus groups were audio-recorded and transcribed using the speech-to-text functionality offered by MS Teams. All focus group discussions were audio-recorded with a mobile phone as a backup.

Credibility was addressed using investigator triangulation and peer debriefing. For investigator triangulation, the research team analysed and coded transcriptions individually. The research team then debated their analyses and codes to achieve consensus and a codebook, thus mitigating systemic bias (Turner, 2021). Moreover, peer debriefing occurred after the conclusion of each focus group. Specifically, each research team member made detailed notes of what transpired during a focus group discussion, which were discussed and reflected upon. These debriefing sessions were also audio-recorded and transcribed. Trustworthiness was addressed using confirmability through rigorous bookkeeping of the focus group discussions and reflective notes made by the research team with each other and peers not associated with the study. Focus group discussions were also video recorded, allowing the research team to revisit, identify and note the subtle nuances which may not be present in face-to-face focus groups (Stewart and Shamdasani, 2017).

Although traditional in-person focus groups are usually comprised of six to 10 participants (Babin and Zikmund, 2015), fewer participants are desired for online focus groups owing to greater involvement and increased spontaneous responses (Stewart and Shamdasani, 2017). Mini-focus groups with four to six members are suitable for researchers seeking in-depth participant insights (Krueger and Casey, 2015). A professional market research agency was commissioned to recruit participants using their online consumer research panel of South African citizens. All panel members had opted to participate in market research. An invitation and link to the online focus groups via the MS Teams platform were distributed to qualifying participants, and an incentive for participation was offered. To facilitate participants' comfortability with one another, focus groups were kept homogenous in terms of age and gender (Belk, Fischer, and Kozinets, 2013). Data saturation was reached after six online mini-focus groups, as no new themes emerged from participant discussions. The composition of the recruited participants for the online focus groups is summarised in Table 1.

TABLE 1

COMPOSITION OF RECRUITED PARTICIPANTS FOR THE ONLINE FOCUS GROUPS

Composition of online focus groups		
Group 1 Age: 18-24 Gender: Female Number of participants: 4	**Group 3** Age: 25-40 Gender: Female Number of participants: 5	**Group 5** Age: 41 plus Gender: Female Number of participants: 3
Group 2 Age: 18-24 Gender: Male Number of participants: 4	**Group 4** Age: 25-40 Gender: Male Number of participants: 6	**Group 6** Age: 41 plus Gender: Male Number of participants: 6

Data was analysed using a thematic approach. All transcriptions were imported into Microsoft Excel, analysed and coded according to the codebook. Using different levels of coding, themes were then identified (Tracey, 2020), which will be discussed next.

FINDINGS FROM THEMATIC ANALYSES

The findings are structured according to the three research questions, namely their definition of local and a local brand, their sentiments towards the phrase ‘Local is Lekker’ and their perceptions of the Proudly South African’ campaign.

Defining local and a local brand

The moderator asked for participants’ understanding of the concept of a ‘local brand’ and if they could think of any successful local businesses and what made those brands successful for them. Consumers' understanding of ‘local’ appears varied and highly contextualised. Since this study is set in the South African context, knowing how participants view a local brand was essential. The three themes identified were ‘location’, ‘familiarity’, and ‘price perception’.

Most participants perceived ‘local’ as something produced, made and accessible in the country of origin, e.g. ‘*A product of South Africa, something which is proudly South African*” or “*Raw products that they use are locally sourced and manufactured… It's all from the country*.” Moreover, participants viewed a local brand as “*A South African brand*.” A “local” brand was further described as a brand within a specific area relative to the consumer, e.g. “*The people and surrounding* *areas, like where I live"*. Participants explained that "local" may be considered according to a specific community, e.g. "*Local is not necessarily only in South Africa on a country level, but also in your immediate community,"* and could be something "*Popular in your area."*

'Local' was also interpreted as something familiar to the participants, e.g. "*when a brand talks directly to the people*" or a cultural representation of the country, e.g. product labels with a South African cultural design. Another participant referred to a "local" brand as "*local is lekker*", a South African phrase that encapsulates a supportive culture toward local businesses, discussed in the next section. Furthermore, participants highlighted the importance of local products' cultural representation of South Africa, e.g. "t*he labelling of local businesses products to look very South African e.g., Ndebele paintings"*. Notably, one participant highlighted that the "local" term is also context-dependent, saying: "[the definition] *depends on what you're judging it based off of*."

Regarding 'price perception', participants agreed that local products were perceived as products in the lower price range. For example, participants referred to 'local' as "*Something I would regularly buy at affordable price."* Furthermore, 'local' products were perceived as "*affordable*" and "*They are cheaper than other non-local businesses, and I think a lot of people prefer them based on the price."* In conclusion, the participants perceived a "local brand" relative to the consumers' geographical location, affordability, and cultural representation.

Consumers' sentiment towards the phrase "local is lekker."

Participants were asked to describe their feelings associated with "local is lekker." This question was included to gauge participants' feelings of responsibility toward supporting local businesses. Participants had a mostly optimistic perception of the phrase "local is lekker". The phrase made participants feel proud and gave them a sense of community, such as "*just chilling with friends, having good wine, listening to good music*", and being "*with friends and family around the braai*". Participants also elaborated on their proud feelings by saying" *Makes you proud, something that is uniquely ours... That is what makes us African,"* and "*I trust that brand even more because it says it's local... I think about quality."* Furthermore, the phrase was associated with products and experiences that are authentically South African. One participant said, "*I associate it with braaiing and something that's originally South African*." Another participant associated Local is lekker with "*Authenticity. It's locally made for the people, so it's easily accessible and affordable."* Similarly to the previous sub-heading "local brand", participants said the 'local is lekker' was context-dependent and gave examples of what "local" meant to different cities or provinces. For example, "*in Cape Town 'local is lekker' is mostly the fish"* and for *"Gauteng (local) is known for its local beer"*.

Interestingly, the phrase also brought up conflicting feelings about product quality. Some participants perceived "local is lekker" as being "*the best*" and trusted the quality of a brand knowing that it was local. However, some participants, particularly in focus group two (males, age 18-24) had a more negative perception of local quality. They said they are "*reluctant to buy from South African brands because we are not really sure they offer the same quality product as the European or American brands*." Furthermore, they felt that some brands "*guilt trip people to buy [their products] just because they're local businesses... [but] deliver bad quality products*."

In conclusion, the "local is lekker" saying provoked mostly good and proud feelings toward the products and experiences that are authentic to South Africa. The saying also sparked conflicting perceptions of local quality among participants.

Consumers' perception of the "Proudly South African" campaign

The Proudly South African (PSA) campaign encourages South African consumers to support locally produced goods and services, stimulating employment and the economy (proudlysa.co.za, n.d.). Local businesses that produce South African-made products according to specific regulations may display a PSA logo. The PSA logo helps consumers identify which brands are made in South Africa. To better understand consumers' perception of this country-wide supporting tool for local businesses, participants were asked what they thought of brands that use the PSA logo on their products.

Conflicting sentiments emerged toward the Proudly South African (PSA) logo on local businesses' products. Participants with positive sentiments towards the PSA logo said that when they see the logo on products, they feel proud and can identify products to purchase to promote economic growth. For example, "*I am positive toward Proudly South African products;* we *know that this thing is produced in South Africa, that means they're also employing somebody to do that*." Furthermore, participants said "*It's something that came from us as a country... it's a good feeling."* Participants also mentioned using the logo to identify which products have been made in South Africa: "That's good*. How can we know if the brand was produced in SA."*

However, participants also strongly opposed brands that use the PSA logo on local products. Specifically, participants distrusted brands that use the PSA logo because of perceived inflated prices for poor-quality products. One participant said, "*I'm a bit conflicted about the Probably South African sign because I think most of the big companies are inflating prices because of that sign. They know we want to uplift our community. I am proud of the sign, but I'm conflicted*." Furthermore, participants expressed feelings of exploitation by local businesses that use this logo, e.g. "*We know that the South African brands are most of the time cheaper. But in the shops [international] brands are [cheaper] than SA products - overpriced."* Furthermore, participants felt the logo was a way to hide low quality, e.g. "*Some of the brands will maybe use the proudly South African sticker to hide behind quality control"* and *"Some South African brands [that use the PSA logo] are overpriced... and sometimes the quality is not on actual standard that you are used to [from imports]."*

In conclusion, the "local is lekker" saying provoked mostly good and proud feelings toward the products and experiences that are authentic to South Africa. The saying also sparked conflicting perceptions of local quality among participants.

DISCUSSION AND IMPLICATIONS

This paper sought to explore and clarify the meaning of local and formulated three research questions accordingly. From the study's results, consumers may perceive a local brand relative to geographical location, affordability, and cultural representation. Local can, therefore, mean different things to different consumers, thus making the concept relative and difficult to unpack. This finding has several implications relative to the conceptualisation of the 'local' concept and the importance of including contextual factors to demarcate and understand it properly.

Unsurprisingly, the phrase 'local is lekker' mostly evokes good and proud feelings toward the products and experiences that are authentic to South Africa. The meaning of 'local is lekker' seems to transcend and resonate across different cultures for all South Africans. The 'local is lekker' phrase, therefore, offers a potential opportunity for local brands in terms of association. Specifically, local brands can leverage consumers' positive association with the 'local is lekker' phrase by emphasising it in their marketing communication campaigns. Local brands, however, need to ensure that their product quality is up to par.

It is alarming that despite its admirable intentions, the ‘Proudly South African’ campaign was primarily met with unfavourable consumer reactions. This finding was unexpected since the campaign's purpose has always been to encourage South Africans to purchase locally-produced products based on the pride associated with South African products. Unfortunately, this purpose appears to have become misplaced, with the campaign unable to achieve its desired outcome. Several implications ensue. First, local brands should ask themselves if aligning their products or services with the ‘Proudly South African’ campaign is a good idea or not given the negative consumer sentiments towards it. Second, consumer trust in products that are ‘Proudly South African’ has been eradicated. If the goal is to promote ‘buy local’, a joint effort is needed between the brand managers of the ‘Proudly South African’ campaign and local brands to address South African consumers’ lack of trust. Stronger oversight might be required by the ‘Proudly South African’ campaign regarding the pricing and product quality of local brands that choose to associate themselves with the campaign.

LIMITATIONS OF THIS STUDY AND RECOMMENDATIONS FOR FUTURE RESEARCH

While this study was conducted with academic rigour, some limitations of the study should be mentioned. Firstly, it should be kept in mind that this study was conducted on a relatively small scale and was exploratory in nature. The limited sample size and the scope of data collection, while appropriate for an initial exploration, may not fully represent the diversity and complexity of the phenomena under investigation in various contexts. Future research should aim to broaden the context by incorporating a larger, more diverse sample, and by expanding the geographical and cultural scope of the study. Secondly, one of the focus groups unfortunately did not meet die theoretical quota of participants. Although this mini-group was appropriate due to the online setting of the focus group discussion, future researchers might also consider using additional focus groups or alternative qualitative methods to triangulate findings and strengthen the overall rigour of the study.

CONCLUSION

To support the ‘buy local’ movement, one needs to understand what is meant by local and what consumers’ sentiments and perceptions are towards phrases and campaigns that are associated with local. This study reveals that the meaning of ‘local’ is contextual and nuanced and that consumers have varying perceptions and sentiments towards the phrase ‘local is lekker’ and the ‘Proudly South African’ campaign.

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TRACK DIGITAL MARKETING (INCLUDING SOCIAL MEDIA)

WHAT DRIVES BRAND ANTHROPOMORPHISM WITHIN ONLINE BRAND COMMUNITIES?

Owami Mkhize; Jade Verbeek; Danita van Heerden
University of Pretoria, South Africa

ABSTRACT

In an era of digital technology and evolving social media dynamics, marketers are increasingly realising the significance of adopting a more humanistic approach to their online strategies. Online brand communities (OBCs) have therefore emerged as an effective platform, in which brands can engage, communicate, and foster relationships with their audience, encouraging more humanistic brand interactions. Consequently, this offers an ideal context to investigate what drives brand anthropomorphism (brands' perceived human-likeness) within such virtual spaces. Grounded in social identity theory, this study explores the influence of brand love, brand engagement and brand experience on brand anthropomorphism (BA) within OBCs. The study used a non-probability, convenience and snowball sampling method and recruited 248 valid respondents through a self-administered questionnaire. Brand experience emerged as a driver of BA within the context of OBCs. Thereby offering insights and implications for marketers and scholars alike.

Keywords: brand anthropomorphism; brand love; brand engagement; brand experience

INTRODUCTION

In the ever-evolving landscape of digital marketing and consumer-brand interactions, brand managers and marketers have found ways to stand out from their competitors and connect with consumers online. The establishment of online brand communities (OBCs) has enabled brands to transition from traditional media to online media and inadvertently from one-way to two-way communication with their consumers (Martínez-López, Anaya-Sánchez, Molinillo, Aguilar-Illescas and Esteban-Millat, 2017). OBCs are used as platforms where brand enthusiasts can connect, share experiences, and cultivate relationships with like-minded individuals and the brand itself (van Heerden and Wiese, 2021; Zheng, Cheung, Lee and Liang, 2015). These digital spaces have emerged as powerful platforms for fostering brand loyalty, enhancing engagement and promoting positive word-of-mouth (Bagozzi and Dholakia, 2006; Martínez-López, Aguilar-Illescas, Molinillo, Anaya-Sánchez, Coca-Stefaniak and Esteban-Millat, 2021; Zaglia, 2013). Moreover, the ability of OBCs to establish two-way communication and a unique connectedness has allowed brands to acknowledge the importance of adopting a more personal and humanistic approach when engaging with their consumers, especially within the digital space (Rabbitte, 2020).

A prominent strategy to embody this humanistic approach is to personify brands to elicit the psychological phenomenon of *brand anthropomorphism* (BA). BA essentially refers to the perception of brands as having human-like qualities and characteristics (Aggarwal and McGill, 2007). This phenomenon has gained significant attention in marketing literature as it seeks to provide insights into consumer behaviour. Its compelling impact includes its potential to drive market share, foster consumer-brand relationships, enhance loyalty and fulfil consumers' needs for social affiliation (Chen, Wan and Levy, 2016; Fournier, 1998; Puzakova and Kwak, 2017). Consequently, OBCs emerge as an ideal context for understanding BA, given that these are platforms in which consumers are made to feel a sense of belonging, share interests, and exemplify the humanisation of brands (Muñiz and O'Guinn, 2001; Rabbitte, 2020).

Grounded in Tajfel and Turner's (1979) social identity theory (SIT), it is posited that consumers are likely to associate themselves with groups, such as OBCs, that are believed to be integral to their self-identity and give them a sense of belonging. OBCs serve as catalysts for various behaviours and activities by its members. These can include sharing brand experiences, building emotional connections (through brand love) either with other members or the brand, as well as engaging with members through asking questions, exchanging advice or discussing the brand (Chang, Hseih and Tseng, 2013; Millington, 2021; Vernuccio, Pagani, Barbarossa and Pastore, 2015). Therefore, it is important to not only understand BA within the context of OBCs, but also to explore the possible influence of the various behaviours and activities that often stem from being a member of these communities.

The main objective of this study is to determine whether brand love (BL), brand engagement (BEng) and brand experience (BExp) of an OBC may influence BA of the brand represented by the OBC. In so doing, it also addresses a noteworthy gap in academic research. Most studies to date have primarily explored the consequences, particularly the managerial consequences of BA rather than what drives BA beyond the influence of personified stimuli created by firms, and the psychological state of consumers (Sharma and Rahman, 2022). The research unveils the complex dynamics of how behaviours and perceptions of an OBC can influence a brand's perceived humanness. Thereby offering valuable insights to marketers and scholars alike, regarding enhancing consumer-brand relationships.

LITERATURE REVIEW

Theoretical framework

The study's conceptual framework is conducted based on the principles of Tajfel and Turner's (1979) social identity theory (SIT). This psychological theory posits that individuals classify themselves into real or symbolic social groups to make sense of their identity and to experience a sense of belonging within their social world. SIT proposes that individuals engage in social categorisation by allocating themselves into an 'in-group' and others into an 'out-group' to enhance their self-image and self-esteem (Hogg, Terry and White, 1995). This categorisation shapes individuals' self-concept (Chang, *et al.*, 2013).

This self-concept encompasses two aspects. Firstly, the personal identity, which pertains to an individual's unique attributes, such as talent and competence (Wang and Binti Omar, 2023). Secondly, the social identity, which relates to an individual's self-concept based on their knowledge of belonging to a particular social group, as well as the emotional and value significance attached to that membership (Tajfel, 1981; Wang and Binti Omar, 2023). Hence, leveraging the social identity aspect of self-concept in this study is appropriate, given the socio-centric nature of OBCs.

Brands have a unique ability to define the social identities of their consumers, and provide a platform in which like-minded consumers are able to connect and share brand-related experiences (Delgado-Ballester, Palazón and Peláez, 2019). Consumers tend to build an identity connection with brands that best express themselves, and which showcase their personal identity and individuality (Popp and Wilson 2018). When consumers associate themselves with a specific brand and subsequent OBC, they develop a shared social identity with fellow OBC members, and to a large extent, with the brand (Brodie, Ilic, Juric and Hollebeek, 2013). This ability of consumers to perceive the brand as congruent with their self-concept, and ultimately as a socially contributing entity within an OBC, stems from the notion of brand anthropomorphism (i.e., perceiving the brand as being human-like; Golossenko, Pillai and Aorean, 2020).

Online brand communities

Online brand communities (OBCs) serve as non-geographically bound spaces uniting individuals who share a mutual interest or enthusiasm for a specific brand (Bagozzi and Dholakia, 2006; Martínez-López, *et al.*, 2017; Vernuccio, *et al.*, 2015). These virtual spaces provide a platform for individuals to express their identity, obtain helpful information, socially engage with other community members and fulfil their social and self-definitional needs by developing their social identity (Bagozzi and Dholakia, 2006; Chang, *et al.*, 2013; Jung, Kim and Kim, 2014; Porter, Donthu, MacElroy and Wydra, 2011). OBCs can be found on digital platforms like brand websites, social networking sites or review blogs (van Heerden and Wiese, 2020; Zheng, *et al.*, 2015). Notably, social networking platforms like Facebook, Instagram and X (Twitter) are the most frequently utilised platforms, with individuals becoming OBC members through actions such as 'liking', 'following', or 'joining' brand pages (van Heerden and Wiese, 2020).

Interactions within these communities are either initiated by the brand, in collaboration with the brand, or solely by community members (Fujita, Harrigan and Soutar, 2018; van Heerden and Wiese, 2021). Brands utilise OBCs as an effective tool to foster long-term relationships with existing and potential consumers (Chang, *et al.*, 2013, Zaglia, 2013). These relationships are strengthened when brands are humanised to elicit perceptions of BA, as consumers perceive the brands as more than mere products or entities, but as human-like companions with emotions and intentions (Puzakova, 2012). This further enhances deep consumer-brand connections.

Brand anthropomorphism

Anthropomorphism describes the act of ascribing human qualities, behaviours, emotions, or intentions to non-human entities, such as animals, objects, or natural elements (Waytz, Cacioppo and Epley, 2010). Specifically, within the field of marketing, BA refers to the extent to which individuals perceive a brand as having human-like qualities, including different mental and emotional states, as well as conscious behaviours (Aggarwal and McGill, 2007; Epley, Waytz and Cacioppo, 2007; Golossenko, *et al.*, 2020; Guido and Peluso, 2014). Typical approaches marketers employ to humanise their brands involve intentionally adding physical human-like features (i.e., brand personification) or infusing their brand with human skills and knowledge (Huang, Zhou, Ye and Guo, 2020). These approaches highlight two critical aspects of BA: the physical aspect (designed BA) and the psychological aspect (perceived BA) Sharma and Rahman, 2022). This study explores BA from the latter (i.e., perceived BA).

Marketers aim to understand BA because of its capacity to drive brand success by prompting customers to recognise a brand's value (Portal, Abratt and Bendixen, 2018). In addition, it assists brands in establishing stronger consumer-brand relationships (Brown, 2010). Most studies have primarily explored the consequences of BA (Aggarwal and McGill, 2007; Delgado-Ballester, *et al.*, 2019; Guido and Peluso, 2014). There has been little focus on what drives BA, beyond the influence of brand personification (i.e., designed BA) and the psychological state of consumers (Sharma and Rahman, 2022). When the focus has turned to the outcomes of BA, some of the favourable brand outcomes include brand loyalty, brand trust, brand commitment and fulfilling needs for social affiliation (Chen, *et al.*, 2016; Golossenko, *et al.*, 2020; Zhang, Li, Ye, Qin and Zhong, 2020). Understanding what drives BA is essential because, according to Chang, *et al.* (2013) and Chen, *et al.* (2016), BA and the establishment of OBCs are crucial components in strengthening consumer-brand relationships in the digital era in which we find ourselves.

This research will therefore investigate how BA is nurtured within online social platforms, such as OBCs, that exist solely to forge and enhance emotional connections and attraction, engagement and experiences between consumer and brand. If BA is not managed correctly, it may also yield unfavourable brand outcomes, such as brand hate (Kucuk, 2020; Puzakova, 2012). This research will, therefore, focus on the opposite; brand love, and explore the relationship between brand love and BA.

Brand love

Brand love (BL) is described as the degree of passionate attachment that a satisfied customer displays towards a particular brand (Carroll and Ahuvia, 2006). This concept transcends merely liking a brand, to resisting the influence of alternative brands and even denying negative sentiments towards a loved brand (Brandao and Popoli, 2022). Further, it involves consumers' self-identification with a brand, which enhances emotional connections between a brand and its consumers (Carroll and Ahuvia 2006).

Research suggests that BL is linked to social identity because brands that convey important values and connect themselves to a consumer's sense of self-identity are more likely to be loved and to enhance self–brand integration (Batra, Ahuvia and Bagozzi, 2012; Palusuk, Koles and Hasan, 2019). These strong consumer-brand relationships can be likened to consumers' interpersonal connections with other humans (Fetscherin and Heilmann, 2015). This is important for marketers because these consumers in brand love feel a stronger connection to a brand, engage in positive word-of-mouth and remain loyal even if the brand faces negative publicity (Batra, *et al.*, 2012; Carroll and Ahuvia, 2006). Consumers tend to support brands they love and distance themselves from those they dislike (Delgado-Ballester, *et al.*, 2019). These factors explain why marketers find it valuable to understand BL, especially as an antecedent of BA in

OBCs. This understanding can help managers retain long-lasting consumer-brand relationships that can last a decade or even longer (Puzakova, 2012).

According to Pimentel and Reynolds (2004), individuals who experience a strong sense of BL tend to actively seek out the brands to which they are emotionally attracted. This attachment often leads to a willingness to declare love for the brand that involves an integration of the brand into the consumer's personal identity (Carroll and Ahuvia, 2006). Gray, *et al.* (2007) explain that individuals are more likely to attribute mental capacity to entities they like, whether human or non-human. Thus, fostering perceptions of anthropomorphism. Additionally, insights from social psychology indicate that individuals are more likely to anthropomorphise brands when they experience love dependency (Puzakova, 2012). It can therefore be hypothesised that:

H_1: A significant and positive relationship exists between brand love and brand anthropomorphism within online brand communities.

Brand engagement

Brand engagement (BEng) is a multi-dimensional concept encompassing cognitive, affective, and behavioural dimensions related to consumer-brand interactions (Hollebeek, Glynn and Brodie, 2014). BEng within OBCs can manifest in various forms, including active participation in discussions, providing feedback, and advocating for the brand (Fujita, *et al*., 2018; van Heerden and Wiese, 2020). Recent studies propose a connection between BEng and SIT as consumers who continually engage with the brand not only form deeper connections, but also navigate social identity aspects of their engagement (Wu, Dodoo and Choi, 2023). These engagement activities can lead to consumer differences in their tendency to integrate brands into their self-concepts. This suggests that while some individuals may consider a brand a vital part of their self-identity, others do not (Sprott, Czellar and Spangenberg, 2009).

While many studies have focused on eliciting BA as a strategy to encourage consumer engagement on social media platforms, a notable gap exists in the literature looking at BEng as a predictor of BA (Puzakova, 2012; Wu, *et al.*, 2023). Engagement behaviours are driven by the need to strengthen and validate one's social identity associated with the brand (Tuškej and Podnar, 2018; Vernuccio, *et al.*, 2015). This is supported by the affective dimension of BEng, which captures brand attachment and self-brand connection (Obilo, Chefor and Saleh, 2021). Through their active engagement, consumers perceive the brand as an active member of the

OBC and develop positive emotions toward the brand (Wu, *et al.* 2023). Increased levels of engagement foster a greater understanding and familiarity with the brand, making it more likely for consumers to attribute human-like qualities or mental capacity to the brand, thus leading to BA. Therefore, it is hypothesised that:

H_2: A significant and positive relationship exists between brand engagement and brand anthropomorphism within online brand communities.

Brand experience

Brand experience (BExp) refers to the subjective, internal consumer and behavioural responses elicited by brand-related stimuli. These stimuli include aspects such as the brand's design, identity, packaging, communications, and the environment in which the brand is marketed (Brakus, Schmitt and Zarantonello, 2009).

In line with SIT (Tajfel and Turner, 1979), individuals develop a shared social identity, based on their affiliation with a brand (Fujita, *et al*., 2018). Within OBCs, a sense of community creates a supportive environment wherein individuals can engage in positive brand experiences. This includes receiving recognition from fellow community members, participating in shared rituals or activities, and experiencing a sense of belonging (Muñiz and O'Guinn, 2001). These experiences significantly contribute to overall BExp, further reinforcing the individual's connection and attachment to the brand (Brodie, *et al*., 2013). The act of sharing brand-related experiences reinforces consciousness of kind among community members and brings them closer together (Ha, 2018).

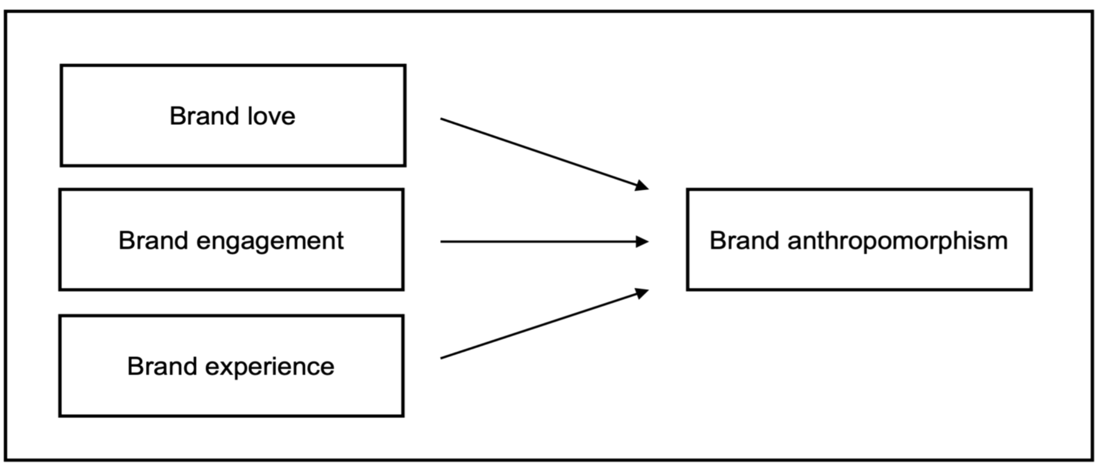
Positive brand experiences evoke emotional connections, sensory stimulation, and cognitive engagement (Brakus, *et al.,* 2009). These brand experiences shape how individuals perceive a brand's relatability and its potential to cultivate a consumer-brand relationship. Positive experiences can lead individuals to perceive brands as friends, therefore making them more relatable (Nysveen, Pedersen and Skard, 2012). Thus, enhancing the perception of the brand as more human-like. Consequently, increased positive experiences with a brand incline an individual to perceive it as possessing human-like qualities, ultimately leading to BA. Thus, it is hypothesised that:

H$_3$: A significant and positive relationship exists between brand experience and brand anthropomorphism within online brand communities.

Conceptual Framework

As a theoretical framework, SIT provides an appropriate lens for examining this study because continued participation within these communities reinforces an individual's social identity associated with the brand (Bagozzi and Dholakia, 2006). Further, nurturing their brand love, motivating active engagement with the brand and contributing to the overall brand experience. This study looks at the factors influencing BA in the context of an OBC. The study's proposed model suggests that there is a relationship between the independent variables (BL, BEng and BExp) and the dependent variable (BA). The primary objective of this framework is to investigate how each construct individually influences BA, as seen in Figure 1.

FIGURE 1:
CONCEPTUAL MODEL



METHODOLOGY

Sampling design and data collection

The study population consisted of South African individuals aged 18 years and older, who are active members of an OBC. This choice of study population was motivated by its representation of the demographic that actively uses social media in South Africa (Kemp, 2023). The study employed a quantitative research design approach. Due to its cost-effectiveness and efficiency, a non-probability, convenience and snowball sampling method was used (Galloway, 2005).

Data was collected using a self-administered questionnaire compiled on Qualtrics and distributed across the researcher's social media pages, based on cost-effectiveness and convenience. Before the questionnaire was fielded, ethical clearance was obtained and a pre-test was conducted amongst 30 respondents to ensure the survey was free of phrasing errors, and had clear instructions. The study aimed to get 300 valid responses, as recommended by Tabachnick and Fidell (2019) and Pallant (2020), and supported by the sample sizes (i.e. between 100 and 497) of related studies (Epley, *et al.*, 2007; Awad and Youn, 2018; Golossenko, *et al.*, 2020; van Heerden and Wiese, 2020). Yet, only 248 responses were considered valid and suitable for analysis in this study.

Measurement instrument

The questionnaire began with a brief explanation of OBCs to ensure that the concept was well understood by the respondents. The first section (Section A) consisted of two screening questions to confirm that only respondents over the age of 18 years, and only those who belonged to an OBC, participated in the survey.

The second section (Section B) included questions pertaining to respondents' behaviour and actions within the specific OBCs that they are a part of. This was followed by measures adapted from previous studies, measuring BL (Carroll and Ahuvia, 2006), BEng (Hollebeek, *et al.,* 2014:156), BExp (Brakus, *et al.,* 2009), and BA (Huang, *et al.*, 2020). The adapted items were measured on a seven-point Likert scale (1="Strongly disagree" and 7="Strongly agree"). The last section (Section C) included a few demographic questions pertaining to age and gender.

RESULTS

Demographic profile and OBC usage behaviour

Majority of the respondents were female (68.1%). The predominant age group was 18 - 25 years old (42.3%), followed by the 26 – 33 years old group (20.6%). A significant portion of respondents indicated that they were members of their respective OBCs for over a year (80.6%), and engaged with their OBCs two to three times per week (25.0%). Further, most respondents were affiliated with OBCs associated with Fashion and Shoes (22.6%), while 29.9% indicated "other" which included religion, education and finance. It was evident that Instagram (53.2%) and Facebook (25.0%) were the preferred platforms for OBC interaction.

Exploratory factor analysis

An Exploratory Factor Analysis (EFA) was conducted using principal axis factoring with varimax rotation on IBM SPSS Version 29 (Allen, Bennett, 2010; Yong and Pearce, 2013). To counteract cross-loading among the four constructs, an EFA was conducted individually on each construct and set to extract a one-factor solution. The EFAs conducted on each independent variable (IV) resulted in three factors, namely factor one (BL), factor two (BEng) and factor three (BExp).

To determine whether the data was appropriate for an EFA, the factorability of the data needed to be evaluated. This involved examining the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy, which had to surpass the recommended threshold of 0.6 (Pallant, 2020), and the Bartlett's Test of Sphericity ($p<0.05$). Factorability of the data was confirmed as the KMO values all exceeded the threshold, at 0.887 (BL), 0.876 (BEng) and 0.856 (BExp); and the Bartlett's Test of Sphericity also reached statistical significance for all three predictors (<0.001).

Validity and reliability assessment

The convergent and discriminant validity of the scales was evaluated by conducting an EFA. Most factor loadings surpassed the recommended 0.5 (Hair, Black, Babin and Anderson, 2014). However, two items for BL exhibited loadings below 0.5 after undergoing reverse coding, suggesting a lesser significant contribution to BL. This implies that the reverse coding process did not effectively align the items with BL. Despite Field's (2013) recommendation to suppress factor loadings less than 0.3, both item loadings below 0.5 and 0.3 were retained. This decision was made because these items comprehensively capture unique aspects of BL not addressed by the other items in the scale (Carroll and Ahuvia, 2006). Therefore, removing these items would have resulted in a less comprehensive measure of BL. The convergent validity was assessed by analysing the average variance extracted (AVE), recommended to not exceed 0.5 (Hair, *et al.*, 2014), and the composite reliability (CR). Two of the four AVE values were below the threshold of 0.5, specifically BEng (0.48) and BExp (0.43). This implies that certain scale items may not fully capture the intended construct (Hair *et al,* 2014), potentially raising a limitation within this study. However, the Cronbach's alpha and composite reliability (CR) values were above the recommended 0.7, with the Cronbach's alpha values all exceeding 0.8, which demonstrates very good internal consistency (Pallant 2020:105). Consequently, it is appropriate to assume adequate convergent validity of the constructs (Fornell and Larcker, 1981). The discriminant validity was also evaluated, by investigating the presence of cross-loadings in the factor analysis (Spector,

1992) and no cross-loadings were observed. It was therefore decided to proceed with the analyses.

Multiple Regression Analyses

Prior to conducting a multiple regression, a few assumptions related to the sample size, the multicollinearity and singularity of the IV, the presence of outliers in the data and the linearity, normality, and homoscedasticity of the data (Tabachnick and Fidell, 2019; Pallant, 2020) were investigated. The results of this investigation revealed no violations of the assumptions.

Given that the assumptions were satisfied, a multiple regression analysis was conducted to assess the degree to which BL, BEng and BExp significantly predicted BA within OBCs. The adjusted R-square value of 0.267, depicted in Table 1, illustrates that the three IVs explained 26.7% variance of the DV (Pallant, 2020).

TABLE 1:
MODEL SUMMARY[B]

Model	**R**	**R square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	0.525[a]	0.276	0.267	0.96382

a. Predictors: Brand love, Brand experience, Brand engagement

b. Dependent variable: Brand anthropomorphism

Table 2 displays the results from the analysis of variance (ANOVA) which indicates that the model successfully predicted the DV. Furthermore, these findings demonstrate that the overall model is statistically significant ($p<0.001$), which aligns with suggestions made by Pallant (2020).

TABLE 2:
ANALYSIS OF VARIANCES (ANOVAS)

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	**Regression**	85.178	3	28.393	30.564	<0.001[b]
	Residual	223.877	241	0.929		
	Total	309.055	244			

a. Dependent Variable: Brand anthropomorphism

b. Predictors: Brand love, Brand experience, Brand engagement

Table 3 provides a summary of the standardised regression coefficients of each driver in the regression model. The table indicates that only BExp has a significant influence on BA within OBCs ($p<0.001$), while BL and BEng does not ($p = 0.592$ and $p = 0.444$, respectively). Additionally, the standardised coefficient beta value indicates the strength of each predictor on the DV (Pallant, 2020). Consequently, BExp is revealed as the strongest predictor ($\beta = 0.448$, $p<0.001$).

TABLE3:

MULTIPLE REGRESSION ANALYSIS

Coefficients[a]				
Model		**Standardised Coefficients beta**	**t-value**	**p-value**
1	**(Constant)**		4.391	<0.001
	Brand love	0.046	0.536	0.592
	Brand engagement	0.066	0.766	0.444
	Brand experience	0.448	5.982	<0.001

a. Dependent Variable: Brand anthropomorphism

Hypothesis testing

The study tested three hypotheses that explored the respective relationships between BL, BEng, BExp and BA. Based on the findings from the standard multiple regression analyses, only BExp positively influenced BA, while there is no significant relationship between BL, BEng and BA, respectively. Therefore, H_3 is the only supported hypothesis while there is no support for H_1 and H_2.

DISCUSSION AND IMPLICATIONS

The primary objective of the study was to investigate whether BL, BEng and BExp influence BA within OBCs. The research addressed a notable gap in literature in that while there has been extensive research on BL, BEng and BExp as outcomes of BA, there is limited research investigating these relationships with BA as the outcome, especially within OBCs. Understanding the predictors of BA is essential as BA and OBCs are crucial components in strengthening consumer-brand relationships in this digital era (Chang, *et al.*, 2013; Chen, *et al.*, 2016).

The findings of this study revealed that BExp was the only statistically significant predictor of BA within OBCs. This finding supports the idea that individuals who undergo enriching and immersive brand-related experiences are more likely to perceive brands as possessing human-like qualities (Brodie, *et al*., 2013; Nysveen, *et al*., 2012). Moreover, these findings are consistent with research suggesting that the survival of OBCs is highly dependent on the experience brands provide to their members (Lin, 2008). Experiences play a crucial role in establishing and maintaining long-term relationships, especially within OBCs (Martínez-López, *et al*., 2017).

BL and BEng did not emerge as significant predictors of BA in OBCs, contrary to existing literature proposing that strong brand identification prompts active engagement with the brand in online environments (Tuškej and Podnar, 2018). This engagement often includes participating in brand activities on social media and forming emotional connections with other members and the brand itself (Palusuk, *et al*., 2019; Vernuccio, *et al*., 2015; Zheng, *et al*., 2015). This outcome could be influenced by several factors, including the sensitivity of certain measurement items used for these constructs. Additionally, the sample population may prioritise brand experiences over emotional attachments or extensive engagement within OBCs. It is crucial to recognise that, despite literature suggesting that BL and BEng can positively impact BA, such findings may not be applicable in the contexts of OBCs.

The findings of this study make both theoretical and managerial contributions. From a theoretical perspective, they contribute to the existing theoretical understanding of BA. This research challenges previous studies by considering BL, BEng and BExp as potential antecedents of BA, as opposed to investigating the inverse relationships as seen in earlier research (Aggarwal and McGill, 2007; Delgado-Ballester, *et al*., 2019; Guido and Peluso, 2014). These findings offer researchers valuable insights for developing a more comprehensive understanding of BA within OBCs, especially in emerging markets. The study also extends the application of SIT by emphasising how shared brand identities within OBCs lead to BA. From a managerial perspective, the findings of this study offer valuable insight for marketers looking to invest in strategies within OBCs to create memorable brand interactions. Marketers could strengthen emotional consumer-brand connections by eliciting BA through enhancing brand experiences within OBCS. This can be achieved by initiating virtual brand events and workshops, implementing gamification elements and live-streaming events exclusively for members of OBCs. Furthermore, marketers could utilise user data to recommend personalised marketing efforts and incentives, based on members' preferences, behaviours and engagement within the community. Tailoring these efforts to resonate with their emotions and values and align with their self-identity, can foster a stronger sense of belonging.

Limitations and recommendations for future research

While this study provides valuable insights into understanding BA in OBCs, it has several noteworthy limitations. First, it focused on OBCs, which may potentially restrict its applicability in different contexts. Second, the study adopted a cross sectional, convenience and snowball sampling approach, potentially limiting the generalisability of its findings to other studies on BA and a broader population (Emerson, 2021; Levin, 2006). For future studies, it is advised that researchers consider implementing a longitudinal study to determine a more comprehensive understanding of BL, BEng and BExp as factors influencing BA over time (Solem, 2015). Last, the study was conducted exclusively within the South African context which restricts generalisability to other regions. It is advisable for marketers to replicate and/or adapt this study in other developing countries to explore potential comparisons with consumer behaviour in South Africa. This can provide insights into how cultural factors and contextual differences impact the perception of brands as human-like entities.

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A trend analysis of information-seeking behaviour concerning the terms “making money” and “debt” in South Africa: a YouTube perspective.

Prof Liezel Alsemgeest (University of the Free State) &
Dr Herkulaas Combrink (University of the Free State)

ABSTRACT

With over half of the world using social media, studying social media data has become crucial to understanding public opinion. YouTube, in particular, is a primary platform for finfluencers. In South Africa, household debt averages 63% of income, with more than a third of credit-active citizens over three months behind on payments, highlighting a critical issue. Rising global prices, exacerbated by COVID-19, climate disasters, and energy shortages, have hit sub-Saharan Africa the hardest. Over three million jobs were lost during the pandemic, and unemployment rates in South Africa remain high. Therefore, understanding search terms like "debt" and "making money" is crucial. Data was obtained in three phases: web scraping, processing, and analysis/visualisation using the University of the Free State High-Performance Computing (HPC) cluster. This paper aims to analyse the information-seeking behaviour of South African YouTube users, particularly regarding "debt" and "making money." Results indicated that there was a clear predominance of "making money" over "debt," especially during critical periods like the COVID-19 lockdown, suggesting a strong public interest in financial opportunities and income generation.

KEYWORDS

Information-seeking behaviour, YouTube, making money, debt

INTRODUCTION

Finfluencers have rapidly emerged on the social media scene and can be described as individuals who leverage their expertise in finance and their online presence to influence their followers’ financial decisions. They provide financial advice, share investment strategies, and offer insights into economic trends. Their influence is particularly noticeable on YouTube, which has become the primary platform for a variety of finfluencers (Kedvarin and Saengchote, 2023). The global interest in social media is rising, but there is a notable lack of research on its effects in South Africa. Properly managing and monitoring social media platforms, allows organisations to develop their brands, encourage interaction, and maintain long-term relationships. With ongoing technological progress, it is essential to investigate the impact of social media, especially in South Africa, where there is a significant research gap (Govender and Govender, 2023).

This paper aims to analyse the information-seeking behaviour of YouTube users in South Africa, specifically regarding the search terms "debt" and "making money." Data was collected from the social media platform, YouTube, through three phases, the first of which involved web scraping, followed by data processing, and finally, analysis and visualisation. The relevant social media data were extracted and converted into a computer-readable format, then processed using the University of the Free State's High-Performance Computing (HPC) cluster.

The paper will offer a comprehensive literature review on the role of finfluencers, with a specific focus on YouTube as a social media platform. It will discuss the necessity of analysing social media and its impact on information-seeking behaviour. The rationale for selecting the search terms "debt" and "making money" will be provided. The research objectives and methodology used in the study will be discussed. The findings will be presented visually, followed by a discussion of the results and their implications. Recommendations and concluding remarks will be provided.

LITERATURE REVIEW AND PROBLEM INVESTIGATED

Literature related to finfluencers and the social media platform, YouTube, will be discussed in detail. The need for social media research will be argued and an overview of information-seeking behaviour will be provided. Lastly, the reasons behind the search terms “debt” and “making money” will be specified.

Finfluencers and YouTube

“Financial influencers,” or “Finfluencers,” first emerged in 2008 (Samuels, 2008). Despite limited academic attention, with only 82 articles published from 2008 to 2024, their influence has grown significantly, particularly on YouTube (Kakhbod, Kazempour, Livdan and Schurhoff, 2023). Finfluencers use their financial expertise and online presence to guide their followers’ financial decisions, offering advice, investment strategies, and economic insights (Arrowood, 2024).

YouTube is the second-largest social media platform worldwide with over 2.49 billion monthly active users. This means that half of the 5.04 billion social media users, actively engage with this video-based search engine and social media platform (Kemp, 2024). The advantages of video-based media over text-based platforms are particularly evident in the context of financial content dissemination. YouTube exemplifies an optimal ecosystem for finfluencers and content creators to share their expertise and insights. The platform's efficient search capabilities and interactive features facilitate the rapid exchange of current information, particularly concerning financial aspects. Consequently, YouTube channels frequently provide timely and engaging content that meets the informational needs of interested users (Kedvarin and Saengchote, 2023). Each social media platform is used for different purposes, and YouTube specifically has three types of content, namely educational, entertainment, and information content (Andry, Reynaldo, Christianto, Lee, Loisa and Manduro., 2021). YouTube, as a leading social media platform, contributes to the advancement and impact of the Fourth Industrial Revolution (Ajayi, Bagula and Maluleke, 2022).

Despite the growing influence of finfluencers, there is a significant gap in academic research on this topic, making the study of finfluencing on YouTube a valuable avenue for understanding the communication and consumption of financial information in the digital age. The impact and benefit of this study is to gain insight into a fast-growing emerging field that forms part of the digital economy. This includes understanding the types of information people are actively seeking from the public social media platforms, specifically when it comes to educating themselves in terms of personal finance.

Social media and why it should be analysed

Social media has become an increasing area of interest around the world, but specifically when looking at South African research about the impact of social media, research is scarce. The management and monitoring of social media platforms can provide organisations with the ability to create a brand, foster engagement, and create sustained relationships. Due to constant technological developments, there is a need to address the impact of social media, specifically in South Africa, where there is a gap in research (Govender and Govender, 2023). Some social media platforms that South Africans interact with daily include WhatsApp, Facebook, Instagram, LinkedIn, X (previously known as Twitter), and YouTube.

More than half of the world (62.3%) uses social media, which amounts to around 5.04 billion people (Chaffey, 2024). With such a significant percentage of social media users, it has become increasingly important to study social media data to see the effect of more people voicing their opinions and the risks that may result from the communication space. This communication space where people voice their opinions has two sides, firstly, social media makes it possible to develop educational and ideological freedom, but on the other side of the coin, social media can be used to inflict harm to society when people post to hurt other people or companies (Ramírez-García, González-Molina, Gutiérrez-Arenas and Moyano-Pacheco, 2022). Social media is a big data sub-type where people can share their thoughts and opinions with others (Reveilhac, Steinmetz and

Morselli, 2022). Social media is defined as a mobile phone or web-based technology through which people can interact with content or others (Hanafizadeh, Shafia and Bohlin, 2021).

The average time spent on social media has increased and due to this increase, there has been an increase in spontaneous, instantaneous, and impulsive responses from social media users to different discussions on various topics. This behaviour should be noted as being biased since people portray the identity they choose to be on social media and not necessarily their true reflection (Ramírez-García *et al.*, 2022). Social media is often thought of as an informal interface, yet it is starting to become a professional space where entities prioritise formal data exchange. With this increased connectivity the importance of disseminating viable information has surged. With added information on social groups, people start making preferences about certain brands, services, and products (Si, Jalees, Zaman, Kazmi and Khan, 2023). Social media is seen as a two-way communication channel where people can be receivers as well as providers of information. This two-way communication channel changes the way people consume and contribute to the creation of information (Kavoura and Stavrianea, 2014). More than half of the world’s population uses social media, who daily give their opinion/reaction on different socio-economic events. This has drawn the concern of whether traditional survey methods need to be augmented with social media, however, it is not an either-or analogy (Reveilhac, *et al*., 2022). Surveys have long been the most predictive and accurate tool for collecting and measuring different hypotheses but for the last decade, the response rate for surveys has decreased. A decrease in the response rate of surveys eludes to the concern of the sustainability of the survey research, since a random sample of individuals now has to represent an entire population (Reda and Zellou, 2023). Social media data has been seen as a promising method of data collection when used complementary to survey data or as standalone social media data to explore public opinion on certain matters or topics of concern. Social media data is seen to be selective with respect to the type of population, whereas surveys have a representative type of population. Opinion changes can be assessed either by frequent short opinion surveys, which can happen every two months, or through social media data, which can occur much more rapidly on an ad hoc basis, thus social media data has an advantage since social media data can show opinion changes much faster to new events or new information. Survey questions are usually designed to capture specific objectives, but over time the relevance of the questions might vary, as the topic of concern might no longer be the topic of concern since the deployment of surveys takes a lot of time, whereas with social media data, specific objectives can be captured which are discussed in real time (Reveilhac *et al*., 2022). Social media data can thus be seen as an aid to conventional methods like surveys when used together.

Information-seeking behaviour

Information-seeking behaviour can be defined as the process that involves an individual recognising that they have an information need, seeking this information, evaluating the information once obtained, choosing the most appropriate information, and lastly, using the chosen information (Kundu, 2017). Information is important to participate effectively in society and as a result, individuals are willing to invest time, effort, and resources to gain the information needed whenever they perceive themselves to have a need/gap in knowledge or would want to solve a specific problem (Akanbi, Bankole, Olalekan and Abiola, 2022). Information-seeking behaviour is perceived to be a high-level cognitive process (Tekeli-Yesil, Pfeiffer and Tanner, 2020).

Why “debt” and “making money”?

The most recent figures indicate that household debt as a percentage of nominal disposable income is around 63% (Reserve Bank, 2024). That means that on average, South Africans only have approximately 37% of their salaries left after debt obligations are paid. According to the Credit Bureau Monitor, more than one-third of credit-active South Africans, are three or more months behind in debt repayments, have been handed over and/or have been written off or are facing legal action (National Credit Regulator, 2023). Debt, therefore, is a problem for South African consumers.

The escalation of prices for essential goods, including food, petrol, and household utilities, is a global issue. However, the region most adversely affected by the surge in food prices is sub-Saharan Africa. The combined impact of supply chain disruptions caused by the COVID-19 pandemic, climate-related disasters leading to food insecurity, and energy shortages has significantly exacerbated price inflation (Zeka and Alhassan, 2024). Statistics South Africa has indicated that more than 600,000 formal sector jobs were terminated during the COVID-19 lockdown period (Stats SA, 2020) and three million South Africans lost their jobs in total due to the lockdown and subsequent restrictions (Tswanya, 2020). The official unemployment rate is currently almost 33%, while the expanded unemployment rate is almost 42% (Stats SA, 2024). In addition, the 2020 National Financial Literacy Baseline Survey in South Africa revealed alarmingly low financial literacy scores among the population, with an average score of 52 out of 100. The survey, conducted by the Financial Sector Conduct Authority (FSCA) and the HSRC, assessed financial literacy across four key dimensions: financial control, financial planning, financial product choice, and financial knowledge (Roberts, Struwig, Gordon and Zondi, 2021). Therefore, it was crucial to examine the search term "making money" to gain insights into the information-seeking behaviour of South Africans.

RESEARCH OBJECTIVES

The main aim of this study is to analyse the information-seeking behaviour of YouTube users in South Africa, specifically focussed on the search terms “debt” and “making money”. Secondary objectives include:

- To examine whether there is a difference between the information-seeking behaviour of YouTube users during the pre-COVID period and thereafter.
- To provide more detail about the specific search terms being employed by YouTube users during the information-seeking process.
- To visually indicate whether there are differences in the frequency of these search terms when the different provinces in South Africa are compared.

RESEARCH METHODOLOGY

Data Collection

In this study, there were three phases, namely to obtain, process, and analyse the data used. The first phase involved web scraping, the second data processing, and the third the analysis and visualisation phase (Pandekar and Sangam, 2023).

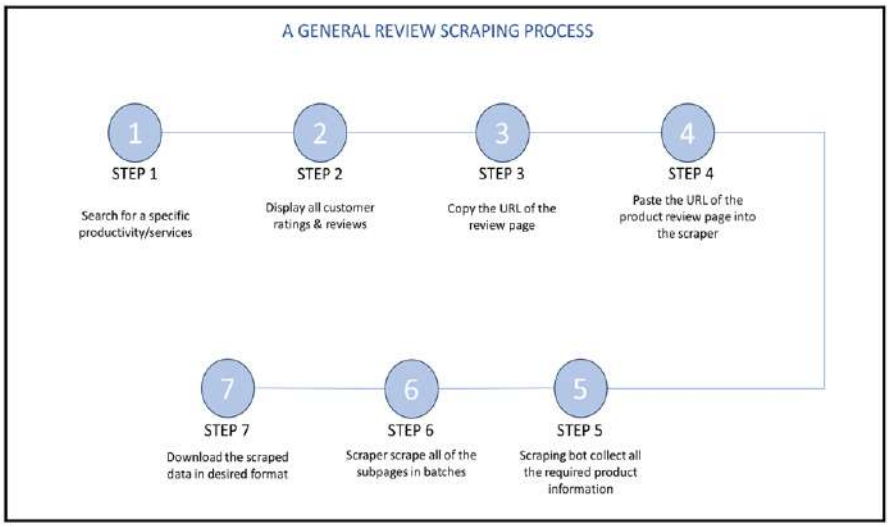
Phase 1: Web scraping

Web scraping was used for extracting data from websites through an integrated development environment (IDE) called Jupyter Notebooks through Python 3.7 (Karthikeyan, Sekaran, Ranjith, Kumar and Balajee, 2019). In the case of YouTube, data that was scraped included timestamps and search queries. Next, the scraper processed the data into a downloadable data file (Lahoti and Prasad, 2022). Once the data extraction process is established, the scraper can implement additional functionalities, such as pagination handling or filtering criteria, to retrieve a larger volume of data or refine the extracted information (Alrashed, Almahmoud, Zhang and Karger, 2020). Filtering criteria, on the other hand, enable the scraper to extract specific data based on parameters. The process of scraping review data involves several systematic steps. It begins with searching for the specific product or service of interest. Once the relevant customer ratings and reviews are displayed, the next step involves copying the URL of the review page. This URL is then pasted into a scraper tool, which is programmed to collect all the necessary product information. The scraper works in batches, covering all subpages associated with the reviews. Finally, the collected data is downloaded in the desired format, ready for analysis. This structured approach ensures the efficient and comprehensive extraction of review data from online sources (Figure 1).

Phase 2: Data processing

Data processing and feature engineering were a critical step for the data analysis. This involved extracting the relevant data from the web scraped file and converting the data to a computer-readable format. Information was processed using the University of the Free State High Performance

FIGURE 1: STEPS TO WEB SCRAPING



(Karatas, 2024)

Computing (HPC) cluster. The initial data was in a JSON (JavaScript Object Notation) format and needed to be converted into a usable data type (Armbrust, Xin, Lian, Huai, Liu, Bradley, Meng, Kaftan, Frankliny, Ghodsi and Zaharia, 2015). To manage this task, the HPC aggregated the dataset into a tabular dataset for further analysis (Bray, 2014).

Phase 3: Data analysis and visualisation

Once the data underwent preprocessing, the tabular dataset underwent a request normalisation process, upon which the data were visualised. The search queries on YouTube were matched against the highest query for that period and expressed as an indicator (between 0 – 1). Thus, the data obtained contained only the metadata of the search results that were used for further analysis. To this extent, the frequency of the searches for the study period was matched against the total frequency of searches in the lifespan of the query (Equation 1):

$$ISB = \frac{\sum_{i=0}^{N}(\beta)}{\sum_{i=0}^{N}(\bar{X})} \qquad (1)$$

where β is the frequency of a specific query at the time in question and $\bar{X}$ is the total frequency of the queries in the sample. The abbreviation *ISB* represents *information-seeking behaviour*. The ISB metric represents the proportion of the frequency of specific queries relative to the overall query frequency in the sample. It helps in understanding how significant or prominent the specific queries are compared to the overall activity in the sample. It is important to note that YouTube does not provide specific numbers on how many times something was searched for primarily due to privacy concerns, data protection policies, and the complexity of data aggregation. Instead, relative metrics and trends are provided, such as the popularity of search terms over time, without giving exact figures, which allows them to share useful information while maintaining the confidentiality of their users and the platform's internal data processes.

Additional information such as relative geographic region was obtained. This information was specific to the provinces only, and no user account or city could be identified. Lastly, all the search terms based on their relative frequency were mapped as either a high search frequency (between 75%-100%), moderate search frequency (50%-74%), or low search frequency (<50%).

Ethical Consideration

None of the data collected contained any personal identifiable information other than what the users made available to the public and only public data were used. No individual user's data were collected, only aggregated data within the specific themes and trends were compiled. The YouTube research policy clauses were adhered to for this study. The research project received appropriate ethical clearance from the University of the Free State General/Human Research Ethics Committee. The project's ethical clearance number is available upon request.

RESULTS

Information-seeking behaviour (2017 – 2024)

The Information-seeking behaviour dataset, processed by the High-Performance Computing (HPC) cluster and that underwent a normalisation process, yielded the following visualisation, part of phase three of the data collection process (Figure 2):

FIGURE 2: RELATIVE FREQUENCY OF “DEBT” AND MAKING MONEY” SEARCHED: (2017 – 2024)

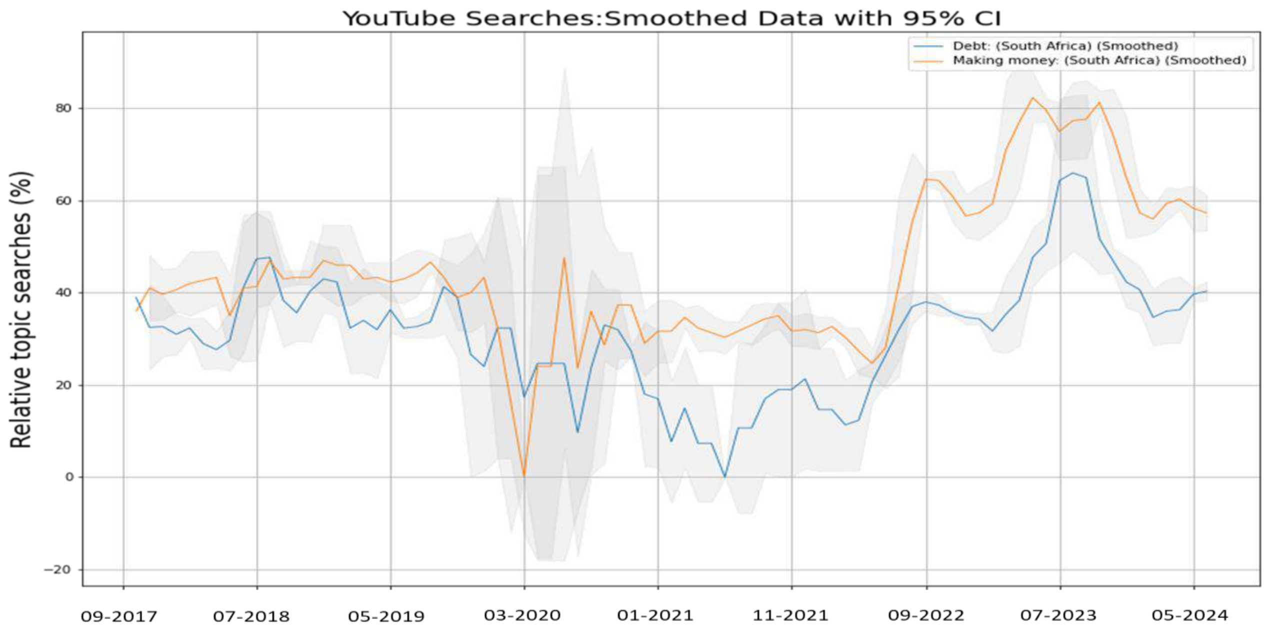
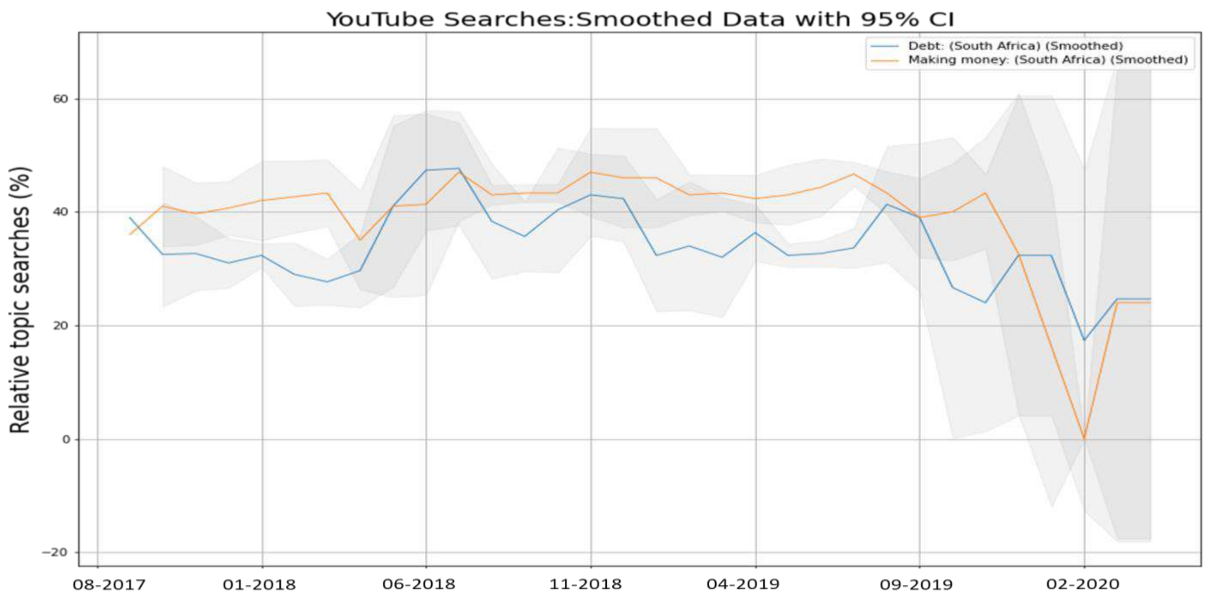


Figure 2 provides a comprehensive view of the two search terms from 2017 to 2024. The raw data have been smoothed, which is a technique that reduces the noise by averaging the data points over time, allowing for a clearer view of trends with a 95% confidence interval (CI). It is clear that on average “making money” is a more popular search term than “debt” for all the time periods, apart from early in 2020. To gain a more detailed view, Table 3 focusses on the pre-COVID timeframe, and Table 4 provides an in-depth view of the post-COVID time period.

Pre-COVID Information-seeking behaviour (2017 – 2020)

FIGURE 3: RELATIVE FREQUENCY OF "DEBT" AND MAKING MONEY" SEARCHED: PRE-COVID



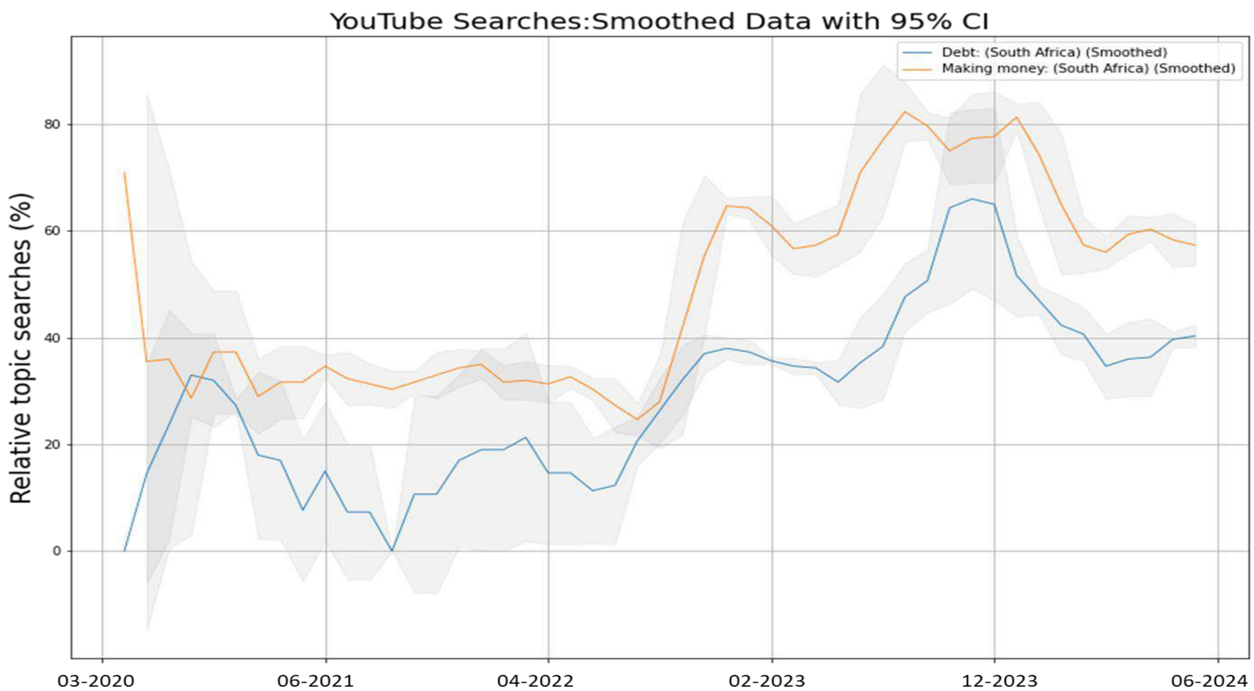
Apart from the fact that (on average) "making money" as a search term has a higher frequency than that of "debt", the frequency of both move more or less together. The only major discrepancy comes in early 2020 (just before the COVID lockdown period ensued), when there was a sharp decrease in the frequency of both, however more so for "making money".

Post-COVID Information-seeking behaviour (2020 – 2024)

Just after the COVID lockdown period was announced and commenced (March 2020), there was a sharp increase in the relative frequency of "making money", whereas "debt" decreased sharply. The reasons behind this could be that the majority of South Africans were not allowed to physically go to work (apart from essential workers) and as a result, a number of people could not earn any money or people lost jobs because of businesses closing down. On the other hand, many financial institutions provided their customers with "debt holidays" during that time and the repo interest rate was also reduced.

Additionally, at certain points in time, there is a definite divergence between the two search terms (see October - November of 2021 and September - October of 2023), where "making money" frequency on average is much higher than that of "debt". From 2022 there is a distinct rising frequency of both terms, which could be attributed to the rising cost-of-living issues experienced globally and in South Africa (BusinessTech, 2023).

FIGURE 4: RELATIVE FREQUENCY OF “DEBT” AND “MAKING MONEY” SEARCHED: POST-COVID



Specific search terms and their relative frequency

Table 1 provides an overview of the topics that were searched together with “debt” and also indicates the level of frequency it was searched for. As mentioned in the methodology section, high search frequency was between 75%-100%, moderate search frequency was between 50%-74%, and low search frequency was less than 50%. "Debt" was the sole topic with a high search frequency. Among the 25 frequently searched topics, only three pertained to fiscal debt (marked with *), while the remaining 22 were associated with consumer debt or strategies for debt relief. This distribution highlights a predominant interest among South Africans in personal debt management. Additionally, the topics that experienced a surge in search frequency in the weeks preceding the data capture, revealed a similar pattern: only three out of 24 topics related to fiscal debt (marked with *), while the majority focused on personal debt. “Debt” was the only topic that had a high search frequency. The reason why the same topic appear in both columns (for instance “credit card debt”), is because specific search terms might have a high, medium or low frequency, but will also show a rising trajectory in the search frequency.

The predominance of "making money" searches over "debt" reflects a proactive approach by individuals seeking to improve their financial situation, especially in the face of economic challenges. The rise in both search terms since 2022 further highlights the ongoing struggle with economic instability, where people are not only managing existing debt but are also looking for ways to generate additional income to cope with the rising cost of living.

TABLE 1: FREQUENCY OF SPECIFIC SEARCH TERMS RELATED WITH “DEBT” AND RISING TOPICS

Topics with “debt”	Frequency of searches	Rising topics
debt	High	debt rescue
in debt	Low	credit card debt
South Africa debt*	Low	how to pay off debt
debt review	Low	debt consolidation
debt free	Low	debt review South Africa
bad debts	Low	Dave Ramsey debt
debt collector	Low	Robert Kiyosaki
credit card debt	Low	how to pay off debt fast
get out of debt	Low	how to pay off credit card debt
how to get out of debt	Low	getting out of debt
provision for bad debts	Low	provision for bad debt adjustment
debt ratio	Low	China debt*
how to pay off debt	Low	student debt
US debt*	Low	debt free journey
debt ceiling*	Low	debt to equity ratio
paying off debt	Low	debt snowball
debt collection	Low	how to calculate debt ratio
debt consolidation	Low	debt ceiling 2023*
debt review South Africa	Low	debt free living
what is debt	Low	debt counselling
Dave Ramsey	Low	prescribed debt
Dave Ramsey debt	Low	debt reduction
cost of debt	Low	he paid the debt he did not owe
debt crisis	Low	US debt ceiling 2023*
Robert Kiyosaki debt	Low	

* Related to fiscal debt

Table 2 provides the topics that were connected with "making money" with three topics that indicated high search frequency, four that indicated moderate search frequency, and eighteen with low search frequency. The topics that have shown an increase in search frequency are presented in the last column.

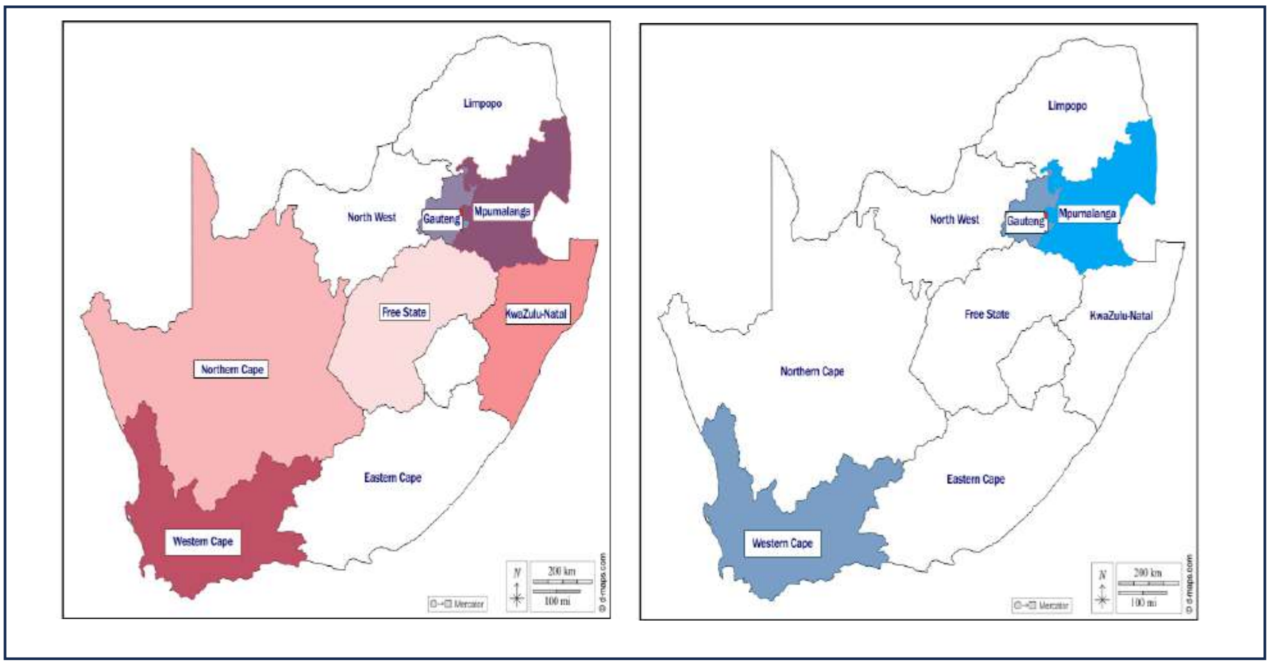
TABLE 2: FREQUENCY OF SPECIFIC SEARCH TERMS RELATED WITH "MAKING MONEY" AND RISING TOPICS

Topics with "making money"	Frequency of searches	Rising topics
money	High	how to make money
how to make money	High	how to make
how to make	High	make money online
make money online	Moderate	how to make money online
how to make money online	Moderate	how make money online
how make money online	Moderate	money making
money making	Moderate	earn money
earn money	Low	how to make money in south africa
how to make money in south africa	Low	how to get money
how to get money	Low	how to get
how to get	Low	how to earn money
how to earn money	Low	ways to make money
ways to make money	Low	how to make money online south africa
how to make money online south africa	Low	making money online
making money online	Low	how to make money online in south africa
how to make money online in south africa	Low	make money online 2023
make money online 2023	Low	how to make money online 2023
how to make money online 2023	Low	how to make money as a teenager
how to make money as a teenager	Low	earn money online
earn money online	Low	how to make money on YouTube
how to make money on youtube	Low	ways to make money online
ways to make money online	Low	how to earn money online
how to earn money online	Low	how to make money fast
how to make money fast	Low	how to make money without money
how to make money without money	Low	

Provincial differences in the frequency of search terms

Finally, Figure 5 provides a visual mapping of the two search terms and their relative frequency when South Africa's nine provinces are compared. This was done to provide a clearer picture of the information-seeking behaviour within South Africa's provinces and whether there are differences when the provinces are compared. The left side (red) indicates the frequency of "making money" and the darker the colour, the higher the frequency. The right side (blue) represents "debt" and once again, the darker the colour, the higher the frequency and the lighter the colour, the lower the frequency.

FIGURE 5: DIFFERENCE IN THE FREQUENCY OF "MAKING MONEY" (IN RED) AND "DEBT" (IN BLUE) IN SOUTH AFRICA'S PROVINCES



The two maps indicate that the provinces with the highest frequency for both terms are Mpumalanga, the Western Cape (WC), and Gauteng. The WC and Gauteng were to be expected, as these two are some of the highest populated provinces in South Africa and also the best connected in terms of access to the internet. This was expected, as these provinces are also the most urbanised and the most digitally connected. Interestingly, Mpumalanga has been identified as a province with a high search frequency for both terms. "Debt" is highly searched in Gauteng, the WC, and Mpumalanga, whereas "making money" was also highly searched for in the Northern Cape and KwaZulu-Natal, and to a lesser extent in the Free State. The Free State, Northern Cape and the Eastern Cape are the least connected provinces; which could be a possible reason for the low search frequencies.

PRACTICAL IMPLICATIONS AND RECOMMENDATIONS

The findings from this study highlight several practical implications for stakeholders in South Africa. The clear predominance of the search term "making money" over "debt," especially during critical periods such as the COVID-19 lockdown, suggests a strong public interest in financial opportunities and income generation. This trend indicates the need for financial education programs that focus on sustainable income generation and investment strategies.

Given the significant increase in "making money" searches following lockdown, financial institutions and policymakers should prioritise the development and promotion of products and services that support income generation and entrepreneurship. This includes offering accessible small business loans, grants, and investment opportunities tailored to individuals looking to start or expand new ventures. Additionally, there is a need for financial education programs that focus on wealth creation, investment strategies, and sustainable income streams.

The data also highlight regional variations in search behaviour, underscoring the importance of localised initiatives. Provinces like Mpumalanga, the Western Cape, and Gauteng would benefit from targeted financial literacy campaigns that emphasise entrepreneurship, side hustles, and smart investing. These programs should be designed to meet the specific economic conditions and opportunities within each region.

Furthermore, the analysis of search topics related to "making money" indicates a strong interest in online income opportunities, gig economy jobs, and passive income strategies. Financial education efforts should therefore prioritise teaching South Africans how to leverage digital platforms, diversify income sources, and invest wisely to achieve financial independence.

By focusing on empowering individuals to create and sustain wealth, financial institutions and policymakers can better meet the evolving needs of the population in a post-lockdown economy.

The findings from this study provide a foundation for further exploration into the information-seeking behaviour of South African YouTube users, however, several areas remain underexplored, offering opportunities for future research to deepen understanding and address emerging questions. Possible future research could include comparative analyses across different social media platforms; exploring the influence of finfluencers on financial decisions and more detailed geographic and demographic variations in search behaviour.

CONCLUSION

Finally, with an emphasis on the search terms "debt" and "making money," this study has offered a thorough analysis of the information-seeking behaviour of South African YouTube users. By collecting and processing data through advanced computing techniques, the research has shed light on the financial concerns and interests of South African YouTube viewers. This study closes a significant knowledge gap on the role that social media platforms—especially YouTube—play as useful resources for those looking for financial information. The examination of the search phrases "making money" and "debt" has added to the discussion on financial literacy and digital engagement by revealing important information about users' financial interests and behaviours. The data's practical consequences have been highlighted through the visual presentation, providing a foundation for future research and possible policy creation.

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Exploring Mobile Live Stream Shopping Readiness Among Young South African Consumers: Insights from the Technology Readiness Index

Henrietta Akosua Pokua Amofa (u17100683@tuks.co.za) and Dr Michael Humbani
University of Pretoria, South Africa

ABSTRACT

The study aimed to investigate consumers' willingness to purchase via mobile live stream shopping platforms by investigating four independent dimensions of the Technology Readiness Index (TRI), namely optimism, innovativeness, discomfort, and insecurity. Data was analysed from 3515 completed electronic questionnaires from smartphone users aged 18 and above – collected using non-probability and snowball sampling. Results indicate that optimism, innovativeness, and insecurity significantly influence purchase intention, while discomfort was not a significant factor. This study provides researchers with a foundational understanding of mobile live stream shopping in the South African context through the lens of the Technology Readiness Index. The findings offer insights into consumers' mindsets, assisting researchers in understanding consumer behaviour and purchase intention. This study suggests that marketers should prioritise the drivers and mitigate the inhibitors to ensure mobile live stream shopping is a success story.

Keywords: *Mobile live streaming shopping, optimism, innovativeness, insecurity*

INTRODUCTION

Mobile live stream shopping (MLSS) is a modern reincarnation of a shopping experience that existed in the early stages of interactive commerce — home shopping. The gratification of watching a televised product demonstration, calling to enquire, view and witness the use of the product and then finally purchasing it was a hit in the 90s and 2000s (Applegate, 2021). Its resurgence comes in the form of a live stream shopping experience whereby consumers utilise e-commerce functions on social media platforms including Facebook, TikTok and Instagram globally, and Taobao Live in East Asian countries, to view products for sale in real-time, typically via a smartphone (Wang, Xu, Ren, Zhou and Wu, 2022; Cai and Wohn, 2019; Cai, Wohn, Mittal and Sureshbabu, 2018). Live stream shopping is defined as the integration of e-commerce into real-time social platforms, showcasing products and offering interactive experiences to engage and attract consumers for purchases (Chen, Zhao and Wang, 2022; Cai *et al*., 2018). MLSS can therefore be defined as a marketing technique whereby retailers, brands or individuals demonstrate and sell products via a live-stream video to an audience with the objective of a purchase. MLSS has the potential to revolutionise e-commerce by offering interactive shopping with live video streaming, enhancing product trust and consumer confidence. It also fosters a sense of community, which can boost loyalty and consumer retention (Cai *et al*., 2018), yet studies of this nature are sparse in emerging markets such as South Africa where approximately 22 million individuals use a smartphone capable of live streaming (Statista (2023a). With 47 million South African mobile internet users predicted to increase by 20.77% by the end of 2027, South Africa is a promising MLSS market (Statista, 2023b). However, despite its emergence in 2016, MLSS is relatively understudied (Chan, Kong, Ong, Toh, Von, Lee, Loh and Tan, 2022). Although the live-stream community in South Africa is predicted to grow to 15.1 million by 2027 (Statista 2023c), what is unknown is whether South African consumers are ready to purchase using mobile live-streaming. Therefore, this study investigates the factors influencing consumers' purchase intention through MLSS through the lens of the Technology Readiness Index (TRI) (Parasuraman and Colby, 2015), which is rarely applied in the MLSS context. Although theories such as the Uses and Gratifications Theory (UGT) (Katz, Blumler and Gurevitch, 1973), Technology Acceptance Model (TAM) (Davis, 1989), and Stimulus-Organism Response Theory (SOR) (Mehrabian and Russell, 1974), are commonly employed in understanding MLSS (Liu and Kim, 2021; Ming, Jianqiu, Bilal, Akram and Fan, 2021; Cai and Wohn, 2019), the TRI could be a foundational theory as the other theories presume that consumers already use MLSS.

This study makes both theoretical and practical contributions. Theoretically, applying TRI in the context of MLSS in a developing country is notably rare. Moreso, the study generates a scholarly discussion on the pertinent drivers and inhibitors of MLSS technology readiness from an African perspective. Investigating consumer purchase intention in MLSS can help determine its feasibility for countries looking to expand into this field. Practically, the study will help service providers formulate appropriate strategies that mitigate inhibitors and strengthen drivers of consumers' purchase intention in MLSS. Understanding the TRI dimensions will help address consumer concerns, motivating companies to provide measures to combat those concerns and enhance security for consumers when utilising MLSS. The objective of this study is to assess whether smartphone users who have engaged with live streams are ready to purchase via MLSS by examining the drivers (optimism and innovativeness) and inhibitors (discomfort and insecurity) towards technology. The study proceeds with an examination of existing literature, derived theoretical hypotheses, discussion of methodology, results, and concludes with a discussion.

LITERATURE REVIEW

Mobile live stream shopping in context

MLSS provides convenience to both parties due to its ease of accessibility which explains the increasing number of sellers and consumers in the industry (Liu and Yu, 2022; Liu, Aremu and Yoo, 2020). Its prevalence is noted in East Asian countries like China, where users exceed an impressive 300 million (Liu *et al.,* 2020). An MLSS experience comprises of product demonstration, day-to-day usage benefits, and the ability to ask questions and receive feedback in real-time (Liu and Kim, 2021:187). An expeditious live stream shopping experience stimulates customer satisfaction, which can increase the potential for purchase due to the elimination of confusion and ambiguity (Chandrruangphen, Assarut and Sinthupinyo, 2021; Wongkitrungrueng and Assarut, 2020). Despite the physical distance between both parties, the seller's personality during the interaction enables the consumer to be interested in not only what the seller is saying but what is being sold as well (Wongkitrungrueng, Dehouche and Assarut, 2020). With consumers' dependence on mobile devices increasing over time, it is interesting that no distinct studies are exploring the lucrativeness of implementing MLSS in South Africa. This is notable when major e-commerce categories in South Africa are clothing and online entertainment, which are key elements in an MLSS experience (International Trade Administration, 2023).

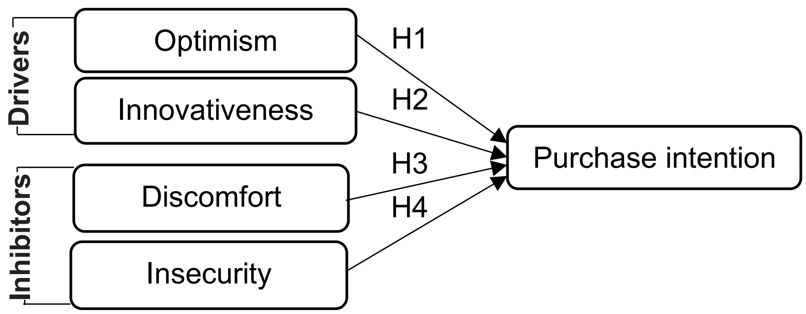
Theoretical framework and hypotheses

Technology Readiness Index

The Technology Readiness Index (TRI) assesses the degree to which a consumer is prepared to embrace new technologies by examining their attitude and willingness to adopt them (Parasuraman and Colby, 2015). Optimism and innovativeness are drivers of technology readiness, while insecurity and discomfort are the inhibitors (Parasuraman and Colby, 2015). Consumers who score high ratings for readiness drivers tend to be more receptive to the adoption of new technologies. Conversely, consumers who score high ratings on readiness inhibitors tend to shy away from and are more hesitant to adopting new technologies (Chao, Cheng, Li and Hsieh, 2022). Purchase intention is impacted because if consumers do not consider drivers significant enough, they will be less inclined to make a purchase through MLSS. Different industries can influence a consumer's readiness to purchase. Celik and Kocaman (2017) found that the fashion industry acts as a catalyst in the adoption of mobile shopping. In other studies, technology readiness does not have a significant influence in comparison to the social presence of the seller as well as the attitudes a consumer has towards new technology (Chao *et al.,* 2022). The purchase intention of consumers and technology readiness relative to MLSS is important, as they serve as significant indicators of the continued use of mobile services, which is beneficial in managerial aspects of the phenomenon (Chen, Liu and Lin, 2013). The conceptual framework investigating the adoption of MLSS is derived as shown in Figure 1:

FIGURE 1

CONCEPTUAL FRAMEWORK FOR THE PURCHASE INTENTION OF MLSS



Optimism

Optimism refers to a consumer's favourability towards technology and the belief that it provides them with the necessary adaptability and productivity to function in their day-to-day lives (Parasuraman and Colby, 2015). Optimistic consumers are more likely to engage in MLSS due to their openness towards new technology and their belief that the experience will be beneficial (Liu and Kim, 2021). Optimistic consumers tend to be less insecure about their mobile technology usage due to their openness to new ideas and their mindfulness of their peers' perception of their capabilities (Prodanova, San-Martín and Jimenez, 2021). This has rendered optimism the most influential factor in the TRI theoretical framework (Hung and Chen, 2013). The first hypothesis pertaining to the TRI drivers is as follows:

H1: There is a significant relationship between a consumer's optimism and their purchase intention via MLSS.

Perceived innovativeness

Parasuraman and Colby (2015) state that innovativeness refers to the willingness of a consumer to try new technology. These individuals are early adopters of new technologies and in turn, will be the first MLSS consumers. Optimism and innovativeness have shown promise in driving consumers into adopting technology-based purchases in developing countries (Ming *et al.,* 2021; Hung and Cheng, 2013). Technologically-ready consumers are less concerned about the adverse consequences in unfamiliar circumstances and therefore view innovations as dependable, which provides greater confidence in the technology and in turn comfortability to purchase (Prodanova *et al.*, 2021). Furthermore, previous studies also identified that perceived innovativeness significantly affects the consumer's receptiveness to purchasing via new technologies (Hung and Chen, 2013). This is corroborated by a study that found that the perceived innovativeness of the consumer significantly influenced the adoption of ordering food online (Ali, Khalid, Javed and Islam, 2020). The second hypothesis is as follows:

H2: There is a significant relationship between a consumer's perceived innovativeness and their purchase intention via MLSS.

Discomfort

A consumer's discomfort level is indicative of their ability to adapt or not adapt to changes in technology, affecting their ability to adopt new technology (Parasuraman and Colby, 2015). A consumer's lack of trust in relation to technology is likely to discourage them from purchasing via new technologies. However, studies have shown that considerations towards drivers of TRI outweigh considerations towards inhibitors of TRI (Blut and Wang, 2020). The discomfort that a consumer feels towards technology does not interfere with their ability to gain knowledge about the new technology (Hung and Chen, 2013). This means that discomfort does not directly affect innovativeness, which is beneficial in practical implementations of MLSS. This can be advantageous for brands wanting to integrate MLSS into their marketing strategy, as the prevalence of mobile devices plays a significant role in shaping purchasing via mobile shopping technologies (Roy and Moorthi, 2017). The third hypothesis is as follows:

H3: There is a significant relationship between a consumer's discomfort and their purchase intention via MLSS.

Insecurity

Insecurity is the level of concern a consumer will have towards the reliability, safety and security of technology (Parasuraman and Colby, 2015). The more uncomfortable and/or insecure a consumer feels towards technology, the more hesitant they will feel to adopt a new form of technology. Wiese and Humbani (2020) found that consumers who use smartphones do not feel discomfort in adopting a new form of mobile technology. However, the same study found that smartphone users did feel insecure in trusting a new form of technology, due to uncertainty about its effectiveness and efficiency. Furthermore, Celik and Kocaman (2017) discovered that younger consumers feel a sense of insecurity when engaging in mobile shopping. Therefore, one cannot completely deem the inhibitors irrelevant in analysing the consumers' purchase intention of MLSS. Thus, the fourth hypothesis is as follows:

H4: There is a significant relationship between a consumer's insecurity and their purchase intention via MLSS.

METHODOLOGY

This study utilised quantitative research methods to establish data determining the number of individuals ready to purchase via MLSS. Data was collected through a structured questionnaire distributed via online platform Qualtrics, allowing respondents to complete the questionnaire via a link distributed on social media platforms.

Target population and sampling

South African smartphone users aged 18 years and older, who have had some form of interaction with a mobile live stream, were targeted for the study. The data was collected during August 2023. Non-probability convenience sampling, in conjunction with snowball sampling, was implemented to maximise the number of respondents to yield useful results (Gill, 2020). Snowball sampling began with the researcher posting the Qualtrics questionnaire link to social media sites such as Instagram and TikTok. In a similar MLSS-focused study, Zheng, Wu and Liao (2023) used convenience sampling to reach out to respondents, a precedent which made the method appropriate for this study. A sample size of 300 respondents is deemed an acceptable number to render results of a population, valid and accurate (Bhatt, Jayswal and Patel, 2013). This study had 3515 respondents.

Questionnaire design

The questionnaire design used existing literature and began with an introduction brief highlighting the research topic, the objectives, and the purpose of the study. The questionnaire consisted of four sections: Section A comprised of screening questions asserting their use of smartphones, their age above 18, and informed consent to complete the questionnaire. This was to determine the respondents' suitability to participate in the survey. Section B gained insight into consumers' MLSS usage via social networking sites. Section C contained questions about the four TRI dimensions (optimism, innovativeness, discomfort, and insecurity) and the respondents' purchase intention on an MLSS platform. This section utilised a 7-point Likert Scale ranging from 1 – strongly disagree to 7 – strongly agree to evaluate the degree of the TRI dimensions the respondents feel. The scale items — optimism, innovativeness, insecurity, and discomfort — were adapted from Parasuraman and Colby (2015), Chen (2013) and Chao *et al.* (2022), with the wording of the items slightly changed to reflect the context of MLSS. The purchase intention items were adapted from Chan *et al.* (2022). Section D collected demographic information of the respondents in terms of age, gender, level of education and monthly income. Items that were adopted and adapted from literature were selected based on the factor loadings of each item being greater than 0.5, and the Cronbach value of each construct being greater than 0.7. A pilot test was conducted with 20 respondents from the study population to gauge the validity of the questionnaire (Chao *et al.,* 2022).

RESULTS

Sample profile

A total of 3515 respondents participated in the study, most of whom were female (85.3%). The sample revealed that 79.2% of respondents listed TikTok as their preferred social media platform, and the majority were aged between 18-24 years (82.0%). Furthermore, there is a varied distribution of respondents regarding household income, with the highest percentage earning R25 999 or less per month (46.7%). Finally, most respondents had obtained a first degree, diploma or certification from an educational institution (57.2%). Therefore, it can be deduced that the respondents are primarily young females with relatively low incomes, offering valuable insights for marketers and contextualising the study results.

Exploratory factor analysis

To assess the underlying dimensions of the data, an exploratory factor analysis (EFA), applying principal axis factoring with varimax rotation, was conducted (Pallant, 2020; Costello and Osbourne, 2005). The factorability of the data was determined by the Kaiser-Melkin-Olkin measure of sampling accuracy (KMO) and Bartlett's test sphericity, with the KMO deemed acceptable if the range is between zero and one, and Bartlett's test sphericity being deemed statistically significant if the value is less than 0.05 (Pallant, 2020; Tabachnick and Fidell, 2019). The EFA's for the independent variables yielded an acceptable KMO value ranging between 0.6 and 0.9, and Bartlett's test of sphericity was significant (<0.001). The EFA for the dependent variable yielded a KMO value of 0.834 and a Bartlett's test value of <0.001. Therefore, the statistical significance of each factor was confirmed. Factor one (optimism) comprising five items represented 35.31% of the variance; factor two (innovativeness) comprising five items represented 24.60% of the variance and factor three comprising four items represented 20.97%

of the variance in purchase intention. Factor four comprising five items only yielded four loadings and represented 20.45% of the variance. The dependent variable (satisfaction) yielded 70.03% of the variance.

Validity and reliability

The convergent and discriminant validity of the constructs are prerequisites to determine the constructs' validity (Pallant, 2011). Discriminant validity was inspected by analysing the cross-loadings during the execution of EFAs (Spector, 1992). Convergent validity evaluates the average variance extracted (AVE), and it is considered acceptable when the AVE surpasses 0.5 (Fornell and Larcker, 1981). However, the AVEs in this study, specifically the independent variables (optimism = 0.35; innovativeness = 0.25; discomfort = 0.21; insecurity = 0.24), yielded values below the acceptable threshold, while the dependent variable (purchase intention) yielded an AVE value of 0.7. Although the AVEs for innovativeness, discomfort and insecurity were below the 0.5 threshold, they were retained for further analysis as their reliabilities were considered acceptable in exploratory research (Hair, Hult, Ringle, Sarstedt and Thiele, 2017). To achieve the reliability of constructs, Cronbach alpha (α) and the composite reliability (CR) values should be higher than 0.7 (Pallant, 2020). In some cases, Cronbach alpha values above 0.6 are acceptable (Malhotra, 2007). Therefore, optimism (α = 0.73), innovativeness (α = 0.61) and readiness to purchase (α = 0.9) are reliable constructs. Conversely, discomfort (α = 0.51) and insecurity (α = 0.54) yielded values below the acceptable threshold which compromises the reliability of the construct. However, constructs consisting of less than 10 items may yield a value lower than the typical threshold (Pallant, 2020).

Multiple regression

Multiple regression analysis was conducted to gauge the extent to which the independent variables (optimism, innovativeness, discomfort and insecurity) predicted the dependent variable (readiness to purchase) (Tabachnick and Fidell, 2019). A preliminary examination was conducted to affirm several assumptions. The formula to determine the minimum sample required to conduct the analysis is 20+5(m), with *m* being the number of independent variables, of which this study has four (Tabachnick and Fidell, 2019:105). With 3515 recorded responses, this study surpassed the 40-case minimum required to meet the assumption (equation: 20+5(4) = 40). Multicollinearity was not present as tolerance values for this study (optimism = 0.685, innovativeness = 0.690, discomfort = 0.876, insecurity = 0.917) exceeded 0.10 and the factor (VIF) values (optimism = 1.459, innovativeness = 1.449, discomfort = 1.141, insecurity = 1.090) were all below 10 (Pallant, 2020). The Mahalanobis distance was 50.46, signifying outliers since the value should not exceed 18.47 for four independent variables (Pallant, 2011). To achieve the maximum distance, responses were removed. The case wise diagnostics showed ten responses but were not deleted as the Cook's distance of 0.012 suggests that their removal is unlikely to impact the model due to the value being below 1 (Pallant, 2020). Both the normal probability plot and the scatter plot met the assumption with very few outliers (Pallant, 2011).

Based on the fulfilled assumptions, the multiple regression test was performed. The test yielded an R-squared value of 0.174. Consequently, it can be deduced that optimism, innovativeness, discomfort and insecurity of respondents predict 17.4% of the respondents' purchase intention via mobile live streaming. This percentage suggests that although the independent variables indicate an impact, there could be many other factors that potentially predict consumers' purchase intention via live streaming. An ANOVA test was conducted to test the significant fit of regression (Pallant, 2020). The p-value (<0.001) is indicative of the statistical significance that the model possesses. Therefore, the model serves as a predictor of the respondents' readiness to purchase via mobile live streaming (Pallant, 2020).

The standardised coefficients indicate the importance of each independent variable in relation to the regression model (Pallant, 2020). Optimism (β = 0.279, p < 0.001) had the strongest unique contribution in explaining the respondents' purchase intention via MLSS. Thus, Hypothesis 1 was supported and accepted. The study also investigated innovativeness (β = 0.108, p < 0.001) and insecurity (β = -0.218, p < 0.001), concluding that these factors were also significant contributors to the purchase intention of respondents towards MLSS, and were of statistical significance, with innovativeness being positively significant and insecurity being negatively significant. Hypothesis 2 and Hypothesis 4 were therefore supported and accepted. However, discomfort (β = 0.024, p = 0.154) yielded a statistically insignificant value, consequently rejecting hypothesis 3. Therefore, optimism, innovativeness and insecurity are confirmed indicators in assessing the purchase intention of a consumer towards MLSS, whereas the discomfort of a consumer is not a confirmed indicator in the context of this study.

DISCUSSION

This study's objective was to determine the consumers' purchase intention towards MLSS by examining their technology readiness based on their degree of optimism, innovativeness, discomfort and insecurity. Findings showed that optimism, innovativeness and insecurity serve as significant predictors of the purchase intention via MLSS, with optimism and innovativeness positively relating and insecurity negatively relating to the purchase intention of consumers. This is consistent with studies identifying the significant relationship that the technology readiness constructs have on a consumer’s purchase intention (Chao *et al*., 2022). Optimism significantly predicts purchase intention, aligning with previous research (Kampa, 2023; Park, Ha and Jeong, 2021). Optimistic consumers' adaptability makes them more likely to purchase on MLSS platforms (Ali *et al.*, 2020). Similarly, innovativeness was a significant predictor of MLSS, which is congruent with existing studies (Park and Zhang, 2022; Alharbi and Sohaib, 2021). Furthermore, insecurity significantly predicts purchase intention – concurring with studies in the hospitality and online food industries (Ali *et al*., 2020; Pham, Williamson, Lane, Limbu, Nguyen and Coomer, 2020). In contrast, discomfort emerged as an insignificant predictor of MLSS. This finding was not only surprising but also contradictory to prior studies spanning several industries (Kampa, 2023; Ismail and Wahid, 2020; Parasuraman and Colby, 2015). However, this finding does echo the conclusion that a consumer's discomfort does not hinder their interest in new technology which in turn could potentially not affect their purchase intention (Hung and Chen, 2013). This anomalous finding suggests that discomfort may not be relevant in the context of MLSS. This study concluded that optimism is the strongest contributor to the purchase intention of a consumer, reinforcing how a positive outlook on technology is required for consumers to consider purchasing via MLSS. Therefore, it is crucial that future research and industry strategies prioritise optimism, as consumers ranking high on the drivers of TRI are more likely to purchase via MLSS (Chao et al., 2022).

Theoretical implications

The findings of this study make some notable theoretical contributions. Firstly, the study contributes to the understanding of MLSS and the factors influencing the consumers’ purchase intention in an emerging economy. Optimism, innovativeness and insecurity have been identified as pertinent in explaining the purchase intention of consumers for products sold via MLSS. A focus on MLSS in developing countries outside of Asia, as the researcher has done with South Africa in this study, is rare. Previous literature has focused on continents such as Asia as the prime market for mobile technologies (Chao *et al*, 2022; Liu and Yu, 2022; Chen *et al,* 2019) while neglecting Sub-Saharan countries where mobile connectivity has continued to fuel the region's socioeconomic development and digital transformation (GSMA, 2023). Secondly, MLSS is a fairly under-researched phenomenon in the African and South African contexts. South Africa is important in this context because it was recorded as having the highest number of active mobile connections in Africa in 2018, compared to other emerging economies such as Ghana and Nigeria during the same period, and where 90% of South African adults owned a smartphone at the time (Humbani, 2021). According to the best knowledge of the researcher, this study is the first of its kind in the context of South Africa. Therefore, this study provides a foundational contribution to South African researchers and marketers wanting to explore MLSS as a new avenue of e-commerce that can potentially target new groups or reach a larger population of an existing target market. Many studies have integrated the TRI theory with other theories such as the Stimulus-Organism-Response theory (SOR) (Ming *et al.,* 2021) and the Technology Acceptance Model theory (TAM) (Liu and Kim, 2021), but this study contributes to the minimal studies exploring MLSS through the lens of TRI independently.

Managerial and practical implications

This study also makes important contributions to practice. Marketers need to work on improving the drivers towards MLSS and antithetically mitigate the inhibitors to shift consumer preference from the websites to the MLSS platform. To capitalise on consumer optimism, managers should enhance the quality and convenience of MLSS. This can be achieved by streamlining the purchasing process and encouraging potential consumers to input their information before purchasing from the platform. Interactive features like question-and-answer sessions can boost the perceived innovativeness of MLSS which attracts innovative consumers. Increasing the driver's benefits can assist in masking consumers' inhibitors towards MLSS (Blut and Wang, 2020). To resolve consumers' insecurity towards technology, offering secure payment options such as collaborating with third-party payment providers, and clear return policies, as well as providing constant reassurance to consumers, can mitigate potential barriers, thereby weakening the consumer's apprehension regarding technology. Although discomfort was not a determining factor towards consumers in this study, marketers can still formulate strategies to assist consumers who may be apprehensive about purchasing via MLSS. This can be done by providing video tutorials on how to purchase via the respective MLSS platforms to display how user-friendly the platform is, which can bridge the gap towards consumers who rank high in discomfort due to their low adaptability (Parasuraman and Colby, 2015). Practically, marketers should employ a paid advertisement specialist to promote the live stream to the desired target market. Combining paid advertisements with search engine optimisation (SEO) can increase awareness of the company's shopping experience. Companies should leverage SEO with hashtags like #clothingsale and #mobilelivestreamshopping to increase viewership and sales. Lastly, encouraging user feedback on their experiences can provide invaluable feedback on pain points and areas of improvement, refining the MLSS platform and enhancing the user experience.

Limitations and recommendations

This study's demographic of respondents were predominately females aged 18-24, which may limit the generalisability of the findings. Future research may benefit from a broader age range. The R-squared value of the TRI model was relatively low, meaning that other factors potentially influence consumers' purchase intention more. Future studies can combine TRI with other theories besides the frequently used SOR theory (Mehrabian and Russell, 1974), to obtain a more robust understanding of MLSS and the consumer. Identifying the potential influence that the seller has on the consumer and whether that, in conjunction with the TRI factors, improves or weakens the consumers' purchase intention, may be beneficial. A potential focus point is the social capital that the streamer may leverage in attracting and maintaining consumers' attention during an MLSS experience (Liu and Yu, 2022). This partially echoes the study, emphasising the greater importance of social presence in influencing the consumers' purchase intention during MLSS (Chao *et al.,* 2022). In addition, MLSS in this study was investigated in its broadest context and not in a specific industry. Where Celik and Kocaman (2017) found that their study views fashion as an antecedent of technology readiness, Chao *et al.* (2022) found in their study that technology readiness is not as impactful. Future studies may benefit from exploring specific industries in relation to TRI and purchase intention. Furthermore, while this study investigates purchase intention in MLSS, it is important to note that the AVE values for independent variables were below the threshold. Future research should focus on scale reviews to improve these values. Additionally, CR values for innovativeness, discomfort, and insecurity were also below the threshold, highlighting the need for further studies to provide a reliable perspective on MLSS and guide researchers in their respective fields.

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INFLUENCER CHARM: BUILDING GENUINE CONNECTIONS TO DRIVE SALES

Marina P.S Ngobeni (Vaal University of Technology); Nadine Oosthuizen, PhD (Rhodes University); Alyssa Williams, PhD (Rhodes University)

ABSTRACT

In the digital marketing landscape, influencer integration on social media is crucial for engaging consumers and spreading product information. This study investigates the role of influencer attractiveness in shaping Parasocial Relationships (PSR) and Purchase Intentions (PI) among young adults in South Africa. It examines how influencers' similarity, familiarity, and likeability affect PSR and PI. Using a quantitative approach, data from 311 university participants were collected through online and paper-based surveys. Structural Equation Modeling (SEM) was applied to analyse the relationships between influencer attractiveness, PSR, and PI. The findings reveal that influencer similarity and familiarity significantly predict PSR, which in turn greatly influences PI. This research enhances the understanding of how influencer characteristics affect consumer behaviour in social media marketing. It offers valuable insights for marketers to collaborate with influencers exhibiting these attractive traits to optimise their marketing campaigns.

Keywords: Parasocial relationships (PSR), purchase intentions (PI), influencer similarity, influencer familiarity, influencer likeability

INTRODUCTION

The internet has transformed marketing strategies through digital platforms, providing novel means of disseminating and receiving consumer product information (Campbell and Farrell, 2020; Ye, Hudders, De Jans and De Veirman, 2021). Social media’s exponential growth has led organisations to commonly partner with influencers for product promotion to target consumers on social media (Belanche, Casaló, Flavián, and Ibáñez-Sánchez, 2021). Influencers are ordinary individuals with substantial follower bases, who exert influence over their followers’ ideas and behaviours (Ye et al., 2021; Abell and Biswas, 2023). Followers subscribe to influencers’ content on social media and are pivotal in influencer marketing (Martensen, Brockenhuus-Schack and Zahid, 2018; Martínez-López, Anaya-Sánchez, Fernández & Lopez-Lopez, 2020). Collaboration with influencers in influencer marketing campaigns has proven effective across various industries, enhancing brand awareness and purchase intention (PI) among potential customers (Lamirán-Palomares, Baviera and Baviera-Puig, 2020; Abell and Biswas, 2023). This has led to significant growth in the influencer marketing industry, reaching $15 billion globally by 2022 (Ye et al., 2021).

In social media marketing, scholars highlight the significance of Parasocial relationsips (PSR) between influencers and followers (Lou and Kim, 2019; Chen, 2021; Su, Wu, Chang and Hong, 2021; Lee and Lee, 2022). PSR refers to followers' emotional attachment to influencers despite the absence of reciprocated affection (Scherer, Diaz, Iannone, McCarty, Branch & Kelly, 2022). Given the prevalence of product endorsements by influencers, understanding the impact of PSR on PI is crucial for organisations (Chung and Cho, 2017; Ye et al., 2021; Leite and Baptista, 2022).

Despite the proven effectiveness of influencer marketing in enhancing brand awareness and purchase intentions across various industries, there is a notable gap in understanding the drivers of PSR and their impact on PI, particularly within the African context. This research aims to bridge this gap by examining the influence of attractiveness characteristics—similarity, familiarity, and likeability—on PSR and PI among young adults in South Africa. When planning influencer marketing campaigns, organisations must identify influencers with significant influence over their followers to enhance the effectiveness of endorsements (Wiedmann and von Mettenheim, 2020). This involves considering influencers' characteristics that impact endorsement effectiveness, such as attractiveness.

Attractive endorsers have been proven more persuasive in stimulating PI than less attractive ones (Lim, Mohd Radzol, Cheah and Wong, 2017; Wiedmann and von Mettenheim, 2020; Jiang, 2022). As such, consumers prefer products connected with attractive endorsers over those promoted by less attractive ones (Li and Peng, 2021). This study used the attractiveness model (Afifah, 2022) to ascertain the relationship between influencer attractiveness and PSR. Accordingly, influencer similarity, familiarity and likeability were investigated. Similarity refers to the perceived resemblance between a source and its audience (Calvo-Porral, Rivaroli and Orosa-González, 2021). Familiarity relates to the extent of the audience's knowledge of the source through previous exposure (Myers, 2021). Meanwhile, likeability is the degree of affection, fondness, and caring for the source due to their physical attributes, personalities, and behaviours (Jiang, 2022).

This study investigated the impact of influencer attractiveness on PSR with influencers and, in turn, PI of young adults between 18 and 25 years. This cohort is considered early adopters of mobile technologies and is the first generation to grow up with smartphones and social media (Schroth, 2019). Moreover, this generation spends the most time on social media networks, thus giving them more access to influencer marketing content (Eastman, Lyer, Eastman, Gordon-Wilson and Modi, 2021). Therefore, organisations need to be aware of their consumption patterns as they are considered the largest group of prospective income earners and are approaching the age to make their purchase decisions.

LITERATURE REVIEW AND PROBLEM INVESTIGATED

Social media influencers represent a novel breed of independent endorsers who influence followers' perceptions through various online platforms (Nguyen, Binand Campbell, 2012; Sokolova and Perez, 2021). Ye et al. (2021) characterise them as content producers with substantial social media followings who share their daily experiences and opinions. Meanwhile, Kim and Kim (2020) label them social media celebrities. Nevertheless, Sokolova and Perez (2021) assert that they are more relatable than traditional celebrities due to their engagement with followers. Building upon these definitions, this study defines social media influencers as content creators who have amassed substantial followings on social media platforms through content creation. Utilising their platforms, influencers integrate products and services into their daily lives, sharing opinions through videos, images, and written content to shape follower perceptions of brands and products. Social media influencers have become vital endorsers for organisations, emphasising their effectiveness in disseminating brand messages to target audiences (Wiedmann and von Mettenheim, 2020). With the rise of social media, partnering with influencers has become a standard digital marketing strategy for organisations to reach online consumers (Belanche et al., 2021; Zheng, Lou & Shang, 2022). Organisations leverage influencers to enhance brand awareness and engage potential consumers within their follower networks (Belanche et al., 2021). In essence, influencers effectively promote product information and new offers to online followers across various social media platforms, often interacting directly with them by endorsing products they use.

Purchase Intention

Purchase intentions (PI) refers to a planned action taken by individuals considering purchasing a product (Belanche et al., 2021). While it can be challenging to measure actual purchase behaviour, Morwitz (2014) and Li and Peng (2021) assert that the stronger an individual's intention to engage in a specific behaviour, the higher the possibility that they may actually perform the behaviour. Therefore, organisations must understand how consumers evaluate product/ service decisions to present the desired value proposition and increase brand awareness and loyalty (Farzin and Fattahi, 2018; Ansari et al., 2019; Hughes et al., 2019). Accordingly, this study evaluated followers' PI as a proxy of their actual purchase behaviour. Moreover, this study recognises PI as consumers' willingness to purchase a product after receiving the desired product/ service exposure from an influencer on social media.

Parasocial relationships with influencers

PSR refer to a perceived closeness between followers and influencers, characterised by an illusion of intimacy (Sokolova andKefi, 2020; Breves et al., 2021). Such relationships exert cognitive, emotional, and behavioural influences on followers (Yuksel and Labrecque, 2016; Liu, Wang, Gu & Yang, 2023). Effective influence can alter consumer emotions, opinions, and attention allocation (Sokolova and Perez, 2021), often grounded in understanding, friendship, and identification (Chung and Cho, 2017; Scherer et al., 2022). The intimacy and mutual liking fostered by frequent interaction between influencers and followers create the illusion of friendship (Lou and Kim, 2019; Scherer et al., 2022). Consequently, followers are likely to develop PSR with influencers who engage in conversational tones and discuss sensitive topics with their followers. These relationships significantly impact followers' attitudes towards endorsed products, as positive attitudes often correlate with PI (Lim, Mohd Radzol, Cheah & Wong 2017; Yuan and Lou, 2021).

Furthermore, Leite and Baptista (2022) assert that a favourable attitude towards a brand promoted by an influencer correlates with higher PI. Several studies highlight the role of PSR in explaining the relationship between influencer marketing efforts and marketing outcomes (Lee and Watkins, 2016; Chung and Cho, 2017; Hwang and Zhang, 2018; Breves et al., 2021; Liu et al., 2023). Hwang and Zhang (2018) demonstrate that PSR with celebrities positively influences follower PI. Meanwhile, Lee and Watkins (2016) found that establishing relationships with consumers through online brand ambassadors increases the likelihood of future sales. Specifically, PSR between influencers and followers fosters a more positive brand attitude and increases PI. Followers who feel attached or even addicted to influencers are more likely to purchase promoted products (Sokolova and Kefi, 2020; Abell and Biswas, 2023).

Influencer attractiveness

Attractiveness plays a crucial role in the persuasiveness of influencers, with attractive influencers being more effective in stimulating PI compared to less attractive ones (Wiedmann and von Mettenheim, 2020; Jiang, 2022). Li and Peng (2021) concur that followers tend to prefer products endorsed by attractive influencers over those promoted by less attractive ones. While physical attractiveness is often studied, Myers (2021) argues that source attractiveness encompasses emotional and affective aspects beyond physical appearance, considering attributes like similarity, familiarity, and likeability.

The concept of similarity between influencers and their followers extends beyond mere demographic resemblance. While demographic factors like age, gender, and socioeconomic status play a role, perceptual characteristics such as values, interests, lifestyle, and experiences are equally significant (Myers, 2021; Belanche et al., 2021). When followers perceive influencers as sharing similar values, interests, or experiences, they are more likely to feel a sense of connection and resonance with them. For instance, if an influencer shares content about sustainable living and eco-friendly products, followers who prioritise environmental consciousness may feel strongly inclined towards that influencer. This perceived similarity creates a foundation for followers to develop emotional attachment and trust, essential components of PSR (Schouten, Janssen & Verspaget, 2020). As followers perceive influencers as more relatable and relish the shared experiences, they become more receptive to the influencer’s messages and recommendations.

Familiarity with influencers is cultivated through repeated exposure to their content and interactions on social media platforms. Followers who regularly engage with an influencer’s posts, participate in discussions, or follow their daily activities develop a sense of closeness and familiarity with the influencer (Calvo-Porral, Porral, Rivaroli & Orosa-González, 2021). This familiarity breeds trust and a feeling of intimacy akin to knowing a long-distance friend or companion. Influencers who actively engage with their followers, respond to comments, and share personal anecdotes or behind-the-scenes glimpses of their lives foster a stronger sense of familiarity (Afifah, 2022). Followers perceive these influencers as members of their community, individuals whose opinions and recommendations they value. Consequently, when influencers endorse products or services, followers who are familiar with and trust the influencer are more likely to consider and act upon those endorsements (Afifah, 2022; Jiang, 2022).

Likeability encompasses various aspects of an influencer’s persona, including physical appearance, personality traits, beliefs, and behaviours. While physical attractiveness can initially capture followers’ attention, likeability extends beyond surface-level attractiveness to encompass qualities such as warmth, authenticity, and relatability (Aprianingsih, Setiawan, Bowdwn Affandy, Immanuel & Fachira, 2020; Myers, 2021; Jiang, 2022). Influencers who exude authenticity, display genuine enthusiasm for the products they endorse, and maintain a positive and approachable demeanour tend to be perceived as more likeable by their followers (Jiang, 2022). Moreover, influencers who share personal anecdotes, showcase vulnerability, and empathise with their followers’ experiences are often regarded with fondness and affection. Followers are naturally drawn to influencers they find likeable, as they evoke positive emotions and create a sense of connection and camaraderie. The emotional bond forged between likeable influencers and their followers lays the groundwork for PSR, influencing followers' attitudes and PI (Aprianingsih et al., 2020; Jiang, 2022). Consequently, brands seeking to leverage influencer marketing should prioritise collaborating with influencers with a strong following and embody qualities that resonate with their target audience, fostering genuine rapport and trust.

Organisations increasingly turn to influencer marketing to engage consumers effectively. Despite its widespread adoption, there are still uncertainties regarding the factors that make influencers influential and the mechanisms underlying their impact (Kim and Kim, 2020; AlFarraj, Alalwan, Obeidat, Baabdullah, Aldumour & Al-Hahhad, 2021). While research on influencers is extensive in developed nations (Park and Yi, 2019; Kim and Kim, 2020; AlFarraj et al., 2021; Afifah, 2022), there is a notable gap in understanding influencer marketing within the African context, where diverse languages, cultures, and economic factors can significantly impact influencer marketing strategies. Although some studies have explored the role of influencers in specific sectors within Africa (Sodeinde and Olomojobi 2022; Ramela, de Villers and Chuchu, 2022), there is still a need for broader research to understand how influencers shape consumer behaviours and PI in this context. Furthermore, while the significance of PSR on social media is recognised, there is a lack of research into the drivers of PSR, particularly in the context of influencers and followers (Ye et al., 2021; Lou and Kim, 2019; Lee and Lee, 2022). Addressing these gaps, this study aims to identify influencer attractiveness characteristics that influence PI, mediated by PSR.

RESEARCH OBJECTIVES

The study's primary goal was to examine the effect of influencers' attractiveness on PSR with influencers and PI. The study aimed to recommend to marketing practitioners how organisations can encourage partnered influencers to enhance PSR for PI. To achieve this, the following research question were formulated: How do influencers' similarity, familiarity, and likeability impact PSR with influencers and PI of young adults?

RESEARCH METHODOLOGY

The study adopted the positivist paradigm, following a deductive approach. A descriptive research design, specifically utilising a single cross-sectional approach was employed. The methodology followed a two-part process: exploring secondary sources by gathering initial data through a literature review and collecting primary data through an empirical investigation. Various secondary data sources on influencer attractiveness, PSR, and PI were consulted, including peer-reviewed journal articles, academic textbooks, and blog articles accessed through reputable academic databases.

Primary data refers to empirical data retrieved directly from participants (McDaniel and Gates, 2016). Consistent with the quantitative approach, the study employed a survey to collect primary data. Self-administered online and paper-based questionnaires were utilised to collect data from young adults aged 18 to 25 years in a selected South African university. This demographic was chosen due to their status as early adopters of mobile technologies and significant engagement with social media platforms (Schroth, 2019; Eastman, Iyer, Eastman, Gordon-Wilson and Modi, 2021). Convenience sampling was used to select respondents, culminating in a sample size of 311 respondents. Data was collected between May and June 2023 through a structured questionnaire comprising six sections. Following the data collection, rigorous procedures were implemented for data preparation, including cleaning, coding, and organising responses to ensure accuracy and consistency.

Subsequently, the Statistical Package for the Social Sciences (SPSS) and Analysis of Moment Structures (AMOS) were used for data analysis. Inferential statistics, such as Pearson product-moment correlation, multiple regression analysis, and Structural Equation Modelling (SEM), were employed to test hypotheses and analyse the relationships between influencer attractiveness, PSR, and PI (Malhotra, Nunan & Birks, 2017; Zikmund, Quinlan & Griffin, 2019).

The study employed rigorous measures to ensure the validity of findings, encompassing face, content, and construct validity (Babin and Zikmund, 2016). Face validity was established through expert debriefing sessions clarifying questions' relevance. Content validity was confirmed via a pilot study, refining the questionnaire based on feedback. Construct validity was assessed using Confirmatory Factor Analysis (CFA), supported by fit indices such as minimum discrepancy function by degrees of freedom (CMIN/DF), Standard Root Mean Residual (SRMR), Root Mean Square of Approximation (RMSEA), Goodness of Fit Index (GFI), Incremental Fit Index (IFI), and Comparative Fit Index (CFI) (Malhotra et al., 2017). Additionally, convergent validity was ensured through factor loadings, with a threshold of 0.5, while reliability was assessed via Cronbach's alpha coefficients, with a threshold of 0.7 (Malhotra et al., 2017; Hair et al., 2019).

RESULTS

This section outlines the results obtained from the empirical research conducted. Specifically, this section discusses the validity and reliability analysis, correlation analysis and structural equation modelling results.

Validity and reliability analysis

The study's independent variables, similarity, familiarity, and likeability, demonstrated strong reliability, with Cronbach's alpha coefficients of 0.78, 0.68, and 0.90, respectively. Factor loadings ranged between 0.61 and 0.89, except for two influencer familiarity items, which were removed. The measurement model exhibited satisfactory fit indices, with acceptable absolute fit indices (CMIN/DF = 2.93, SRMR = 0.61, RMSEA = 0.08) and incremental fit indices (IFI = 0.97, NFI = 0.96, CFI = 0.97).

Similarly, the PSR variable demonstrated reliability, with a Cronbach's alpha of 0.88. Although one item had a factor loading slightly below the threshold, it was retained based on overall fit indices (CMIN/DF = 3.70, SRMR = 0.05, RMSEA = 0.09) and incremental fit indices (IFI > 0.90). For PI, despite two items with relatively low factor loadings, they were retained for theoretical relevance and did not disrupt the factor structure. PI exhibited strong reliability with a Cronbach's alpha coefficient of 0.89. The measurement model demonstrated adequate fit indices (CMIN/DF = 3.75, SRMR = 0.06, RMSEA = 0.09) and incremental fit indices (IFI = 0.95, NFI = 0.93, CFI = 0.95).

Ultimately, the measuring tool demonstrated acceptable levels of validity and reliability, supported by careful methodological steps and strong Cronbach's alpha values. Although some minor modifications were necessary, and certain items were removed, the overall alignment of the model was considered sufficient based on predetermined criteria.

Correlation analysis

Pearson's Product-Moment Correlation serves as a descriptive statistic for evaluating linear relationships (Hair et al., 2019). It is also used to determine the strength and direction of the relationships between two variables (Malhotra et al., 2017). The significant and positive relationship results of the correlation analysis are presented in Table 1 in the following page.

TABLE 1

PEARSON’S CORRELATION RESULTS

CORRELATION ANALYSIS					
	Similarity	**Familiarity**	**Likeability**	**Parasocial Relationship**	**Purchase Intentions**
Similarity	1	0.42 **	0.36 **	0.51 **	0.40 **
Familiarity		1	0.64 **	0.59 **	0.42 **
Likeability			1	0.58 **	0.39 **
Parasocial Relationships				1	.067 **
Purchase Intentions					1
**Correlation is significant at the 0.01 level (2-tailed) *Correlation is significant at the 0.05 level (2-tailed)					

Source: Researcher’s construction

Drawing from the results in Table 1, all correlation estimates were significant at $p < 0.01$. Evidently, a linear association exists between the identified variables in this study. This study had two weak correlations ($0.2 < r < 0.4$), six medium correlations ($0.4 < r < 0.6$) and two strong correlations ($0.6 < r < 0.8$). Overall, the weakest correlation was between influencer likeability and influencer similarity ($r = 0.36$; $p < =0.01$), and the strongest correlation emerged between the intervening and dependent variables, PSR and PI ($r = 0.67$; $p < =0.01$). In terms of correlations with the intervening variable, the strongest correlations were evident between influencer familiarity and PSR ($r = 0.59$; $p < =0.01$); this correlation resonates with Copeland’s (2023) study, which reported that individuals tend to have more intense PSR with a familiar communicator than a non-familiar one.

The correlation analysis provided valuable insight into the relationships among the variables of this study (Malhotra et al., 2017). The overall results indicate a significant linear relationship among the variables, with all correlation estimates being statistically significant ($p < 0.01$). Since the strongest relationships with the intervening (PSR) and dependent variable (PI) are highlighted, this study’s results can help understand the effectiveness of influencers in stimulating PSR and PI.

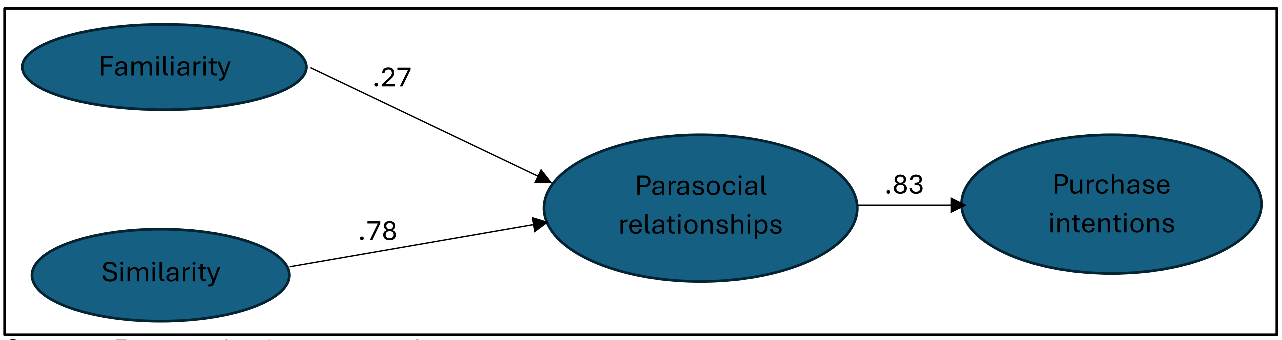
Structural Equation Modelling (SEM)

According to Hair et al. (2019), an indirect structural model can be tested if a model includes an intervening variable between the independent and the dependent variables. This study’s independent variables were influencer similarity, familiarity, and likeability. The intervening variable was PSR, and the dependent variable was PI. Thus, the independent, intervening, and dependent variables were considered for the hypothesised model to be tested during the SEM procedure.

After running the hypothesised model, it became apparent that influencer likeability (Estimate = -0.08, SE = 0.09, p = 0.38) was insignificantly related to PSR, necessitating the removal of this pathway from the model. Furthermore, the model was analysed again, and the remaining factors were suitable for the model, yielding p-values less than 0.01. Figure 1 illustrates the structural model results identified in this study. In addition, the structural model depicts the path coefficients (β) that represent the direction and strength of the relationships between the independent variables and intervening variable and intervening variable and dependent variable.

FIGURE 1

STRUCTURAL MODEL RESULTS



Source: Researcher's construction

The results of the SEM culminated in the revision of the hypothesised model, outlining the following hypotheses:

- H[1]: There is a significant relationship between influencer similarity and PSR among young adults in South Africa.
- H[2]: There is a significant relationship between influencer familiarity and PSR among young adults in South Africa.
- H[3]: There is a significant relationship between PSR and PI among young adults in South Africa.

Structural model results

Following the modification of the proposed model and revision of the hypotheses, the structural model enabled the examination of the hypotheses in this study. When evaluating the outcomes of the structural model and the subsequent testing of hypotheses, three statistics were observed for this study: the direction and strength of the Beta coefficients (also termed standardised path weights), the statistical significances represented by the critical ratios (CR) and p-value, and the SMC values (Malhotra et al., 2017; Hair et al., 2019). While the standardised path coefficients (β) indicate the strength and direction of the relationships between the variables in this study, the critical ratios are used to determine the significance of the relationship at the significance level of 0.01. The results of the structural model and hypotheses testing results are presented in Table 2 in the following page.

TABLE 2

RESULTS FROM THE STRUCTURAL MODEL

Path			**Beta coefficient (β)**	**Critical Ratio CR.**	**Squared Multiple Correlations (SMC)**	**Significance (*p* < 0.01)**	**Decision**
PSR	⇦	Similarity	0.27	5.25	0.83	***	Accept H1
PSR	⇦	Familiarity	0.78	5.10		***	Accept H2
PI	⇦	PSR	0.83	7.25	0.70	***	Accept H3

Source: Researcher's construction

The results of the structural model presented in Table 2 indicate a certain degree of influence of the independent variables on the intervening variable. Specifically, the relationships between influencer similarity (β = 0.27, CR = 5.25) and influencer familiarity (β = 0.78, CR = 5.10) on PSR were direct; significant *p*-values are less than 0.01. Therefore, a decision was made to accept the hypotheses proposed along these respective paths, namely, H^1 and H^2. In addition, the direct and significant influence of PSR on PI (β = 0,83, CR = 7.25) among the respondents in this study was confirmed. Therefore, H^3 was accepted.

Furthermore, the SMC values validate the relationships between the variables investigated in this study (SMC > 0.25). Specifically, the SMC value of 0.83 suggests that the two independent variables specified in the model, namely influencer similarity and influencer familiarity, both contribute towards explaining 83 per cent of the variance in overall PSR with influencers.

Meanwhile, the SMC value of 0.70 (70% of the variance) suggests that PSR yields good explanatory power in stimulating PI among young adults. These results imply that outstanding variances can be explained by other factors that were not considered in the current study.

PRACTICAL MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

The study's results show that influencer similarity has a statistically significant, positive relationship with the intervening variable, PSR. This means that an improvement in influencer similarity leads to an improvement in followers' PSR with influencers. These results resonate with the results of Belanche et al. (2021), Myers (2021) and Afifah (2022), who reported that perceived similarity could make influencers appear more authentic and relatable to their followers. When organisations decide to implement influencer marketing, they should prioritise understanding the preferences of their target audience. Partnering with influencers who align with these preferences is crucial. It is also important to select influencers who share similarities in demographics, interests, and values with the audience, as this fosters a PSR. Once relevant influencers are chosen, organisations should encourage them to establish a genuine connection with followers through personalised content. This entails sharing material that resonates with followers' interests, values, and lifestyles.

Organisations can leverage interactive content like polls and Q&A sessions to enhance PSR further, enabling followers to express opinions and experiences related to endorsed products, thus strengthening the connection between influencers and their audience. Influencers are pivotal in sharing relatable content such as personal experiences, successes, challenges, and daily routines. Adopting a conversational tone and informal communication style makes influencers more approachable and relatable to their followers. Additionally, influencers can leverage their personal style to enrich perceived similarity and PSR, showcasing lifestyle, fashion, or values that resonate with their audience. Encouraging influencers to offer glimpses into their personal lives through behind-the-scenes content also fosters intimate connections and reinforces the human aspect behind the social media persona.

Furthermore, the study's results show that influencer familiarity has a statistically positive relationship with the intervening variable, PSR. This infers that followers' PSR with influencers improves if influencer familiarity improves. Copeland (2023) concurs that familiarity with influencers is integral in forming PSR. The more followers are exposed to an influencer on social media, blogs, podcasts or other platforms, the more familiar they become with the influencer. Since familiarity is based on frequent exposure to influencers, organisations should partner with influencers who maintain a consistent presence on their social media platforms. Moreover, organisations should encourage influencers to maintain a presence on various social media platforms, such as Instagram, TikTok and YouTube, and share consistent product-related content across those platforms. This can be done by developing a content schedule that ensures a constant flow of content from influencers. Familiarity is built on a reliable and recognisable digital presence; as such, organisations should ensure that their influencers uphold a consistent personal brand to enhance familiarity and PSR. Moreover, influencers can maintain a consistent visual style that makes their content recognisable and familiar to followers. They can enhance a sense of familiarity by regularly sharing content that followers can anticipate regularly while also engaging with their followers through polls, comments and live streaming.

Finally, the study’s results showed that PSR has a statistically significant, positive relationship with PI; the more positive the PSR, the higher the level of PI. These results align with the results of several scholars (Kim and Song, 2016; Chung and Cho, 2017; Hwang and Zhang, 2018; Lou and Kim, 2019; Tukachinsky et al., 2021; Lee and Lee, 2022;) who affirm that the connection that followers have with influencers can influence their purchasing behaviour. PSR can enhance the credibility of influencers; if followers feel connected to an influencer, they are more inclined to trust the influencer's recommendations, which can enhance their intention to purchase a product endorsed by the influencer. Therefore, organisations should encourage influencers to foster a sense of community by sharing more content that enhances PSR between followers and influencers. Product content should be seamlessly integrated into influencer’s content because followers are more inclined to develop PI when the product integration is perceived to be natural and authentic. Moreover, organisations should leverage followers’ PSR with influencers for PI by ensuring that their influencers’ content contains effective call-to-actions such as making a purchase, signing up for newsletters, or visiting the organisation’s websites. Moreover, offering exclusive promotions accessible through influencers can help convert PI into actual purchasing. In addition, organisations should use data analytics such as click-through rates, tracking conversion rates, and other metrics to assess the effectiveness of influencers and the impact of PSR on PI consistently.

CONCLUSION

The results of this study underscore the pivotal role of influencer attractiveness in shaping PSR and consequent PI within influencer marketing. The demonstrated correlation between influencer appeal and consumer engagement highlights the nuanced dynamics at play in contemporary consumer behaviour, particularly in the digital landscape characterised by the proliferation of social media platforms. By elucidating the significance of influencer attractiveness as a determinant factor in fostering meaningful connections with consumers, this study contributes to the growing literature on influencer marketing effectiveness. Furthermore, it underscores organisations' need to adopt a strategic approach in influencer selection and engagement, beyond mere demographic alignment or follower counts, to cultivate authentic and enduring relationships with their target audience.

The implications of these findings extend beyond theoretical discourse, and they offer actionable insights for organisations seeking to optimise their influencer marketing strategies. Specifically, the emphasis on nurturing genuine connections through influencer partnerships underscores the importance of authenticity and relatability in content creation and brand promotion efforts. Moreover, the recognition of the role of PSR in influencing PI emphasises the potential of influencer marketing to not only drive immediate sales but also foster long-term brand loyalty and advocacy.

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Making Sense of Source Credibility on the Purchase Intentions of Generation Z in the Fashion Industry: Instagram Influencer Marketing

Pheko, Tshepang (1); Boshoff, Salomien (2)

Organization(s): 1: University of the Free State, South Africa; 2: Akademia, South Africa

ABSTRACT

Influencer marketing has become a dominant strategy for brands to promote their products and services on social media platforms, with Instagram being a preferred choice, especially among Gen Z users. While research indicates a significant growth in influencer marketing services, particularly in the fashion industry, there's a notable gap in understanding how influencer marketing influences Gen Z's purchase intentions. This study explores the impact of Instagram influencer credibility, including trustworthiness, expertise, attractiveness, and authenticity, on Gen Z's purchase intentions. Using a quantitative research method, the study surveyed 300 South African Gen Z Instagram users aged 18 to 25. The findings reveal that trustworthiness, expertise, and authenticity positively influence purchase intentions, while attractiveness does not show a significant effect. The study suggests that marketers should prioritize authentic influencers aligned with their brand's niche to effectively influence Gen Z's purchasing decisions in the fashion industry.

Keywords: Influencer Marketing, Generation Z, Source Credibility, Purchase intention

INTRODUCTION

Social media has emerged as a pivotal platform for influencers to promote brand products and services, termed as Influencer Marketing, with 86% of brand marketers utilizing it and 92% finding it effective (Li & Peng, 2021; Ki et al., 2020). Reports suggest a significant growth in influencer marketing services, with 75% of brand marketers planning to budget for it in 2022 (Geyser, 2022). However, there's a lack of research on how Influencer Marketing influences Gen Z's purchase intentions, despite Instagram being a preferred platform for influencers, particularly among the 38.6% of Gen Z users (Lee & Kim, 2020; McLachlan, 2022). While social media engagement is high among Gen Z, studies indicate varied levels of influence on impulsive purchasing decisions (Varella, 2022), highlighting the need for further research on the impact of Instagram influencer marketing on Gen Z's purchase intentions.

Instagram remains the dominant platform for brand endorsements and product marketing, especially in the fashion industry, as most young individuals use fashion to express themselves (Topalova, 2021; Djafarova & Bowes, 2021). Fashion influencers on Instagram, often categorized as micro-celebrities, are highly authentic in their visual appearance and lifestyle, making them influential figures for brand endorsements (Jin, Muqaddam & Ryu, 2019). Influencer marketing is increasingly crucial for fashion brands, with the global market expected to grow significantly, driven by collaborations between brands and influencers in the US and European countries. Improving influencer marketing in South Africa is essential for developing knowledge and strategies to effectively influence the purchase intentions of consumers, especially Gen Z.

The fashion industry is a multibillion-dollar international business that produces, manufactures, and sells fashion items to consumers (Abdullah et al, 2020). The fashion industry is regarded as one of the most important industries, accounting for a significant portion of the global economy (Casalo, Flavian & Sinchex, 2020). Instagram is essential and most used platform for the fashion industry, and it is a platform that most affects impulsive purchasing in the fashion industry (Djafarova & Bowes 2021). Instagram has connected users in multiple ways and as a result the fashion industry has seen a major shift on its designs and trend (Nurfadila & Riyanto 2020). The fashion industry nowadays passionately embraces youth (McFarlane & Samsioe, 2020). Fashion industries face a high level of competition due to the rise of online relatives (Djafarova & Bowes 2021).

Recent studies, as mentioned by Masuda, Han & Lee (2021), highlight the underdevelopment of diversified influencer marketing strategies on social media, indicating a gap in understanding the effectiveness of such approaches. This study aims to address this gap by focusing on the impact of Influencer marketing and Influencer credibility on the purchase intentions of Gen Z, specifically on Instagram. Instagram plays a crucial role for brands due to its visual elements and the enjoyment it brings to users, influencing their purchase intentions (Djafarova & Bowes, 2021). However, with the continuous advancements of social media platforms like Instagram, marketers, brands, and influencers need to adapt to meet the evolving needs of consumers (Topalova, 2021). This study aims to explore how the source credibility of Instagram influencers, including dimensions like trustworthiness, expertise, and attractiveness, influences Generation Z's purchasing decisions. By addressing this gap in research, this study seeks to provide insights into the factors that enhance influencer credibility and its impact on Gen Z's purchase intentions, contributing to a deeper understanding of Instagram influencer marketing.

LITERATURE REVIEW

The Ohanian Model of source credibility (Shan, Meng, Wen & Wen, 2018) with the addition of authenticity, serves as the blueprint for this study, focusing on Instagram Influencers and their source credibility dimensions: trustworthiness, expertise, attractiveness, and authenticity, alongside consumer purchase intentions (Li & Peng, 2021; Rahmi, Sekarasih & Sjabadhyni, 2017; Ismagilova, Slade, Rana & Dwivedi, 2020). Influencers can persuade potential buyers, leveraging their credibility and expertise across various domains. They are effective advertisers, attracting followers and influencing purchasing decisions (Tafesse & Wood, 2021; Driel & Dumitrica, 2020). Source credibility, a key concept in message acceptance, is crucial in analyzing the effectiveness of endorsements, with the influencer being the primary source of information (Rebelo, 2017). The four dimensions of source credibility—trustworthiness, expertise, attractiveness, and authenticity—are significant factors influencing purchase intentions (Weismueller et al., 2020). This framework guides the study to explore the impact of these dimensions on Generation Z's purchase intentions within the context of Instagram Influencer marketing.

Trustworthiness

Trustworthiness is a pivotal factor in influencer marketing, reflecting the integrity, believability, and honesty of the endorser (Masuda et al., 2021; Abdullah et al., 2020). It signifies the degree to which consumers perceive the source as unbiased, significantly influencing the credibility of the message (Abdullah et al., 2020). Rebelo (2017) emphasizes that a trustworthy influencer, regardless of expertise, holds greater persuasive power. Trustworthiness profoundly impacts consumers' perception of information credibility and shapes their purchase intentions (Pervaiz et al., 2023). Social media influencers must be perceived as trustworthy and reliable to sway their followers' purchasing decisions (Abdullah et al., 2020). When Instagram users view influencers as trustworthy, honest, sincere, and dependable, their trustworthiness is established (Rebelo, 2017). Most studies affirm a positive correlation between trustworthiness and purchase intentions (Weismueller et al., 2020).

Trustworthiness and purchase intention

It is necessary for an influencer to be regarded as trustworthy to influence their followers, according to Abdullah (2020). Consumers are regularly influenced by highly believable influencers when in the context of purchasing product, thus if an influencer can build an honest and trustworthy image and relationship with consumers, it will be easier to gain more interested individuals Pham el al (2021). Trustworthiness is regarded as a considerable predictor of the consumer’s purchase intentions (Widyanto & Agusti, 2020). According to Pervaiz et al (2023) trustworthiness influences a consumer’s perceived information credibility and influences a consumer’s purchasing decisions. Ismagailova (2020) found that trustworthiness positively builds and influences behavioural intentions of a consumer. Based on Abdullah et al (2020) most literature studies support the positive impact of trustworthiness on the purchase intentions.

Expertise

Expertise is defined as a higher level of knowledge or skill, as well as the extent to which the endorser is recognised to have sufficient knowledge, experience, or skill to help promote products (Abdullah et al, 2020). Expert opinions are more likely to be taken into account by consumers as compared to others (Pham et al. 2021). According to Rebelo (2017) expertise is considered the most essential component of an influencer to be successful. This proves that experts are more ideally persuasive and influence the consumer’s perception as well as intentions (Pham et al, 2021). Social media influencers with high expertise are perceived as more likely to post relatable and detailed content (Li & Peng, 2021). They are mainly perceived to impact purchase intentions in two ways. First, through prior experience with the advertised product or general knowledge. Second, through understanding of the purchasing decision-making process (Weismueller et al, 2020). According to research, expertise has a positive impact on purchase intentions (Masuda et al, 2021).

Expertise and purchase intention

Expertise is regarded as the extent to which an influencer is perceived to be a source of valid information by their followers (Rebelo, 2017). Pham et al (2021) claim that expertise is a crucial aspect of an influencer’s ability to influence consumers purchasing decisions and that influencers with more expertise are more persuasive in influencing a consumer’s perception about a product.

Using Weimueller et al's (2021) framework, influencers' perceived levels of expertise influence purchase intentions in two distinct ways. First, it influences purchase intentions through knowledge of purchase-decision-making process. An influencer’s expertise as perceived by the consumers of an advertisement, is linked with a positive perception with regards to the advertisement as well as purchase intentions (Pervaiz et al, 2023). According to Seiler & Kucza (2017) expertise has a positive effect on attitudes of consumers and source credibility. An influencer’s effectiveness in influencing a consumers purchase intention is led by their expertise, thus the greater the influencer’s expertise, the more they are to be seen as reliable and influence purchase intentions.

Source attractiveness

Source attractiveness is mainly centred on the positive associations of an endorser's physical attributes and characteristics such as personality (Rebelo, 2017). It is stated that it directly influences the effectiveness of an endorsement and that a consumer's attitude and purchase intentions are positively correlated (Lim et al, 2017). A consumer's perception towards a social media influencer has a strong direct effect on the consumer's attitude towards the influencer (Abdullah et al, 2020). Less attractive influencers are deemed to be less influential to consumers than attractive influencers (Rebelo, 2017). Thus, the more popular and attractive the influencer is, studies conclude that the consumer's perception on the social media influencer will be positive, and they will be regarded as trustworthy in the society (Pham et al, 2021). Source attractiveness for social media influencers builds affection and attachment (Li & Peng, 2021). Influencers with attractive features build positive attitudes on consumers subsequently with purchase intentions (Lim et al. 2017).

Source attractiveness and purchase intention

According to a study by Lim et al (2017) attractiveness of influencers is thought to have a high tendency to drive the acceptance message of advertising. The Study by the authors (Lim et al, (2017) has also identified a favourable association between attractiveness and consumer attitude as well as purchasing intentions. The consumer's attraction to the Influencer has a significant impact on how they will behave when making purchases (Pham et al, 2021).

Physically attractive influencers are extremely important to brands since they can affect a consumer's evaluation of a marketing message (Widyanto & Agusti, 2020). The physically attractive influencers are perceived as smarter by consumers and are ranked higher in terms of likability and being trustworthy (Weismueller et al, 2020). Source attractiveness for social media influencers builds affection and attachment (Li & Peng, 2021). Poyry & Llona (2019) claim that an influencer's visual attractiveness increases the consumers purchase intentions.

Authenticity

Authenticity is the subjective perception that an influencer will act according to their true-selves and demonstrate competence in their specific field (Batt, Becker, Heitgerken, Papen & Windler, 2021). Authenticity is one of the most crucial concepts when it comes to marketing and commercialisation has contributed to the way consumers perceive authenticity nowadays (Lisichkova & Othman, 2017). An important characteristic of an influencer is to be authentic and

Generation Z members have great value for authenticity (Bruns, 2018). An Influencer's authenticity is a key factor to the success of a marketing campaign (Fadhila, 2018) Thus, an influencer's credibility is a facet of influencer authenticity (Batt et al, 2021). Brands and influencers foster authentic connections in order to influence consumer purchase intentions (Botelho, 2019).

Authenticity and purchase Intentions

Authenticity of an influencer is one of the most important characteristics nowadays and forms the uniqueness of the influencer as consumers look for authenticity in brands and marketing companies (Lisichkova & Othman, 2017). Authenticity is a concept that is linked to attributes such as genuinely, trustfulness and originality, authenticity helps provide effectiveness and credibility (poyry & Llona, 2019). An important characteristic of an influencer is to be authentic and Generation Z members have great value for authenticity (Bruns, 2018). Authenticity remains as an important factor behind a successful marketing campaign (Fadhila, 2018). Thus, an influencer's credibility is a facet of influencer authenticity (Batt et al, 2021). Brands and influencers foster authentic connections in order to influence consumer purchase intentions (Botelho, 2019).

Purchase intention

Purchase intention is defined as a person's conscious decision to acquire a specific brand as well as a purchasing strategy for specific products or services (Abdullah et al, 2020). When a consumer gains interest or a desire to purchase a particular product or service it is concluded that the consumer has a purchasing expectation in their mind (Hui, 2017). Consumers obtain information through collection of previous practices, suggestions, and preferences through others and more especially through influencers then go through an evaluation process to make the purchase intention (Abdullah et al. 2020).

Recently social networking platforms such as Instagram receive an increased number of attentions from marketers who wish to also take advantage of the opportunities to influence consumer's purchase intentions (Weismueller et al. 2020). Lou & Yuan (2019) indicate that influencer credibility is a major factor in influencing a consumers purchase intentions. Influencer credibility such as trustworthiness can reduce a consumer's perceived risk in purchase decision making as a result increase the consumers certainty of results expected thus positively impacting their purchase intentions (Li & Peng, 2021). Widyanto & Agusti (2020) state that empirical results have concluded that attractiveness contributes to a consumers change in attitude and helps generate purchase intentions. A marketer's main idea is to influence consumers to form purchase intentions in order to purchase products advertised by influencers (Abdullah et al. 2020). Thus, it is crucially important to study the perceptions of credibility on social media influencers in influencing consumers purchase intentions.

The following four hypotheses that were tested:

H1: Trustworthiness has a positive impact on fashion purchase intentions on Instagram

H2: Expertise has a positive impact on fashion purchase intentions on Instagram

H3: Attractiveness has a positive impact on fashion purchase intentions on Instagram

H4: Authenticity has a positive impact on fashion purchase intentions on Instagram

RESEARCH METHODOLOGY

To test the theories and hypotheses, this study employed a quantitative research method with a deductive approach (Topalova, 2021), utilizing a questionnaire for data collection and various statistical analysis techniques to investigate the effect of Source Credibility on Generation Z's purchase intentions, specifically within the context of Instagram Influencer marketing.

The population in this study consisted of both male and female South African Generation Z Instagram Users with experience or exposure in purchasing fashion products or services after interaction with brand content posted by an Instagram influencer between the ages of 18 to 25. Generation Z members consist of people from the age of 10 to 25 but for ethical reasons the study will focus on the age range of 18 to 25. The sample size for this study was 300 members of Generation Z. The above sample size is chosen because it is in line with previous similar studies, for example Masuda et al (2021) used 313 participants from all over South Africa and Botelho (2019) used 338 participants. The study used a non-probability convenience sampling (Ncube, 2018). This method facilitates data collection because the researcher engages with participants who are easy to include and readily available. A quantitative survey was used to determine the influence of source credibility on Generation Z purchase intentions in the fashion industry.

RESULTS

The study has 300 participants. There were 148 men and 152 women among those who responded. Male respondents made up 49.3 percent of the total, while female respondents made up 50.7 percent.

Reliability

According to Masuda et al (2021) the recommended threshold for Cronbach's alpha is ≥0.7. Indicating that any Cronbach's alpha value below 0.7 is unacceptable. The Cronbach's alpha for all the construct involved (combined) in the study indicates an acceptable reliability value of p=0.863. Furthermore, the Cronbach's alpha of each of the five constructs in the study indicated an acceptable reliability value of >0.7. This is indicated in table 1 below.

TABLE 1

RELIABILITY OF CONSTRUCTS

Constructs	**Number of items**	**Cronbach's alpha**
Attractiveness	5	0.754
Expertise	5	0.882
Trustworthiness	5	0.827
Authenticity	5	0.818
Purchase Intention	5	0.742
All the constructs		0.863

The model is assessed using the Kaiser Meyer Olkin (KMO) and Bartlett's test of sphericity which are statistical measures that determine how suited data is for factor analysis. According to Murni, Manap & Hoesni (2021) a KMO ≥0.6 is deemed valid and suitable for factor analysis. The authors further elaborate that a Bartlett's test of sphericity is considered significant if ≤0.05. The KMO for this model is equal to 0.892 indicating that the sampling is adequate and that the test is valid. The Bartlett's test of sphericity is significant as the p-value is equal to 0.000 and below the significant p-value of 0.05 indicating that there is correlation. The above information is illustrated in table 2.

TABLE 2

KMO AND BARTLETT'S TEST OF THE STUDY

Kaiser Meyer Olkin measure of sampling adequacy (KMO)	0.892
The Bartlett's test of sphericity	0.000

Validity

When considering the total variance explained, a component with an eigenvalue of greater than one is retained and interpreted. Only the first four components recorded eigenvalues above one from the five variables in the study, meaning that only four variables contribute to the validity of the study. The first component recorded an eigenvalue of 9.692, the second recorded a value of 3.541, the third a value of 1.835, and lastly, the fourth recorded an eigenvalue of 1.195. Component 1 represents authenticity, component 2 is trustworthiness, component 3 represents expertise, and component 4 represents purchase intentions. The four components explain a total variance of 65.053%. This is an indication that the variance is enough as it needs to be ≥60%. This is illustrated in table 3.

TABLE 3

TOTAL VARIANCE EXPLAINED

Component	Total (eigenvalue)	Cumulative % of the variance explained
Component 1	9.692	38.766%
Component 2	3.541	52.930%
Component 3	1.835	60.271%
Component 4	1.195	65.053%

With regards to component correlation matrix, there should be no factor with correlation >0.7 in the research conducted the highest correlation is 0.531 indicating that (0.531 squared = 0.281) = 28% of variance shared within the two factors, this is an acceptable amount. The independent variables of attractiveness, expertise, trustworthiness, and authenticity are compared to the dependent variable of purchase intentions in the structural model segment evaluation. Because there are four independent variables and one dependent variable in this study, multiple regression analysis will be used to determine the effect of each independent variable on the dependent variable. The model summary table 4 for this study indicated that R-squared is equal to 0.671. Concluding that the independent variables (attractiveness, expertise, trustworthiness, and authenticity) account for 67% of the variance in purchase intention.

TABLE 4

MODEL SUMMARY TABLE

R	0.819
R-squared	0.671

ANOVA indicates that the model can accurately explain variation in the dependent variable. For this model, the results indicate that there is a very low probability that the variation explained by the model is due to change, this is due to a significant value of <0,001. The model thus furthermore explain that changes in the independent variables (attractiveness, expertise, trustworthiness, and authenticity) resulted in statistically significant changes in the dependent variable (purchase intentions).

TABLE 5

ANOVA TABLE

Model	Sum of squares	Df	Mean square	F	Sig.
Regression	1522.896	4	380.724	150.696	≤0.001[b]
Residual	745.301	295	2.526		
Total	2268.197	299			

To accept the hypothesis, a positive standardized beta, a positive t-value, and a p-value less than 0.05 are required. The model shows (table 6) that attractiveness does not influence purchase intentions, while expertise, trustworthiness, and authenticity do.

TABLE 6

COEFFICIENTS TABLE

Model	Standardised coefficient B	t-value	p-value*
Trustworthiness	0.366	6.218	≤0.001[b]
Expertise	0.114	2.041	0.042
Attractiveness	-0.001	-0.020	0.984
Authenticity	0.488	11.304	≤0.001[b]

The first hypothesis (H1) states that trustworthiness positively impacts purchase intentions and was accepted, with a standardized coefficient of 0.366, a t-value of 6.218, a p-value of 0.001, and an R-square value of 0.484. The second hypothesis (H2) states that expertise positively impacts purchase intentions and was accepted, with a standardized coefficient of 0.114, a t-value of 2.041, a p-value of 0.042, and an R-square value of 0.369. The third hypothesis (H3) states that attractiveness positively impacts purchase intentions, but it was rejected, with a standardized coefficient of -0.01, a t-value of -0.020, a p-value of 0.984, and an R-square value of 0.251. The fourth hypothesis (H4) states that authenticity positively impacts purchase intentions and was accepted, with a standardized coefficient of 0.488, a t-value of 11.304, a p-value of 0.001, and an R-square value of 0.509. See table 7 for a summary of the results.

TABLE 7

SUMMARY OF THE SIGNIFICANCE TESTING RESULTS OF THE STRUCTURAL MODEL

Hypothesis	**Standardised Coefficient**	**R-squared**	**T-value**	**P-value***	**Accepted or Rejected**
Trustworthiness and purchase intentions (H1)	0.366	0.484	6.218	≤0.001[b]	*Accepted*
Expertise and purchase intentions (H2)	0.114	0.369	2.041	0.042	*Accepted*
Attractiveness and purchase intentions (H3)	-0.001	0.251	-0.020	0.984	**Rejected**
Authenticity and purchase intentions (H4)	0.488	0.509	11.304	≤0.001[b]	*Accepted*

The respondents, aged 18 to 25, included 300 individuals. The largest group, 39.7% (119 respondents), were aged 18-20, followed by 33.0% (99 respondents) aged 24-25, and 27.3% (82 respondents) aged 21-23. Ethnically, 28.3% were Black/African, 16.7% Indian, 26.0% White, and 29.0% Coloured, with Black/African being the largest group. Educationally, 52.3% were undergraduates and 47.7% postgraduates. Regarding income, 63.7% earned R0-R5000 per month, 27.3% earned R5001-R10000, 5% earned R10001-R20000, and 4% earned over R20000, with the majority in the R0-R5000 range, see table 8.

TABLE 8

ALL THE DEMOGRAPHICAL INFORMATION

Characteristics	**Frequency**	**Percentage**
Gender		
Male	148	49.3%
Female	152	50.7%
Total	**300**	**100%**
Age		
18-20	119	39.7%
21-23	82	27.3%
24-25	99	33.0%
Total	**300**	**100%**
Ethnicity		
Black/African	85	28.3%
Indian	50	16.7%
White	78	26.0%
Coloured	87	29.0%
Total	**300**	**100%**
Education		
Undergraduate	157	52.3%
Postgraduate	143	47.7%
Total	**300**	**100%**
Income		
0-5000	191	63.7%
5001-10000	82	27.3%
10001-20000	15	5%
20001+	12	4%
Total	**300**	**100%**

The results showed that attractiveness had a mean score of 1.598 and a standard deviation of 0.787, with a peaked and highly skewed distribution (kurtosis 2.571, skewness 1.273). Expertise had a mean score of 2.032 and a standard deviation of 0.911, with a moderately skewed distribution (kurtosis 0.214, skewness 0.589). Trustworthiness had a mean score of 1.948 and a standard deviation of 0.887, with a relatively flat and fairly symmetrical distribution (kurtosis -0.020, skewness 0.431). Authenticity had a mean score of 1.456 and a standard deviation of 0.685, with a peaked and highly skewed distribution (kurtosis 3.711, skewness 1.616). Purchase intention had a mean score of 1.582 and a standard deviation of 0.770, with a peaked and highly skewed distribution (kurtosis 4.834, skewness 1.579). These results suggest that Generation Z participants agree that these factors influence their purchase intentions.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

H1: Trustworthiness has a positive impact on fashion purchase intentions

The findings indicate a positive relationship between trustworthiness and purchase intentions for Generation Z in the fashion industry, with a standardized coefficient of 0.366, a t-value of 6.218, and a p-value of 0.001. This supports previous studies, such as Rebelo (2017), confirming that trustworthiness influences Generation Z's purchase intentions.

H2: Expertise has a positive impact on fashion purchase intentions

The results reveal a positive significant relationship between expertise and the purchase intentions of Generation Z in the fashion industry, with a standardized coefficient of 0.114, a t-value of 2.041, and a p-value of 0.042. This supports previous studies, such as Weismuller et al. (2020), confirming that expertise positively influences Generation Z's purchase intentions.

H3: Attractiveness has a positive impact on fashion purchase intentions

The study revealed no significant positive relationship between the influencer’s attractiveness and purchase intentions of Generation Z in the fashion industry, with a standardized coefficient of -0.001, a t-value of -0.020, and a p-value of 0.984, which is above 0.05. This finding aligns with a study by Lim et al. (2017), which also concluded that there is no significant relationship between attractiveness and purchase intentions. Therefore, it can be concluded that attractiveness does not influence Generation Z’s purchase intentions in the fashion industry.

H4: Authenticity has a positive impact on fashion purchase intentions

The study reveals a positive relationship between authenticity and purchase intentions of Generation Z in the fashion industry, with a standardized coefficient of 0.512, a t-value of 11.304, and a p-value of 0.001. These findings are consistent with a study by Bruns (2018), which concluded that lack of authenticity negatively influences purchase intentions. Therefore, based on this study's results, it can be concluded that authenticity does influence purchase intentions of Generation Z in the fashion industry.

MANAGERIAL IMPLICATIONS OF THE STUDY

Based on the findings, it's evident that source credibility dimensions influence Generation Z's purchase intentions in the fashion industry, except for attractiveness. Most Generation Z members prefer fashion items recommended by Instagram influencers. Marketers should prioritize authentic influencers, as authenticity significantly influences purchase intentions (R-square= 0.509, $p \leq 0.000$). Authentic influencers, reassuring customers and targeting first-time buyers, can boost brand sales. Trustworthy influencers, identified through their Instagram activity and high engagement, can also enhance brand credibility, and increase sales ($p \leq 0.001$, R-square=0.484). Marketers should select influencers based on expertise ($p=0.042$, R-square=0.369), aligning with the brand's niche to leverage their influence as opinion leaders and effectively promote fashion products to Generation Z. From the results gathered it is advised that when choosing their preferred Instagram influencers, marketers should pay attention to the authenticity, expertise, and level of trustworthiness factors.

THEORETICAL IMPLICATIONS OF THE STUDY

While studies on consumer purchase intentions (Shan et al., 2018) and influencer source credibility (Ohanian, 1990) exist, few focus on the relationship between source credibility and purchase intentions (Weismuller et al., 2020), especially on social media platforms like Instagram within the fashion industry. Similarly, limited research has explored the impact of Instagram influencers' credibility on Generation Z's purchase intentions in South Africa. This study fills these gaps, providing insights for further investigation in South Africa regarding Instagram influencers and the fashion industry. As attractiveness does not significantly affect Generation Z's purchase intentions in this context, future studies could focus on trustworthiness, expertise, and authenticity, excluding attractiveness, to enhance understanding in this area. Expertise, highlighted as an opinion leader trait in previous research (Shan et al., 2018), is further explored in this study, detailing the characteristics of expert influencers and their impact on Generation Z's purchase intentions. Additionally, while existing research often emphasizes the external appearance of Instagram influencers (Shan et al., 2018), this study sheds light on other attributes of attractiveness such as personality, creative skill, and lifestyle within the fashion industry, contributing to a more comprehensive understanding of influencer credibility.

FUTURE RESEARCH SUGGESTIONS

To broaden the understanding of factors influencing Generation Z's purchase intentions, future studies could extend to different social media platforms like Facebook, Twitter, TikTok, and YouTube. Additionally, researchers could delve into demographics to identify which age groups, genders, ethnicities, and other factors are most influenced by an Instagram influencer's credibility when making purchasing decisions. The study successfully achieved its objectives, concluding that trustworthiness, expertise, and authenticity positively influence Generation Z's purchase intentions in the fashion industry. However, attractiveness was found to have no significant positive effect on their purchase intentions.

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I AM PERSUADED: ANTECEDENTS OF PERSUASIVE ONLINE REVIEWS IN THE HOSPITALITY INDUSTRY

Mercy Mpinganjira
University of Johannesburg,
Department of Marketing Management,
Auckland Park Kingsway Campus,
Johannesburg, 2006.
South Africa.
Email: mmpinganjira@uj.ac.za
Phone: +27 11 559 3200
Fax: +27 11 559 1477

ABSTRACT

Online reviews are an integral part of e-commerce. This study examines the information quality-related antecedents of the persuasiveness of guesthouse online reviews and its effect on word of mouth (WoM) among guest house customers in Gauteng South Africa. Data used in the analysis was collected from 306 travellers who had engaged with online reviews of guest houses posted on independent review websites. Structural Equation Modelling using SmartPLS was used to test the posited hypothesis. The results show that perceived persuasiveness on online requests is positively influenced by information quality dimensions of currency and pertinence. Perceived persuasiveness has a significant direct impact on WoM and a mediating effect on the influence of review currency and pertinence respectively on WoM. The study contributes to understanding how specific information quality dimensions influence the perceived persuasiveness of online reviews and offers valuable insights for enhancing WoM in the hospitality sector.

Key Words: Guesthouse, Information Quality, Hospitality, Online Reviews, Persuasiveness, SMEs, Stimulus-Organism-Response Framework, Word of Mouth

INTRODUCTION

Customers in the hospitality industry heavily rely on online reviews to inform purchase decisions (Zheng et al., 2023). Recent statistics show that over 80 percent of customers in the hospitality industry read online reviews before booking a hotel and that 86 percent of customers are inclined to forego a good offer from an establishment marred by bad reviews (Roelen-Blasbrg, 2023).

Online reviews are thus a vital source of information providing customers with a reference point for decision-making. They allow customers to tap into the experiences of fellow travellers and learn from their encounters what to anticipate during a stay at an establishment. Customers post their reviews on a wide range of platforms including firm-operated and independent review platforms such as Trip Advisor, Bookings.com, Yelp and Google reviews. Independent review sites have the advantage of being perceived as offering more impartial and uncensored feedback on guest experiences than sites that are under the control of hospitality brands.

Considering the vital role that online review sites, particularly, independent sites, play in influencing booking decisions, it is imperative for businesses in the hospitality industry irrespective of size to take a keen interest in understanding factors that influence the persuasiveness of online reviews (Bartosiak, 2021; Liao et al., 2024). While extant literature acknowledges the importance of online reviews in the hospitality industry not many have focused on the role of persuasiveness in understanding customer behavioural response. Understanding the persuasiveness of online reviews is important for researchers to comprehend the extent to which reviews shape consumer choices. Another important gap in the literature is that while online reviews play a pivotal role in decision-making among customers in the hospitality industry, most studies focus on reviews in the context of large establishments and not SMEs. Findings by Ruiz-Equihua et al., (2023) point to the importance of context in understating the persuasiveness of information. This research aims to contribute to knowledge by delving into the persuasiveness of online reviews in the context of SME operated guest houses in the hospitality industry. The antecedent of interest in this study is perceived information quality.

Informed by the stimulus-organism-response theory the study specifically examines the extent to which online review information quality, as defined by perceived information comprehensiveness, currency and pertinence, influences perceived persuasiveness of reviews and travellers behavioural intentions. The specific objectives of the study are (a) to examine the relative influence of information quality dimensions of perceived comprehensiveness, currency, and pertinence on (i) perceived online reviews' persuasiveness and (ii) travellers' actual behaviour and (b) to investigate the extent to perceived online reviews' persuasiveness informs actual travellers' behaviour.

In addressing these objectives the study contributes to literature in several significant ways. Firstly, the study is to the authors' knowledge one of the first to expound on the relative influence of review comprehensiveness, currency, and pertinence on persuasiveness. While Teng et al., (2017) alluded to the importance of quality of reviews on persuasion, a nuanced examination of the relative effects of varied elements of information quality remains underexplored. By examining review information quality at a dimensional level this study assists in addressing this gap. Secondly, while the need for persuasiveness is frequently acknowledged in communication literature, its impact on behavioural intentions remains under-researched. Many studies including Liao et al., (2024) examine persuasion as the desired outcome. This study empirically establishes the connection between perceived online review information quality and travellers' actual behaviour through persuasiveness. Lastly, this study tests a model that links perceived online review persuasiveness with information quality, and travellers' behaviour. By proposing and testing this model, the study contributes to the literature by providing a more holistic view into the drivers of outcomes of persuasive online review. The study is also of significant managerial implications. Managers of guest houses can use the findings of this study to inform reputation management strategies.

The article is structured such that the next section presents the underlying theoretical framework informing the study, the proposed research model and the posited hypotheses. This is followed by a discussion of the methodology and presentation of results before discussing the same. Thereafter the theoretical and practical implications of the study are presented before concluding.

THEORETICAL FRAMEWORK

The study makes use of the Stimulus-Organism-Response (S-O-R) framework to examine perceived online review persuasiveness, its precursors, and outcomes. The S-O-R framework has its background in environmental psychology. Developed by Mehrabian and Russell in the 1970s, the model helps researchers understand the process of human reactions to stimuli in a given environment. The model posits that external stimuli (S) trigger internal psychological and physiological responses (O), which in turn influences behavioural response (R) (Chopdar et al., 2022). This study's environmental stimuli of interest are online review information quality dimensions of currency, pertinence and comprehensiveness. The organismic internal processes in the S-O-R take different forms including cognitive, and emotional reactions. Of interest in this study are organismic internal processes of perceived persuasiveness of online reviews while the behavioural response of interest is travellers' actual behaviour captured by word of mouth.

Proposed Model

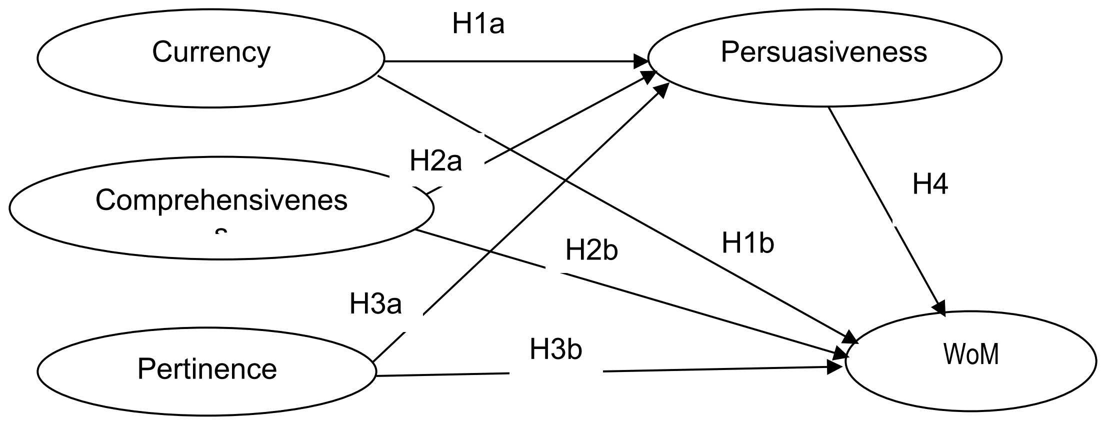

Figure 1: Proposed research model

Figure 1 presents the proposed research model in this study. In line with the S-O-R framework, the model posits that Information quality as defined by comprehensiveness, currency and pertinence is an important stimuli that exerts influence on behavioural intentions. The influence of information quality attributes on behaviour is indirect through organismic reactions of perceived persuasiveness of online reviews and perceived information credibility.

Perceived Persuasiveness

Persuasiveness is a fundamental aspect of communication. It is related to the concept of persuasion. Persuasion entails the act or process of swaying an individuals' mental states, usually as a step towards change in behaviour (O'keefe, 2018). Persuasiveness on the other hand is about the effectiveness with which a message, argument, or communicator induces change in the mental state of an individual. This change can be cognitive and affective as reflected through beliefs and emotions (Foti et al, 2020). Of Interest in this study are the messages online reviewers of guesthouses leave on independently operated review sites. The concept of persuasiveness in this context refers to the degree to which travellers in their internal state regard reviews as convincing.

Information quality – Currency, Comprehensiveness, Pertinence - as stimuli

Information quality has been defined in the literature in varied ways. Kahn and Strong (1998) simply defined information quality as information that is fit for use by information consumers. Brien (1991), defined it as 'the degree to which information has content, form and time characteristics which give it value for specific users' p. G-7. There are thus characteristics that help inform the quality of information. Taking Brien 1991's perspective, this study advances the importance of currency, comprehensiveness, and pertinence in assessing the quality of online reviews.

Currency captures the time characteristics of information quality. In the context of online reviews, it can be defined as the recency or up-to-datedness of the information provided in a review. Currency of online reviews is important as it reflects the current state of affairs. Customers would be expected to place a premium over recent reviews compared to old reviews as they often capture customers' latest service experiences. A study by Thomas et al., (2019), found that timeliness of reviews influence influences perceived credibility. At the same time, credibility of information does impact its ability to persuade (Wathen and Burkell, 2002). Accordingly, this study posits a positive relationship between currency and perceived persuasiveness of online reviews. Furthermore, to the extent that up-to-date reviews are helpful in making informed decisions, this study posits that review currency influence behaviour. A study by Qin et al., (2023) reported that timeliness of information has positive influence on behaviour. Thus, it is hypothesised in this study that:

H1a: Information currency has significant positive influence on perceived persuasiveness of online reviews.

H1b: Information currency has significant positive influence on travellers' WOM behaviour.

Comprehensiveness as an information quality characteristic refers to the extent to which the information provides in-depth coverage of the subject matter. In the realm of online reviews, comprehensiveness is pivotal as it offers readers detailed insights into aspects of the service experience under review. In a study on adoption of online opinions Cheung et al., (2008) found that the more comprehensive a message is perceived to be, the higher its perceived usefulness. Information usefulness has been found to have positive influence on information adoption and consequently on behaviour (Leong et al., 2022). This study posits that:

H2a: Information comprehensiveness has positive influence on perceived persuasiveness of online reviews.

H2b: Information comprehensiveness of online reviews has positive influence on travellers' WoM behaviour.

As noted before, pertinence is another characteristic of information under examination in this study. Pertinence in the realm of information quality refers to relevance of information to users needs or particular situations. In the case of online reviews, patience is particularly important as users seek information that aligns with their considerations, guiding them towards a well-formed decision. Studies on the hospitality industry including Glaveli et al., (2023) commonly note that customers consider a wide range of factors when selecting a place of lodging including price, location, cleanliness, and amenities. Pertinent reviews of a guest house would thus address varied specific service features, experiences and challenges that align with what potential guests seek. Pertinent reviews help ensure that customers receive information that is directly relevant to their needs thereby reducing the effort required to sift through different sites for information. In their study on advertisement messages Arai et al., (2007) noted that relevance has a positive influence on persuasiveness. Moreover, this study argues that since pertinent reviews cater for customers decision-marking criteria, the alignment should result in an increased likelihood of influencing behaviour. It is thus hypothesised in this study that:

H3a: Information pertinence has positive influence on perceived persuasiveness of online reviews.

H3b: Information pertinence has positive influence on travellers' WoM behaviour.

Direct and Mediating Effect of Persuasiveness

Despite a general lack of research on the influence of information quality dimensions on persuasiveness, findings in studies such as Wang et al., (2023) and Zhou et al., (2021) attest to the important role that information quality plays in influencing organismic processes and behavioural responses. Moreover, the Stimulus-Organism-Response theory advances that organismic reactions not only have a direct influence on behavioural response but also serve to elucidate the connection between stimuli (S) and the response (R). For example, in the study by Zhou et al., (2021) information quality was found to have a direct and mediating effect on purchase intentions through the perceived value of online knowledge products as an organism factor. Accordingly, this study argues that the persuasiveness of online reviews directly influences behavior and mediates the relationship between information quality dimensions of currency, comprehensiveness and pertinence, and behavioural response. Specifically, this study anticipates that when online reviews are perceived as more persuasive, the impact of currency, comprehensiveness, and pertinence will be more pronounced. The specific hypotheses posited are:

H4: Perceived persuasiveness of online reviews has a significant positive influence on travellers' WoM behaviour.

H5: Perceived persuasiveness of online reviews mediated the relationship between (a) currency (b) comprehensiveness (c) pertinence respectively and travellers' WoM behaviour.

METHODOLOGY

To test the proposed model, data was collected from 306 individual respondents who had visited independent review sites and read online reviews of guest houses. The data was collected in Gauteng using a self-administered questionnaire by trained data collectors. Respondents were approached in person in convenient and public places and invited to participate in the study. A screening question was used to identify the needed respondents. Only individuals who indicated that they had visited and read reviews of guest houses on online review sites were asked to complete the questionnaire. The study made use of non-probability sampling method using quota sampling based on gender when selecting respondents. This was aimed at ensuring that there was adequate representation of both genders in the study.

All constructs used in the study were adapted from literature. Items used to measure persuasiveness were adapted from Chang et al., (2018) and while items used to measure currency, comprehensives and pertinence as reflected through relevance were adapted from Matute et al., 2016. Word of mouth was measured using items adapted from Jeuring and Haartsen (2017). The questionnaire was pilot-tested on 15 respondents to mainly check for clarity of questions. Very minor modifications were made to the final questionnaire to enhance clarity.

Structural equation modelling (SEM) was used to evaluate the hypotheses. As per Hair et al., (2009), sample sizes of at least 200 are considered adequate for SEM.

RESULTS

Assessment of Measurement Model

Reliability and validity analysis for the constructs was conducted to assess the measurement model. Reliability was assessed using Cronbach's alpha and composite reliability. The results, refer Table 1, show that all the constructs had Cronbach's alpha and composite reliability coefficients of greater than the recommended minimum value of 0.70 (Hair et al., 2020) thereby indicating high reliability.

Convergent validity was assessed using factor loadings and average variance extracted (AVE). The results in Table 1 show that all the factor loadings and AVEs were above the threshold level of 0.50 (Hair, et al., 2020) thereby confirming convergent validity. Discriminant validity was assessed using the Fornell-Larcker (1981) technique as well as the heterotrait-monotrait (HTMT) ratio. According to the results presented in Table 2, the square root of the AVEs of each of the constructs, presented in bold, were higher than the inter construct correlations and the HTMT ratio of correlations were below the recommended conservative threshold of 0.85 (Henseler et al., 2015) thereby confirming discriminant validity.

TABLE 1

RELIABILITY AND CONVERGENT VALIDITY

Construct	**Item**	**Factor Loading**	**Cronbach's alpha**	**Composite Reliability**	**AVE**
Currency	CR1 CR2 CR3	0.92 0.93 0.92	0.91	0.94	0.85
Comprehensiveness	CM1 CM2 CM3	0.88 0.92 0.91	0.89	0.93	0.82
Pertinence	PE1 PE2 PE3	0.89 0.94 0.90	0.89	0.93	0.83
Persuasiveness	PS1 PS2 PS3	0.94 0.91 0.93	0.92	0.95	0.86
WoM	WM1 WM3 WM3	0.95 0.95 0.93	0.94	0.96	0.89

TABLE 2

FORNELL-LARCKER AND HTMT RATIO OF CORRELATIONS

	Comprehensiveness	Currency	Persuasiveness	Pertinence	WoM
Comprehensiveness	**0.91**	0.76	0.50	0.73	0.55
Currency	0.68	**0.92**	0.51	0.65	0.48
Persuasiveness	0.45	0.47	**0.93**	0.61	0.54
Pertinence	0.65	0.59	0.56	**0.91**	0.62
WoM	0.50	0.44	0.51	0.57	**0.94**

Note: Diagonal and bold are the square roots of the AVEs

Assessment of Structural Model

The assessment of the structural model entailed checking for collinearity, establishing the path coefficients and their significance as well as the explanatory power of the constructs using the R^2. The VIF results presented in Table 3 show no collinearity issues in the structural model as all values were below 5 (García-Carbonell et al., 2015). The path coefficients and p values show support for hypotheses H1a (β=0.19, *p* =0.005), H2b (β=0.18, *p* =0.007), H3a (β=0.41, *p* =0.000), 3b (β=0.30, *p* =0.000) and 4 (β=0.25, *p* =0.001). However, hypotheses H1b (β=0.03, *p* =0.321) and H2a (β=0.06, *p* =0.259) were not supported.

TABLE 3

DIRECT EFFECTS

Direct Effects	**VIF**	**t value**	**Path coefficient**	**Stand Deviation**	**P values**	**Conclusion Hypothesis-**
Currency -> Persuasiveness	1.99	2.58	0.19	0.08	0.005	Accepted
Currency -> WoM	2.05	0.47	0.03	0.07	0.321	Rejected
Comprehensiveness -> Persuasiveness	2.27	0.65	0.06	0.09	0.259	Rejected
Comprehensiveness -> WoM	2.28	2.47	0.18	0.07	0.007	Accepted
Pertinence -> Persuasiveness	1.86	5.88	0.41	0.07	0.000	Accepted
Pertinence -> WoM	2.11	4.23	0.30	0.07	0.000	Accepted
Persuasiveness -> WoM	1.52	3.22	0.25	0.08	0.001	Accepted
R^2 Persuasiveness = 0.34						
R^2 WoM = 0.40						

Mediation Effect

Mediation analysis was performed to assess the mediating effects of perceived persuasiveness on the relationship between perceived online reviews currency, perceived online reviews comprehensiveness and perceived online reviews pertinence respectively of word of mouth. The process as outlined by Zhao et al., (2010) was followed. This entailed applying bootstrapping to assess the significance of indirect effects and checking the significance of the direct effect to determine the type of mediation. The results, presented in Table 3 show that persuasiveness had significant mediation effect on the influence of currency (indirect effect β = 0.05, p=0.017) and pertinence (β = 0.10, p=0.003) respectively on WOM behaviour. Considering that the direct effect of currency on WoM was insignificant full mediation is demonstrated. Persuasiveness was however found to have no significant mediation effect on the influence of comprehensiveness (indirect effect β = 0.01, p=0.280). The direct effect was however significant thereby demonstrating a direct-only effect. The indirect influence of pertinence on behaviour through persuasiveness was found to be significant (β = 0.10, p=0.003) and considering that the direct effect was also significant and positive the results demonstrate complementary mediation.

TABLE 4

MEDIATION ANALYSIS

Indirect effects (p1*p2)					
	t value	**Path coefficient**	**Stand Deviation**	**P values**	**Decision**
Currency -> Persuasiveness -> WoM	2.11	0.05	0.02	0.017	Mediation effect supported
Comprehensiveness -> Persuasiveness -> WoM	0.58	0.01	0.02	0.280	Not supported
Pertinence -> Persuasiveness -> WoM	2.79	0.10	0.04	0.003	Mediation effect supported

DISCUSSION

Focusing on online reviews posted on independent websites and informed by the S-O-R model, the main aim of this study was to examine the antecedents of perceived online review persuasiveness among customers of guest houses in the hospitality industry. The study also investigated the mediating effect of persuasiveness. The findings show that perceived persuasiveness of online reviews impact WoM, thereby confirming the importance of persuasive communication (O'keefe, 2018). The results are also consistent with the arguments in the S-O-R theory as they show the role of positive organismic internal processes in eliciting favourable behavioural customer response.

In line with propositions relating to the stimulus in the S-O-R, the findings of this study also confirm the influence of information quality attributes of currency, comprehensiveness and pertinence on customers perceptions of the persuasiveness of guesthouse online reviews. These results are consistent with elucidations in Arai et al., (2007) pointing to the potential role of information quality in determining the persuasiveness of communication messages.

With respect to the role of persuasiveness in explaining the influence of information quality on customer behavioural intentions, the findings show that the mediation effect is only respect o information currency and pertinence. Thus, contrary to expectations, perceived persuasiveness of online reviews did not have a significant mediating effect on the relationship between information comprehensiveness and WoM. These contrary findings may be attributable to evolving customer priorities, where currency and pertinence may overshadow comprehensiveness. This can be more so considering the potential undesirability of information overload, a problem widely associated with online platforms (Jabr and Rahman, 2018).

THEORETICAL IMPLICATIONS

The study's findings are of significant theoretical contribution to e-marketing research. First, the study presents a model that extends the application of the S-O-R model to the context of online customer reviews in the hospitality industry and offers a granular framework to understand how information quality drives WoM of independent review sites. The findings show that information quality attributes of currency, comprehensiveness and pertinence coupled with perceived persuasiveness of the reviews, account for significant variance (40%) in WoM. To the authors' knowledge, this is the first study to incorporate information quality at a dimensional level in an S-O-R based model that explores persuasiveness of online reviews. To date, most studies on online reviews in the hospitality industry focus on hotels establishments which tend to be big and attract many reviews than guest houses most of which are small independent establishments.

Second, by exploring information quality at the dimensional level, this study extends existing knowledge on online reviews by providing insight into the relative influence of information quality dimensions on perceived persuasiveness as well as WoM. While studies such as Zhu et al., (2020) demonstrate the importance of information quality as a stimuli of positive internal organismic processes, this study sheds light on the influence of each dimension. The findings highlight that not all dimensions contribute significantly to perceived persuasiveness of reviews nor to WoM behaviour.

Third, by examining the mediating role of perceived online review persuasiveness, this study contributes to knowledge on its pivotal role in influencing trevellers' WoM. The study specifically builds on existing literature by identifying the position of persuasiveness as an enhancer of the predictive power of information quality dimensions.

Lastly, this study provided new insights into customer behavioural formation in hospitality settings. The study's findings underscore the importance of focusing on the perceived persuasiveness of online reviews derived from the currency and pertinence of the information shared. This shifts the theoretical focus towards fresh and context-rich reviews.

MANAGERIAL IMPLICATIONS

The findings in this study are also of significant practical implications, First, the findings point to the need for managers of guest houses to work closely with strategic independent review platforms to stimulate customer feedback provision and monitor responsiveness. Ensuring a critical mass of fresh reviews is necessary as fresh reviews are generally considered more credible and reflective of the current state of service quality. Fresh reviews also help ensure that management is collecting immediate feedback on the service experience. This information allows for swift adjustments to be made where necessary ensuring customers feel heard and valued.

Second, considering the significance of pertinent reviews, the management of guest houses needs to find ways of highlighting such reviews. For example, management can identify highly pertinent positive reviews on strategic independent review sites like Trip Advisor and Bookings.com and incorporate them into their marketing materials. Such reviews can be highlighted on the company website with reference made to the platform where they were posted to leverage the power of social proof.

Lastly, in analysing the reviews, management needs to invest in exploring what may be common themes around specific aspects of services provided by guest houses in the area. For example, if reviews frequently mention issues related to cleanliness and hygiene such as unclean bathrooms and common areas, management will need to be responsive by putting in place rigorous cleaning and inspection protocols. If the common themes are around poor customer service, management may invest in staff training to address customer pain points.

CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

The study endeavours to extend knowledge on the influence of online reviews in the hospitality industry by examining information quality at dimensional level as direct antecedents of perceived persuasiveness and indirect antecedent of WoM. Based on the findings, it can be concluded that currency and pertinence are the key information quality related antecedents of perceived persuasiveness which in turn exerts positive influence on WoM. From the results, it can further be concluded that perceived persuasiveness of online reviews mediates the influence of currency and pertinence on WoM. While the study has significant theoretical and managerial implications, it is not without limitations. These limitations present opportunities for future research. The first limitation relates to the fact that the study made use of a sample drawn using non-probability sampling method. This limits the extent to which the findings can be generalised to a wider population. Future studies can explore the use of random sampling methods to enhance generalisability. The second limitation relates to the fact that this study is cross-sectional and thus cannot shed light on changes in time on outcome variables due to changes in the antecedents. Another limitation of the study relates to the fact that data was collected in a limited geographical area in South Africa. Future research should explore testing the model using samples drawn for other geographical areas to examine validity across contexts. Despite the limitations, the study is useful to understanding persuasiveness of online reviews and its precursors and outcomes.

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TRACK CONSUMER BEHAVIOUR

VIRTUAL TEMPTATIONS: THE ALLURE OF E-WOM IN SATISFYING SOUTH AFRICAN E-COMMERCE RETAIL ORGANISATIONS' CONSUMERS

Williams, Alyssa Shawntay*; Oosthuizen, Nadine
Rhodes University, Department of Management
*Corresponding author email: a.williams@ru.ac.za

ABSTRACT

In the digital age, electronic word-of-mouth (e-WOM) is pivotal in shaping consumer behaviour and satisfaction. Consumers heavily rely on the virtual realm of online reviews and social media to make informed decisions. Quintessentially, the inadequate understanding of the impact of various e-WOM dimensions on satisfaction limits e-commerce retail organisations' ability to leverage e-WOM effectively. This study examines the effects of e-WOM dimensions on consumer satisfaction.

Using quantitative methods, including Confirmatory Factor Analysis (CFA) and Structural Equation Modelling (SEM), the study surveyed 405 respondents about their e-WOM perceptions and satisfaction levels. The analysis confirmed that argument quality, credibility, and valence significantly influence consumer satisfaction. The model demonstrated high reliability and good fit indices.

The research recommends that e-commerce retail organisations and their marketers strategise and improve the quality and credibility of online reviews while actively monitoring and strengthening the valence of e-WOM to leverage positive feedback for building customer loyalty.

KEYWORDS

Electronic word-of-mouth (e-WOM); customer satisfaction; e-commerce retail; customer relationship management

INTRODUCTION

In the contemporary digital era, electronic word-of-mouth (e-WOM) has become a pivotal influence on consumer behaviour and business outcomes (Liu, Shaalan and Jayawardhena, 2022). The pervasive reach and instantaneous nature of e-WOM through social media, online reviews, and digital platforms have transformed how consumers share and receive information (Ngo, Vuong, Le, Nguyen, Tran and Nguyen, 2024). This evolution necessitates a profound understanding of the dynamics and impact of e-WOM on the post-purchase outcome of consumer satisfaction (Liu, Shaalan and Jayawardhena, 2022; Williams and Oosthuizen, 2021; Kuo and Nakhata, 2019). This paper seeks to contribute to this understanding by investigating the relationships between various e-WOM dimensions and customer satisfaction.

E-WOM is characterised by its permanence, broad reach, and accessibility (López and Sicilia, 2014), making it a critical component of contemporary marketing strategies, especially in e-commerce. Consumers now have the power to influence each other on an unprecedented scale, thereby shaping brand perceptions and purchase decisions (Ngo et al., 2024). As such, e-commerce retail organisations must navigate this landscape adeptly to foster positive consumer experiences and outcomes.

The theoretical framework of this study is grounded in the existing literature on e-WOM, consumer satisfaction, and e-commerce. Prior research has established the significance of e-WOM in influencing consumer purchasing behaviours (Knight, Haddoud, and Megicks, 2022; Ahmad, Abuhashesh, Obeidat, and AlKhatib, 2020; Ismagilova, Slade, Rana, and Dwivedi, 2020; Duarte, e Silva, and Ferreira, 2018). However, there remains a gap in understanding the specific dimensions of e-WOM that most strongly affect post-purchase satisfaction. This study addresses this gap.

Through advanced statistical analyses and a robust theoretical framework, this study aims to offer valuable contributions to customer relationship marketing, digital marketing and consumer behaviour, providing a foundation for future research and practical strategies in the digital age. E-WOM will be clarified, and literature on e-WOM influencing customer satisfaction will be explored. The problem statement will be presented, followed by the study's objectives. Based on the literature, a hypothesised model will be constructed, followed by an explanation of the research design and methodology adopted in the study. The study's results will be presented, followed by conclusions and recommendations.

LITERATURE REVIEW AND PROBLEM INVESTIGATED

Electronic word-of-mouth (e-WOM)

With the advent of the Internet, e-WOM has emerged as a pivotal form of customer communication, revolutionising how individuals share and receive information about products and services (Hennig-Thurau, Gwinner, Walsh, and Gremler, 2004). The transition from traditional WOM to e-WOM has reshaped consumer communication, making it essential to understand the unique attributes and impacts of e-WOM (Hur, 2016; Dellarocas, 2003). Traditional WOM, known for its informal, interpersonal nature, has long influenced consumer decisions due to its perceived trustworthiness (Kumar, Singh, Kumar, Choudhury, and Kotecha, 2023). WOM encompasses various customer-to-customer (C2C) activities, from casual mentions of product experiences to direct recommendations, and is deemed more reliable than organisational communications like advertising (Berger, 2014). Studies have shown that WOM accounts for a significant portion of purchasing decisions and is more effective than traditional advertising (Knox, 2013; Bughin, Doogan, and Vetvik, 2010).

In contrast, e-WOM occurs through digital platforms, offering asynchronous, widely accessible, and permanent communication (Kumabam, Meitei, Singh, and Singh, 2017). The emergence of online platforms has transformed WOM into e-WOM, a powerful tool in the digital age (Elsie, Tulung and Tielung, 2023; Kotler and Armstrong, 2019). E-WOM includes any positive or negative statements customers make about products or services via the Internet (Hennig-Thurau et al., 2004). It occurs through various online channels such as social media, blogs, review websites, and discussion forums, enabling constant communication and information exchange without the constraints of time and place (Selvi and Thomson, 2016; Kreis and Gottschalk, 2015). Despite challenges such as credibility concerns, e-WOM provides extensive, visually supported information, enhancing consumer decision-making and enabling marketers to engage with customer feedback effectively (Agarwal and Gera, 2023; Elsie, Tulung, and Tielung, 2023; Erkan, 2016).

It is important to note that e-WOM, whilst predominantly a consumer-to-consumer communication process, e-commerce retail organisations can indirectly influence e-WOM through various strategies such as encouraging authentic consumer reviews, engaging with customer feedback, and enhancing product quality within the organisation's platform (Ismagilova et al., 2020). Xue and Phelps (2004) referred to this form of communication as 'internet-facilitated consumer-to-consumer communication.' While direct control over e-WOM content is limited, the organisation's role in fostering an environment conducive to positive e-WOM is significant (Ahmad et al., 2020). By understanding the dimensions of e-WOM affecting customer perceptions and behaviours, e-commerce retail organisations could strategically manage and leverage e-WOM to enhance their post-purchase outcome of customer satisfaction. The dimensions of e-WOM are argument quality, credibility, usefulness, existing e-WOM, trust in message, valence and volume (Ismagilova et al., 2020).

Argument quality

Argument quality in e-WOM pertains to the persuasiveness and robustness of online reviews and comments (Pillay, 2021). High-quality arguments, characterised by relevance, accuracy, and comprehensiveness, significantly influence consumer confidence and satisfaction, potentially leading to repeat purchases and long-term loyalty (Knight, Haddoud, and Megicks, 2022; Tsao and Hsieh, 2015). The quality of arguments is contingent upon various dimensions, including relevance, timeliness, accuracy, and comprehensiveness (Knight, Haddoud, and Megicks, 2022; Tsao and Hsieh, 2015). Empirical evidence suggests that reviews can serve as credible and beneficial arguments, aiding consumers in their decision-making process (Cheung, Luo, Sia, and Chen, 2009; Park and Kim, 2008).

Credibility

The credibility of e-WOM messages affects consumer trust and decision-making (Filieri, Acikgoz, Ndou, and Dwivedi, 2021). Studies have shown a strong correlation between perceived credibility and purchase intentions, with credible e-WOM leading to higher satisfaction and loyalty (Ahmad et al., 2020). Numerous scholarly investigations have demonstrated a positive association between e-WOM credibility and purchase intention (Teng, Khong, Chong and Lin B, 2017ab; Koo, 2016).

Usefulness

E-WOM's usefulness lies in its ability to inform and influence consumer decisions (Ruangkanjanases, Jeebjong, and Sanny, 2021; Erkan and Evans, 2018). Useful e-WOM provides relevant and practical information, boosting consumer confidence and satisfaction with their purchases (Duarte, e Silva, and Ferreira, 2018). Moreover, the inclusion of real-life experiences and firsthand accounts shared by fellow consumers further enhances the perceived usefulness of e-WOM information (Liu, Shaalan, and Jayawardhena, 2022; Lee and Koo, 2015).

Existing e-WOM

Existing e-WOM, which includes previous customer feedback and reviews, serves as social proof, influencing new customers' attitudes and behaviours (Charles, 2023; Kuo and Nakhata, 2019; López and Sicilia, 2014). Positive e-WOM enhances trust and perceived value, driving higher satisfaction and repeat business (Ao, Bansal, Pruthi, and Khaskheli, 2023; Ismagilova et al., 2020).

Trust in message

Trust in an e-WOM message reflects individuals' confidence in the conveyed information (Ismagilova et al., 2020). High trust levels correlate with positive purchase intentions, satisfaction, and loyalty (Malik and Rizwan, 2021; Saleem and Ellahi, 2017).

Trust in the authenticity and accuracy of e-WOM influences purchasing decisions, instils confidence in products or services, fosters positive expectations, and contributes to customer satisfaction (Ahmad and Guzmán, 2020). Ensuring the trustworthiness of e-WOM messages is essential for making informed purchasing decisions (Jadil, Rana, and Dwivedi, 2022; Soleimani, 2022).

Valence

Valence refers to the positive or negative tone of e-WOM (Kim, Yoon, and Choi, 2019; Roy, Datta, and Murkagee, 2019). Positive valence enhances consumer perceptions and satisfaction (Lee, Wu, Lin, and Lee, 2014), while negative valence can deter potential customers and reduce satisfaction (Lee et al., 2014; Aggarwal, Gopal, Gupta, and Singh, 2012).

Volume

The volume of e-WOM, or the number of messages about a product or service, signals its popularity and market impact (Mishra and Satish, 2016; Li, Xue, Yang, and Li, 2017). Higher volumes of positive e-WOM are associated with increased satisfaction and purchase intentions (Liu, Shaalan, and Jayawardhena, 2022; Kuo and Nakhata, 2019).

It is important to note while Ismagilova et al. (2020) identify the above factors as influencing consumer purchase intentions, this study extends these findings by examining them as dimensions of e-WOM that may impact consumer satisfaction in the e-commerce context. This conceptual shift is necessary to explore how different aspects of e-WOM contribute to overall consumer satisfaction.

Customer satisfaction

Customer satisfaction arises from the alignment between pre-purchase expectations and actual product performance (Lamb, Hair, McDaniel, Boshoff, Terblanche, Elliott, and Klopper, 2019; Duarte, e Silva, and Ferreira, 2018). E-WOM significantly influences this satisfaction by validating product quality and reliability before purchase, thus fostering repeat usage and loyalty (Hsu, Chen, Chang, and Chao, 2010). Numerous studies have consistently shown that positive e-WOM correlates with increased customer satisfaction, as it validates the quality and reliability of products or services prior to purchase (Lee, Liang, Huang, and Huang, 2022; Jain, Dixit, and Shukla, 2022; Ismagilova et al., 2020).

Knight, Haddoud, and Megicks (2022) discuss e-WOM's role in consumer decision-making but do not directly address satisfaction. Ahmad et al. (2020) focus on consumer purchase intentions rather than satisfaction as a variable. In contrast, Duarte, e Silva, and Ferreira (2018) emphasise that consumer satisfaction influences e-WOM generation rather than the other way around, suggesting a bidirectional relationship. However, these factors influence consumer perceptions and trust, which are critical determinants of satisfaction in e-commerce transactions (Ahmad et al., 2020). Therefore, this study hypothesises that specific e-WOM dimensions significantly impact consumer satisfaction.

RESEARCH OBJECTIVES AND HYPOTHESES

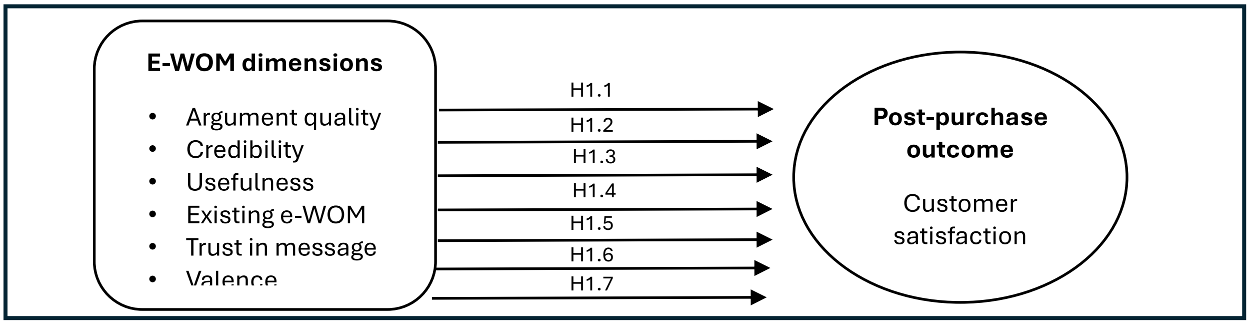
The primary objective of this study is to determine the e-WOM dimensions which influence the post-purchase outcome of consumer satisfaction in South African e-commerce retail organisations. The following secondary research objectives have been formulated:

- Assess the impact of various e-WOM dimensions on consumer satisfaction in e-commerce retail organisations;
- Identify which e-WOM factors are statistically significant in shaping consumer satisfaction in e-commerce retail organisations; and
- To provide actionable insights for e-commerce retail organisations to leverage e-WOM dimensions for enhanced customer satisfaction.

The following set of hypotheses were formulated, as depicted in Figure 1.

FIGURE 1

PROPOSED HYPOTHESISED MODEL



Source: Researcher's construction

Based on the hypothesised model (see Figure 1), the variables that can possibly influence consumer satisfaction are divided into one set of hypotheses (see Table 1), namely, e-WOM dimensions.

TABLE 1

PROPOSED HYPOTHESES

	Hypothesis number	Hypotheses
H1: e-WOM	**$H_{1.1}$**	There is a positive and statistically significant relationship between **argument quality** and *consumer satisfaction.*
	$H_{1.2}$	There is a positive and statistically significant relationship between **credibility** and *consumer satisfaction.*
	$H_{1.3}$	There is a positive and statistically significant relationship between **usefulness** and *consumer satisfaction.*
	$H_{1.4}$	There is a positive and statistically significant relationship between **existing e-WOM** and *consumer satisfaction.*
	$H_{1.5}$	There is a positive and statistically significant relationship between **trust in messages** and *consumer satisfaction.*
	$H_{1.6}$	There is a positive and statistically significant relationship between **valence** and *consumer satisfaction.*
	$H_{1.7}$	There is a positive and statistically significant relationship between **volume** and *consumer satisfaction.*

Source: Researcher's construction

RESEARCH DESIGN AND METHODOLOGY

Adopting a positivistic approach, this study employs a mono-method quantitative methodology, using secondary literature to frame the research problem and objectives (Bell, Bryman, and Harley, 2022; Wiid and Diggines, 2020). Primary data were gathered via an online survey targeting South African e-commerce retail organisation consumers, particularly Generation Y, known as Millennials. This demographic was selected due to their pronounced affinity for technology and significant presence in the workforce (Yildirim and Korkmaz, 2020). The survey instructions clarified the respondents' qualification criteria, focusing on the above individuals (Generation Y and online shoppers or, in other words, e-commerce consumers) to ensure relevant data collection. Non-probability sampling, including volunteer and snowball techniques, was used (Saunders, Lewis, and Thornhill, 2019), yielding a 65.6% response rate from 405 usable responses.

Data was collected via a web-based questionnaire and cleaned using Microsoft Excel. Analysis of Moment Structure (AMOS) version 27.0 (IBM Corp, 2021) was used for statistical analysis, including Confirmatory Factor Analysis (CFA), which assesses construct validity (York, 2021; Wiid and Diggines, 2020) and Cronbach's Alpha coefficients to assess reliability (Hair Jr, Black, Babin, and Anderson, 2017). While CFA was used to test the construct validity of the measurement model, face and content validity was assessed through expert reviews during the initial item development phase. Subsequently, Structural Equation Modelling (SEM), regression analysis and Pearson correlation coefficients were utilised. SEM was employed to explore the relationships between several independent variables and the dependent variable. The regression analysis, part of SEM, was utilised to determine which hypotheses were supported or rejected based on the questionnaire findings (Hair et al., 2017). On the other hand, the Pearson correlation coefficient was employed to assess the simultaneous occurrence between variables, providing insights into the degree of association between them. This statistical method enabled the researcher to quantify the strength and direction of the linear relationship between the variables, contributing to a deeper understanding of their interconnections within the context of South African e-commerce retail organisations.

Ethical clearance for this study was obtained from the Rhodes University Human Ethics Committee (RU-HEC), as evidenced by the ethics approval reference number 2021-5128-6437.

RESULTS/FINDINGS

This section will present and discuss the results obtained from the empirical research conducted. A CFA was conducted using a structured approach to validate the model. Initially, emphasis was placed on the statistical significance of all parameter estimates within the model, typically indicated by a p-value below 0.05. This ensured that the relationships between latent variables and observed indicators were statistically meaningful and contributed significantly to the overall model.

After meeting the significance criterion, the model fit was evaluated using various goodness-of-fit indices. Additionally, Modification Indices (MI) were applied where relevant. These indices highlighted significant correlations between two items within the model. When strong correlations were identified, the researcher considered allowing these items to covary, provided they related to the same underlying construct and the MI exceeded a threshold value of 20.

Table 2 summarises the goodness-of-fit results before considering MIs. Dimensions highlighted in green indicate good model fit and did not require modifications - dimensions highlighted in purple required targeted modifications, which will be elaborated upon.

TABLE 2

GOODNESS-OF-FIT RESULTS BEFORE MODIFICATION INDICES (MIS)

Factor	Parameters	MI	χ^2 (df, p)	CMIN/df	SRMR	CFI	RMSEA
Customer Satisfaction	All significant	144.788	(27, 0.000)	5.363	0.044	0.936	0.104
Argument Quality	All significant	81.411	(14, 0.000)	5.815	0.0501	0.928	0.109
Credibility	All significant	141.784	(20, 0.000)	7.089	0.0548	0.905	0.123
Usefulness	All significant	0.000	(0, 0.000)	-	0.000	1.000	0.000
Existing e-WOM	All significant	21.794	(5, 0.001)	4.359	0.0347	0.971	0.091
Trust in message	All significant	6.864	(2, 0.032)	3.432	0.0214	0.989	0.078
Valence	All significant	90.024	(5, 0.000)	18.005	0.0728	0.881	0.205
Volume	All significant	0.000	(0, 0.000)	-	0.000	1.000	0.000

Source: Researcher's construction

From Table 2, MI values greater than four were considered for inclusion in the factor structure. Four were chosen based on conventional practice in SEM (Hair et al., 2017). Higher MI values were prioritised for linking items, ensuring meaningful and theoretically sound adjustments. The adjustments were as follows:

- Modification Indices (MIs) for Covaried Items - *Customer Satisfaction:* Respondents rated their satisfaction with their primary e-commerce retail organisation. The distribution of responses to the customer satisfaction statements revealed high satisfaction levels. Three items were covaried due to high MIs (Q130/Q131, Q131/Q132, and Q132/Q133), indicating strong correlations between satisfaction, perceived wisdom in purchase decisions, and positive WOM.
- Modification Indices (MIs) for Covaried Items - *Electronic Word-of-Mouth (e-WOM):* Respondents rated various aspects of e-WOM, including argument quality, credibility, usefulness, existing e-WOM, trust in the message, valence, and volume. The CFA model for e-WOM and the corresponding MIs were considered to improve model fit.

- Modification Indices (MIs) for Covaried Items - *Argument Quality:* Most respondents agreed that online reviews were relevant, appropriate, applicable, up-to-date, reliable, and satisfying their information needs. High MI values suggested correlations between the appropriateness and applicability (Q2/Q3) and reviews' reliability and comprehensiveness (Q5/Q7).
- Modification Indices (MIs) for Covaried Items – *Credibility:* Respondents generally perceived reviews as factual, accurate, credible, convincing, and trustworthy, although fewer viewed the reviewers as experts. High MI values indicated correlations between convincing reviews, knowledgeable reviewers (Q11/Q12), and trustworthy and reliable reviewers (Q14/Q15).
- Modification Indices (MIs) for Covaried Items – *Valence:* The data suggested that respondents perceived reviews as balanced between positive and negative comments. One item (Q32) was removed due to low significance. A high MI value indicated a correlation between reviews highlighting only the pros and cons (Q28/Q31), suggesting polarised perceptions.

The CFA and subsequent application of MIs ensured a rigorous assessment of each primary dimension's measurement properties and underlying structure. This systematic approach provided empirical evidence supporting the validity and reliability of the proposed dimensions, reinforcing the study's findings and their implications for understanding consumer behaviour in e-commerce contexts.

Table 3 presents the final goodness-of-fit results for the e-WOM dimensions after considering the MIs. The key indices used to evaluate the model fit include χ^2 (Chi-Square), CMIN/df (Chi-Square divided by Degrees of Freedom), SRMR (Standardised Root Mean Square Residual), CFI (Comparative Fit Index), and RMSEA (Root Mean Square Error of Approximation).

TABLE 3

GOODNESS-OF-FIT RESULTS AFTER MODIFICATION INDICES (MIS) TAKEN INTO ACCOUNT

Factor	Parameters	$\chi^2(df, p)$	CMIN/df	SRMR	CFI	RMSEA
Customer satisfaction	All significant	71.192 (24, 0.000)	2.966	0.0316	0.974	0.07
Argument quality	All significant	40.434 (12, 0.000)	3.37	0.0427	0.97	0.077
Credibility	All significant	64.411 (18, 0.000)	3.578	0.041	0.964	0.08
Usefulness	All significant	0.000 (0, 0.000)	-	0.000	1.000	0.000
Existing e-WOM	All significant	21.794 (5, 0.001)	4.359	0.0347	0.971	0.091
Trust in message	All significant	6.864 (2, 0.032)	3.432	0.0214	0.989	0.078
Valence	All significant	0.085 (1, 0.770)	0.085	0.0023	1.000	0.000
Volume	All significant	0.000 (0, 0.000)	-	0.000	1.000	0.000
e-WOM	All significant (at 10%)	1155.72 (515, 0.000)	2.244	0.0691	0.898	0.055

Source: Researcher's construction

The statistical results indicate that the factor structures used in the CFAs exhibit reasonable validity within the study context. Here is a breakdown of the key indicators:

- **CMIN/df:** Values below 3.00 are considered good, and below 5.00 are acceptable. Most dimensions, except for "Existing e-WOM" and "Trust in Message," fall within this range, suggesting a reasonable fit.
- **SRMR:** Values below 0.08 indicate a good fit. All dimensions meet this criterion, indicating a good fit between the observed and predicted data.
- **CFI:** Values above 0.90 indicate a good fit. Most dimensions exceed this threshold, although the overall e-WOM falls slightly below 0.898.
- **RMSEA:** Values below 0.10 are considered a good fit. Most dimensions meet this criterion, with "Existing e-WOM" slightly above 0.091.

Overall, these findings underscore the model's suitability for further analysis and interpretation, providing a solid foundation for understanding the constructs of customer satisfaction, argument quality, credibility, usefulness, existing e-WOM, trust in message, valence, and volume in e-commerce. The following section will discuss the reliability of the items with high MI values, highlighting their strong covariance and reinforcing the robustness of the measurement instruments.

Cronbach's alpha coefficients were calculated to test the reliability of each dimension, with a threshold set at 0.7 (Hair et al., 2017). All the dimensions had reliability scores which exceeded the threshold of 0.7, signifying strong internal consistency, confirming that the dimensions are reliable and suitable for further analyses, aligning with the research's objectives. The high Cronbach's alpha values affirm the robustness of the measurement instruments and the integrity of the study's findings.

This section outlines the process of identifying the best model fit through SEM, culminating in determining the model that best aligns with the dataset. The initial SEM model examined the impact of e-WOM on customer satisfaction. Within Table 4, the statistically insignificant dimensions are highlighted in red and removed from the model.

TABLE 4

RESULTS OF REGRESSION ANALYSIS OF SEM MODEL

			Estimate	SE	CR	P
Customer satisfaction	ß	Volume e-WOM	0.027	0.03	0.89	0.373
Customer satisfaction	ß	Argument quality	0.112	0.038	2.956	0.003
Customer satisfaction	ß	Credibility	-0.075	0.029	-2.578	0.010
Customer satisfaction	ß	Usefulness EWOM	0.034	0.032	1.062	0.288
Customer satisfaction	ß	Existing EWOM	0.027	0.023	1.15	0.250
Customer satisfaction	ß	Trust in message	-0.025	0.029	-1.725	0.381
Customer satisfaction	ß	Valence	-0.041	0.016	-2.631	0.009
***p < 0.001						

Source: Researcher's construction

Next, a Pearson product-moment correlation analysis was performed on the dimensions established as both valid and reliable.

The statistical examination unveiled the connections between different aspects of e-WOM and consumer satisfaction, enhancing the understanding of these intricate dynamics. The relationships between many dimensions were statistically significant, as indicated by the green-highlighted dimensions in Table 5. The sign in front of the correlation coefficient determined the direction of the relationships. Positive signs indicated a direct relationship, while negative signs indicated an inverse relationship. Correlations statistically significant at the 0.01 level (2-tailed) are marked with **, while those significant at the 0.05 level (2-tailed) are marked with *.

TABLE 5

SEM MODEL CORRELATION ANALYSIS

		Customer retention	Customer satisfaction	Argument quality	Credibility	Valence
	Customer retention	1	.709**	.363**	.297**	-0.064
	Customer satisfaction		1	.428**	.345**	-.104*
e-WOM	Argument quality			1	.712**	0.077
e-WOM	Credibility				1	.207**
e-WOM	Valence					1

Source: Researcher's construction

After establishing statistical significance and direction, the strength of the relationship was assessed using the correlation coefficient value. Table 6 provides a guide for interpreting these values.

Table 6

Pearson's Correlation Coefficient Interpretation

Correlation Interpretation	
r < 0.3	Weak
0.3 < r < 0.5	Moderate
r > 0.5	Strong

Source: Saunders, Lewis and Thornhill (2019); Hair, Black, W., Babin, B., Anderson, R. and Tatham (2006)

These findings indicate that **Argument Quality**, **Credibility (e-WOM)**, and **e-WOM** have significant positive relationships with **Customer Satisfaction**, while **valence (e-WOM)** has a slight inverse relationship.

The results of this study provide a comprehensive understanding of the intricate relationships between e-WOM dimensions and post-purchase outcomes, particularly customer satisfaction. This analysis provides valuable insights for further research and practical implications for enhancing customer satisfaction through effective management of e-WOM dimensions.

PRACTICAL MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

The results revealed that the argument quality, credibility, and valence dimensions of e-WOM significantly influenced consumer satisfaction.

Argument quality dimension of e-WOM

This study demonstrated a positive and statistically significant relationship between argument quality and consumer satisfaction. Therefore, hypothesis $H_{1.1}$ was supported. This suggested that the strength, validity, and persuasiveness of the reasoning or evidence presented through e-WOM, such as consumer reviews, impacts consumer satisfaction with a product purchased. This result is supported by Aryasih, Puja, Gunawan, Priharjuna, and Putra (2023), Balqis and Giri (2023), Thompson (2023), Orenstein (2023), and Pillay (2021), who maintain that consumers are likely to be affected by e-WOM, presenting well-reasoned and supported arguments.

Considering the relationship between the **argument quality** dimension of **e-WOM** and consumer satisfaction, the following recommendations are proposed for e-commerce retail organisations:

To optimise e-WOM in e-commerce, it is essential to ensure high-quality consumer reviews. This involves maintaining argument quality relevant to the product or service and removing poorly argued reviews to enhance product value. Additionally, sustaining the timeliness and reliability of reviews is crucial, which can be achieved by regularly encouraging new reviews and addressing negative feedback promptly. Finally, promoting comprehensive and well-reasoned reviews is key. This includes guiding consumers to provide detailed feedback on essential aspects and *considering incentives or loyalty programs to motivate thorough and informative reviews, thereby fostering a positive and detailed review environment.*

Credibility dimension of e-WOM

The results demonstrated a positive, statistically significant relationship between credibility and consumer satisfaction. Therefore, hypothesis $H_{1.2}$ was supported. This suggests that consumers might be satisfied because they have bought a product or service because they believe the good reviews posted on the website. This is supported by Nechoud, Ghidouche and Seraphin (2021), Shome (2021), and Teng et al. (2017ab). Balqis and Giri (2023), Orenstein (2023), Filieri et al. (2021), Ahmad et al. (2020), Teng et al. (2017ab), and Koo (2016) assert that credible reviews influence purchasing decisions.

Considering the relationship between the **credibility** dimension of **e-WOM** and consumer satisfaction, the following recommendations are made for e-commerce retail organisations:

Mechanisms should be implemented to ensure the factual accuracy of consumer reviews, including verifying the authenticity of reviewers and investigating suspicious or inaccurate content. Creating a platform for consumers to report misleading information can further bolster transparency and accuracy. Additionally, building consumer trust is essential, achieved by highlighting the expertise and credibility of reviewers through featured profiles or badges. This fosters a sense of community and instils confidence in potential consumers. Furthermore, transparency and authenticity in the review process are paramount, necessitating organisations to refrain from manipulating or deleting reviews, regardless of their impact. Maintaining genuine feedback and providing feedback on corrective actions can strengthen trust and credibility, ultimately enhancing consumer satisfaction and loyalty.

Valence dimension of e-WOM

This study demonstrated a positive and statistically significant relationship between valence and consumer satisfaction. Therefore, hypothesis $H_{1.6}$ was supported. This suggested that the sentiment or emotional tone expressed in a review’s content, whether positive, negative, or neutral, might shape potential consumers’ perceptions, influence their purchase intentions, and determine whether they will feel satisfied with their decision. Lee et al. (2022), Tardin and Pelissari (2021), Hussain, Song and Niu (2020), Mishra and Singh (2019), Roy, Datta and Mukherjee (2019), and López and Sicilia (2014) note that organisations must recognise the significant influence of the valence of e-WOM on consumer behaviour and actively seek to stimulate favourable sentiments in reviews.

Considering the relationship between the **valence** dimension of **e-WOM** and consumer satisfaction, the following recommendations are made for e-commerce retail organisations:

Implementing moderation policies to promote constructive criticism over negative comments can maintain a balanced discourse. Guidelines for reviewers can reinforce the importance of presenting feedback with nuanced valence, thereby enhancing overall credibility. Encouraging consumers to provide balanced reviews highlighting both positive and negative aspects of products or services fosters authenticity and credibility. Additionally, educating consumers on the impact of their reviews can guide them to frame feedback constructively, emphasising specific product attributes. Clear guidelines ensure insightful reviews with balanced sentiments, ultimately contributing to a more informed consumer base and heightened satisfaction.

By implementing these recommendations, e-commerce retail organisations could foster emotionally balanced reviews. This could, in turn, enhance consumer satisfaction by providing potential consumers with balanced information, ultimately building a loyal consumer base.

DISCUSSION ON INSIGNIFICANT RELATIONSHIPS

In the analysis of the various dimensions of e-WOM and their impact on consumer satisfaction within e-commerce, several relationships were found to be statistically insignificant. While these findings might initially appear less impactful, they offer valuable insights into the complexity of consumer behaviour and the multifaceted nature of e-WOM influence. Below, potential reasons for these insignificant relationships and their implications for theory and practice are explored.

Usefulness of e-WOM

The relationship between the perceived usefulness of e-WOM and consumer satisfaction was found to be insignificant. One possible explanation could be the saturation of online reviews and information available to consumers (Cheung and Thadani, 2012). Consumers are exposed to an overwhelming amount of e-WOM, which might dilute the impact of any single review's usefulness on overall satisfaction. Moreover, consumers may have developed the ability to filter out information they deem irrelevant, reducing the overall influence of e-WOM usefulness on their satisfaction levels (Filieri and McLeay, 2014).

Volume of e-WOM

The volume of e-WOM did not show a significant relationship with consumer satisfaction. This result could suggest that the sheer quantity of reviews is less important to consumers than the quality and credibility of the reviews (Xie and So, 2018). This finding highlights the need for e-commerce retail organisations to encourage quality reviews rather than simply increase the volume.

Existing e-WOM

The insignificant relationship between existing e-WOM and consumer satisfaction might indicate that consumers place more value on recent and relevant e-WOM when making purchasing decisions. Older reviews or those perceived as less relevant to the consumer's current context may have diminished influence (Mayfield, 2024). This finding suggests that e-commerce retail organisations should prioritise the visibility of recent and contextually relevant reviews to enhance their impact on consumer satisfaction.

Trust in the Message

The relationship between trust in the message and consumer satisfaction was also insignificant. This may be due to the growing skepticism among consumers toward online reviews, particularly in environments where fake reviews or biased content are prevalent (Wu, Ngai, Wu and Wu, 2020). This finding highlights the need for e-commerce retail organisations to invest in enhancing the overall credibility of their review systems, potentially through verification mechanisms or by showcasing expert reviews.

CONCLUSIONS

This study explored the intricate dynamics between various dimensions of e-WOM and consumer satisfaction in the context of South African e-commerce retail.

The findings revealed that argument quality, credibility, and valence are the most influential factors driving consumer satisfaction. These results underscore the importance of e-commerce retail organisations focusing on fostering high-quality, credible, and positively valenced e-WOM to enhance customer satisfaction. However, it is also essential to consider the insignificant relationships in this study, including the roles of usefulness, volume, existing e-WOM, and trust in the message. These findings suggest that consumers are becoming more selective in how they engage with e-WOM, placing greater emphasis on quality and relevance over quantity and generalised trust.

From a theoretical perspective, this research contributes to the broader understanding of e-WOM by highlighting the differential impact of its various dimensions on consumer satisfaction. Practically, the insights from this study can guide e-commerce retail organisations and marketers in refining their e-WOM strategies, focusing on the most impactful elements to maximise customer satisfaction.

Future research should further explore these dimensions across different contexts and consumer segments to refine the understanding of how e-WOM influences consumer behaviour. Additionally, examining the role of emerging digital platforms and technologies in shaping e-WOM dynamics could provide valuable insights for both academia and industry.

In conclusion, while the study identified key drivers of consumer satisfaction within e-WOM, it also highlighted areas where traditional assumptions may not hold true. E-commerce retail organisations must adapt to these changing dynamics, prioritising the quality, credibility, and relevance of e-WOM to meet consumers' evolving expectations in the digital age.

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WHO AM I?
AN EXPLORATION OF EXTANT BRAND IDENTITY MODELS AND FRAMEWORKS

Dr Debbie Human-Van Eck
dhuman@sun.ac.za
Stellenbosch University

Prof Danie Ferreira
danie.ferreira@mandela.ac.za
Nelson Mandela University, South Africa
ORCID ID: 0000-0003-3337-3164

ABSTRACT

With the evolution of brands beyond visual elements to encompass symbolic and experiential benefits, emotional qualities, and values forming consumer relationships, the study's threefold aim gains significance. This aim is to review existing brand identity models and frameworks, comprehend their scope and meaning through a knowledge tree, and draw inferences for the future. As brands have become crucial assets for business, the construction of a comprehensive brand identity is pivotal. It not only determines a brand's purpose but also guides brand-building efforts, a crucial aspect often overlooked. The study, grounded in the interpretivist research paradigm, employs qualitative research and a systematic literature review to explore the extant understanding of brand identity. The paper concludes with insights from the systematic literature review and offers recommendations for the future of brand identity.

KEYWORDS: Brand identity, conceptual model, frameworks, knowledge tree, qualitative

INTRODUCTION AND PROBLEM STATEMENT

Brands are as old as civilisation and have always existed to distinguish the goods of one producer from those of another and of signalling quality (Keller, 2016). However, the complexity of a brand and the extent of the roles it can fulfil have become increasingly evident since the 1990s with the rise of concepts such as brand equity, brand personality and brand identity. These concepts acknowledge that brands are more than the visual elements associated with them and can do more than merely indicate origin, ownership, quality and functional capabilities – brands can also provide symbolic and experiential benefits and hold emotional qualities and values that enable relationships with consumers (Beig and Nika, 2019). Brands and branding have become primary capital and a top management priority for a broad cross-section of business. Many businesses have realised that some of their most valuable assets are their intangible assets, known as their brands (Keller, 2016; De Chernatony, 2010). Strategic businesses often aim to improve their brand equity (Aaker, 2002; Keller, 2016). Brand equity results from the knowledge and associations consumers have acquired through their direct or indirect interactions with the brand, as well as the value that is consequently attached to the brand (Keller, 2014). When building brand equity, the brand's purpose is an important consideration. Brand purpose refers to the "why" of a brand – its reason for existence (Mirzaei, Webster and Siuki, 2021). Kramer (2017) stresses the importance of brand purpose by stating that a strongly anchored purpose can build the connective tissue that aligns all stakeholders beyond financial returns. The question arises: How should the brand's purpose be anchored? It can be argued that constructing a comprehensive brand identity is central to determining the brand's preferred positive associations and forming a foundation for the brand's purpose and brand-building efforts. Thus, brand identity is the brand's much-needed anchor. In recent years, the world of business, marketing and branding has seen unprecedented change due to, for instance, developments in technology, the global pandemic, periods of recession, and multiple occurrences of corrupt and questionable business and government decisions (Oskoz and Smith, 2020) – what is demanded from brands have changed along with consumer values, preferences and expectations (Rosário and Raimundo, 2021). However, considering these changes and despite many studies exploring the application of existing brand identity models in diverse contexts, research on the current meaning and scope of brand identity as a contemporary concept has been limited. Given the critical responsibility of a brand's identity as the foundation of all brand-related endeavours, it is the premise of this paper that the brand identity construct needs to be revisited within the current era of branding to ensure a comprehensive, yet contemporary understanding of this concept as suggested by Kemp (2022) and Kusi, Gabrielsson and Kontkanen (2021). The aim of the study and research methodology are presented in the following sections. A systematic literature review of extant brand identity models and frameworks results in a brand identity knowledge tree. The paper concludes with inferences from the systematic literature review, knowledge tree and recommendations for the future.

AIM OF THE PAPER

The paper aims to (1) review existing brand identity models and frameworks to (2) understand their overall scope and meaning through a knowledge tree, and then (3) make inferences for the future.

METHODOLOGY

The research is grounded in the interpretivist research paradigm, a unique approach that positions the researcher as an integral part of the research process, particularly in data interpretation

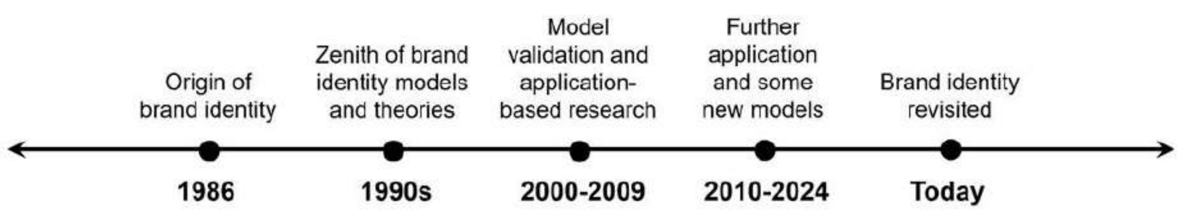
(Alharahsheh and Pius, 2020). This paradigm focuses on specific, contextualised environments, acknowledging that reality and knowledge are not objective entities but are shaped by the individuals within that environment (Gray, 2014). Interpretivism is rooted in studying the theory and practice of interpretation (Myers, 2008). This study adopts the qualitative research method and inductive reasoning as it is not concerned with hypothesis generation and expressing the findings in numerical form (Ugwu and Eze, 2023). It explores the brand identity concept and intends to create a knowledge tree as a visual representation that illustrates the various elements and their relationships within a specific field or topic (Lee and Chen, 2012). The knowledge tree was constructed by conducting a systematic literature review (SLR). Xiao and Watson (2019) caution against the common pitfalls in conducting SLR and recommend the following steps to improve the quality and rigour of the article and eliminate research bias. The steps are inclusion criteria, literature identification, screening for inclusion, assessment quality and eligibility, and data extraction and analysis. Only publications that dealt with the conceptualisation and theoretical exploration of brand identity in marketing were considered for inclusion. Literature identification was done by creating keywords and phrases to identify publications to be used included in the study. The following key phrases were used: “brand identity”, “brand identity model”, “brand identity framework” and “brand identity theoretical model”. These keywords were used to search two databases, Science Direct and Google Scholar, with a publication date limit set between 1990 and 2024. The eighty publications identified were then further scrutinised for inclusion by reviewing the titles and abstracts of the publications. Only publications with the words model, framework, conceptual and theoretical in the title, abstract or keywords were retained. The full-text versions of the fifty publications that were retained were obtained for quality assessment. Any journal articles and conference proceedings that did not undergo a methodical double-blind peer review process were automatically excluded. Two researchers independently conducted the quality and eligibility assessment simultaneously, and any disparities in their findings were addressed and resolved through discussion. Common themes and trends were identified during the final stage of analysing and synthesising the findings from the retained twenty publications. Tesch's (1990) coding method guided this process and eliminated research bias. The themes and sub-themes surrounding the knowledge tree's roots, trunk, and branches were identified during this stage. Understanding the structure and dynamics of the knowledge tree is crucial for researchers to navigate the complexities of the research landscape and make meaningful contributions to their respective fields (Henriques, 2011). The tree's roots represent the underlying concepts that shape brand identity, such as brand essence, DNA, and soul. The trunk represents the core of brand identity before advancing upwards to the branches. The branches symbolise the diversity of perspectives that contribute to the growth of knowledge in brand identity. Each model was assigned a number, and references to these models were made in the knowledge tree.

THEORETICAL OVERVIEW OF BRAND IDENTITY CONCEPTS, MODELS AND FRAMEWORKS

The concept of brand identity was first introduced by Kapferer in 1986. In 1992, he referred to brand identity as a "recent idea", indicating the rise of this concept in the late 1980s and early 1990s (Kapferer, 1992). Kapferer (1992) questioned whether the concept would merely be a "fashionable phrase dreamed up by marketing and communication theorists" or would be valuable in understanding and building brands. Perhaps the extent of the conceptual and applied research that followed the work of early brand theorists like Kapferer and Aaker and extends to several publications as recent as 2023 and 2024 is indicative of the assumed value and continued importance of brand identity. Although definitions of brand identity display similar elements, this research has revealed that, over time, theorists have often proposed their definition of the concept that, in turn, underpinned their specific views of brand identity and the models or frameworks they developed. Therefore, the decision was made to refer to brand identity definitions (when available) during the systematic literature review in this paper rather than committing to a single definition. The phases of brand identity evolution are briefly summarised (see Figure 1) as a foundation for the following discussions.

FIGURE 1

SIMPLIFIED BRAND IDENTITY EVOLUTION TIMELINE



Brand equity theories started to develop in the 1960s, with the concept gaining widespread acceptance in the business world in the 1980s. It was at this time that brand identity originated. The 1990s were the zenith of brand identity with prominent brand theorists such as Kapferer (1992), Aaker (1996), and De Chernatony (1999) releasing brand identity models that are used to this day. From 2000 to 2009, brand identity studies focused on application and integration, warning that improper integration could lead to setbacks (Roy and Banerjee, 2007). Businesses recognised the importance of creating a strong and consistent brand image for increased loyalty (Nadan, 2004). This led to developing cohesive brand identity strategies encompassing visual components, messaging, and brand experience. It became crucial for companies to ensure consistent, integrated communications and messaging across all brand identity dimensions targeted towards customers for successful brand-building efforts (Delin, 2005). Businesses also started paying closer attention to brand identity's emotional and psychological aspects, realising that creating an emotional connection with consumers was crucial for building loyalty and lasting relationships (Knapp, 2000). The strategic management of corporate brand identity was emphasised to address the needs of the business's key stakeholders and gain a competitive advantage (Melewar & Jenkins, 2002). The terms destination and national brand identity also became increasingly popular in research during this period (Ruzzier and Go, 2008). The years 2010 to 2024 saw further application-based studies and a few new brand identity models and frameworks (Fan, 2010). The nine models/frameworks identified in the systematic literature review will be presented in the following section.

Model 1: Kapferer's Brand Identity Prism (1992)

Kapferer developed the Brand Identity Prism and first published in his book titled Strategic Brand Management in 1992. Kapferer (1992) acknowledged the complexity of committing to an absolute definition of brand identity but asserted that the concept provides the framework for total brand coherence and can be better understood when assessing its various uses. From an exploration of brand identity uses and the work of others, Kapferer (1992:34) stated that "identity means being as you are, following your own stable but individual plan" and that the essence of a particular brand's identity lies in the answers to the following six questions: (1) "What is its individuality? (2) What are its long-term goals and ambitions? (3) What is its consistency? (4) What are its values? (5) What are its basic truths? and (6) What are its recognition signs?" Kapferer (1992) proceeded to present a brand identity model titled the Brand Identity Prism. It is presented as a six-sided prism with six components (see Table 1) spread across two dimensions: the Brand Identity Prism consists of two dimensions: the constructed source and receiver, and externalisation and internalisation.

TABLE 1

THE COMPONENTS OF THE BRAND IDENTITY PRISM

COMPONENT	DESCRIPTION
Physique	A set of the brand's physical features or independent characteristics forms the brand's basis and the first stage in its construction. These characteristics may be either prominent (top-of-mind) or dormant (though distinguishable) and are a necessity, but not sufficient for developing or building a brand's identity (Kapferer, 1992)
Personality	Refers to a brand's character and attributes human characteristics to a brand. It can be reflected in the brand's style of writing, design features, colour schemes, etc. (Kapferer, 1992; 2012)
Culture	Brand culture is viewed as a source of inspiration and energy that can influence and infiltrate brands. It incorporates the system of cultural values and principles instilled by the brand's developers or business custodians and reflects the business's history, heritage and traditions. Simultaneously brand culture is often associated with geographical origins, such as national features and country-of-origin effects. (Kapferer, 1992; Ianenko, Stepanov and Mironova, 2020)
Relationship	The relationship suggests that a brand can symbolise a certain relationship between people (e.g., mother and child). This aspect requires a brand manager to express the relationship his/her brand stands for. (Kapferer, 2009)
Reflection	Reflection refers to how the consumer wants to be perceived by others when using a brand and what impression they would like to make. Along with self-image, reflection echoes the recipient's (consumer) view. (Zwakala and Steenkamp, 2021; Ianenko et al., 2020; Kapferer, 2012)
Self-image	Self-image refers to the image that consumers have of themselves when using a brand, and it can be viewed as a mirror that the target market holds up to itself. (Zwakala and Steenkamp, 2021; Ianenko et al., 2020; Kapferer, 2012)

Source: Adapted from Kapferer (1992)

Ianenko et al. (2020) applied the Brand Identity Prism to the business-to-business market and placed brand essence at the model's centre. They further emphasised that the model's components should be viewed as a network with continuous relationships between them (Ianenko et al., 2020).

Model 2: The Brand Essence Wheel by Bates Worldwide (1995)

According to Ianenko et al. (2020:164), the Brand Essence Wheel is a "famous" brand identity model. The model was developed by advertising agency Bates Worldwide in 1995 as a tool to assist businesses in creating and defining their brand identity. The model's focus is the brand's essence. The inner layer of the model is the core of the brand and the brand promise. The next layer refers to (1) facts and symbols and (2) the brand's personality. The outer layer of the model responds to four questions: (1) What does the brand do for the customer? (2) How would the customer describe the brand? (3) How does the brand make the customer look? and (4) How does the brand make the customer feel?

Model 3: The Brand Identity System by Aaker (1996)

In 1996 well-known brand theorist David Aaker published a book titled Building Strong Brands, where he describes brand identity as follows: "Brand identity is a unique set of brand associations that the brand strategist aspires to create or maintain. These associations represent what the brand stands for and imply a promise to customers" from the brand or the business (Aaker, 1996:68; Ianenko et al., 2020;). In his publication, Aaker (1996) included a brand identity-related planning model presented as a brand identity system that acknowledges the complexity of the construct by emphasising the existence of both a core and an extended identity. The core brand identity represents the timeless essence of the brand. In conjunction with the brand's core identity, its extended identity includes elements that provide texture to the brand by adding details, which makes the brand more complete. The extended identity represents the transition between the core brand identity and connecting with the consumer by facilitating implementation. For instance, it considers the components of the core identity that should become visible associations to the consumer and then guides marketing strategies and campaigns. In addition to focusing on a brand's core and extended identity, Aaker's brand identity system views brand identity as comprising twelve dimensions centred around four perspectives (see Table 2).

TABLE 2

AAKER'S BRAND IDENTITY PERSPECTIVES AND DIMENSIONS

Brand identity perspectives	**Brief description**	**Brand identity dimensions**
Brand as product	Acknowledges the importance of product-related associations but simultaneously warns against fixation on these aspects.	Product scope, Product attributes, Quality/value, Uses, Users, Country of origin
Brand as business	It focuses on the attributes of the business rather than those of the product or service. It acknowledges that such attributes are created by the business's people, culture, values, and programs.	Business attributes, Local versus global
Brand as a person	Based on the notion that personality can create more interest and a stronger brand than only focusing on functional attributes by creating self-expressive benefit(s), facilitating relationships, and communicating attributes and contributing to function benefits	Brand personality, Brand-customer relationships
Brand as a symbol	Contributes to brand meaning, includes anything that represents the brand, and often includes the following types of symbols: visual imagery, metaphors and heritage more meaningful when involving a metaphor.	Visual imagery and metaphors, Brand heritage

Source: Adapted from Aaker (1996)

The brand identity system acknowledges the importance of the brand's soul and identity (core, extended, brand as product, brand as a business, brand as a person, brand as a symbol) in driving the brand's credibility, relationships with customers and its value proposition through functional, emotional and self-expressive benefits. It also clearly states the role of a brand's identity is shaping the brand's position and programs/strategies/campaigns (Aaker, 1996).

Model 4: The Brand Identity Model by De Chernatony (1999)

De Chernatony (1999) explored brand management as a mechanism for narrowing the gap between brand identity and brand reputation. He argued that brand reputation is a more suitable external assessment of a brand than image as image concerns itself with perceptions and changes continually, whilst reputation is more stable and represents the "distillation of multiple images over time" (De Chernatony, 1999:159). Further, De Chernatony (1999) acknowledged the importance of internal issues in the business during brand building and brand management. Such issues include culture, staff alignment and brand identity. Consequently, he developed a Brand Identity Model that conceptualises the brand's identity in terms of its "vision and culture, which drive its desired positioning, personality and the subsequent relationships, all of which are then presented to reflect stakeholders' actual and aspirational self-images" (De Chernatony, 1999:166). The components of De Chernatony's (1999) Brand Identity Model are summarised in Table 3. Although reputation is not viewed as a component of the model, De Chernatony (1999) considers the model as a process that can be followed for managing brands. Therefore, the reputational influence that presentation can exert on relationships is reflected in the model.

TABLE 3

COMPONENTS OF BRAND IDENTITY

COMPONENT	DESCRIPTION
Brand vision	A well-defined sense of direction for the future.
Brand culture	It includes visible artefacts, the mental models of those involved in brand-building activities, and employees' and managers' values.
Brand positioning	A set of functionally distinct capabilities that distinguishes a brand – relates to Kapferer's (1992) "physique" and can be reinforced through artefacts.
Brand personality	Influenced by the brand's core values, it is linked to positioning and helps reduce information search and information processing.
Brand relationship	Over time, changes have viewed the brand as an active part of the relationship between the brand and consumers due to the active participation of staff and the ability to reinforce the brand's values, personality, and positioning.

Brand presentation	Given the brand's unified identity, the next focus is considering suitable presentation styles that ensure that: 1. presentation appeals to stakeholders' aspired characteristics (Kapferer's (1992) Reflection). 2. presentation reflects the internal self-images of the brand's stakeholders to resonate with their sense of self and ensure they feel comfortable with the brand in various situations.

Source: Adapted from De Chernatony (1999)

Noteworthy is that the brand identity model does not negate the influence and importance of brand image; rather, it assesses perceptions across many stakeholders over time instead of just recent impressions.

Model 5: The Brand Identity Framework by Begbie (1999)

Begbie (1999) acknowledged the importance of brand identity and presented a model titled the Brand Identity Framework, comprising four layers as summarised in Table 4.

TABLE 4

LAYERS OF THE BRAND IDENTITY FRAMEWORK

Dimension/ Layer	**Description**
Core identity	Provides the deepest and most enduring definition of the brand.
Extended identity	It augments the core identity and comprises six further constructs structured in three groups. Group 1: constructs representing the brand (attributes, personality). Group 2: constructs representing the consumer (consumer identification and self-concept). Group 3: constructs building the relationship between the brand and the consumer (consumer benefits, self-image congruity).
Brand identity drivers	Aspects that translate the brand's identity into operational statements and form the basis for communications programs include visual identifiers, unique selling propositions, value propositions, and positioning.
Communication mix	Elements that transmit the meaning of the first three layers to the consumer.

Source: Adapted from Begbie (1999)

Model 6: The 4-D Branding Model by Gad (2001)

Ianenko et al. (2020: 164) site the 4-D Branding model developed by Gad (2001) as one of "the most famous" brand identity models. Gad (2001), however, does not describe the model directly as a brand identity model but rather as a tool to: (1) create new brands or analyse the strategic options of existing brands; (2) develop a unique "brand code" or "mind space"; (3) create the brand's unique DNA, and; (4) precisely define the brand's scope and its design, attitude, daily routines, and activities. The model is thus viewed as a four-dimensional option (see Table 5) for understanding a brand’s strengths and weaknesses and practically enabling the brand’s differentiation.

TABLE 5

FOUR DIMENSIONS OF THE 4-D MODEL

DIMENSION	DESCRIPTION
Functional	Describes the unique features of a product or service (differentiation).
Social	Refers to the experience of the consumer as a user.
Mental	Creates an experience through the brand – builds value in users' minds (positioning).
Spiritual	Represents what the brand stands for – relates to consumer’s core beliefs (brand essence)

Source: Adapted from Gad (2001)

Model 7: The Brand Identity Planning Model by Aaker and Joachimsthaler (2012)

Aaker and Joachimsthaler (2002:2012) contended that a strong brand requires a rich, clear brand identity, along with brand architecture, brand-building programs, and business structure and processes. They described brand identity as a set of associations that the brand strategist creates or maintains, representing what the brand wants to stand for. Aaker and Joachimsthaler (2012) expanded Aaker’s (1996) Brand Identity System and referred to the Brand Identity Planning Model. Firstly, they elaborated on the concept of brand identity. Whereas Aaker (1996) referred to different levels of identity, namely core identity (or principal identity as mentioned by Janonis, Dovalienė and Virvilaitė (2007) and extended identity, Aaker and Joachimsthaler (2012) added brand essence as the inner core level of brand identity. Whereas the core identity typically includes two to four dimensions that compactly summarise the brand’s vision, the brand essence is created to provide even more focus through a single thought that captures the soul of the brand – it is not merely a summary statement of the core identity, but often provides a unique perspective and connects the spirit of core identity elements. Aaker and Joachimsthaler (2012) further expanded Aaker’s Brand Identity System by referring to the importance of strategic brand analysis before developing the Brand Identity System and brand identity. Such strategic brand analysis is recommended to include customer analysis, competitor analysis and self-analysis.

Model 8: The Brand Identity Framework by Da Silveira, Lages and Simões (2013)

This framework aims to enhance the established conceptualisation of brand identity by revising the definition and proposing brand identity as dynamic. It is constructed over time through mutually influencing inputs from managers and other social constituents (e.g., consumers) (Da Silveira, Lages & Simões, 2013) (see Dimensions in Table 6).

TABLE 6

BRAND IDENTITY FRAMEWORK

Dimensions	Description
Brand identity management	Brand identity management refers to the deliberate actions taken by a business to enhance its reputation with both internal and external stakeholders (Simoes, Dibb & Fisk, 2005)
Encounters	Consumers shape brand relationships by interacting with the brand, known as encounters. Encounters represent the brand identity process and can happen directly or indirectly between the consumer and the business (brand) (Payne, Storbacka, Frow & Knox 2009).
Brand face	It represents the positive image of brand management as an active participant in the interaction between the brand and the consumer. The term "positive" indicates that the business is trying to present a favourable image to the consumer (Keller, 2008).
Consumers' face	The consumers' positive attitude toward the brand is reflected in their interactions with it and observed by current and potential consumers (Da Silveira et al., 2013). As a result, consumers influence, define, and shape the relationship with the brand, creating cultural connections through shared consumption interests (Kozinets, 2002).
Inputs to brand identity	Include competitors' actions, industry/environmental conditions, and partners' actions, media, and distribution that shape the brand (Da Silveira et al., 2013).

Source: Adapted from Da Silveira et al. (2013)

Da Silveira et al. (2013) emphasise the dynamic nature of brand identity development. They highlight that brand identity evolves over time through the reciprocal influence of inputs from brand managers and various social stakeholders, including consumers. This notion is supported by Bravo, Buil, de Chernatony, and Martínez (2017) and highlights the importance of including employees in the process. This is especially relevant to the services industry, where customers frequently have direct contact with staff. In addition, the dynamic aspect of brand identity involves adaptability to contextual changes while maintaining a consistent core identity. This viewpoint underscores the importance of consistent brand identity management and marketing strategies. Da Silveira et al. (2013) adopt the notion that brand identity is a dynamic concept. Underlying the term dynamic are two complementary ideas: relational and adaptive while preserving consistency over time. Core values maintain consistency, as other dimensions vary when needed to adjust to context.

Model 9: A Theoretical Model by Burešová (2016)

Burešová (2016) argues that a comprehensive understanding of brand identity requires an appreciation of the interdisciplinary circumstances that contributed to its formation and its distinctive identification. Burešová (2016) introduced a theoretical model detailing a brand's various components, layers, and interconnections, ultimately leading to its growth and developing its unique identity. The model underscores that a brand's unique identity is constructed on three fundamental pillars: marketing, legal, and value. These pillars are the foundation for the brand's evolution through four levels, from the basic to the top (see Table 7).

TABLE 7

A BRAND IDENTITY THEORETICAL MODEL

Levels	**Descriptions**	**Components**
The basic level	At the basic level, the business introduces a product under its commercial name, establishes its own unique business identity, and strives to establish its position in the market. Elements at this stage, such as its name and products, are integral parts of its intellectual property.	Product, Name, Logo, Corporate, Identity
The brand level	The brand level refers to the brand's status and is determined by the brand's platform. It encompasses the brand's mantra, DNA, identity and positioning, working together to create a holistic brand presence.	Mission, vision and goals; Brand Mantra; Brand DNA; Brand positioning; Brand platforms
The dynamic level.	The dynamic level of a brand is influenced by various processes and activities shaped by the business, market, and individual customers. The marketing pillar focuses on the economic aspects of the brand, while the value pillar addresses the emotional aspects. The legal pillar ensures compliance with laws and regulations.	Brand experience; Marketing tactics; Administrative proceedings
The top level	International companies aim to establish themselves as top-tier brands by leveraging their reputation and legal authority. A brand's label may become linked to the brand through common usage, and once it gains a positive reputation, it can be designated as a well-known trademark. This requires careful consideration during legal proceedings. The value pillar focuses on maximising the brand's worth, including its competitive edge and stability, reflecting its economic and emotional impact.	Brand positioning statement; Trademarks; Brand value statement

Source: Adapted from Burešová's (2016)

Burešová's (2016) model provides a comprehensive examination of branding, considering various disciplines such as management, marketing, finance, psychology and law. The model highlights the importance of a brand's intellectual property rights, especially considering international brands. This approach played a crucial role in shaping the structure of the brand, identifying its components and layers, and establishing dynamic connections between different areas that influence the brand's growth. Burešová's (2016) references Brand DNA and Brand Matra as part of the brand level. The brand DNA is considered the initial step in establishing the brand identity. It refers to the spirit and essence of the business, representing the core values that set it apart from others (Ceccato, Olhats & Gomez, 2012; Chapleo, 2010). Brand mantras are a powerful tool for establishing a clear brand identity. They are concise phrases of three to five words that communicate the brand's core essence. This helps in defining the brand's limits and guiding principles and also communicates what the brand stands for and what it does not represent (Armstrong, Adam, Denize & Kotler, 2014)

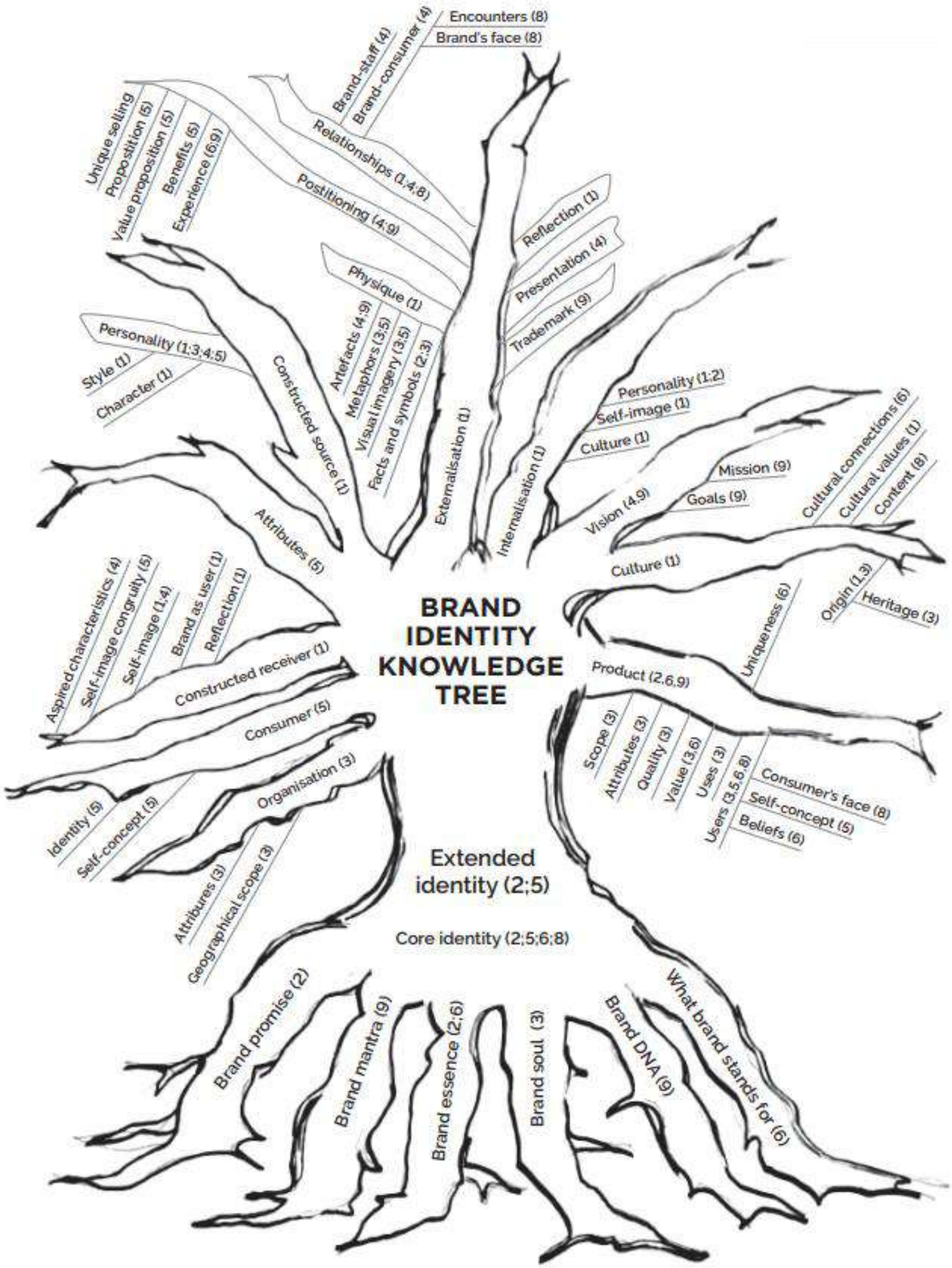
BRAND IDENTITY KNOWLEDGE TREE

Figure 2 depicts a brand identity knowledge tree derived from the models and frameworks analysed during the systematic literature review. The numbers in the tree refer to the number of each model, as referred to in this document. Inferences were drawn from the knowledge tree.

DISCUSSION, MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

Six inferences were drawn from the systematic literature review, resulting in several managerial implications and recommendations. Firstly, the research revealed that most brand identity models originated in the 1990s and early 2000s. Although a limited number of models and/or frameworks were proposed in later years, their conceptual contribution to the concept of brand identity and a contemporary view thereof was limited. Rather, recent models were either practitioner-oriented or developed for consulting purposes. Also, the majority of research related to brand identity since the early 2000s focused on exploring existing brand identity models within a particular field of application, for instance, destination branding, corporate branding, fashion branding, services branding, packaging design, higher education, and electronics (e.g., mobile phones). From a theoretical perspective, the relationship between brand identity and brand image has also remained a popular topic, along with brand identity in relation to reputation. De Chernatony (1999) emphasised the importance of reputation as a longer-term, integrated view in contrast to the current perspective associated with brand image. The implication of these inferences relates to the impetus for this paper – brand managers must reconsider the current conceptual meaning and scope of brand identity, given the outdated extant views of the concept and the simultaneous renewed importance thereof. Secondly, although not explicitly stated, it seems that most brand identity models incorporate, acknowledge or imply an internal and external component or orientation as part of the brand identity construct. This notion aligns with the original approach followed by Kapferer (1992) in the Brand Identity Prism. The internal orientation relates to the core of the brand, its values and principles, DNA, mantra, essence and soul.

FIGURE 2
BRAND IDENTITY KNOWLEDGE TREE



Source: Researchers own construction

The external orientation refers to how the brand is presented to the world and refers to aspects such as visual imagery (e.g. logo, colour palette), verbal communication (e.g. tone and voice, slogan) and positioning. Researchers also seem to acknowledge the inter-connectedness between the internal and external components of brand identity. Thirdly, researchers agree that brand identity has an inner core that represents the brand’s pure essence. Some researchers refer to core identity as the inner, deepest part of the brand’s identity, whilst Aaker and Joachimsthaler (2012) view the core identity as inclusive of two to four dimensions that compactly summarise the brand’s vision, whilst brand essence encompasses all that the core identity of the brand represents, but provides even more focus through a single thought that captures the soul of the brand. The evolution in the work of Aaker (1996 versus 2002) signals to managers the importance of revisiting existing constructs. Aaker (2002) acknowledged the importance of purpose in branding by publishing a book on the topic. Purpose is one example of a concept that is viewed as closely connected to identity, but that has not been considered within existing brand identity models and frameworks. Perhaps now is the time to rethink brand identity in an innovative manner.

Fourthly, most researchers indicate that the brand's core is followed or surrounded by an extended level of the brand’s identity. Extended identity refers to either the outer layer of identity or, according to some researchers, the second layer, followed by an external, dynamic layer. These views are underpinned by the belief that a transition is required from the core brand identity or brand essence into action and implementation – it emphasises the necessity for developing systems or processes that can intentionally realise the brand’s identity in a practical manner. Brand platforms and communication channels are examples of enabling the consumer to experience the brand more directly and to connect and interact with it more tangibly. Although the inclusion of extended identity within the brand identity concept will be questioned later in this document, the role of this transitionary layer in determining a brand’s image is certain – brand managers are encouraged to view their brand touchpoints and communication channels as critical tools for realising the brand’s identity and therefore to select tools that are congruent with it. Fifthly, as evident in the knowledge tree, the brand identity models included in the systematic literature review feature both unique and overlapping components. Unique components include brand vision, mission, and goals; business scope and attributes; and trademarks. The key components of brand identity include brand personality, the product itself, awareness of culture and context, brand positioning, and external visual representation. Finally, brand identity becomes slightly more complex when considering its relational dimension and raises a key issue related to the contemporary conceptualisation of brand identity.

Many researchers [for instance, Kapferer (1992)] include relationships as part of their brand identity conceptualisation. Relationships signal that brand identity is formed not only by its inner core but also by its existence worldwide. This view aligns with social identity theory (Büyükdağ and Kitapci, 2021) and acknowledges that the brand's relationships (e.g. with consumers and staff) influence its identity. It further means that a part of the brand's identity relates to how a consumer wants to look or feel when interacting with the brand (Model 2), and that a part of the brand's identity is constructed from how the consumer uses the brand (Model 3), in which context they use the brand (Model 8) and how they see themselves in the brand (Model 1 – Kapferer's (1992) reflection concept). If the premise of brand identity remains that the brand's identity is formed by its internal components and its existence and relationships in the external world, many researchers would seemingly agree. However, such a viewpoint also infers that there is a component of the brand's identity, albeit belonging to the brand, that is not necessarily in the full control of the brand – it raises the complexity of externalising the brand's identity (e.g. positioning, experience and platforms chosen for the brand) and the uncertainty pertaining to the brand/business's perceived control over the brand's identity.

More than two decades ago, Louro and Cunha (2001) called for a relational paradigm for managing brands, emphasising the brand's continuous evolution in conjunction with the consumer and other stakeholders as co-creators. However, consumers expect brands to be consistent, authentic, and have a clear sense of purpose (Templer, Kennedy and Phang, 2020; Thomas, 2001). Thus, the question arises: can the collective evolution of brand identity (where brand and stakeholders are continuous co-creators) and a consistent, unwavering brand identity co-exist, or is it perhaps an opportune time to return to a simplified, updated view of brand identity? Revisiting the difference between brand identity and image reinforces this question. Brand image refers to the consumer's (or other stakeholders') perception of the brand, whilst brand identity relates to who the brand is and what it stands for. Many brand identity models state that the concept also includes how the brand is presented. It is perhaps in this dimension where the complexity arises, and the clarity sought in terms of brand identity becomes muddled. From the analyses in this paper, it is recommended that externalisation be considered part of brand identity implementation but removed from the construct. This approach could also pave the way for considering the inclusion of more novel constructs, such as brand purpose, intuition, and imagination, within the brand identity concept. It is strongly advised that a new, contemporary brand identity model or framework is developed and tested across contexts. A qualitative research approach is recommended for developing the new model to ensure deep insights into what constitutes the core aspects of a brand's identity.

CONCLUSION

It was Aristotle who once said: "Knowing yourself is the beginning of all wisdom." This paper contends that the statement holds true for brands – hence the importance of an updated view and understanding of brand identity. This paper explored extant brand identity models and frameworks by means of a systematic literature review to provide a comprehensive understanding of the concept and draw inferences for the future. The world has changed dramatically over the past decade, and it is the authors' viewpoint that existing brand identity models are not yet reflective of the current zeitgeist and reigning consumer demands. Although many aspects of the mentioned models remain relevant, a contemporary brand identity model is called for.

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TRACK CORPORATE SOCIAL INVESTMENT AND BUSINESS ETHICS

Making sense of letters to shareholders during the COVID-19 crisis: The effect of readability, tones and sentiment

Esterhuyse, Leana, Department of Financial Intelligence, University of South Africa
Elda du Toit, Department of Financial Management, University of Pretoria

Corresponding author: L Esterhuyse, esterl@unisa.ac.za

Abstract
Letters to shareholders are crucial in corporate communication, influencing stakeholder perceptions. This study investigates how crisis events affected the readability, tones and sentiment of these letters from the JSE Top 40 South African listed companies during the COVID-19 pandemic, emphasising the importance of ethical and transparent communication as a hallmark of good business. Letters to shareholders for 2018 to 2021 were analysed. Findings suggest that letters to shareholders during the crisis showed increased use of negative, uncertain, constraining, and weak modal words and fewer positive and strong modal words. Readability remained consistently low throughout all years. Sentiment became markedly less positive in 2020 but picked up again. Our study contributes to the literature on narrative styles affecting readability, tones and sentiment, especially during a crisis. Shareholders could benefit from considering tone and sentiment in their investment decisions. Regulators could consider enhanced guidance for corporate disclosures to protect report users.

Keywords
Crisis; COVID-19; letter to shareholders; impression management; readability; tone; sentiment

INTRODUCTION

Crises like pandemics, crashes, or scandals threaten companies' reputations. Effective communication minimises damage and builds trust, embodying sound business principles. Analysing corporate narratives during crises offers insights into how companies respond. These narratives can shape public perception, reassure stakeholders, and chart a course forward. While research exists on how tone in corporate communication affects stakeholders, a gap remains in understanding how companies strategically adjust their communication style in crises.

Apart from the negative impact the COVID-19 pandemic had on physical human health, it also severely affected the economy and companies' operations (Al Amosh & Khatib, 2023; Fassas, Bellos, & Kladakis, 2021; Elmarzouky, Albitar, Karim, & Moussa, 2021). The most noticeable effect was the fall in sales, which resulted in lower profits and cash flow for companies. The COVID-19 pandemic took a heavy toll on the world economy, with the International Monetary Fund (IMF) estimating that from 2019 to 2020, the worldwide median gross domestic product (GDP) fell by 3.9%, making it the worst recession since the Great Depression (Oum, Kates, & Wexler, 2022). This paper takes advantage of the turbulent financial and economic conditions caused by the COVID-19 pandemic to examine the readability, tones and sentiment expressed in letters to shareholders of South African companies. The aim was to investigate whether company reporting styles reflected its financial performance and the uncertain environment in which it operated during a recent crisis. Previous studies investigating the 2008/2009 Global Financial Crisis as a systemic shock found that readability, tone and sentiment in corporate reports were severely affected (Hassan, Abu-Abbas, & Kamel, 2022; Alshorman & Shanahan, 2022; Li, Wang, & Luo, 2022; Scheuerlein & Chládková, 2022; Moreno & Jones, 2021; Poole, 2016).

Narrative disclosures set out to reduce information asymmetry between managers and the market (Hassan *et al.*, 2022; Nel, Arendse-Fourie, & Ontong, 2022; Fassas *et al.*, 2021; Rich, Roberts, & Zhang, 2021; Caserio, Panaro, & Trucco, 2020; Chakraborty & Bhattacharjee, 2020). However, managers may reduce the reliability of such communication through omission, obfuscation, over-emphasis, or reticence, which leads to the opposite, namely increased information asymmetry or a distorted view of the company (Li *et al.*, 2022; Moreno & Jones, 2021; Smith, Dong, & Ren, 2011). Although the aim of disclosure is usually premised on incremental information theory (Merkl-Davies & Brennan, 2007), the result is often the presence of impression management (Melloni, Caglio, & Perego, 2017; Merkl-Davies & Brennan, 2011), thus to misinform vs. to inform (Hassan *et al.*, 2022). The so-called 'strategic' use for disclosure is often seen in periods of difficulty (Caserio *et al.*, 2020)

Analyses of narrative non-financial disclosures are an increasingly important aspect of accounting research (Alduais, 2022; Hassan *et al.*, 2022; Tran, Tu, Nguyen, Nguyen, & Vo, 2021; Chakraborty & Bhattacharjee, 2020; Loughran & McDonald, 2015, 2014a, 2014b) as studies continuously show that managers use specific linguistic styles in their communications to affect tone and sentiment (Loughran & McDonald, 2011; Brennan, Guillamon-Saorin, & Pierce, 2009). Narrative disclosures form a bridge between the company and its stakeholders and are essential for effective investment decision-making (Tailab, BenYoussef, & Al-Okaily, 2023; Rich *et al.*, 2021; Chakraborty & Bhattacharjee, 2020). Companies need to understand that they serve a variety of stakeholders and must aim to meet the needs of multiple interest groups (Zharfpeykan & Ng, 2021). Modern markets consist of increasingly more informal investors who can be affected by readability, sentiment and bias in corporate disclosures (Alduais, Nashat Ali, Samara, & Masadeh, 2022). A company's management can potentially manipulate narrative disclosures to suit their purposes, for example, hiding negative news and emphasising positive news (Alduais, 2022; Hassan *et al.*, 2022). Psychology, agency, and economic theories suggest that managers may be incentivised to manipulate information (Alduais, 2022; Alduais *et al.*, 2022; Rutherford, 2003). Even though the letters to shareholders are largely unregulated, which allows for manipulation of readability, tone and sentiment, analysts continue to find it a trustworthy source of information (Hassan *et al.*, 2022; Nel *et al.*, 2022; Alshorman & Shanahan, 2021; Nadkarni & Barr, 2008; Clatworthy & Jones, 2006).

Top management is the link between the inside (the company internally) and the outside (society, economy, markets, customers) (Lafley, 2009). Top management's job is probably more crucial following a crisis than during years with less turbulence (Jenter & Kanaan, 2015). Their expertise, judgment, and managerial competence are unquestionably vital, as are their cognitive abilities and capacity to interact with shareholders (Alshorman & Shanahan, 2022; Scheuerlein & Chládková, 2022).

> *"Annual letters to stockholders by CEOs are not merely mundane discourses of seemingly minor importance, possessing a narrow, 'captured' audience of stockholders. Rather, their institutionalised role in the broad functioning of our socio-economy makes them important texts"* (Amernic, Craig, & Tourish, 2007, p. 1844).

The purpose of letters to shareholders is to provide information about a company's performance and direction. They also help convey the company's image and philosophy to current and potential investors (Tailab *et al.*, 2023; Poole, 2016). The letter to shareholders has a complicated and rich rhetorical structure because relationships are negotiated with various audiences for various goals. Thus, the letters to the shareholders offer a wealth of space for a diachronic evaluation.

The quality of reporting for Johannesburg Stock Exchange (JSE)-listed companies is well recognised, given South Africa's long-standing supremacy in the World Economic Forum's rankings for auditing and reporting strengths, notwithstanding state capture and other corporate scandals in more recent times (Nel *et al.*, 2022). South African listed companies were among the first globally to implement the concepts of the International Integrated Reporting Framework in 2010 as recommended by the then King III report, which was updated to the current King IV report in 2016. Stakeholder accountability is a cornerstone of corporate reporting in South Africa. The South African context for JSE-listed companies provided a unique research context and setting to examine readability, tone and sentiment in corporate communications.

In this study, the researchers explored the letters to shareholders before and during the COVID-19 pandemic to determine if letters to shareholders' readability, tone and overall sentiment fluctuate with economic systemic shocks. According to earlier research, economic shocks and bad news had a significant impact on the language top management used in corporate communications, such as letters to shareholders, press releases and conference calls (Skinner, 2024; Alshorman & Shanahan, 2022; Poole, 2016; Brennan *et al.*, 2009). Communication in periods of crisis is perhaps more crucial because their tone and sentiment can soothe shareholders and restore or preserve trust in the company (Scheuerlein & Chládková, 2022).

The following section introduces the literature, concluding with the paper's tested hypotheses. The third section explains the research method. The fourth section presents our findings, and the last portion closes with a discussion of the possible insights a closer examination of tones and sentiments may give.

LITERATURE REVIEW

The letter to shareholders

The audited financial statements' most important accounting data are typically included in the annual letter to shareholders, and the CEO may make comments about the company's priorities and plans for the future (Scheuerlein & Chládková, 2022; Mäkelä & Laine, 2011; Hyland, 1998). In addition to discussing the financial reports, the comments frequently communicate to shareholders the company's standards and ideals while weighing the present with the future (Lafley, 2009). Examples of these non-financial insights include using language to communicate credibility and responsiveness to a crisis and attempts to sway shareholders' opinions of rival companies to divert attention (Prasad & Mir, 2002). This can support the company's and the CEO's legitimacy (Alshorman & Shanahan, 2022). However, there is a distinction between truthfully communicating a company's performance and influencing shareholders' perceptions. For example, letters to shareholders of JSE-listed consumer goods and services companies indicated distinct narrative tones that lend themselves to impression management (Du Toit & Esterhuyse, 2021). The more readable and unbiased narrative disclosures are, the less information asymmetry will exist (Alduais *et al.*, 2022). The efficient operation of stock markets depends on *reduced information symmetry* (Chakraborty & Bhattacharjee, 2020).

The letter to shareholders, among other company communications, is particularly significant. The letter to shareholders has been seen *under agency theory* as a flexible, free-form, unaudited narrative that can be modified for pragmatic purposes (Tailab *et al.*, 2023; Merkl-Davies & Brennan, 2011). According to Hyland (1998), the CEO's letter to shareholders has great rhetorical relevance in establishing credibility and instilling trust, persuading investors that a company is pursuing reasonable and practical plans. A message from the leader of a company is an essential element in explaining past performance and offers a vision for the future, which can thus affect investment decisions (Poole, 2016). In both the UK and Australia, the letter is the section of the annual report that receives the greatest attention, providing a general understanding of the firm and its performance, making it valuable for investment decision-making (Hrasky, Mason, & Wills, 2009; Hyland, 1998).

The letter always comes relatively early in corporate reports, setting the tone for all that follows. Regarding *agency theory*, letters to shareholders are frequently seen as *top management's explanation of the situation*; thus, the tone, sentiment and emphasis can reveal a lot. Also, letters to shareholders are reportedly the section of an annual report that gets the most significant readership (Mäkelä & Laine, 2011; Prasad & Mir, 2002). Overall, Mäkelä and Laine (2011) contend that a close examination of letters to shareholders can enlighten researchers on the function of various corporate disclosures in companies and society. According to Prasad and Mir (2002), the letter to shareholders is far more than only a means to transmit information about a company; it contains essential symbolic meanings.

Letters to shareholders, for which top management could be legally liable, give a personal accountability story in public documents signed by the company's CEO and/or chairman. They are released annually as a major part of a company's annual report and are a significant public manifestation of leadership (Alshorman & Shanahan, 2022). Clatworthy and Jones (2006) and Smith *et al.* (2011) found that variations in company financial success may be reflected in the letters to shareholders' content. Most investment specialists believe the letter is reliable (Nadkarni & Barr, 2008). Hence, the letter to shareholders is the management literature text that is most frequently evaluated (Alshorman & Shanahan, 2022).

Readability, tone and sentiment

Readability, tone and sentiment are essential to successful communication (Hassan *et al.*, 2022). Readability ensures effective communication of information that has value for readers (Efretuei & Hussainey, 2022). Prior research has found a distinct relationship between the readability of narrative disclosures and various company performance measures, for example, earnings (Skinner, 2024; Alduais, 2022; Alduais *et al.*, 2022; Hassan *et al.*, 2022; Li, 2008). Most often, readability tends to be poor when companies are not performing well. Research also shows that complexity in narrative disclosures can affect stock returns and stock transaction volumes (Alduais *et al.*, 2022). The readability of corporate publications may change in times of crisis. Research by Zharfpeykan and Ng (2021) suggests a shift in reporting focus, prioritising the needs of vulnerable stakeholders and celebrating proactive efforts to address their concerns. One would thus expect a more readable text in times of crisis.

Previous research suggests that there is often a relationship between the tone of corporate disclosures and various aspects of company performance (Li *et al.*, 2022; Rich *et al.*, 2021; Tran *et al.*, 2021; Fassas *et al.*, 2021; Luo & Zhou, 2020; Del Gaudio, Megaravalli, Sampagnaro, & Verdoliva, 2020; Loughran & McDonald, 2015; Huang, Teoh, & Zhang, 2014; Davis & Tama-Sweet, 2012; Loughran & McDonald, 2011; Smith *et al.*, 2011; Li, 2010) and that this may be even more pronounced in terms of crisis (Alshorman & Shanahan, 2021). Alshorman and Shanahan (2021) found that optimism determines market valuation and profitability.

Prior research in accounting and finance indicates ambiguity in the sentiment expressed in the narratives of financial disclosures by firms (Boudt & Thewissen, 2019; Arslan-Ayaydin, Boudt, & Thewissen, 2016; Huang *et al.*, 2014). Scholars agree that the sentiment in qualitative sections of corporate communications helps *reduce information asymmetry* between management and stakeholders, providing valuable insights for predicting future performance (Boudt & Thewissen, 2019). However, increasing evidence suggests that managers may misuse this channel to influence third-party perceptions for their benefit, employing what can be referred to as *impression management* (Boudt & Thewissen, 2019; Arslan-Ayaydin *et al.*, 2016; Huang *et al.*, 2014). Such practices use language to cause bias in the signal provided by financial disclosures and reduce confidence in the information disclosed by managers (Clatworthy & Jones, 2003).

A crisis provides the perfect opportunity to measure aspects of narrative tone that are nearly impossible under normal circumstances. It is anticipated that COVID-19, as an exogenous occurrence, will affect the readability, tone and overall sentiment of letters to shareholders. The arguments for whether the readability, tone and sentiment of letters to shareholders are likely to be affected positively or negatively by a crisis can go both ways (Moreno & Jones, 2021). On the one hand, a crisis can lead to poorer performance, which may lead to impression management efforts to obfuscate the poor performance. On the other hand, a crisis can result in a need for more transparency, thus reducing the amount of impression management present in corporate communications.

The researchers pose three specific hypotheses to determine whether a systemic shock such as the COVID-19 pandemic affected the readability, tone and net sentiment of JSE-listed companies' letters to shareholders:

H1. The COVID-19 crisis affected the readability of letters to shareholders

H2. The COVID-19 crisis affected the different tones employed in the letters to shareholders

H3. The COVID-19 crisis affected the net sentiment of the letters to shareholders

RESEARCH METHOD

This longitudinal study investigates disclosures before and during a specific event (Alshorman & Shanahan, 2022; Hassan *et al.*, 2022). The researchers analysed the letters to shareholders of the Top 40 companies as determined on 23 August 2022 for the four years under review, 2018 to 2021. This resulted in a final sample of 158 letters. The final sample was derived as shown in Table 1. The years 2018 to 2019 represented the period before COVID-19, and 2020 to 2021 represented the peak periods of the COVID-19 pandemic. Even though lockdowns were reduced in 2021, business was still disrupted, and the economic effects of COVID-19 still loomed.

TABLE 1
SAMPLE SELECTION

Description	No. of companies
Total expected letters to shareholders	160
Less: companies with missing values (Prosus N.V. was not listed during the entire period, and thus, no letters to shareholders were available for 2018 and 2019)	(2)
Final sample	158

Source: Authors' compilation

Each letter was removed from the integrated report, downloaded, pasted in Word, and cleaned by removing tables and pictures. The text analysis software evaluated the readability and tone of each letter to shareholders.

Readability was established using the Flesch-Kincaid measure, using Readability Studio 2021 software. The benefit of using software and readability formulae lies in its objectivity, simplicity and economy (Alduais, 2022). The Flesch-Kincaid measure is generally accepted as an effective method for measuring readability (Alduais *et al.*, 2022; Efretuei & Hussainey, 2022; Loughran & McDonald, 2014a; Li, 2008). The Flesch-Kincaid readability measure estimates how easy a piece of text is to understand by analysing sentence length and word complexity. The score indicates the schooling level needed to comprehend the text. A higher score thus indicates a more challenging text.

Tone can be discerned in a variety of communications. Traditional methods, like in-person interviews, phone interviews, and postal questionnaires, have low response rates and recall bias as their intrinsic flaws (Alshorman & Shanahan, 2022). These practical challenges can be overcome by using letters to shareholders, which are public documents that also capture tone and sentiment. When gauging the tone and sentiment of corporate communications, Loughran and McDonald (2015) found that word lists created expressly for the business setting are the most accurate. The word lists created by Loughran and McDonald (2011) are the most appropriate for this field (henceforth referred to as LM). The LM word lists were specifically prepared to be suitable for accounting texts, noting that words such as ‘depreciation’, ‘liability’, ‘foreign’ and ‘board’ may carry a different tone in accounting than in general text (Loughran & McDonald, 2011). Financial-specific word lists are thus better at explaining letters to shareholders than generic word lists (Rich *et al.*, 2021). In this study, the researchers investigate tone in terms of the word lists from Loughran and McDonald (2011), which include 2 355 negative terms for a negative tone, 354 positive terms for a positive tone, 297 terms relating to uncertainty, 27 weak modal terms, 19 strong modal terms and 185 constraining terms[4].

To measure the extent of disclosure devoted to a crisis, in this case COVID-19, the researchers also included a “COVID” word list based on the research by Elmarzouky *et al.* (2021). The researchers reviewed this list and excluded words that are not *solely related* to COVID-19 and lockdowns, namely Retention, Disaster, Social distancing, Face covering, Prevention, Closure, Safety measures, Working from home, Working online, Redundancy, Reopen, Safe returning, and Isolation. For analysis purposes, the individual tones are determined as the frequency of the six LM word lists, and the Elmarzouky et al. (2021) word list is expressed as a percentage of the total words in the letter to shareholders (Martikainen, Miihkinen, & Watson, 2023). Following convention (Rahman, 2023; Du & Yu, 2021), the net sentiment of the letters to shareholders is determined by the prevalence of using positive vs. negative words. It is calculated as Net Sentiment = (Positive – Negative)/(Positive + Negative).

RESULTS

The data for the four years are visually presented in Figures 1 to 4.

[4] The Loughran and McDonald word lists can be found at https://sraf.nd.edu/loughranmcdonald-master-dictionary/

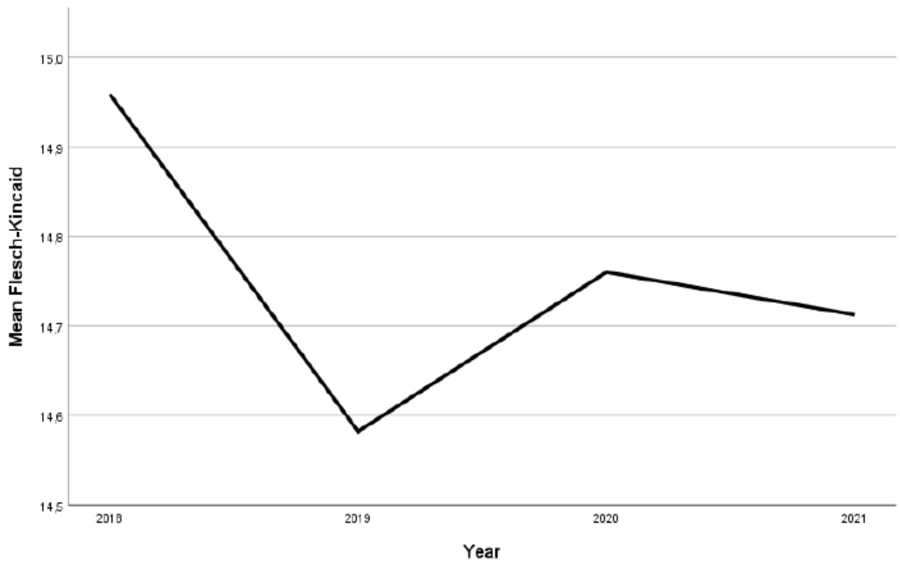

Figure 1: Average readability over the period

Source: Authors' compilation

Figure 1 shows that readability (approximating the number of years of schooling required to understand the text) did not change much from the pre-COVID-19 periods to during the pandemic, only fluctuating between a low of 14.6 and a high of 15, contrary to what the research suggests (Zharfpeykan & Ng, 2021).

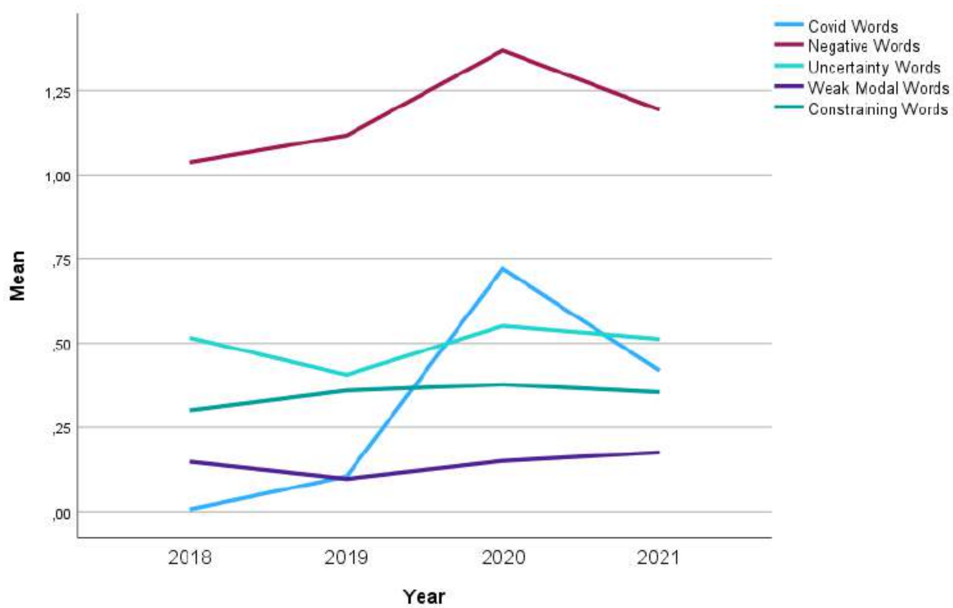

Figure 2: Average tones over the period

Source: Authors' compilation

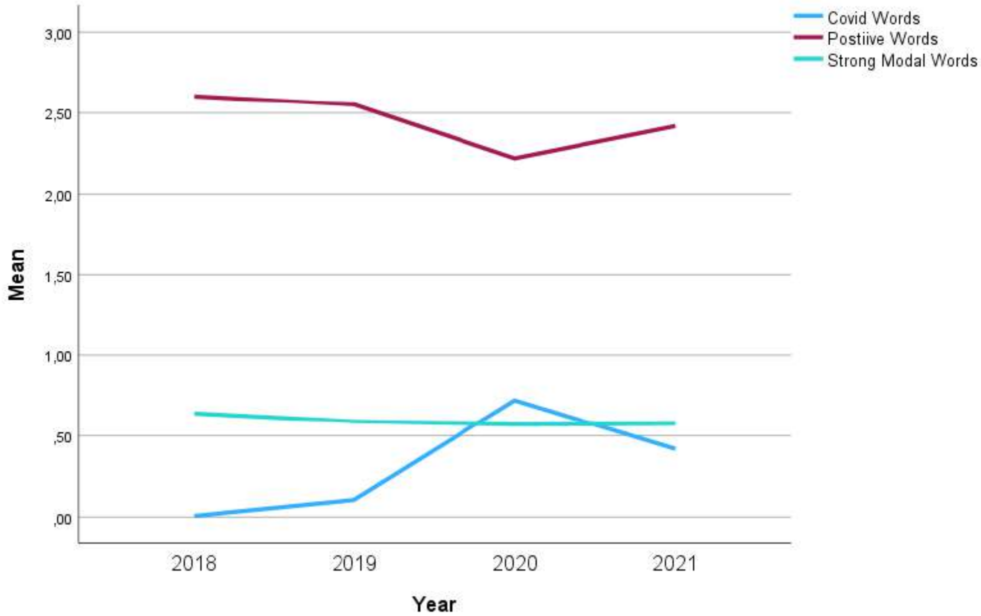

Figure 3: Average tones over the period
Source: Authors' compilation

Figures 2 and 3 show how the crisis resulted in a rapid increase in words related to uncertainty, negativity, weak modal and constraining words in 2020, while there was a converse decrease in positive and strong modal words. As expected, words relating to the crisis increased during the pandemic and tapered off in 2021 but were still being reported. Interestingly, as the pandemic started in China in late 2019, some late 2019 letters to shareholders (presumably written in Q1 2020) already mentioned the pandemic. Like Elmarzouky et al. (2022), the researchers found a positive relationship between using words related to the COVID-19 pandemic and uncertainty.

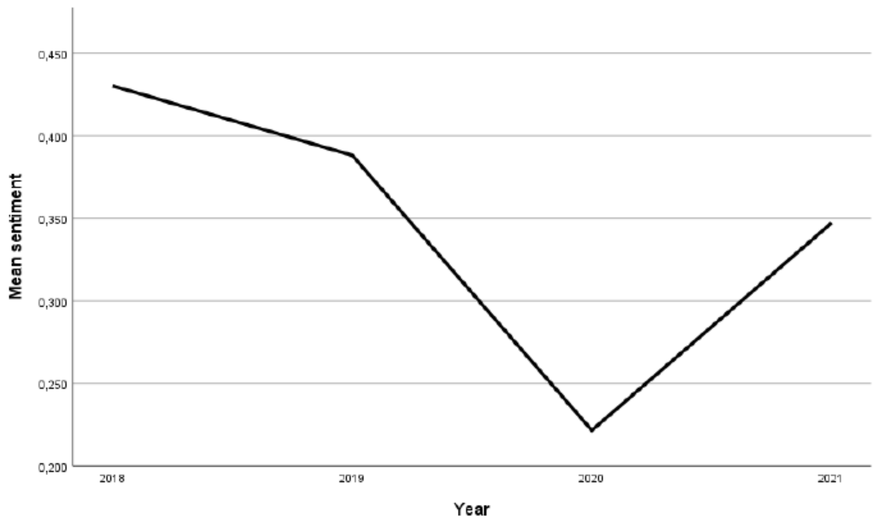

Figure 4: Average net sentiment over the period

Source: Authors' compilation

As expected, the increase in negative tone and decrease in positive tone caused net sentiment to show a rapid decline in the crisis period, as shown in Figure 4, and it did not wholly recover in 2021.

Examining letters to shareholders from South African companies during the COVID-19 pandemic paints an interesting picture of communication shifts. Table 2 shows that mentions of COVID-19-related words increased tenfold, unsurprisingly becoming a central focus. Interestingly, readability remained stubbornly low throughout, suggesting these letters were not geared towards easy comprehension. However, the tone did change dramatically. Uncertainty and negativity spiked by 15% and 19%, respectively, accompanied by a 33% increase in weak modal verbs – a sign of top management adopting a more cautious and hedging approach. Despite this, positive words remained 1.8 times more prevalent than negative words, even during the crisis, suggesting a potential effort to maintain morale. This is further supported by a 31% reduction in the net sentiment score, becoming less positive. Finally, the analysis revealed a shift in the confidence of the writers. Before the crisis, top management used strong modal verbs five times more often than weak ones, indicating greater certainty and confidence. This confidence dropped to 3.5 times during the peak of the crisis, a 30% decrease and a move towards more tempered statements. These findings suggest that top management aimed to address the challenges head-on while also attempting to maintain a sense of optimism during a difficult period.

TABLE 2

DESCRIPTIVE STATISTICS

Before COVID-19 (2018 and 2019)					
Variable	**Mean**	**Median**	**SD**	**Min**	**Max**
Flesch-Kincaid.	14.77	15.00	1.837	9.30	18.30
Percentage COVID-19 words	0.06%	0.00%	0.18%	0.00%	1.24%
Percentage negative words	1.08%	1.02%	0.56%	0.00%	2.46%
Percentage positive words	2.58%	2.63%	1.02%	0.04%	4.67%
Percentage uncertainty words	0.46%	0.43%	0.28%	0.00%	1.36%
Percentage constraining words	0.33%	0.33%	0.18%	0.00%	0.87%
Percentage strong modal words	0.62%	0.58%	0.31%	0.00%	1.37%
Percentage weak modal words	0.12%	0.09%	0.13%	0.00%	0.64%
Net sentiment	0.41	0.43	0.29	-0.45	1.00
n = 78					
During COVID-19 (2020 and 2021)					
Variable	**Mean**	**Median**	**SD**	**Min**	**Max**
Flesch-Kincaid	14.74	14.65	1.69	10.80	18.60
Percentage COVID-19 words	0.57%	0.53%	0.36%	0.00%	1.52%
Percentage negative words	1.28%	1.40%	0.55%	0.10%	2.43%
Percentage positive words	2.32%	2.37%	0.71%	0.33%	3.91%
Percentage uncertainty words	0.53%	0.50%	0.27%	0.13%	1.59%
Percentage constraining words	0.37%	0.37%	0.18%	0.00%	0.97%
Percentage strong modal words	0.57%	0.52%	0.30%	0.09%	1.46%
Percentage weak modal words	0.16%	0.14%	0.14%	0.00%	0.87%
Net sentiment	0.28	0.28	0.30	-0.63	0.93
n = 80					

Source: Authors' compilation

Next, the researchers test whether the differences observed in Table 2 were statistically significant. A Shapiro-Wilk test and accompanying Q-Q plots indicated that the variables did not conform to the normality assumption. Therefore, a non-parametric test was required to answer RQ 1 and 2. The research uses Mann-Whitney U tests to test the statistical significance of differences in the variables between the two distinct periods. The results of the Mann-Whitney U tests are presented in Table 3. The Mann-Whitney U test indicates that using COVID-19 words differs significantly over the periods ($p < 0.01$). This confirms the visual observation from Figures 2 and 3 and the increase in the average usage presented in Table 2. Negative and weak modal words also differ significantly ($p < 0.05$). Positive and uncertainty words are not significant at the conventional level of 5% but at the higher 10% threshold. The Flesch Kincaid constraining and strong modal words did not show a significant change ($p > 0.10$) in the crisis period. The significance of the increased use of negative words resulted in an overall significant downward change in the net sentiment variable of the letters to shareholders ($p < 0.01$) during the crisis period.

TABLE 3

MANN-WHITNEY U TEST RESULTS

Variable	Mann-Whitney U	Wilcoxon W	Z	p-value
Percentage COVID-19 words	5887.0	9127.0	9.928	**.001***
Flesch Kincaid	2954.0	6194.0	-0.576	.565
Percentage uncertainty words	3594.5	6834.5	1.365	**.099***
Percentage negative words	3819.0	7059.0	2.243	**.015****
Percentage positive words	2602.0	5842.0	-1.801	**.072***
Percentage constraining words	3549.5	6789.5	1.494	.135
Percentage strong modal words	2773.5	6013.5	-1.205	.228
Percentage weak modal words	3732.0	6972.0	2.134	**.033****
Net sentiment	2336.0	5576.0	-2.727	**.006*****

Note: The Mann-Whitney U test tests for differences in mean ranks across two groups. A significant p-value ($p < 0.05$) indicates that the distribution of a variable is statistically different across the periods.

*** indicates statistical significance at .01, ** indicates statistical significance at .05 and * indicates statistical significance at .10.

Source: Authors' compilation

In analysing the readability and tone of letters to shareholders during the COVID-19 crisis, we found that while readability remained consistently low, the tone shifted significantly towards more negative and uncertain language. This suggests that top management was more focused on conveying the gravity of the situation rather than ensuring ease of comprehension. This shift likely reflects an attempt to manage stakeholder perceptions by emphasising the challenges faced. Such strategic use of language aligns with impression management theory, indicating that top management may adjust their communication styles in response to external pressures. From the results presented and discussed above, the findings can be summarised concerning each hypothesis as follows:

H1. The COVID-19 crisis affected the readability of letters to shareholders

Even though the letters showed relatively poor readability throughout the analysis period, the COVID-19 crisis did not significantly affect their readability. Thus, H1 is rejected.

H2. The COVID-19 crisis affected the different tones employed in the letters to shareholders

The tones of the letters changed over the two periods investigated with significantly more uncertain words, negative words and weak modal words used during the COVID-19 period. The use of positive and strong modal words decreased. H2 is thus accepted.

H3. The COVID-19 crisis affected the net sentiment of the letters to shareholders

The net positive sentiment decreased significantly during the height of the COVID-19 crisis. H3 is thus accepted.

CONCLUSIONS, IMPLICATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

The study examined how the COVID-19 crisis affected South African companies' letters to shareholders. It found a clear shift in communication during the crisis. Companies incorporated more COVID-19 language, while the tone became more negative and uncertain. Readability remained low throughout. This highlights the impact of the COVID-19 crisis on communication with shareholders.

Our study adds to the growing literature on corporate communication during crises by providing empirical evidence from the South African context. Previous studies, such as those by Alshorman and Shanahan (2022) and Scheuerlein and Chládková (2022), have demonstrated similar shifts in tone and readability during economic shocks. Our findings corroborate these results, further supporting that crises lead to more complex and negative corporate narratives. This study also expands on the work of Huang, Teoh, and Zhang (2014) and Arslan-Ayaydin, Boudt, and Thewissen (2016) by showing that the sentiment expressed in letters to shareholders can serve as a predictive tool for future firm performance, thereby enhancing our understanding of the role of narrative disclosures in financial markets. Although sentiment and tone have previously been studied in various corporate communications, our contribution lies in elucidating a crisis's effect on how companies communicate, especially when the communication is by the company's top management. It was interesting to note that the net sentiment remained positive throughout, although the net positivity reduced during the crisis. On the one hand, this aligns with the view that top management manages impressions by tending to paint performance and results positively. However, during a crisis, a net positive sentiment could also be argued as evidence of the company's top leader motivating and encouraging staff and shareholders through a difficult period.

The results imply that shareholders might benefit from paying close attention to the tone and sentiment in the annual letter. The increased negativity and uncertainty in letters to shareholders during a crisis might serve as a red flag, indicating potential risks and the need for cautious decision-making. At the very least, prospective investors should consider top management's outlook when making investment selections. This can be done by listening to how they speak, including their annual letter to shareholders.

Although this study is based on the COVID-19 crisis, its findings can extend to other crises. During crises, management needs to prioritise clear and transparent communication. Top management should balance transparency about challenges with optimism to maintain stakeholder trust. To achieve this, companies should increase the frequency of their updates to keep stakeholders informed about ongoing developments and use a balanced tone that acknowledges difficulties while highlighting strategic responses and future opportunities. Corporate disclosures are important company outputs widely read by investors and other parties. Policymakers and regulators are encouraged to suggest and implement policies requiring readable, unbiased narrative disclosures. The consistently low readability highlights a need for more precise guidelines on corporate disclosures to ensure that essential information is accessible to all stakeholders. This can help mitigate the risks associated with information asymmetry and enhance market transparency.

Top management should develop comprehensive crisis management plans with tailored communication strategies for stakeholder groups. This can be achieved by customising messages for stakeholders, such as investors, employees, and customers, addressing their unique concerns and expectations. Establishing mechanisms for stakeholders to provide feedback on corporate communications can facilitate continuous improvement. Additionally, regular training on effective crisis communication techniques can ensure that management teams are prepared to respond appropriately in times of crisis. Accounting narratives could begin with a disclaimer outlining the current situation, e.g., a crisis, and, in effect, warning readers that the disclosure may represent the top management's personal opinions. This would make readers aware of the possibility of inconsistent reporting trends. In conclusion, top management should refrain from intentional impression management, and users must embrace scepticism when reading the letter to shareholders.

This study provides valuable insights, but some limitations offer opportunities for future research. Firstly, the analysis focused on companies across various industries. Delving deeper into specific sectors could reveal more nuanced communication styles depending on how the crisis impacted each industry. A longer timeframe can be analysed to see if communication styles revert to pre-crisis dimensions. Finally, exploring top management's personality traits and their influence on communication during turbulent times could offer a fascinating psychological dimension to future research. By addressing these limitations, future studies can paint a richer portrait of how companies navigate crisis communication with their stakeholders.

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TRACK LOGISTICS AND SUPPLY CHAIN MANAGEMENT

THE ANTECEDENTS OF SUPPLY CHAIN SUSTAINABILITY (SCS): THE CASE OF THE PETROCHEMICAL SECTOR IN THE GAUTENG AND FREE STATE PROVINCES IN SOUTH AFRICA

Ms. Puleng Pitikoe, Department of Logistics & SCM, Vaal University of Technology, Vanderbijlpark, South Africa

Dr Sithembiso Govuzela, Department of Logistics & SCM, Vaal University of Technology, Vanderbijlpark, South Africa **Orcid:** https://orcid.org/0000-0002-2219-8957

ABSTRACT

The petrochemical industry is a critical player in the global economy and a key driver of socio-economic development in South Africa. The COVID-19 outbreak significantly impacted market growth, with the imposed lockdown halting economic activities and weakening petrochemical demand. Many firms are striving to recover from supply chain backlogs, with sustainability being a vital factor in enhancing efficiency and supply chain management. This study decisively employed positivism as a research paradigm, utilising descriptive and correlational designs, notably cross-sectional design. It adopted a quantitative approach and employed non-probability convenience sampling methods, involving 204 supply chain professionals in the Gauteng and Free State provinces. The study conclusively revealed that risk management and stakeholder management exhibit a significant relationship with corporate governance, while no relationship was found between ethics and communication with corporate governance.

Keywords: Ethics, risk management, communication, stakeholder management, corporate governance, supply chain sustainability.

INTRODUCTION

South Africa's petrochemical industry began in the 1950s with the construction of the first coal-to-liquids (CTL) plant in Sasolburg (Research & Market Report, 2019). It is the largest industry of its kind in Africa, encompassing 11 subsectors that contribute R324 billion and 8.5 percent of the national GDP (Department of Energy, 2019). The sector is founded on coal gasification and supplies more than 95 percent of the coal used to generate the country's electricity (Global Monitor, 2023). According to a report by the Department of Trade & Industry (2022), the petrochemical industry is valued at nearly R437 billion and further contributes 25 percent to manufacturing sales. The industry also provides approximately 80 455 direct jobs and 699 880 indirect jobs, underscoring its significance to the socio-economic development of the country

(Department of Energy, 2019). The COVID-19 outbreak had a significant impact on the growth of the South African petrochemicals market. The lockdown imposed in South Africa brought economic activity to a standstill, weakening the demand for the petrochemicals market in 2020 (Global Monitor, 2023).

Given the stated importance and challenges facing the petrochemical sector, it is crucial to explore strategic ways to ensure the operational sustainability of its supply chain networks (Pöllinger & Schonebeck, 2021; Wang, Cheng & Wang, 2022). Nowadays, stakeholders place substantial pressure on companies to conform to sustainable business practices, urging firms to address economic concerns and improve environmental and social conditions (Kaur, Kumar & Luthra, 2022). Businesses' inability to meet stakeholders' sustainability-related expectations has been found to have negative effects on performance appraisals, including adverse publicity, reputational loss and costly legal obligations (Eggert & Hartmann, 2022).

PROBLEM STATEMENT

Some studies have examined the drivers of supply chain sustainability (SCS). Rebs, Brandenburg, Seuring and Stohler (2018) focus on stakeholder influences and risks in sustainable supply chain management (SCM) focused on communication and the narrative basis of sustainability in the United States, and Okoumba and Mafini (2018) consider extending green SCM activities to manufacturing small and medium enterprises (SMEs) in a developing economy in South Africa.

There seems to be scant current SCM literature on the concept from a South African perspective, apart from Mateteni (2017), who examined the impact of corporate governance mechanisms on the sustainability of selected microfinance institutions in Cape Town and Neboh, Ganiyu and Wiston (2022), who investigated the drivers of SCS in the South African retail industry in KwaZulu-Natal. Furthermore, the fact that little investigation has focused on the proposed association in South Africa, specifically in the Gauteng and Free State provinces is noteworthy. Therefore, this study aimed to bridge this knowledge gap by addressing the proposed association between the identified antecedents and SCS. Its findings could prove to be a relevant and vital value addition, not only to the existing body of supply chain management literature but also to business owners and supply chain professionals, serving as a diagnostic tool to address supply chain-related issues in the petrochemical industry in both the Gauteng and Free State provinces.

LITERATURE REVIEW

Supply Chain Sustainability (SCS)

The concept of SCS has attracted the attention of various scholars (Azadeh, Peter & Bella, 2016; Ahranjani, Ghaderi, Azadeh & Babazadeh, 2020; Abdel-Basset & Mohamed 2020). Rudnicka (2016) describes sustainability as the management of material, information and capital flows, as well as cooperation among companies along the supply chain while considering goals from all three dimensions of sustainable development—economic, environmental, and social—derived from customer and stakeholder requirements. The term 'triple bottom line' coined by Thöni & Tjoa, (2017) which is widespread in the literature, splits sustainability into three dimensions of equal importance: economic, environmental, and social dimensions. According to Zavala-Alcivar, Verdecho & Alfaro-Saiz (2020), this means that sustainability in the supply chain can only be achieved when the non-economic aspects are embedded in the management system and visible at every stage, from strategy to individual operations.

Ethics

Ethic**s** are the moral guidelines that an entire organisation and its members follow to comply with state and federal laws (Rajindra, Burhanuddin, Rukhayati & Wekke, 2019; Kusi-Sarpong, Orji, Gupta & Kunc, 2021). Ethics also form the basis of a cohesive, supportive organisational culture and are essential for building strong relationship with customers (Gonzalez-Padron, 2016). In building and managing relations with suppliers, the concept of social responsibility is often used (Kaur, Kumar & Luthra, 2022). An ethical dimension is necessary to improve sustainability issues in the supply chain (Rudnicka, 2016).

Risk Management (RM)

Risk management in today's business environment has become the most significant contributor to most fields of management (Eggert & Hartmann, 2022**)**. Managing supply chains in a competitive, uncertain and turbulent market is challenging (Sazvar, Zokaee, Tavakkoli-Moghaddam, Salari & Nayeri, 2021).

Stakeholder Management (SM)

Stakeholders are individuals or groups that can influence the achievement of a corporation's goals or are affected by the company's performance (Rebs, Brandenburg, Seuring & Stohler, 2018). Stakeholder management can be identified as a model of relationships with different groups of stakeholders using various marketing and communication methods and tools (Chowdhury, Agarwal & Quaddus, 2019). Various groups and individuals can influence business operations, such as customers, workers, competitors, the natural environment, or suppliers (Yawar & Seuring, 2017). Stakeholders can worsen the organisation's image or decrease the sales of crucial products (Jakhar, Bhattacharya, Rathore & Mangla, 2020), which is why organisations decide to map and manage relations with stakeholders (Rebs *et al.,* 2018; Jakhar, Mangla, Luthra & Kusi-Sarpong, 2019; Xu, Wei & Lu, 2019).

Communication

Communication is one of the most critical systems that must advance in all areas (Duan, Aloysius & Mollenk, 2021). Villa, Gonçalves and Villy-Odong (2017) emphasise that efficient and frequent communication provides employees with guidelines and maintains momentum in sustaining the supply chain towards continuous improvement efforts. Communication provides the platform for information flow among the supply chain partners, establishing harmonious links for the timely dissemination of product and transaction information between the intermediaries and the manufacturer (Ogunmola & Akeke, 2018). Sustainability requires effective communication to provide employees with clear objectives and consistent mission statements (Uddin & Akhter, 2019). Effective communication is vital for trust, collaboration and improved performance in construction projects (European Chemical Agency, 2020).

Corporate Governance (CG)

Corporate governance is a crucial success factor for businesses as it has been associated with improving sustainability performance and gaining investors' trust (Neboh, Ganiyu & Wiston, 2022). Li, Wong, Yang, Shang and Lirn (2019) argue that corporate governance and sustainability play a vital role in various facets of a firm's corporate behaviour and performance. Sar (2018) and Zavala-Alcivar, Verdecho and Alfaro-Saiz, (2020) argue that quality corporate governance could engender high sustainability performance.

1.3 PURPOSE OF THE STUDY

This study investigated the antecedents of SCS in the petrochemical sector in the Gauteng and Free State provinces.

1.3 OBJECTIVES OF THE STUDY

The objectives of the study were both theoretical and empirical.

1.3.1 Theoretical objectives

To achieve the purpose of the study, the following theoretical objectives were formulated:

- to review the literature on the petrochemical industry globally
- to review the literature on the petrochemical industry in South Africa
- to explore the literature on the proposed antecedents of SCS, namely ethics, communication, stakeholder management, corporate governance and risk management
- to review the literature on SCS.

1.3.2 Empirical objectives

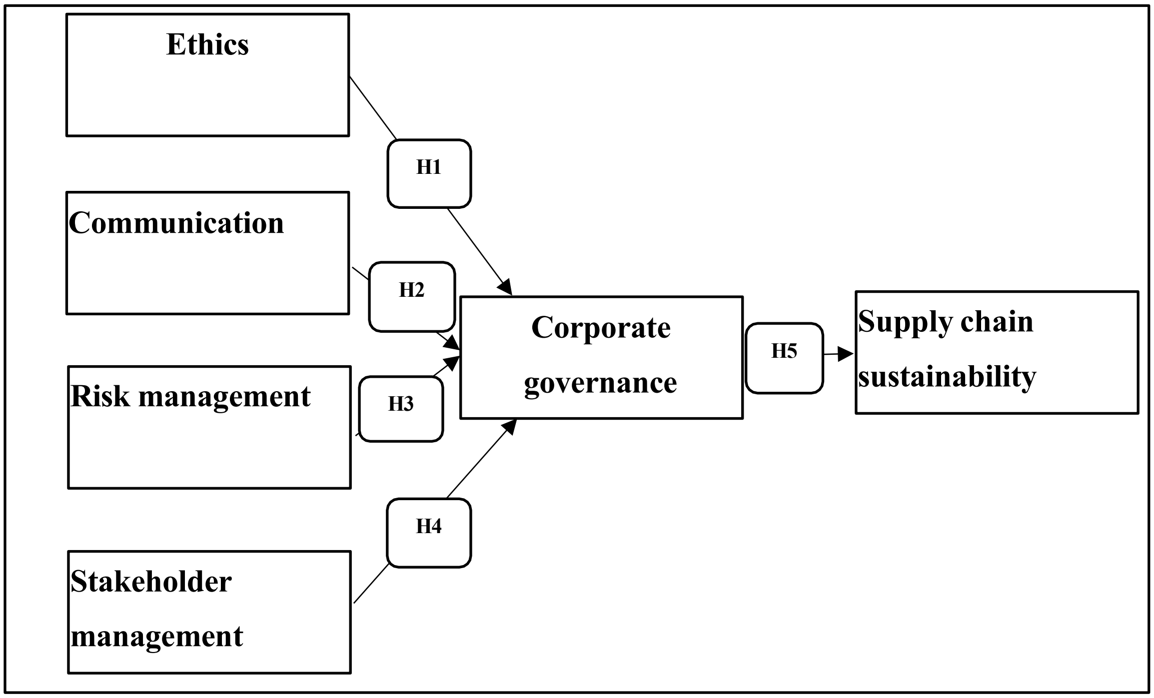
The following empirical objectives were formulated to support theoretical objectives:

- to establish the perception of supply chain professionals towards the identified antecedents (ethics, communication, SM, CG and RM) and SCS in petrochemical companies in the Gauteng and Free State provinces
- to assess the influence of ethics, communication, SM and RM on CG in petrochemical companies in the Gauteng and Free State provinces
- to determine the influence of CG on the SCS of petrochemical companies in the Gauteng and Free State provinces.

1.4 CONCEPTUAL FRAMEWORK

This study adopted the conceptual framework presented in Figure 1.1 to illustrate the direct and indirect relationships between the constructs of the study.

Figure 1 Conceptual framework



Source: Author's construction

HYPOTHESES

Based on the conceptual model presented in Figure 1, the following hypotheses were developed:

H_1: Ethics exerts an influence on the SCS of petrochemical companies.

H_2: Communication exerts a positive influence on the SCS of petrochemical companies.

H_3: Risk management exerts a positive influence on the SCS of petrochemical companies.

H_4: Stakeholder management exerts a positive influence on the SCS of petrochemical companies.

H_5: Corporate governance exerts a positive influence on the SCS of petrochemical companies.

RESEARCH DESIGN AND METHODOLOGY

This study employs a combination of correlation and descriptive design since it aims to determine the relationships through hypothesis testing. A survey was adopted to achieve the objectives and to enhance the accuracy and validity of the study.

The researcher distributed 500 questionnaires. The questionnaires were screened after data collection. Some were not returned, and some were incomplete. After systematically screening all questionnaires and discarding the incomplete ones, 204 usable responses were obtained, representing a 40.8 percent response rate.

RESULTS

H_1: Ethics exerts a positive influence on the SCS of petrochemical companies in the Gauteng and Free State provinces

The analysis rejects hypothesis H1 (β = 0.008; t = 0.116; p = 0.907). This indicates that organisational ethics does not predict corporate governance among the sampled petrochemical firms in the selected provinces. The results suggest that an increase in ethical practices leads to a very insignificant increase in corporate governance in the petrochemical manufacturing industry, by only 0.8 percent. Studies present contradictory findings regarding this relationship. Empirical results from Ganapathi (2016) support the non-existence of a relationship between ethics and corporate governance.

H_2: Communication exerts a positive influence on the SCS of petrochemical companies in the Gauteng and Free State provinces

The analysis on H2 was not supported (β = -0.081; t = 1.050; p = 0.294). Therefore, communication does not predict corporate governance in the participating petrochemical manufacturing firms in the Gauteng and Free State provinces. This finding indicates that an increase in effective communication results in a marginal increase in corporate governance in the petrochemical manufacturing industry, by only 8.1 percent. This result contrasts with empirical evidence from Uddin and Akhter (2019), who argue that understanding and communication of common goals, along with the resolution of disagreements, are facilitated through communication among firms. Additionally, a communication strategy within the supply chain is critical to influencing the negotiation process of manufacturers and suppliers during their bargaining sessions.

H_3: Risk management exerts a positive influence on the SCS of petrochemical companies in the Gauteng and Free State provinces

The results revealed a positive and significant relationship between supply chain risk management and corporate governance (β = 0.311; t = 3.293; p = 0.001). The results imply that risk management is a predictor of corporate governance among the sampled petrochemical manufacturing firms in both the Gauteng and Free State provinces. The results, therefore, mean that an increase in risk management performance leads to an increase in corporate governance activities within the petrochemical manufacturing industry by approximately 31 percent. This outcome aligns with Sazvar *et al.* (2021), who argue that developing risk management and risk mitigation strategies in the supply chain environment is essential for enhancing corporate governance and SCS.

H_4: Stakeholder management exerts a positive influence on the SCS of petrochemical companies in Gauteng and Free State Provinces

Hypothesis 4 (H4) was supported due to the positive and significant association between stakeholder management and corporate governance which was recorded (β = 0.504; t = 5.392; p = 0.000). The results indicate that an increase in stakeholder management corresponds to a rise in corporate governance initiatives within the petrochemical manufacturing sector by approximately 50 percent. This finding aligns with Sazvar *et al.* (2021who notes that stakeholders have a significant and extensive influence on corporate governance. Research shows that stakeholders' roles in corporate governance can be either negative (e.g., causing disturbances) or positive (e.g., fostering increased competition). Organisations should empower stakeholders during decision-making processes.

H_5: Corporate governance exerts a positive influence on the SCS of petrochemical companies in the Gauteng and Free State provinces

A positive and significant relationship was observed between corporate governance and SCS (H5) (β = 0.757; t = 18.295; p = 0.000). This outcome indicated that an increase in the adoption and practice of corporate governance leads to an enhancement of SCS within the petrochemical manufacturing industry by 76 percent. These findings support the view that corporate governance is a strategic principle in supply chain management and a crucial indicator of supply chain sustainability (Chatchawanchanchanakij *et al.*, 2019; Basheer, Siam, Awn & Hassan, 2019). Rajindra, Burhanuddin, Rukhayati and Wekke (2019) advocate that corporate governance has improved capital attraction and retention. Chatchawanchanchanakij *et al.* (2019) find that investors are willing to pay more for corporations with effective governance structures and practices. The major international corporate governance guidelines established by the Organisation for Economic Cooperation and Development (OECD), encourage corporations to pursue transparency, fairness, ethics, responsibility and honesty in all dealings between investors and other stakeholders. Jaimes-Valdez and Jacobo-Hernandez (2016) examined the impact of corporate governance on the sustainability of 100 publicly listed companies in Malaysia from the perspective of agency theory perspective. The results indicate that the board's size, professionalism and member appointments significantly impact on SCS disclosure.

CONCLUSIONS

Conclusion on the relationship between ethics and corporate governance in petrochemical companies

Structural equation modelling with SmartPLS was used to evaluate the relationship between ethics and corporate governance. The analysis revealed no significant association ($\beta = 0.008$; $t = 0.116$; $p = 0.907$), indicating that organisational ethics does not predict corporate governance within the sampled petrochemical firms in the selected provinces. Pearson correlation analysis confirmed these findings, reinforcing that ethics does not have a substantial impact on corporate governance in this context.

Conclusion on the influence of risk management on corporate governance of petrochemical companies

Both correlation analysis and structural equation modelling (SEM) were employed to explore the influence of risk management on corporate governance. The results showed that there is a positive and significant relationship between supply chain risk management and corporate governance ($\beta = 0.311$; $t = 3.293$; $p = 0.001$). This indicated that effective risk management significantly predicts corporate governance among petrochemical manufacturing firms in the Gauteng and Free State provinces.

Conclusion on the influence of stakeholder management on corporate governance of petrochemical companies

The findings indicate a positive and significant relationship between stakeholder management and corporate governance ($\beta = 0.504$; $t = 5.392$; $p = 0.000$). This empirical evidence supports the hypothesis, showing that an increase in stakeholder management correlates with an increase in corporate governance initiatives in the petrochemical manufacturing environment by about 50 percent. This underscores the crucial role of integrating stakeholder management as a key strategy for enhancing corporate governance. The correlation analysis reinforces the evidence that stakeholder management is fundamental to achieving successful corporate governance.

Conclusion on the influence of communication on corporate governance of petrochemical companies

Hypothesis testing revealed that communication does not significantly predict corporate governance in petrochemical manufacturing firms in the Gauteng and Free State provinces. This view is based on the fact that an increase in effective communication will result in a marginal increase in corporate governance in the petrochemical manufacturing industry by 8.1 percent.

Conclusion on the influence of corporate governance on the SCS of petrochemical companies

A positive and significant relationship was found between corporate governance and SCS (H5) (β = 0.757; t = 18.295; p = 0.000). These findings suggest that an increase in the adoption of sound corporate governance leads to an enhancement of SCS within the petrochemical manufacturing industry by 76 percent. These results affirm that strong corporate governance practices are integral to achieving higher sustainability in supply chain management, highlighting corporate governance as a key factor in advancing supply chain sustainability.

RECOMMENDATIONS

Recommendations to improve ethics in the petrochemical industry in the Gauteng and Free State provinces

Organisations need to create a code of conduct, promote ethical behaviour, provide ethical training and reward ethical conduct to enhance both corporate governance and social corporate responsibility.

Recommendations to improve communication in the petrochemical industry in the Gauteng and Free State provinces

To enhance communication, petrochemical firms should actively seek feedback, establish rapport with employees, build trust, hold regular meetings, avoid making assumptions, listen carefully to employees, understand their communication styles, set expectations and provide constructive feedback thoughtfully.

Recommendations to improve risk management in the petrochemical industry in the Gauteng and Free State provinces

To enhance risk management, firms should identify risks early, describe them appropriately, estimate and prioritise them, apply relevant risk management strategies, maintain a risk register and continuously monitor and review risks.

Recommendations to improve stakeholder management in the petrochemical industry in the Gauteng and Free State provinces

Key aspects to enhance stakeholder management include identifying, prioritising and understanding the company's stakeholders, establishing stakeholder objectives, aligning current strategies with stakeholder needs, managing internal strategies and establishing effective communications.

Recommendations to improve corporate governance in the petrochemical industry in the Gauteng and Free State provinces

Practical measures to enhance corporate governance include clarifying the board's role in strategy, monitoring organisational performance, understanding the board's role in employing the Chief Executive Officer (CEO), acknowledging the board's responsibility in risk governance, ensuring directors have the necessary information and establishing an effective governance infrastructure.

Recommendations to improve SCS in the petrochemical industry in the Gauteng and Free State provinces

The effective management of SCS demands the integration of sustainability at various strategic levels of the supply chain, including governance mechanisms and top management, at the product/service level and through proactive collaboration with supply chain partners.

CONTRIBUTIONS OF THE STUDY

This comprehensive study has uncovered crucial factors that will significantly enhance corporate governance and SCS within the petrochemical manufacturing industry. The proposed conceptual model is poised to drive substantial improvements in supply chain efficiency and effectiveness. It is anticipated that other researchers examining corporate governance and SCS across various industries could leverage this robust model. The valuable insights from this study are primed to make significant contributions to improving SCS for petrochemical manufacturers, not only in South Africa, but across the entire African continent.

LIMITATIONS OF THE STUDY AND RECOMMENDATIONS FOR FUTURE RESEARCH

The study was limited to three petrochemical manufacturing firms in the Gauteng and Free State provinces. It employed a cross-sectional design and utilised self-administered questionnaires. This study lays the groundwork for future research to build upon the findings and address the limitations. While the identified factors for driving corporate governance can enhance SCS, it is imperative to address ineffective practices of ethics and communication globally.

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INFLUENCE OF COVID-19 ON EFFECTIVE INVENTORY MANAGEMENT DECISIONS IN THE SOUTH AFRICAN AUTOMOTIVE COMPONENT MANUFACTURING INDUSTRY

Prof Janine Krüger[1], Prof Sandra Perks[2], Mr Jason Delport[3]

[1]Department of Business Management, Nelson Mandela University, Gqeberha, South Africa, Janine.kruger@mandela.ac.za

[2]Department of Business Management, Nelson Mandela University, Gqeberha, South Africa, Sandra.perks@mandela.ac.za

[3]Ford South Africa, Pretoria, South Africa, jdelport@ford.com

ABSTRACT

As a result of Covid-19 lockdown measures, the South African automotive industry experienced inventory problems that led to inventory shortages because of delivery delays. Therefore, it is important to investigate whether inventory storage and staff capabilities management decisions required adaptation due to Covid-19. A positivistic paradigm following a quantitative research approach was adopted to collect data from 162 respondents employed at automotive component manufacturers in SA using a self-administered online questionnaire. The results showed that inventory storage and inventory staff capabilities management decisions prior to Covid-19 influenced effective inventory management while it has not been the case during Covid-19. This suggests that the South African automotive component manufacturing industry reconsidered its inventory storage and staff capabilities management strategies. A further study can determine whether inventory management strategies changes have taken place post Covid-19.

Key words: Inventory storage management, inventory staff capabilities management, effective inventory management, automotive component manufacturing industry, Covid-19

INTRODUCTION

Due to Covid-19, countries worldwide introduced lockdown restriction measures to prevent the spread of the virus and in doing so, the automotive manufacturing industry was impacted by the delay in the production of new vehicles (ReportLinker, 2020). The disruption of the supply system was severely impacted by the global supply of automotive parts from China as they reported a two-thirds automotive manufacturing loss (Accenture, 2020). Considering the scale of the damage done to the global and local economies due to the lockdown measures, governments globally supported the automotive industry by subsidising the remuneration of staff partially or in full

(Davies and Vincent, 2020). According to Automotive Industry Export Council (AIEC2021:44), although passenger vehicle sales did not reach the pre-pandemic sales levels in 2021, the expectation was that global vehicle sales will recover by 2022. However, Africa was unfortunately not one of the markets that reported an increase in sales in 2023 (AIEC, 2023:41). As a result of the COVID-19 pandemic that has negatively affected the domestic economic growth in SA in 2020, the economic growth was projected to decline further below 1% in 2023 (AIEC, 2023:8).

The automotive industry in South Africa (SA) forms part of the global automotive industry (AIEC, 2019:5). The SA government provides the local original equipment manufacturers (OEMs) an incentive to offset the import duties of vehicle equipment and components through duty rebates in order to sustain the domestic automotive industry (AIEC, 2019:23). Domestic new vehicle sales increased to 531 787 units in 2023, from 529 541 units in 2022 rising by 0.40% (AIEC, 2023:20). The automotive industry in SA comprises of the locally based OEMs, namely BMW, Ford, Mercedes Benz, Nissan, Toyota, Volkswagen (VW), the imported vehicles from other international OEMs and the estimated 500 automotive suppliers (Lamprecht, 2024: 8). At the time of conducting this study, there were 153 automotive component manufacturers (ACMs) associated with the National Association of Automotive Component and Allied Manufacturers (NAACAM, 2020). The South African Automotive Component Manufacturing (SAACM) industry operates side by side with the OEM supply chain in supplying local and imported components for current vehicle models and aftersales service parts (Botha, Grobler and Yadavalli, 2017:1). The suppliers, as part of the SAACM industry, are grouped into tier levels that supply components to either OEMs or other tier level suppliers (Katumba and Timothy, 2016:2345). The ACMs are categorised into three tier levels, namely tier one suppliers supply parts directly to OEMs; tier two suppliers supply their finished goods to tier one suppliers, but not directly to OEMs, and tier three suppliers (smaller businesses) supply products to both tier one and tier two suppliers (Wisner, Tan and Leong, 2019:59).

These various tiers of suppliers supply various products including from the steel, aluminium, rubber, textile, platinum and plastic industries, catalytic converters, exhaust systems, harnesses, electronics, bearings, shocks, filters and plugs (Worku, 2018:1; Tolmay, 2017:2). The ACMs should administer the customer-supplier relationship through trust to ensure their sustainability (Tolmay, 2017:2). However, the ACMs in SA are not competitive yet as their market share contribution to global vehicle production is less than 1%. Therefore, there is room for improvement (Lamprecht and Tolmay, 2017:131). In addition, the ACMs are under severe strain to stay competitive as OEMs expect ACMs to reduce costs and expand customer benefits (Naude and Badenhorst-Weiss, 2011:71). The OEMs operate a Just-in-Time (JIT) system and the SAACM industry needs to ensure that they adhere to the JIT system, as line stocking and grouping and sequencing of components are important for OEMs' line feeding optimisation and warehouse planning (Sali and Sachin, 2016:55). Sound inventory management decisions must be made timeously (Sohail and Sheikh, 2018:1177).

PROBLEM STATEMENT AND RESEARCH OBJECTIVES

Poor inventory storage management is related to cycle counting methods, a disorganised storage facility and lack of information sharing between the customer and supplier (Bhandari, 2017:80). Warehouse productivity is greatly influenced by ineffective inventory storage utilisation which is a result of poor inventory management (Karim, Rahman and Shah, 2018:157). Research on inventory storage issues influencing effective inventory management thus seems important. The lack of formal staff training and development within tiers two and three supplier levels in SA seems to prevent improving inventory staff's knowledge and skills within the business and the automotive industry (Katumba and Timothy, 2016:2349). Athar and Shah (2015:58) found that if staff lack skills, abilities, knowledge and competencies they neglect to honour their responsibilities. Inadequate training, poor communication among staff and inexperienced inventory control staff negatively influence the effectiveness of inventory management (Chan, Tasmin, Nor Aziati, Rasi, Ismail and Yaw, 2017:2-3). Therefore, further research regarding whether inventory staff capabilities management in the SAACM industry influences effective inventory management is required. Research within the SA automotive industry is available, such as the study of Katumba and Timothy (2016) assessing the automotive component suppliers' competitiveness in SA. However, as far as it could be determined, little research has been done on effective inventory management in the SAACM industry.

The automotive industry in SA was impacted severely due to the pandemic as automotive inventory availability from other countries into SA and locally was problematic due to the shutdown of several automotive businesses worldwide (NAAMSA, 2020). The problem statement and ultimately the primary objective of this study is to determine if and how inventory storage management and staff capabilities management decisions influence effective inventory management since the onset of Covid-19.

REVIEW OF LITERATURE

Inventory storage management

Inventory storage management is related to storage utilisation based on product availability, considering the size and layout of the storage facility for effective storage methods and inventory waste handling (Pushpakumara, 2018:68; Badenhorst-Weiss, Biljon and Ambe, 2017:297; Coyle, Langley, Novack and Gibson, 2017:264). Inventory storage requires that a business needs to decide how to optimise its storage space within the storage facility (Karim *et al.,* 2018:157). In addition, businesses can collaborate with local suppliers for the use of their storage facilities to be closer to the customer facility to supply them with inventory items (Jaqueta, Mashilo, Mocke and Agigi, 2020:12). Storage facility utilisation is thus a critical management decision to determine the exact warehouse space needed for inventory items (De Koster, Johnson and Roy, 2017:6329). Wangari and Kagiri (2015:83) note that a JIT method can be used to ensure the continuous availability of components to avoid uninterrupted manufacturing of final products; however, a business must decide how to employ the JIT method to maintain uninterrupted delivery of inventory items to the exact destination at the right time (Mankazana, Silase and Molefe, 2018:391). Victoire (2015:57) state that businesses must consider the manufacturing plan in line with the storage facility layout to make inventory storage management decisions while paying attention to the storage facility layout as the design of the facility affects the accessibility of inventory items (Karim *et al.,* 2018:152).

Businesses need to develop an inventory storage policy that clearly describes how inventory items within the storage facility should be classified (Wangari and Kagiri 2015:93). Ensuring that sufficient inventory is stored can avoid manufacturing stoppages (Afolabi, Onifade and Olumide, 2017:6). Furthermore, management should ensure that there is a smooth inventory flow within the storage facility (Atnafu and Balda, 2018:2). Kiswii and Wandera (2019:145) recommend that management should consider using both computerised and manual inventory handling systems within the storage facility. A business should consider the easy movement of inventory within the storage facility to reduce inventory flow congestion (Shah and Khanzode, 2017:19). Hence, ensuring an effortless flow of inventory requires identifying and eliminating obsolete inventory (El-Namrouty and Abushaaban, 2013:69). Pushpakumara (2018:68) confirms that management must decide how to handle inventory waste to control scrap materials and rejected inventory items. Therefore, making storage decisions on how to improve inventory waste handling is critical to minimising obsolete inventory (Katumba and Timothy, 2016:2351).

Onkundi and Bichanga (2016:164) and Pushpakumara (2018:71) found a positive relationship between inventory storage management and effective inventory management. In addition, Onkundi and Bichanga (2016:164) highlight that information sharing influences effective inventory management performance. During Covid-19 inventory storage management includes considering a controlled and well maintained storage facility, a more organised storage facility enhances effective inventory management. Therefore, the following hypotheses are formulated for prior to and during Covid-19:

$H_{1,1}$: Inventory storage management decisions prior to Covid-19 influence effective inventory management of ACMs.

$H_{1,2}$: Inventory storage management decisions during Covid-19 influence effective inventory management of ACMs.

Inventory staff capabilities management

Inventory staff capabilities refers to the ability of staff to perform the expected task according to the required standards (Godana and Ngugi, 2014:8). Businesses need to offer staff training to improve their thinking ability and communication skills to make better inventory management decisions (Kareem, 2019:30; Albino, 2018:6; Longweni and Kroon, 2018:2). To determine the training required to improve inventory staff's capabilities, businesses must conduct a training needs analysis (Barwa, 2015:468). Staff training is critical to ensure consistently high-level task productivity (Sattar, Ahmad and Hassan, 2015:91). Businesses should offer staff development opportunities within the business and use development opportunities offered in industry (Athar and Shah, 2015:58). Thus, businesses should create development opportunities to enhance the abilities of their staff (Kumari, 2016:1000).) However, Godana and Ngugi (2014:8) note that staff competency levels should be assessed at recruitment stage to ensure that recruited staff can fulfil the inventory job requirements (Katumba and Timothy, 2016:2350). It is important to provide accurate inventory information feedback at each stage of the manufacturing process to ensure there is sufficient inventory for manufacturing to avoid manufacturing delays (Albino, 2018:6). Inventory staff should share their specific inventory management knowledge with other employees in the various ranks within the business, as well as with suppliers and customers (Allden, Nieman and Kotzè, 2018:11). This will assist staff to perform inventory tasks more efficiently (Strohhecker and Größler, 2013:48). Hence, businesses must pay attention to their staff's communication ability to ensure that there is quality feedback (Longweni and Kroon, 2018:9). Quality feedback requires clear and simple communication throughout the business (Longweni and Kroon, 2018:9).

Studies on factors affecting the efficiency of inventory management, Bhandari (2017:85) and Chan *et al*. (2017:5) found that staff skills have a positive relationship with effective inventory management. Inventory staff capabilities management includes having staff with the required qualifications and relevant experience to manage inventory effectively. Therefore, the following hypotheses are presented for prior to and during Covid-19:

$H_{2,1}$: Inventory staff capabilities management decisions prior to Covid-19 influence effective inventory management of ACMs.

$H_{2,2}$: Inventory staff capabilities management decisions during Covid-19 influence effective inventory management of ACMs.

RESEARCH METHODOLOGY AND DESIGN

A positivistic research paradigm, following a quantitative research approach and an explanatory and descriptive research design (Bryman and Bell 2015:537), was adopted to empirically test the relationships between the two independent variables (Inventory storage management and Inventory staff capabilities management) and the dependent variable, Effective inventory management. The target population consisted of all the staff employed as logistics managers, supply chain managers, production supervisors, master production schedulers, cycle count operators and warehouse staff of the ACMs affiliated with NAACAM. The sampling frame was the 153 ACMs in SA associated with NAACAM. On their website the contact persons' details of each ACM is indicated. The link to the internet-based questionnaire on Google forms as part of Google Drive was emailed to each contact person to establish the willingness of their ACM to participate in the study. Upon confirmation of their willingness, these contact persons distributed the questionnaire link to the relevant respondents (logistics managers, supply chain managers, production supervisors, master production schedulers, cycle count operators and warehouse staff). Thus, non-probability purposive sampling was used to select the respondents with knowledge about inventory management decisions and effective inventory management to complete the online questionnaire. In total 162 useable questionnaires were retained for further statistical analysis.

Secondary data were sourced from several online databases, automotive reports and newspapers focusing on effective inventory management. Primary data was gathered using a self-developed online questionnaire regarding inventory storage management and inventory staff capabilities management, and their possible influence on effective inventory management in the SAACM industry. The period of data collection was during Covid-19 from November 2020 to April

2021. The questionnaire items on inventory storage management, inventory staff capabilities management and effective inventory management were adapted from various literature sources prior to Covid-19 (see for example Afolabi *et al*., 2017; Athar and Shah, 205; Badenhorst-Weiss *et al*., 2017). Some newly developed items were added. The reason for using these prior to Covid-19 scales was to establish whether, and how, Covid-19 has changed inventory management decisions. The same questionnaire items were used to test both prior to and during Covid-19 inventory management decisions in this cross-sectional study. By the time of data collection completion, the pandemic was still underway and therefore limited credible literature was available in this field. Due to the prolonged effects of Covid-19 time had to pass to establish if these ACMs again changed their inventory management decisions. A five-point Likert scale was used to test the statements ranging from strongly disagree to strongly agree (Kumar, 2011:170).

The data collected was downloaded into MS Excel to be cleaned whereafter the data was imported into Statistica Version 14 for statistical data analysis . Face validity was ensured by consulting an academic expert in supply chain management while content validity was ensured by developing the questionnaire items from literature. A pilot study of 30 respondents was conducted to confirm the internal consistency of the items (initial reliability) to improve wording of the items, layout and instructions of the questionnaire (Creswell and Creswell, 2018:154) The Cronbach alpha values for the variables ranged from 0.64 to 0.96 with 0.6 regarded as reliable (Hair, Black, Babin and Anderson, 2014:123). Cronbach alpha values were also calculated on the full sample. Based on the Eigen values for variable extraction (>1), Exploratory factor analysis (EFA) was used to confirm construct validity with a factor being regarded as valid when three or more items with factor loadings greater than 0.5 loaded onto one factor (Hair *et al*., 2014:115). As the study focused on prior to and during Covid, two sets of inferential statistics were conducted. Construct validity was confirmed by calculating the Cronbach alphas of the retained variables for both sets. Based on the results of the EFAs, Pearson product moment correlations were calculated to establish the association among the independent and dependent variables (Walker, 2017:541). Multiple regression analyses were conducted to determine whether relationships exist between the two independent and one dependent variables for both prior to and during Covid-19 (Uyanik and Güler, 2013:234).

RESULTS

Demographic profile

Most respondents are coloured males in the age group 46 to 55 years having a matric certificate. The positions held by the respondents are master production scheduler, warehouse staff, production supervisor or supply chain manager with a total working experience of 16 to 20 years while experience within the automotive industry ranges mostly from six to 10 years. Most respondents have experience within their current position either between six to 10 years or between two and five years.

Validity and reliability results

It must be noted that this is part of a much larger study. By the time of data collection, the ACMs have operated under pandemic conditions for more than eight months. For all the results that follow the during Covid-19 period is indicated in brackets. Based on Table 1, sufficient validity evidence is found for both the independent and dependent variables to be regarded as valid as at least three items loaded with factor loadings above 0.50 for both prior to and during Covid-19. The Eigenvalues for the three extracted variables are all greater than 1. In addition, adequate support for reliability is evident as the Cronbach alpha values tend to 0.70.

TABLE 1

FACTOR LOADINGS, EIGENVALUES AND CRONBACH ALPHA VALUES FOR THE EXTRACTED INDEPENDENT AND DEPENDENT VARIABLES

Constructs	**Retained variables**	**Factor loadings**		**Eigenvalue**	**Cronbach's alpha**
		Minimum	**Maximum**		
Inventory storage management decisions	4 (6)	0,54 (0,50)	0,76 (0,68)	2,07 (2,10)	0,66 (0,69)
Inventory staff capability decisions	5 (3)	0,72 (0,75)	0,84 (0,83)	1,24 (1.54)	0,87 (0.88)
Effective inventory management	19 (16)	0,53 (0,50)	0,82 (0,81)	8,82 (7,85)	0,87 (0,90)

Source: Authors' own construction based on data analysis

For the prior to Covid-19 results, *cycle counting to ensure accurate recordkeeping of inventory to prevent shortages* also loaded onto the inventory storage management decisions variable. During Covid-19, one of the items tested (*using Just-in-time approach to ensure continuous product availability*) also loaded onto inventory storage management. Two items from another variable that was part of the larger study also loaded onto inventory storage management for during Covid-19. These items were about *utilising an electronic system to identify the inventory status specifications of all items to meet production requirements* and *an inventory tracking system to monitor the movement of inventory items*.

Three of the five items tested for inventory staff capabilities management prior to and during Covid-19, loaded onto this variable. These items are about *employees ensuring their competency levels is adequate to fulfil job requirements*, that they *have in-depth knowledge of inventory management in their field of specialisation* and that *those involved in inventory management give each other feedback to ensure adequate inventory levels*. During Covid-19, two items became more important, namely *offering employees inventory training as required to keep up with new industry inventory developments* and *development opportunities to upgrade their inventory management skills*.

To manage inventory effectively, *fast inventory picking by having adequate warehouse staff* did not play a role prior to Covid-19 but did during Covid-19. Unlike prior to Covid-19, during Covid-19 effective inventory management requires *reducing inventory carrying cost and inventory handling in warehouses*, *ensuring that there is adequate safety stock levels for uncertain times*, and *supplying customers with the right products at the right times*. The reason for this may be due to the vehicle manufacturing industry shut down for some time during Covid-19 and there was no stock movement so no need for planning or control. During Covid-19 not all items loaded as expected, so the variables required redefinition. Table 2 presents the operationalisation of the extracted variables.

TABLE 2

OPERATIONALISATION OF RETAINED VARIABLES

Management decisions	Operationalisation of the retained variables
Inventory storage	icient warehouse storage space utilisation to allow for good inventory flow whilst limiting obsolete inventory items
Inventory staff capabilities	suring that staff competency levels are meeting job requirements, that they have in-depth industry knowledge of their particular field as well

	as sharing information between purchasing and logistics staff to ensure that adequate inventory levels are available
Effective inventory management	Ensuring that the business provides good customer service by addressing customer complaints and queries, consistently meeting their product requirements, keeping accurate inventory records to monitor inventory records for correct invoicing and billing to customers and from suppliers and to maintain adequate stock levels by ensuring that suppliers deliver on time the correct quality inventory that meets product specifications

Source: Authors' own construction based on data analysis

Results of the descriptive statistics

Table 3 presents the descriptive statistics of variables prior to and during Covid-19. As shown in Table 3, the mean values for the variables prior to Covid-19 ranged from 3.91 to 4.34 while the standard deviations ranged between 0.43 and 0.65. For the during Covid-19 data, the variable means ranged between 4.08 and 4.21 with the standard deviations ranging between 0.46 and 0.64. It is evident that the variables for both prior to and during Covid-19 reported means indicating agreement with the statements while the standard deviations were moderately low, indicating relatively low response variances.

TABLE 3

DESCRIPTIVE STATISTICS OF VARIABLES PRIOR TO AND DURING COVID-19

Variables	**Prior to Covid-19**		**During Covid-19**	
	Mean	**Standard deviation**	**Mean**	**Standard deviation**
Inventory storage management	4.26	0.46	4.21	0.53
Inventory staff capabilities management	3.91	0.65	4.08	0.64
Effective inventory management	4.34	0.43	4.43	0.46

Source: Authors' own construction based on data analysis

Results of the inferential statistics of variables prior to and during Covid-19

As can be seen in Table 4, the results of the Pearson Product Moment correlation for all the variables for both prior to and during Covid-19 (values in brackets) showed that all the variables for both prior to and during Covid-19 were found to have weak to moderate significant associations with one another. For prior to Covid-19 and during Covid-19, 45% and 30% of Effective inventory management respectively, can be explained by the independent variables.

TABLE 4

CORRELATION MATRIX OF THE VARIABLES PRIOR TO AND DURING COVID-19

Variables	**Variables prior to and during Covid-19**		
	EIM	**ISM**	**ISCM**
Effective inventory management (EIM)	1.00 (1.00)		
Inventory storage management (ISM)	0.54 (0.31)	1.00 (1.00)	
Inventory staff capabilities management (ISCM)	0.40 (0.37)	0.32 (0.32)	1.00 (1.00)

Source: Authors' own construction based on data analysis

Table 5 presents the multiple regression analysis results prior to and after Covid-19.

TABLE 5

MULTIPLE REGRESSION ANALYSIS RESULTS PRIOR TO AND DURING COVID-19

Dependent variable: Effective inventory management R^2= 0.45 (R^2=0.30)				**Hypotheses**	
Independent variables	**Beta**	**t-value**	**Sig. (p)**		
Inventory storage management	0.27 (-0.02)	4.24 (-0.41)	0.00** (0.68)	$H_{1.1}$ $H_{2.1}$	Accepted (Rejected)
Inventory staff capabilities management	0.13 (0.09)	3.05 (1.48)	0.00* (0.14)	$H_{1.2}$ $H_{2.2}$	Accepted (Rejected)

*p<0.05; **p<0.001

Source: Authors' own construction based on data analysis

The results of the multiple regression analysis for the independent variables prior to Covid-19 showed that positive statistically significant relationships ($p<0.05$) were found between both the dependent variables, Inventory storage management and Inventory staff capabilities management, and the dependent variable, Effective inventory management. However, for during Covid-19 both independent variables were found be statistically insignificant. Therefore, ACMs in SA deemed both Inventory storage management and Inventory staff capabilities management as influential in Effective inventory management prior to Covid-19. Based on the results, hypotheses $H_{1,1}$ and $H_{2,1}$ are accepted while hypotheses $H_{1,2}$ and $H_{2,2}$ are rejected.

The findings of this study is aligned with previous research. Coyle *et al.* (2017:264) found that prior to Covid-19, inventory storage management was important to determine the storage space required for inventory, while taking into consideration the size and layout of the storage facility

(Badenhorst-Weiss *et al.*, 2017:297). Shah and Khanzode (2017:19) add that with the easy flow of inventory within a warehouse, a business should manage its inventory more effectively as it reduces the congestion of inventory movement. Furthermore, Victoire (2015:63) suggests that using technology can provide accurate information about scrap materials and rejected inventory items that need to be reworked or disposed of immediately which means that inventory records can be managed more effectively. However, for ACMs in SA during Covid-19, inventory storage management decisions were found not to influence effective inventory management. This is aligned with the findings of Kaur, Psricha and Kathuria (2020:235) highlighting that businesses did not need to create more storage space during Covid-19 to manage inventory effectively as the existing warehouse space for unwanted inventory resulted from a decrease in customer demand. However, a study by Zhu, Chou and Tsai (2020:15) found that businesses using the JIT approach experienced a loss of flexibility due to the closure of ports at the different lockdown times during Covid-19 and therefore their manufacturing capabilities were negatively affected. Papanagnou (2021:13) concurred by stating that inventory storage does impact inventory management. During Covid-19 the decreased customer demand resulted in excessive inventory levels. Conceição, De Souza, Gimenez-Rossini, Risso and Beluco (2021:361) refute this finding by highlighting that managing inventory obsolescence continues to play a key role during the Covid-19 shutdown as customers cancelled orders.

Although the study found that inventory staff capabilities management decisions were regarded to influence effective inventory management prior to Covid-19, during Covid-19 they are no longer considered to have an influence. The study by Sudan and Taggar (2021:2) defends this finding as businesses regarded the competency levels of staff as unimportant as they were not fully operational during the Covid-19 pandemic. However, the study of Althaqafi (2020:19) found that during Covid-19, it remains important for staff to maintain and provide up to date inventory information to ensure that sufficient inventory levels are available for manufacturing. Once again, ACMs in SA may regard all the inventory staff capabilities management decisions as important for effective inventory management should the industry return to the same manufacturing levels as prior to Covid-19. During the pandemic, inventory staff capabilities management decisions within ACMs in SA were not regarded to influence effective inventory management. This finding is in line with the study by Penny, Mpwanya and Lambert (2021:12) who found a negative relationship between staff skills and inventory management.

PRACTICAL MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

Managers must pay attention to their inventory management policy to monitor inventory and identify unwanted inventory to be written off. Although no relationship was found between inventory storage management and effective inventory management decisions during the pandemic, ACMs in SA may regard inventory storage management as important once the industry has fully recovered from the negative impact of Covid-19. It remains important to pay attention to inventory storage management as efficient warehouse storage space utilisation allows for good inventory flow whilst limiting obsolete inventory items. Doing so, will safeguard the business from idle warehouse space and curb unnecessary inventory costs.

Furthermore, managers must conduct a needs analysis to identify staff's lack of knowledge areas and invest in the upskilling of their inventory staff on how to implement inventory management effectively. It remains important to also pay attention to staff development as any improvement in the capabilities of staff as it may have a positive influence on inventory management when the industry is operating at the same levels as prior to the pandemic. During shutdown periods, online training can be useful to upgrade staff competency levels and to acquire in-depth industry knowledge. Management must put systems in place for information sharing between purchasing and logistics staff to ensure that adequate inventory levels are available and there is no delay in manufacturing.

CONCLUSIONS

Both inventory storage management decisions and inventory staff capabilities management decisions in SA were important prior to Covid-19 but not during Covid-19. Although these relationships were not statistically significant, it does not imply that OEMs should ignore these decisions at present. Therefore, it is important to further investigate if these inventory management decisions are still unimportant post Covid-19. A comparison with the results after Covid-19 (back to normal) could confirm or dispute which inventory storage and staff capabilities decisions can lead to effective inventory management. It can also indicate whether OEMs in the South African manufacturing sector have changed their inventory management strategies beyond Covid-19.

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TRACK HUMAN RESOURCE MANAGEMENT

EFFECT OF TALENT ATTRACTION ON ORGANIZATIONAL PERFORMANCE

Wesonga, Justus Nyongesa, Vaal University of Technology

Prof Johan Van Der Westhuizen, Vaal University of Technology

ABSTRACT

In today's competitive landscape, organizational performance is crucial, especially for public universities facing talent competition. This study at Maasai Mara University examines the impact of talent attraction on performance, drawing on key theories of talent management. With 608 staff, a sample of 86 was selected using the Taro Yamane formula. Structured questionnaires validated through a pilot study were used for data collection. Pearson correlation and multiple linear regression analyses showed a significant positive correlation (46.3%) between talent attraction and organizational performance (R2 = 0.463). This underscores the importance of effective talent attraction management. The study suggests adopting appropriate practices to enhance performance in public universities. Its findings inform policy formulation and strategic decision-making, advancing talent attraction practices in Kenya's higher education sector.

Keywords: Talent attraction, Organizational Performance, Talent Management

INTRODUCTION OF THE STUDY

In today's global economy, talent attraction is crucial for organizational success amidst rapid changes. This study at Maasai Mara University in Kenya explores how talent recruitment influences organizational outcomes within the broader context of global, regional, and Kenyan challenges. With increasing global competition for skilled workers, effective talent acquisition methods are vital for driving innovation and maintaining competitiveness (Unstundag et, al. 2018). This research aims to address gaps in understanding the dynamics of talent attraction and its impact on organizational performance.

In East Africa, Kenya plays a significant role in education, innovation, and economic development. Despite its strategic importance, universities like Maasai Mara face challenges such as financial constraints, insufficient facilities, and talent shortages. Understanding how talent attraction efforts can improve organizational performance is crucial in addressing these challenges (Mugabe et, al. 2024). Kenya's public universities face challenges due to fluctuating government funding, regulatory changes, and demographic shifts. This has strained their finances, hindering their ability to attract talent, improve facilities, and meet stakeholder needs. Investigating the link between talent recruitment and organizational performance is crucial for Kenyan higher education institutions (Tarus, 2015: Nyongesa, 2023).

Despite increased awareness of talent attraction's importance, there's limited empirical research on its impact on organizational success, particularly in Kenya's higher education sector. Existing studies often overlook this aspect or focus on different contexts, leaving a gap in understanding its implications for Kenyan organizations. This study aims to address this gap by assessing the influence of talent recruitment on organizational performance at Maasai Mara University. It seeks to provide actionable insights into talent acquisition strategies and organizational performance by considering global trends, regional dynamics, and local challenges.

Maasai Mara University Profile

Maasai Mara University, situated in Narok County, Kenya, boasts a workforce of approximately 608 individuals spanning teaching and administrative roles. Like its counterparts in Kenya, the university faces heightened competition from both public and private institutions. Recognizing the importance of organizational success, Maasai Mara University prioritizes talent management. It aspires to be a world-class academic institution, focusing on excellence in education, research, and consulting, particularly in environmental resource management and conservation. Guided by core values like excellence, teamwork, and transparency, the university aims to achieve its vision and mission.

Statement of the Problem

Talent management has emerged as a pivotal driver of corporate success, yet organizations grapple with a talent shortage exacerbated by evolving skill requirements (Kagwiria, 2014). Despite the recognition of talent attraction's importance, there remains a lack of consensus on its specific impact on organizational outcomes. While some studies demonstrate a positive association between talent attraction management and performance (Bock and Kim, 2018; Armstrong and Taylor, 2018), others indicate mediating factors influencing the efficacy of talent attraction techniques (Hussain and Ahmed, 2020).

Universities, as hubs for learning, research, and innovation, rely on effective talent management to attract, develop, and retain top talent for enhanced organizational output. However, public universities in Kenya face financial challenges due to reduced government funding, impacting their ability to address talent management issues effectively. This has led to issues such as staff turnover, demoralization among employees, and strained employee-employer relationships, including litigation arising from non-compliance. Maasai Mara University, like its counterparts, confronts similar challenges, including employee attrition, competition from other institutions, and legal disputes stemming from unmet collective bargaining agreements.

Despite the critical role of talent management in the public sector, limited research has been conducted on how public organizations address this issue (Yusoff et al., 2021). Existing studies on talent attraction management and organizational performance predominantly focus on other countries such as Malaysia, Nigeria, and South Africa (Yusoff et al., 2021). Similarly, previous research conducted in Kenya predominantly explores human resource practices, with limited focus on talent attraction management (Oduo & Ondiek, 2021). Additionally, research on talent attraction management often targets industries outside the academic realm, such as banking, hospitality, telecommunications, and manufacturing (Oyugi & Were, 2021; Kiarie & Muathe, 2021; Nancy, 2014).

Against this backdrop, this study aims to fill the gap by examining the impact of talent attraction on the performance of Maasai Mara University in Narok County, Kenya. By investigating the relationship between talent attraction management strategies and organizational outcomes, the study seeks to provide valuable insights for university administrators, policymakers, and stakeholders in the higher education sector. Through empirical research, this study endeavors to contribute to the advancement of talent attraction practices and the enhancement of organizational performance in the context of Maasai Mara University and beyond.

Objective of the Study

To determine the effect of talent attraction on performance of Maasai Mara University

Significance of the Study

Management of Maasai Mara University

The managers of Maasai Mara University would gain invaluable information capable of providing guidance in making necessary changes in their various departments to enable them compete effectively in the increasingly competitive industry. Specifically, the study would draw important lessons for success and best practices for the talent management at the University.

Future Researchers and Academicians

This study holds importance in advancing the understanding of talent management's impact on organizational performance, offering insights for best practices and practical strategies. It not only enriches existing knowledge but also serves as a valuable resource for future research endeavors in this area.

Other Public Universities

The study's findings extend beyond Maasai Mara University to benefit other public universities in Kenya and similar African developing countries. It offers valuable insights into effective talent management strategies that can enhance organizational performance in comparable economic and social contexts.

Theoretical Framework

According to Tegan George (2022), a theoretical framework is a foundational review of existing theories that serves as a roadmap for developing the argument to be used in the research study. The current study was based on the Need Hierarchy theory.

Need Hierarchy theory

Maslow's need hierarchy theory, developed by Maslow (1901-1970), was employed to elucidate talent attraction concepts like recruitment and selection. This theory categorizes human needs into five levels: physiological, safety, belongingness, esteem, and self-actualization. Maslow suggested that these needs may vary in importance for individuals and can be influenced by external factors or personal differences. He observed that behavior is often driven by multiple needs simultaneously rather than just one. Maslow's theory provides a framework for understanding how different needs influence talent attraction strategies and individual motivations.

Maslow's theory aids managers in understanding and addressing employees' needs (Ozguner, 2014). Organizations can satisfy these needs through factors like good pay and working conditions (Saleemi, 2006). Once physiological needs are met, higher-level needs become important (Lyria, 2013). This theory is relevant to talent attraction and retention, highlighting the importance of meeting employee needs for organizational competitiveness.

The Need Hierarchy Theory sheds light on motivators influencing employees' decisions regarding joining and staying with a company. It highlights the importance of meeting physiological needs like competitive pay and job stability. Additionally, opportunities for growth, recognition, and advancement are essential for attracting talent and fostering employee motivation. Employees are motivated to join organizations that offer opportunities for advancement and recognize their contributions to the organization's success

The Need Hierarchy Theory suggests that individuals seek environments where they feel a sense of belonging, aligning with their social needs. Organizations fostering teamwork, collaboration, and a positive work culture are more likely to attract and retain skilled employees. Employees are inclined to join organizations where they feel valued, respected, and supported by colleagues and supervisors.

Researchers can investigate how talent attraction strategies address employees' hierarchical needs to join and remain with an organization. Their findings could aid organizations in enhancing recruitment efforts by identifying factors influencing individuals' decisions. By aligning talent attraction tactics with employees' needs, organizations can attract, retain, and motivate top talent, thus boosting organizational performance.

Empirical Literature Review

Talent Attraction and Organizational Performance

Talent attraction refers to the process of attracting and recruiting skilled, capable, and high-potential individuals to work for an organization. It involves various strategies and techniques such as employer branding, diversity and inclusion, advertising job vacancies, and utilizing recruitment agencies to attract top talent to the organization. According to Kim and Lee (2022), talent attraction refers to the process of attracting highly skilled and qualified individuals to an organization or industry. The aim of talent attraction is to ensure that an organization has the right people in the right positions, who can contribute to the growth and success of the organization.

Cheraisi and Busolo (2020) investigated the impact of talent attraction on organizational performance in hotels within the South Rift Region, Kenya. Their research revealed a significant positive effect of talent attraction on organizational performance, with a correlation coefficient of $r = 0.810$ ($p < 0.05$). Similarly, Rop and Kwasira (2015) explored the influence of talent attraction on organizational performance in public university campuses within the County Government of Nakuru, Kenya. Their study, guided by Maslow's theory, found a strong positive relationship between talent attraction and organizational performance, with a correlation coefficient of $r = 0.640$ ($p < 0.05$).

Kirinyet, Chemutai, Karanja, Odhiambo, and Ngugi (2019) conducted research to assess the impact of talent attraction on employee performance within state corporations in Kenya. Employing a descriptive survey design, the study targeted 162 state corporations and utilized a census survey approach. Data collection was facilitated through questionnaires, and statistical analyses, including multiple regression and correlation analysis, were employed to examine the relationship between variables. The findings indicated a positive and significant effect of talent attraction on employee performance in Kenyan state corporations. Additionally, the study revealed that human resource policies play a crucial role in mediating the relationship between talent attraction and employee performance in these organizations.

Purwanto et al. (2017) found a substantial positive relationship between competitive remuneration packages and organizational success. Their findings imply that organizations that pay competitive salaries are more successful in attracting and keeping top people, resulting in better performance outcomes. Similarly, Zeng et al. (2018) discovered that organizations that offer robust career development options have greater levels of employee happiness and engagement, which contributes to improved organizational performance (Wesonga, 2021: Opata 2016).

Hussain (2023) conducted a study that produced inconsistent results, implying that talent acquisition initiatives do not necessarily result in increased organizational performance. Their findings revealed that talent acquisition tactics had little to no effect on performance results, showing the presence of mediating elements that could influence the success of such programmes. Similarly, Girma and Carlsen (2011) noted obstacles in turning talent acquisition efforts into measurable performance improvements, emphasizing the complexities of the relationship between talent management techniques and organizational outcomes (Atambo, 2015: Veronica et al. 2024).

The discrepancies in the findings of previous studies highlight the need for more research to understand the relationship between talent attraction and organizational performance. A comparable study can be conducted to investigate the intricacies of this relationship within specific organizational contexts, industries, and geographic locations. Furthermore, future research could explore deeper into the mediating and moderating elements that may influence the efficiency of talent acquisition tactics, thereby reconciling the contradictions seen in prior studies.

Overall, the discrepancies in existing research on talent attraction and organizational success highlight the need for more empirical investigations to have a more complete knowledge of this complicated relationship. Addressing these gaps in the literature allows researchers to provide useful insights to the subject of talent management.

Organizational Performance

Organizational performance serves as a crucial determinant of business success and has garnered considerable attention in recent years. It encompasses the organization's capacity to achieve its objectives effectively and efficiently, influenced by various factors such as leadership, organizational culture, human resource management, innovation, and technology (Wurim, 2012).

Research on talent management in public sector organizations has highlighted its substantial impact on employee productivity and organizational effectiveness. For instance, Wurim (2012) examined the effects of proactive talent management practices at Cargill, a global provider of Food and Agricultural services in Chicago, USA. The study reported a remarkable increase of over 70% in employee productivity due to talent management initiatives. Additionally, improvements were noted in output quantity and quality, timeliness, attendance, and cooperative behaviors among employees (Brunbach, 1988: Wesonga et, al. 2023: Seno et, al. 2023).

Further investigation into talent management processes revealed a strong connection between coherent talent management practices and various dimensions of employee performance. Intentional improvements in talent management processes, such as recruitment, training, compensation, and performance appraisal, were found to result in specific enhancements in employee productivity and organizational performance (Aswathappa, 2005: Wesonga et, al. 2020).

A study on talent management's impact on organizational efficiency at the Central Bank of Nigeria, Kaduna, emphasized the significant influence of talent management practices. Through structured questionnaires and data analysis involving fifty randomly selected managerial respondents, the study confirmed the crucial role of talent management in enhancing organizational efficiency within the Central Bank of Nigeria, Kaduna (Otoide, 2014).

Conceptual Framework

Independent variable **Dependent variable**

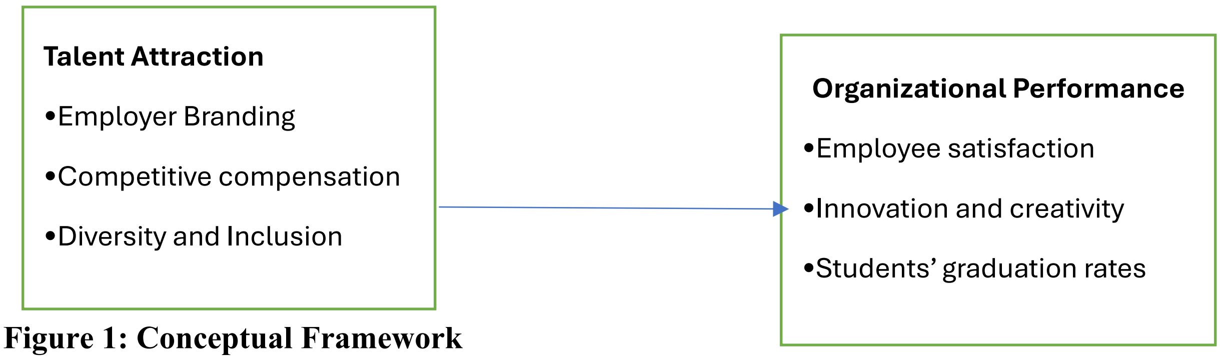

Figure 1: Conceptual Framework

Source: Author (2023)

Talent Attraction and Organizational Performance

Talent attraction techniques, such as employer branding, competitive compensation, and diversity and inclusion programs, significantly impact organizational performance by enhancing employee satisfaction and fostering innovation. A strong employer brand attracts top talent and promotes a positive work environment, while competitive compensation ensures employees feel valued, boosting job satisfaction. Diversity and inclusion initiatives promote collaboration and idea-sharing, fueling creativity. In educational institutions, talent attraction efforts indirectly affect student graduation rates by influencing staff retention and engagement. Overall, prioritizing effective talent acquisition programs cultivates vibrant cultures that drive long-term growth, innovation, and excellence.

Organizational Performance

Organizational performance encompasses achieving goals and objectives, evaluated through stakeholder satisfaction. This study examines factors like financial performance, customer happiness, and staff engagement, focusing on employee satisfaction, innovation, and student graduation rates. Employee satisfaction, influenced by pay and work environment, correlates with productivity and retention. Innovation and creativity play a crucial role in organizational competitiveness, involving the development of new products, services, or technology, and the discovery of valuable ideas. Metrics like new product launches and graduation rates reflect innovation's impact and academic achievement.

MATERIALS AND METHODS

Research Design

According to Kothari (2004), a research design serves as a framework directing a study to efficiently collect pertinent data with minimal resources. The study adopted a descriptive design, as defined by Easerby-Smith et al. (2008), with the objective of examining relationships between variables. This research design was deemed suitable as it allowed the researcher to assess the population's attitudes and opinions regarding the variables under investigation, thereby establishing their status.

Population of the study

According to Polit and Beck (2021), a population is the total set of people or objects who match particular criteria and are drawn as a sample for data collection and analysis. The university personnel were the study's target population. Table 1 shows the study's population, which consisted of 608 permanent teaching and non-teaching personnel..

Table 1: Target Population

Population Category	Total number of employees
Teaching Employees	175
Non-teaching	433
Total	608

Source: Human Resource Records (2023)

Sample Size Determination

According to Kim and Kim (2021), sample size refers to the number of participants or units of analysis included in a study, and it is a critical factor that affects the power and generalizability of statistical analyses. The current study used the Taro Yamane (1967) formular to calculate the sample as described below.

$$n = \frac{N}{1 + N(e)^2}$$

Where n= Desired sample size

N= Population of the study (which is 608)

e= Precision of sampling error (0.1)

Therefore, the sample size (n) will be $= \frac{608}{1 + 608(0.1)^2}$

= 86 respondents.

Table 2 shows the population category, total number of teaching and non-teaching employees and their respective sample size and percentages.

Table 2: Sample Size

Population Category	**Total number of employees**	**Sample size**	**Percentage (%)**
Teaching Employees	175	25	29
Non-teaching Employees	433	61	71
Total	**608**	**86**	**100**

Source: Author (2023)

Data Collection Instruments

Instruments in research refer to tools or methods used to measure or manipulate variables. These include surveys, questionnaires, interviews, and physiological tests (Weller & Vickers, 2021). Proper selection of instruments is crucial as it impacts data validity and reliability. In this study, primary data was collected using a standardized closed-ended questionnaire on a 5-point Likert scale, a method endorsed for quantitative analysis (Mohd Salleh et al., 2021).

Validity

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy was used in testing the validity of the research instrument and it was found that the results from each objective were above 0.4 and hence dependable. The Table 3 shows this.

Table 3: Validity of the Instrument

Items/scale	Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO)	Sig.
Talent Attraction	.873	.000
Organization Performance	.759	.000

Source (Author, 2023)

Reliability Test

Reliability refers to the consistency of outcomes across multiple measurements or investigations. To ensure reliability, the researcher conducted a pilot study involving teaching and non-teaching staff at Bomet University College, administering research questionnaires. The reliability of the questionnaire was assessed using Cronbach's alpha coefficient, with a coefficient of 0.7 or higher considered acceptable.

Table 4: Reliability Coefficient Index

Items	Cronbach's Alpha	No. of Items
All items on the questionnaire	.957	12
Talent attraction	.899	6
Organization Performance	.809	6

Source (Author, 2023)

The questionnaire was considered reliable since the Cronbach’s alpha reliability index for all the scale was above 0.7.

Data Analysis and Presentation

The study employed both descriptive and inferential analyses to examine both qualitative and quantitative data. Descriptive analysis involves summarizing data through quantitative or qualitative methods, exploring patterns and themes within the data. In quantitative research, it includes calculating summary statistics like mean, median, mode, and measures of variability such as range and standard deviation. In qualitative research, it involves identifying and categorizing patterns and themes using techniques like content analysis or coding.

In the descriptive analysis, the researcher utilized tables for clear and concise presentation of research findings. In inferential analysis, correlation and regression analysis were employed to examine the relationship between variables. Correlation analysis determined the strength and direction of linear relationships, with coefficients ranging from -1 to +1. Regression analysis estimated the relationship between the variables, providing regression coefficients to indicate the relationship. The aim of regression analysis was to predict the dependent variable's value based on the independent variable.

To establish the association between the independent variables and the dependent variable, the researcher used multiple regression model in the following equation 1

$Ys = \beta0+ \beta1x1+e$………………………………………….. 1

Where;

Ys =Organizational Performance

$\beta0$ = constant (coefficient of intercept)

X1 = Talent attraction
$\beta1$= regression coefficient of four variables.
e = Error term

RESULTS AND DISCUSSIONS

Response Rate
A total of 86 questionnaires were distributed out to the respondents by the researcher, where 69 of those were returned and used in the analysis. This information is summarized in Table 5.
Table 5: Response Rate

Category of Respondents	Questionnaires Issued	Questionnaires Returned	Percentage Returned
Teaching	25	24	96
Non-teaching	61	45	73.77
Total	86	69	80.23

Source (Author, 2023)

From Table 5 it is evident that out of 86 questionnaires 69 questionnaires were returned. This translates to a response rate of 80.23, which was considered sufficient. Marton (2016) states that a response rate of greater than 70 is adequate for a descriptive study.

Demographic Information

The composition of the respondents in terms of length of service is captured in Table 6.

Table 6: Length of Service

		Frequency	Percent
Valid	1 – 2 Years	2	2.9
	3 – 4 Years	4	5.8
	5 – 6 Years	5	7.2
	Over 6 Years	58	84.1
	Total	**69**	**100.0**

Source (Author, 2023)

The results in Table 6 show that the highest percentage of respondents had over 6 years of experience working with Maasai Mara University at 58(84.1%), followed by respondents with between 5 – 6 years of experience at 5(7.2%), followed by respondents with 3 – 4 years of experience at 4(5.8%) and finally respondents with between 1 – 2 years of work experience at 2(2.9%).

Descriptive Analysis
Effect of Talent Attraction on Performance of Maasai Mara University

The objective of the study was to determine the effect of talent attraction on performance of Maasai Mara University. On a scale of 1 to 5, the following statements about talent attraction were presented to the respondents: 1- strongly agree, 2- agree, 3- not sure, 4- disagree, and 5- strongly disagree. The results of descriptive statistics are presented in Table 7.

Table 7: Descriptive Statistics on Talent Attraction

Statement	SA F (%)	A F (%)	NS F (%)	D F (%)	SD F (%)	Total F (%)
Your university's branding efforts positively impact its reputation and brand image which enhances its ability to attract top talent in the market.	28(41)	32(46)	3(4)	4(6)	2(3)	69(100)
Your university's branding efforts effectively communicate the institution culture and values to potential employees.	17(25)	32(46)	9(13)	3(4)	8(12)	69(100)

Your university's compensation packages (salaries and other benefits) are competitive with those offered by other universities.	24(35)	26(38)	7(10)	11(16)	1(1%	69(100)
Your organization's compensation packages have a positive impact on organization's performance in terms of productivity and profitability.	6(9)	34(49)	15(22)	7(10)	7(10)	69(100)
The University's diversity and inclusion efforts positively impact its performance in terms of employee satisfaction and productivity.	15(22)	27(39)	14(20)	7(10)	6(9)	69(100)
The University's diversity and inclusion efforts positively impact its reputation and brand image thereby attracting potential candidates for employment.	20(29)	27(39)	11(16)	8(12)	3(4)	69(100)

Key: SA= Strongly Agree; A=Agree; NS=Not Sure; D= Disagree and SD= Strongly Disagree

The findings from Table 7 indicate that a significant portion of respondents agreed with various statements regarding the university's branding efforts, compensation packages, and diversity and inclusion initiatives. Most respondents agreed that the university's branding positively impacts its reputation and ability to attract top talent, as well as effectively communicates its culture and values to potential employees. Additionally, there was consensus that the university's competitive compensation packages positively influence organizational performance in terms of productivity and profitability. Furthermore, the study revealed that diversity and inclusion efforts positively impact employee satisfaction, productivity, and the university's reputation, attracting potential candidates for employment. These findings align with previous research by Cheraisi and Busolo (2020), highlighting the positive impact of talent attraction on organizational performance.

The data was subjected to further analysis using Pearson's Correlation to establish whether there was a linear relationship between talent attraction and performance of Maasai Mara University. The results are presented in Table 8.

Table 8: Pearson's Correlation Analysis between Talent Attraction and Organizational Performance

		Organizational Performance
Talent Attraction	Pearson Correlation	.732**
	Sig. (2-tailed)	.000
	N	69

Source (Field Data, 2023)

The results in Table 8 show that there is a high positive and statistically significant correlation (r= 0.732, p = 0.000) between talent attraction and organization performance at Maasai Mara University. This means that talent attraction is necessary for enhanced organizational performance. This was consistent with Rop and Kwasira (2015) who established that talent attraction has strong positive relationship against organizational performance.

Organizational Performance

The objective of the study was to determine how the four factors covered relate to performance of Maasai Mara University. The findings are summarized in Table 9.

Table 9: Descriptive Statistics on Organizational Performance

Statement	SA F (%)	A F (%)	NS F (%)	D F (%)	SD F (%)	Total F (%)
Employees in your organization feel satisfied with their job.	16(23)	25(36)	11(16)	8(12)	9(13)	69(100)
Employees feel proud to be associated with the University.	19(28)	23(33)	15(22)	11(14)	4(3)	69(100)
Your organization has a culture that fosters creativity and innovation.	7(10)	32(46)	15(22)	11(16)	4(6)	69(100)
Your organization invests in research and development activities to support innovation.	17(25)	26(38)	14(20)	9(13)	3(4)	69(100)
The University has a strong commitment to student retention and graduation.	18(26)	28(41)	16(23)	6(9)	1(1)	69(100)
The academic programs offered by the University are relevant and aligned with industry demands hence reducing student's transfers and dropout.	18(26)	20(29)	20(29)	4(6)	7(10)	69(100)

Key: SA= Strongly Agree; A=Agree; NS=Not Sure; D= Disagree and SD= Strongly Disagree

The findings from Table 9 indicate that a significant proportion of respondents agreed with several statements regarding organizational factors. Most respondents agreed that employees feel satisfied with their job and proud to be associated with the university. Additionally, there was a consensus that the organization fosters creativity and innovation, with a majority agreeing that it invests in research and development activities to support innovation. Furthermore, the study revealed a strong commitment to student retention and graduation, along with academic programs being perceived as relevant and aligned with industry demands to reduce student transfers and dropout rates.

Inferential Analysis

This section presents models and tests to draw and measure conclusions and inferences.

Table 10: Multiple Linear Regression Model Summary

R	R^2	Std. Error of the Estimate
.681	.463	. 62786

a. Predictors: (Constant), Talent Attraction
Source (Field Data, 2023)

From Table 10 it is noted that the goodness of fit for the regression between talent attraction, and performance of Maasai Mara University was satisfactory. An R^2 of 0.463 indicates that 46.3% of the performance of Maasai Mara University is explained by talent attraction

Table 11: ANOVA for the Overall Model

Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	23.059	4	5.765	114.505	$.000^b$
	Residual	5.186	64	.050		
	Total	28.245	68			

Source (Field Data, 2023)

The results in Table 11 indicate that the overall model was significant i.e., the talent attraction was a good explanatory for increase in organizational performance of Maasai Mara University (F=114.505, P value = 0.000).

Table 12: Model Summary and Parameter Estimates

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.733	.195		3.749	.000
	Talent Attraction	.238	.064	.312	3.712	.000

Source (Field Data, 2023)

From Table 12 the model regression equation 1 was established.

$Y = 0.733 + 0.238X_1$ ………………………………........1

From the regression equation 1 it is established that by holding talent attraction constant the organization performance at Maasai Mara University will be 0.733 units. The regression equation 1 also show that there is a positive significant relationship between talent attraction and performance at Maasai Mara University, this is supported by a coefficient of 0.238 (p-value=0.000). This shows that a unit increase in talent attraction would lead to a 0.238 improvement in organizational performance. The findings were in agreement with Njenga and Ngugi (2018) who found that there was a positive relationship between talent management practices and organizational performance.

Conclusion of the Research Study

The study underscores the significant impact of talent attraction techniques on organizational performance, particularly when yielding positive outcomes. The study reveals a positive correlation between talent attraction initiatives and key aspects of organizational success, including employee satisfaction, innovation, creativity, and student graduation rates, highlighting the crucial role of effective talent management in driving organizational excellence. Moreover, the study underscores the importance of strategic human capital investment as a key driver of competitive advantage and long-term success in today's dynamic business landscape. The insights gleaned from this study offer valuable guidance for designing effective talent attraction strategies that promote positive organizational outcomes and facilitate long-term growth and prosperity.

Recommendations of the Research Study

Organizations should invest in talent acquisition programs aligned with their goals and values, focusing on building a strong employer brand reflecting the company's culture and commitment to employee well-being. This cultivates a positive employer brand, attracting top talent aligned with the organization's mission and vision.

Secondly, organizations should offer competitive compensation packages that acknowledge and reward individuals' contributions. This not only attracts top talent but also enhances employee satisfaction and retention, leading to greater organizational success.

Implication for Research

Organizations should invest in talent acquisition aligned with their goals and values, emphasizing a strong employer brand reflecting the company's culture and commitment to employee well-being, attracting top talent aligned with the organization's mission.

Future study should explore deeper into specific aspects of talent attraction tactics, such as employer branding, competitive compensation, and diversity and inclusion programmes, to gain a greater understanding of their individual contributions to organizational performance.

Longitudinal studies could also be done to investigate the long-term effects of talent recruiting efforts on organizational performance, providing insights into the tactics' sustainability and effectiveness over time.

Implications for Theory

Organizations should invest in talent acquisition programs aligned with their goals and values, focusing on building a strong employer brand reflecting the company's culture and commitment to employee well-being. This helps attract top talent aligned with the organization's mission and vision.

Managers should integrate human capital theory into performance frameworks, emphasizing that investing in individuals' skills enhances productivity, innovation, and competitiveness. Additionally, to expand theoretical frameworks to include concepts like employer branding, talent analytics, and talent ecosystem management.

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NAVIGATING THE CHALLENGES ASSOCIATED WITH WORK ARRANGEMENTS IN THE POST-PANDEMIC ERA IN SOUTH AFRICA

By
Professor Ashika Maharaj
School of Management, Information Technology and Governance
College of Law and Management Studies
University of KwaZulu-Natal
maharajash@ukzn.ac.za
https://orcid.org/0000-0003-2186-8151

ABSTRACT

The COVID-19 pandemic, saw traditional work paradigms reevaluated and a transformation in the role of physical office spaces. Decision making around a return to office is a central concern that could redefine work dynamics. This paper seeks to understand the trends surrounding work arrangements in the post-pandemic era.

Employing a meta-narrative analysis, this study describes the factors shaping decision-making processes concerning post-pandemic work arrangements. The findings of this paper unveil a global trend also evident in South Africa, where an increasing number of organisations allow employees to engage in work-from-home (WFH) arrangements. However, globally, the proportion of employees exclusively working from home has decreased. In contrast, hybrid work models have shown an upward trajectory. The study also highlights that employees are attracted to remote work due to its associated benefits, including reduced commuting time, heightened flexibility, and the autonomy to cultivate a personalized and conducive home-based work environment.

Keywords: COVID-19 pandemic; Remote work; Hybrid work; Flexible work arrangements;

1. INTRODUCTION

The onset of the COVID-19 pandemic caused a transformative period for organisations worldwide, including those in South Africa (Smereka, Szarpak, & Filipiak, 2020), It led to a profound shift in work arrangements, with remote and flexible models becoming the new norm (Kniffin, Narayanan, Anseel, Antonakis, Ashford, Bakker & Bamberger, 2021). In response to global lockdown regulations that restricted movement and temporarily closed physical workspaces, organisations adopted work from home (WFH) setups (Atiku, Jeremiah, & Boateng, 2020; Iwu, Okeke-Uzodike, Anwana, Iwu & Esambe, 2022).

The International Labour Organisation (ILO) describes WFH as a working arrangement in which a worker fulfils the essential responsibilities of their job while remaining at home, using information and communications technology (ICT) (ILO, 2020a). From a human resources management perspective, WFH arrangements have positively affected workers' attitudes and behaviour, leading to increased job satisfaction and improved employee performance (Ng, Naranjo, Schlotzhauer, Shoss, Kartvelishvili, Bartek, Ingraham, Rodriguez, Schneider, Silverlieb-Seltzer, 2021). This transformation from traditional office-based work to remote work has reshaped the global labour market and accentuated the unique challenges and opportunities within individual countries, shaped by their socio-cultural and economic disparities (ILO, 2020a; 2020c).

Within the context of South Africa, a country characterized by a diverse workforce, complex socio- economic features, and a historical legacy of labour inequalities rooted in the apartheid era, the implementation of flexible work arrangements, such as WFH, brought forth its own set of challenges (Iwu et al., 2022). These challenges are influenced by organisational factors such as the cost of facilities, technology readiness, organisational communication, and trust (Vyas & Butakhieo, 2020). Additionally, the availability and provision of information technology (IT), training, management support, and digital infrastructure played a significant role in the success of WFH arrangements (Iwu et al., 2022). However, even before the surge of COVID-19, studies highlighted factors contributing to the difficulties of implementing flexible work arrangements in the African region, including limited IT infrastructure and the unique aspects of African culture (Anakpo, Nqwayibana & Mishi, 2023; Anwar & Graham, 2021; Erasmus, 2020).

There is limited research on employees' perceptions of flexible work arrangements (FWA) and the overall implementation of such arrangements are scarce in African countries. This paper aims to contribute to the growing body of knowledge on post-pandemic work arrangements in South Africa by acknowledging that South Africa's journey toward inclusive, equitable, and sustainable work practices is interconnected with the management practices of post-pandemic work relations and structures.

In each of the sections that follow, previous research findings and available data have been incorporated to synthesize post-pandemic trends and then generate implications and recommendations for research and practice.

2. RESEARCH AIM AND OBJECTIVES:

The primary aim of this meta-narrative analysis is to provide an in-depth understanding of the challenges associated with work arrangements in the post-pandemic era in South Africa. The study aspires to achieve several specific objectives. Firstly, it examines the adoption of work arrangements by assessing the extent to which employees in South Africa, specifically those whose roles are conducive to remote work, have embraced either hybrid or fully remote work arrangements in the post- pandemic era. Secondly, it explores the factors influencing decision-making related to flexible work arrangements in South Africa, Thirdly, it investigates employees' expectations and preferences regarding long-term work locations. Finally, the meta-narrative analysis seeks to reveal the effect of post-pandemic work arrangements on employee well-being, overall interaction, and productivity resulting from differences between preferred work arrangements.

3. RESEARCH METHODOLOGY

This study adopts a meta-narrative analysis using a systematic strategy applied to identify relevant sources. Meta-narrative analysis is a method for synthesizing and conceptualizing research approaches to topics that have been studied by different groups of researchers (Wong, Greenhalgh, Westhorp, Buckingham, Pawson, 2013). It is a semi-systematic approach that retains the interpretive engagement, inductive reasoning, and cross-interrogation of the narrative review for which Thorne (2019) has recently advocated, has proved useful for making sense of topics that transcend disciplinary boundaries.

The following academic databases, including but not limited to *PubMed, Google Scholar, Scopus, Web of Science*, and relevant South African academic repositories were searched from 2020 onwards to reflect a range of scholarly sources. Restricting the search to titles using a mix of keywords and phrases such as *COVID-19, work-from-home (WFH), post-pandemic work arrangements, remote work, hybrid work, South Africa, employee preferences, and employee well- being* was an effective way of finding articles that dealt specifically with the area under investigation.

Studies were included if they met the following criteria: their relevance, which includes studies focusing on post-pandemic work arrangements, remote or hybrid work models, employee preferences, and well- being within the South African context. Studies in English or with available English translations were included in the analysis. Common themes and trends from across literature were synthesized from the extracted data. A total of 31 studies were identified using the criteria listed above.

Limitations to this analysis included publication bias, where studies highlighting positive or relevant results are readily available and published. To address this limitation, information from different databases was sourced. In addition, the choice of only English language studies may have excluded relevant studies conducted in other languages that would provide helpful information. Despite these limitations, this meta-narrative analysis seeks to share a valuable synthesis of available research on post-pandemic work arrangements in South Africa, offering insights and recommendations for further investigation and policy development in this crucial area.

4. WORK ARRANGEMENTS

Most predictions of the future of work focus on how work will differ from that of the past. These deliberations focus mainly on the role of technology in determining whether work is done in the office or virtually. Work arrangements, or “arrangements between those who perform work and those who provide jobs”, are commonly discussed as standard and non-standard (Howard, 2017:1). Standard work arrangements refer to employment where individuals work long-term, full-time jobs for the same employer, typically with some ability to advance their career over time. Work arrangements that vary in from this pattern are regarded as non-standard, or flexible, work arrangements. This can include independent contract work, remote work, telework, temporary help agency work, freelance work, on- demand or gig work, part-time work, and more (Howard, 2017). In the sections below, a synthesis of the findings under each section is presented.

4.1. Post-Pandemic Work Arrangements in South Africa

COVID-19 significantly disrupted the job market, leading to substantial job losses and income declines, affecting entrepreneurs and women in South Africa (Ozguzel, Veneri, and Ahrend, 2020). As governments gradually eased lockdown measures following a decline in COVID-19 cases in 2021, workplaces globally embraced increased flexibility in adopting various work models. This shift granted employees in South Africa greater autonomy in choosing where they work (ILO, 2020b; 2020c; Matli, 2020; Ng et al., 2021).

In South Africa, Matli's (2020) findings highlighted the challenges and opportunities in adopting flexible work arrangements, including remote work and hybrid models. Factors such as unequal service delivery, infrastructure facilities, and overall development influenced the practical implementation of such arrangements. Additionally, South Africa faced challenges related to poor Internet connectivity and infrastructure, hindering workers from accessing and engaging with peers due to limited access to high- quality Internet (Matli, 2020). Subsequently, Stats SA (2023) found a significant increase in sectors such as transport, storage, communication, financial and business services, construction, and wholesale and retail trade showing that South Africa was evolving into a service-driven economy with substantial growth in financial and business services and construction. This transformation in work sectors has led to the adoption of a hybrid work arrangement in South Africa post-pandemic, combining elements of both remote and in-office work (Chirisa, Mutambisi, Chivenge, Mabaso, Matamanda & Ncube 2020). This hybrid model provides employees with greater flexibility, allowing them to work remotely on specific days or for tasks while attending the office for meetings or collaborative work (Radonić, Vukmirović, and Milosavljević, 2021).

4.2 Factors influencing decision-making related to work arrangements in South Africa

The COVID-19 pandemic affected the landscape of work arrangements in South Africa and accentuated a complex set of interconnected factors influencing decision-making related to working arrangement settings (Radonić et al., 2021). This pandemic exacerbated poverty, poor working conditions, and inequalities tied to a range of factors, including the nature of a company's business, social status, and regional poverty levels. These challenges have hindered progress toward Sustainable Development Goals (SDGs), including SDG1 (poverty reduction) and SDG8 (decent work) (Ferreira, Mach, Martinez & Miraglia, 2022).

Understanding the drivers of work arrangements in the post-pandemic era in South Africa is essential for optimizing work productivity and relationships by selecting the most suitable professional engagement model (Lebopo, Seymour and Knoesen, 2020). Several empirical studies have identified technological infrastructure improvements as crucial in facilitating teleworking within hybrid work arrangements (Chiguvi, Bakani & Sepepe, 2023; Ferreira et al., 2022; Ng et al., 2021; Radonić et al., 2021). However, the pace of accessibility, affordability, proficiency, and usage of the Internet and other ICT remains limited, particularly in developing regions, including the Africa region (Chiguvi et al., 2023; Matli, 2020; Ochieng & Kamau, 2021; World Bank, 2023). Initiatives like the Digital Economy for Africa (DE4A) launched in 2019 by African governments in collaboration with development partners aim to provide access to digital services to everyone in Africa by 2030 (World Bank, 2023). This initiative is expected to enhance economic growth, productivity, innovation, and job creation. As such. The initiative has already shown progress, with an increase in the number of people in Africa with Internet access from 26% in 2019 to 36% in 2022, reducing the digital infrastructure and connectivity divide (World Bank, 2023).

South Africa has grappled with urban-rural digital disparities, which have limited technology accessibility for some employees and, consequently, the adoption of flexible work arrangements. In South Africa, studies have pointed to challenges such as low bandwidth, poor Internet connectivity, and outdated ICT infrastructure as contributors to the digital divide (Lythreatis, Singh & El-Kassar, 2022). Another critical determinant of flexible work arrangements is the nature of the industry and sector in which a specific employer operates. Sectors requiring physical presence, such as manufacturing, agriculture, and healthcare, face unique challenges when implementing remote work compared to knowledge-based industries like information technology and financial services, which are more amenable to remote work adoption (Sostero, Milasi, Hurley, Fernandez-Macías, & Bisello, 2020).

Organisational culture and senior management support significantly influence the establishment of flexible work arrangements (Lebopo et al., 2020; Chiguvi et al., 2023). Organisational culture and leadership style are key drivers for effectively implementing flexible work arrangements, as they impact IT infrastructure capabilities, alignment with remote work expansion plans, and the ability to communicate effectively with remote workers (Lebopo et al., 2020).

In summary, work arrangements in South Africa are shaped by a complex interplay of factors, including technological infrastructure, the nature vs type of job; regulatory frameworks, organisational culture, and leadership style. Recognizing the relevance of these elements is essential for making informed decisions regarding the most appropriate work arrangements for organisations while also considering the well-being of employees and the broader communities they serve.

4.3 Employee Expectations and Work Arrangement Preferences in South Africa

The landscape of work arrangements in South Africa is not only influenced by external factors such as technological innovations and regulatory frameworks; the expectations and preferences of the workforce profoundly affect it. However, as highlighted by Ochieng and Kamau (2021), more research is needed to explore the adoption of Flexible Work Arrangements (FWAs) within different industries in Africa as well as the perception of FWAs by employees in African countries.

The global emergence of FWAs, accelerated by the COVID-19 pandemic (Anakpo et al., 2023), reflects the growing preference for such arrangements among a substantial number of South

African employees. Studies in South Africa, both before and after the pandemic's peak, indicate that employees increasingly desire greater flexibility in their work arrangements to achieve a work-life balance (Anakpo et al., 2023; Chiguvi et al., 2023; Chirisa et al., 2020; Lebopo et al., 2020). Similarly, a survey among software developers in South Africa found a preference for flexible work arrangements (FWA) in this sector, with many workers recognizing the benefits of combining remote and traditional work practices. The FlexJobs survey in 2020 highlighted that over 80% of workers are more committed to organisations that offer flexible work arrangements and a better work-life balance (Ochieng and Kamau, 2021).

While remote work has gained popularity in both pre- and post-COVID pandemic times (Anakpo et al., 2023; Ochieng and Kamau, 2021), persistent challenges have led some employees to opt for hybrid work models that blend remote and in-office work. They found that during nine months, 50% of employees who initially worked from home chose to return to the office, while only 35% continued remote work. In South Africa, results from a survey by Michael Page, a recruiter firm, indicate that 37% of respondents preferred working remotely for two days, 33% for one day a week, and 53% opted for three or four days a week, reflecting a growing trend towards hybrid work arrangements that offer employees flexibility in choosing their work location (Shankar, 2023).

For employees in South Africa, easy access to technology and quality infrastructure are critical considerations in determining the ideal work arrangement. Surveys among employees from various sectors have shown differing perceptions of remote work readiness at home, with the digital divide between urban and rural areas amplifying the call for better employer support in terms of technological tools to enhance productivity and work-life balance (Gupta & Jin, 2023; Lythreatis et al., 2022). In addition, employee safety and well-being have also become important for both employers and employees. During COVID-19 workers expected companies to implement health protocols that ensure their safety, health, and overall well-being. Therefore, WFH arrangements gained popularity especially in light of the lockdowns. A limited number of studies discussed health and safety issues in South Africa prior to and during the pandemic and provided a glimpse of employers and employees' expectations concerning health and safety. Specifically, employees are interested in joining companies that cared for workers' mental health and well-being by offering the needed support to manage stress and maintain work-life balance especially in light of the great personal challenges employees were facing such as the loss of loved ones, long COVID and feelings of isolation and alienation (Wu, Roemer, Kent, Ballard & Goetzel, 2021).

In summary, employee hopes and preferences for work in South Africa highlight the global transition toward flexible work arrangements, focusing on employee flexibility, technology access, safety, well- being, and career development opportunities. South African employees increasingly seek a balance between remote and in-office work, and employers must adapt to these evolving expectations to foster a motivated and productive workforce.

4.4 Post- Pandemic Work Arrangements and employee well-being in South Africa

The COVID-19 pandemic has left an enduring imprint on global communities, including South Africa, fundamentally altering socio-economic dynamics and work arrangements (Matli, 2020; Ochieng & Kamau, 2021; Radonić et al., 2021). This section discusses post- pandemic work arrangements and employee well-being in South Africa, with a specific focus on remote/hybrid work, the gig economy, and their far-reaching consequences for the labour market.

Remote Work:

The pandemic and associated lockdown restrictions have accelerated the global adoption of remote work models, and South Africa is no exception (Anwar & Graham,2021; Ferreira et al., 2022; Matli, 2020; Ng et al., 2021; Sull et al., 2020). National governments have been compelled to champion flexible work arrangements, primarily remote work, in response to these exigencies (Anakpo et al., 2023; Matli, 2020).

The shift towards flexible work arrangements has positively and negatively impacted on organisations and employee well-being. Positive effects encompass reduced traffic congestion, enhanced work-life balance, financial and time savings increased productivity and employment satisfaction (Chiguvi et al., 2021; Gupta & Jin, 2023; Ochieng & Kamau, 2021). Moreover, remote work has led to more efficient use of resting time and better employee well-being, resulting in reduced stress and absenteeism (Chiguvi et al., 2021; Gupta & Jin, 2023). Nonetheless, flexible work arrangements have not been without challenges and detrimental outcomes. These challenges encompass increased distractions and domestic responsibilities while working from home, the need for equipment and technology not readily available in household settings, shared workspace dilemmas and juggling childcare or caregiving responsibilities while working (Gupta & Jin, 2023). Moreover, remote work can contribute to feelings of isolation, exclusion, diminished motivation, and supervisory difficulties (Ochieng & Kamau, 2021). It can also blur the boundaries between work and home, thereby affecting psychological well-being, exacerbating family-work conflicts, and resulting in social isolation-induced stress (Anwar & Graham, 2021; Bonacini, Gallo & Scicchitano, 2021). Furthermore, managers may need help overseeing and monitoring employee performance, and personal interaction among colleagues may dwindle in a remote work environment (Chiguvi et al., 2023). In some instances, flexible work arrangements may exacerbate perceptions of inequality, especially when employees in higher-paid positions find it easier to work remotely than those in lower- income roles (Bonacini et al., 2021).

Impact of the Gig Economy:

Another significant consequence of the pandemic has been the surge in the number of workers engaged in the gig economy in South Africa (Anwar & Graham, 2021). The gig economy, characterized by task-based work with payment upon task completion, became an attractive avenue for formal workers who lost their traditional jobs or encountered salary reductions due to the pandemic (Anwar & Graham, 2021).

Workers in the gig economy in South Africa discovered opportunities in domains such as food delivery, online marketplaces, and freelancing to make ends meet. In several cases, these vulnerable workers found they could earn better pay than in their local labour markets. Expanding flexible work arrangements in the form of remote work and gig economy opportunities can reduce costs for the economy and society. It also offers alternative employment avenues, which become particularly relevant during challenging economic times (Ochieng & Kamau, 2021).

The pandemic's influence on work arrangements in South Africa has been profound, notable through a shift towards remote work and increased participation in the gig economy. These changes are associated with a diverse range of benefits and challenges, highlighting the importance of careful consideration and strategic planning to safeguard the well-being and productivity of the workforce in this evolving landscape.

5. PRACTICAL AND MANAGERIAL IMPLICATIONS:

1. **Economic Benefits and Challenges***:* Adopting flexible work arrangements, such as remote work and the gig economy, presents economic opportunities and challenges. On the one hand, it can reduce costs for both businesses and employees, contributing to economic efficiency (Chiguvi et al., 2021; Gupta & Jin, 2023; Ochieng & Kamau, 2021). However, it may also lead

to income disparities and reduced social security for gig workers (Ochieng & Kamau, 2021). Policymakers must consider balancing these economic benefits from flexible working arrangements while ensuring worker protections and benefits.

2. Technological Infrastructure*:* Access to technology and digital infrastructure is critical to successful remote work. The digital divide between urban and rural areas in South Africa emphasizes the need for investment in expanding and improving Internet access, especially in underserved regions. Studies in South Africa suggest policymakers should prioritize initiatives to bridge this digital gap to facilitate remote work for all (Arakpogun, Whalley, Wanjiru, Elsahn, & Kummitha, 2023).

3. Employee Well-being: The impact of flexible work arrangements on employee well-being is of paramount importance. While these arrangements can enhance work-life balance and reduce stress for some, they may also lead to isolation, blurred boundaries between work and home life, and increased family-work conflicts for others. Literature suggests employers should consider implementing measures to support their employees' mental and emotional well-being, such as offering resources for stress management and promoting work-life balance (Chiguvi et al., 2021; Erasmus, 2020; Gupta & Jin, 2023; Ochieng & Kamau, 2021).

4. Organisational Culture and Leadership: Creating a supportive organisational culture and effective leadership style is crucial for successfully implementing flexible work arrangements. Leaders should be equipped to manage remote teams, promote effective communication, and build employee trust (Torres & Orhan, 2023). Additionally, organisations should provide remote workers with the necessary tools and resources to thrive.

5. Regulatory Frameworks: The existing labour laws and regulations in South Africa may require adjustments to accommodate the evolving work environment. Policymakers should consider revising and modernizing labour laws to address issues such as gig worker rights, remote work agreements, and employee benefits in this new context.

6. RECOMMENDATIONS:

1. **Technology Accessibility:** Invest in expanding and improving digital infrastructure, especially in underserved regions, to ensure all employees have equal access to the technology necessary for remote work (Erasmus, 2020; Gupta & Jin, 2023). This will help

reduce the digital divide and enhance opportunities for remote work.

2. **Worker Protections**: Develop and enforce regulations that safeguard the rights and benefits of gig workers, ensuring they have access to social security, fair wages, and other labour protections (Ochieng & Kamau, 2021). This includes reevaluating employment classifications to address the unique needs of gig workers.

3. **Well-being Support:** Employers should prioritize their employees' mental and emotional well-being. Provide resources and support systems that address stress management, work-life balance, and mental health (Chiguvi et al., 2021; Gupta & Jin, 2023; Ochieng & Kamau, 2021). This can include virtual wellness programs, counselling services, and flexible work schedules.

4. **Leadership Training**: Equip leaders with the skills and knowledge to manage remote teams effectively. Encourage communication, trust-building, and a results-oriented approach to leadership that focuses on outcomes rather than monitoring employees' every move (Torres & Orhan, 2023).

5. **Flexibility and Adaptability**: Organisations should remain flexible and adaptable in their approach to work arrangements. Consider hybrid models that allow employees to choose the arrangement that suits them best. This can enhance employee satisfaction and productivity (Gupta & Jin, 2023).

6. **Collaboration with Stakeholders**: Foster collaboration among government agencies, employers, trade unions, and civil society to develop comprehensive strategies for the future of work in South Africa. Engage in dialogue to address labour market challenges and opportunities.

7. **Continual Monitoring:** Continuously assess the impact of flexible work arrangements and make data-driven decisions. Regularly evaluate the effectiveness of these arrangements and adjust policies and practices accordingly (Haque, 2023).

In summary, the evolution of work arrangements in South Africa offers promise and challenges. Policymakers, employers, and employees must work together to harness the benefits of flexibility while addressing the associated issues. By holistically prioritizing worker well-being and equity, South Africa can navigate this changing landscape to create a more inclusive and productive workforce.

7. CONCLUSION

The transformation of work arrangements in South Africa, catalyzed by the COVID-19 pandemic and the broader global shifts towards flexible work, affects the global work environment. The work scenario in South Africa is evolving, and policymakers, organisations, and employees need to embrace this change with careful consideration and strategic planning.

Flexible work arrangements, such as remote work and participation in the gig economy, offer economic benefits by reducing costs and improving efficiency. However, they also present challenges, including income disparities, digital infrastructure gaps, and ensuring workers' well-being. Considering these implications, South Africa must adapt to the changing nature of work to ensure equity and safeguard the well-being of its workforce.

Recommendations for stakeholders in South Africa include:

- prioritizing technology accessibility,
- enhancing worker protections for gig economy participants,
- promoting employee well-being through supportive resources,
- equipping leaders with remote team management skills and
- fostering flexible and adaptable approaches to work arrangements.

Collaboration among various stakeholders, including government bodies, employers, trade unions, and civil society, is paramount for addressing labour market challenges and opportunities. Continual monitoring and evaluation ensure that work arrangements remain effective and equitable. By tracking outcomes and staying attentive to worker needs, South Africa can successfully navigate the evolving work landscape and create a motivated, productive, and satisfied workforce. In conclusion, the changes in work arrangements in South Africa portrays a global transition towards flexibility and adaptability in employment. By embracing these shifts with a focus on equity and well-being, South Africa can harness the full potential of this evolving landscape to create a more inclusive and prosperous workforce, positioning the nation for success in the future world of work.

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ANTECEDENTS OF EMPLOYEE MOTIVATION AT THE PERISHABLE PRODUCTS EXPORT CONTROL BOARD IN SOUTH AFRICA

Mr. Sbongiseni Mkhungo

University of the Free State

Mr. Marthinus Delport

University of the Free State

ABSTRACT

This study aimed to investigate the antecedents of employee motivation within the Perishable Products Export Control Board (PPECB), specifically focusing on supervisory support, job characteristics (autonomy, feedback, and meaningfulness), and their impact on employee motivation. The study used a quantitative, ex-post-facto design, part of the explanatory research approach with positivist paradigms, and sought to empirically evaluate how these variables influence employee motivation. Data were gathered through a structured online questionnaire utilising a non-probability convenience sampling method to select a sample of 275 participants among the PPECB employees. The study found that autonomy, meaningfulness, and supervisory support significantly impact employee motivation, while feedback did not. The study suggests considering job characteristics and supervisory support in job planning and design. Increased freedom in decision-making and job rotation are suggested ways to increase motivation by the PPECB.

Keywords: *Employee Motivation, Job Characteristics, Autonomy, Meaningfulness, Feedback and Perceived Supervisory Support.*

1. INTRODUCTION

At the Perishable Products Export Control Board (PPECB), a strong sense of good business is fundamentally intertwined with the notion of employee motivation. Despite receiving considerable attention over the past few decades, employee motivation remains the most fundamental challenge organisations need to navigate. It is considered the key driver of both personal and organisational goals (van Tuin *et al.*, 2020). At the PPECB, motivated employees will likely demonstrate higher productivity levels, commitment to quality, and a willingness to go beyond the minimum requirements. This is particularly important in the perishable products industry, where the margin for error is minimal, and the consequences of lapses in the quality of perishable products and cold chain management can be detrimental (Tarigan and Setiawan, 2020). Motivated employees are more inclined to adhere to stringent quality standards, continuously learn, and contribute to innovation. This ensures that PPECB achieves business excellence and maintains its reputation as a trusted partner in the perishable products industry. Motivated employees can better handle the pressures and challenges of dealing with agricultural perishable products, such as tight deadlines and meticulous attention to detail (Tumi, Hasan and Khalid, 2022). Their enthusiasm and commitment can also foster a positive work culture, enhancing team cohesion and collaboration, which are essential for the PPECB to navigate the complexities of its operations effectively (Xing *et al.*, 2023).

From the perspective of the Job Characteristics Model (JCM) proposed by Hackman and Oldham (1976), five salient job characteristics are required to foster employee motivation: skill variety, task identity, task significance, autonomy, and feedback. Although the JCM is a well-established framework, it has become even more relevant as organisations struggle to remain profitable amid increased global competition. Despite its rudimentary function, job characteristics are often overlooked by management as a potential tool for improving employee motivation. Many management teams rely heavily on extrinsic motivation tactics, such as bonuses, promotions, or other rewards, to boost employee performance and engagement (Siruri and Cheche, 2021). While these extrinsic factors can have short-term benefits, they often fail to address the underlying need for meaningful work that motivates employees over the long haul (Alase and Akinbo, 2021). This oversight can lead to missed opportunities for enhancing employee motivation (Alase and Akinbo, 2021). At PPECB, extrinsic factors might not effectively motivate employees if they do not have the autonomy to decide how to approach their work tasks. In the context of PPECB, where the nature of the work has significant implications for the quality of perishable produce and food safety, the motivation and engagement of its workforce are paramount. By applying the principles of the JCM to redesign roles in a way that taps into intrinsic motivation, management can foster a more motivated, satisfied, and high-performing workforce, and this benefits the employees regarding job satisfaction and personal growth and enhances the organisation's ability to meet its critical objectives effectively (Senen, Masharyono and Edisa, 2020).

Work characteristics, however, often go hand-in-hand with the relationship quality between employees and their supervisors. Supervisors are expected to provide guidance, resources, and support to subordinates, which will facilitate their success (Haas, 2020). Such supervisory support is instrumental at the PPECB and can manifest in various ways, including mentoring, providing constructive feedback, recognising achievements, and promptly addressing work-related challenges. Research suggests that strong supervisory support improves employee motivation (Xing *et al.,* 2023), which would need to be investigated in relation to various job characteristics.

2. PROBLEM STATEMENT

Despite its critical role in ensuring the quality and safety of perishable produce exports, there is limited previous research conducted at the PPECB in relation to employee motivation. Psychological states (such as the perception of autonomy, feedback, and meaningfulness), combined with strong supervisory support, are likely to contribute to the company's operational effectiveness and efficiency. This is important since the PPECB is mandated by the Perishable Products Export Control Act [PPEC Act], [Act 9 of 1983] and the Agricultural Product Standards Act [APS Act], [Act 119 of 1990]. It is responsible for overseeing the export of perishable produce, and it is imperative to investigate how these internal dynamics influence employee performance and overall organisational success. The lack of comprehensive data on the interplay between these factors at the PPECB points to a significant research gap. This research seeks to fill this gap by examining how job characteristics and supervisory support enhance employee motivation at PPECB.

3. RESEARCH OBJECTIVES

The study aims to develop and test a structural model that describes how the psychological states of employees (as brought about by various job characteristics) and perceived supervisory support influence motivation within the Perishable Products Export Control Board (PPECB).

4. LITERATURE REVIEW

4.1 Employee motivation

Tarigan and Setiawan (2020) posit that motivation originated from the Latin word *movere,* which means "to move", emphasising the drive and progress towards goals often seen in hard-working individuals. It is crucial to acknowledge the spectrum of motivation, which ranges from extrinsic to intrinsic. External rewards, such as salary increments, bonuses, or public recognition, drive extrinsic motivation (Alase and Akinbo, 2021). While effective in specific contexts, these factors often motivate employees to achieve a specific outcome to gain a reward or avoid a consequence rather than for the satisfaction of the task itself (Forson *et al.,* 2021). In contrast, intrinsic motivation originates within the individual and is driven by personal interest, enjoyment, or the inherent satisfaction of performing a task (Mulyani, Sari and Sari, 2020). This type of motivation is characterised by a deep engagement in the work, where the activities are rewarding and fulfilling (Noor *et al.*, 2020). Intrinsic motivation is considered more robust and sustainable over time because it is self-reinforcing; the more an individual engages in an intrinsically motivating activity, the more they want to continue (Kotenko *et al.*, 2021). In an organisation like the PPECB, designing work tasks to foster intrinsic motivation is critical.

4.2 Job characteristics

The Job Characteristics Model (JCM) proposed by Hackman and Oldham (1976) served as a strong theoretical framework for the study and posits that job characteristics result in various psychological states that can help improve intrinsic motivation, satisfaction, and overall job performance. These psychological states include the experience of autonomy, meaningful work and knowledge of results, which are all instrumental for intrinsic motivation (Li, Zhang and Xiong, 2020). For example, providing employees autonomy means empowering them to decide their work processes and outcomes (Keena *et al.*, 2020). In the context of the PPECB, autonomy can lead to more innovative approaches to quality control and efficiency improvements. Employees in control of their work are more likely to take ownership of their responsibilities, leading to higher job satisfaction and better overall performance (Ullah, Summayyah Khattak and Naqvi, 2023).

Regular and constructive feedback is essential for continuous improvement and learning (Ullah, Summayyah Khattak and Naqvi, 2023). At the PPECB, where the quality and safety of perishable products are paramount, feedback enables employees to understand how their work contributes to the organisation's goals, identify areas for improvement, and feel valued for their contributions. The perception of meaningfulness in one's job is a powerful motivator (Ullah, Summayyah Khattak and Naqvi, 2023). Employees at the PPECB are part of a chain that ensures the safety and quality of food and other perishable products, impacting the perishable produce exports industry and the economy. Understanding the importance of their role and its impact on society can significantly enhance an employee's sense of purpose and satisfaction, leading to higher motivation and commitment (Senen, Masharyono and Edisa, 2020).

4.3 Autonomy

Autonomy refers to the degree to which a job provides employees freedom, independence, and discretion in scheduling their work and determining the procedures for carrying it out (Keena *et al.*, 2020). For jobs with a high level of autonomy, work outcomes depend on employees' efforts, initiatives, and decisions rather than on instructions from managers or standard operating procedures (Senen, Masharyono and Edisa, 2020). PPECB is a highly regulated environment; thus, emphasising adherence to established procedures might mean that employee initiative and autonomy suffer. Such autonomy and a sense of control over one's work are critical to intrinsic motivation (Siruri and Cheche, 2021). When employees feel their roles are overly constrained by Standard operating procedures (SOP's) and quality checks, their autonomy can be diminished (Zaman *et al.*, 2020). For organisations like the PPECB, finding the right balance between the necessary control and standardisation of procedures and fostering an environment where employee initiative and autonomy are recognised and encouraged is crucial.

***H_1**. Autonomy has a significant positive effect on motivation.*

4.4 Meaningfulness

In the context of the PPECB, the potential lack of perceived meaning among employees can be examined through the lens of three critical job design dimensions: task variety, task significance, and task identity. These dimensions are integral to how employees perceive their jobs and how motivated and engaged they feel. Task Variety refers to the degree to which a job requires various activities involving different skills and talents (Zaman *et al.*, 2020). At the PPECB, highly repetitive roles requiring performing the same tasks or procedures might lead to a sense of employee monotony. Task significance is the degree to which the job substantially impacts the lives of others or society (Zaman *et al.*, 2020). While the core mission of the PPECB inherently carries a high level of task significance, as it ensures the quality and safety of perishable products destined for export, individual employees might not always see or feel connected to the broader impact of their work. This disconnection could be due to a lack of feedback on the outcomes of their efforts or a failure to communicate how each role directly contributes to the organisation's mission and societal well-being. When employees do not perceive their work as having a significant impact, they may find less meaning in their daily tasks (Keena *et al.,* 2020). Task identity involves the degree to which a job requires the completion of a whole and identifiable piece of work, that is, doing a job from start to finish with a visible outcome (Keena *et al.*, 2020).

For the most part, employees at the PPECB are only involved in a small part of the inspection or quality control process without seeing it to completion or understanding how their contribution fits into the larger picture. Therefore, employees might struggle to find a sense of accomplishment and pride in their work, undermining intrinsic motivation. This compartmentalisation can make them feel that their work is insignificant, reducing the sense of meaning they derive from their job (Zaman *et al.*, 2020).

***H_2**. Experiencing meaningfulness has a significant positive effect on motivation.*

4.5 Feedback

Feedback is essential for employees to understand how effectively they perform their tasks. Contrary to traditional beliefs that feedback universally enhances motivation, some studies suggest its impact may vary based on the nature and delivery of the feedback (Zaman *et al.*, 2020). Recent research within various organisational settings has begun to question the context surrounding feedback and motivation, suggesting that factors such as feedback quality and individual differences may play a significant role (Keena *et al.*, 2020). When PPECB employees receive clear, actionable information about their work performance, they will likely have better overall knowledge of their work activities and what specific actions they need to take to improve their performance.

H*₃. *Feedback has a significant positive effect on motivation.

4.6 Supervisory support

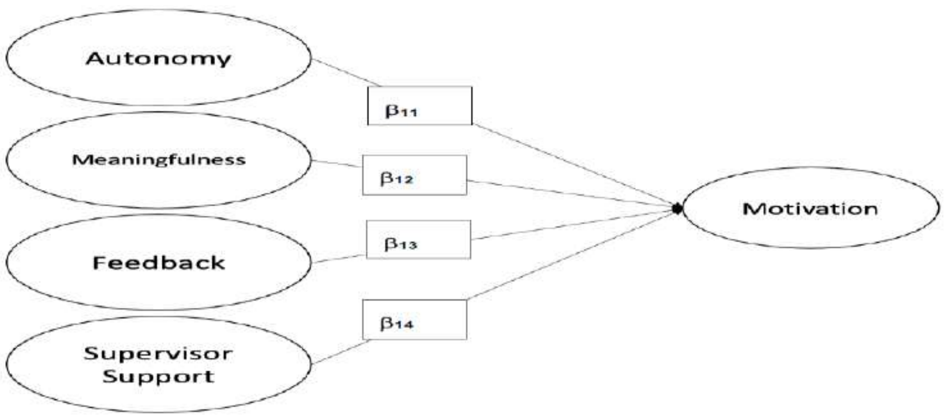
According to Haas (2020), supervisory support is often conceptualised as the extent to which supervisors provide subordinates with the necessary assistance, encouragement, and resources to perform their jobs effectively. According to Xing *et al.* (2023), supervisory support is crucial in enhancing employee motivation and fostering a sense of value and belonging among employees. A study by Mishra and Ghosh (2020) further substantiates this, indicating a relationship between perceived supervisory support and increased employee motivation, ultimately leading to improved job performance and satisfaction. In the context of the PPECB, perceived supervisory support in the form of appreciation, supportiveness, and the availability of help when needed are likely to improve employee motivation. Supervisory support is also critical to a positive organisational culture, fostering employees' sense of belonging and community (Mishra and Ghosh, 2020).

H_4. Supervisory support has a significant positive effect on motivation.

4.7 Conceptual model

Based on the preceding theoretical arguments, a proposed structural model was developed which depicts the hypothesised structural relationships between the variables. (see Figure 1).

FIGURE 1: A PROPOSED STRUCTURAL MODEL FOR THE ANTECEDENTS OF EMPLOYEE MOTIVATION AT THE PPECB.



5. METHODOLOGY

5.1 Research design

This study used a cross-sectional, explanatory research design from a positivist paradigm (Reuber and Fischer, 2022). Employing a positivist approach facilitated the objective measurement of these variables, allowing for the empirical assessment of hypotheses derived from the theoretical framework (Taherdoost, 2022). The quantitative method was chosen for its ability to produce statistically generalisable findings (Firdaus, Zulfadilla and Caniago, 2021) that could potentially inform management practices at the PPECB.

5.2 Data collection procedure

A non-probability convenience sampling method was utilised for participant selection (Taherdoost, 2022). This approach involved choosing individuals who were readily accessible and willing to contribute to the research (Easterby-Smith *et al.*, 2021). The target group for this study comprised employees at the Perishable Products Export Control Board (PPECB), spanning both permanent and temporary staff. According to the PPECB organisational records, the PPECB has a total workforce of 960 individuals.

Drawing upon the guidelines provided by Easterby-Smith *et al.* (2021), a sample size of roughly 275 participants is deemed sufficient to represent the population of employees adequately. In this study, the researcher sent online questionnaires to 275 participants, of which 260 were fully completed and deemed valid for analysis., resulting in an impressive response rate of 95%.

5.5 Measurement instruments

The research instrument was a structured questionnaire. Data was collected using previously validated scales, namely: The Job Characteristic Scale (JCS), Work Extrinsic and Intrinsic Motivation Scale (WEIMS), and Perceived Supervisory Support Scale (PSSS).

5.6 Data analysis

The study employed Structural Equation Modelling (SEM) for data analysis, a statistical technique that simultaneously examines multiple structural relationships between observed and latent variables (Sahoo, 2019). SEM was particularly suited to this research due to its ability to test each structural pathway while controlling for all other effects in the model.

5.7 Ethical considerations

Ethical guidelines were rigorously followed throughout the research process. Participants were assured of their anonymity and confidentiality, and informed consent was obtained, emphasising the voluntary nature of their participation. These measures ensured the ethical integrity of the study and the protection of participants' rights. The researcher obtained permission from the PPECB management and the University Free State's General/Human Research Ethics Committee (*UFS-HSD2022/1167/22*) to conduct this research study.

6. RESEARCH RESULTS

6.1 Full structural model

The structural model was tested after the validation of each scale. The structural model represents the hypothesised structural relationships between the latent variables which describe employee motivation. Model fit indices and parameter estimates were evaluated in terms of their significance and strength (Hair *et al.*, 2019). Table 1 reveals that all variables were successfully operationalised, demonstrating acceptable levels of internal consistency and a large portion of explained variance (Wang *et al.*, 2020).

Table 1: Reliability indices

Variable	α	ω_1	ω_2	ω_3	AVE
Autonomy	0.87	0.87	0.87	0.88	0.69
Meaning	0.79	0.81	0.81	0.81	0.68
Feedback	0.83	0.84	0.84	0.85	0.64
Supervisory Support	0.97	0.97	0.97	0.97	0.91
Motivation	0.88	0.88	0.88	0.88	0.59

Various fit indices were evaluated against critical cut-off values, including RMSEA (< .08), the SRMR (< .08), CFI (> .90), and TLI (> .90) (Hair *et al.*, 2019). Results (Table 2) demonstrated that all fit indices indicated good model fit, which suggests the proposed model is a permissible representation of the relationships between the latent variables.

Table 2: The goodness of fit statistics for the structural model

	SRMR	RMSEA	Lower	Upper	RMSEA p	CFI	TLI
S-B Scaled	0.05	0.04	0.01	0.05	0.92	0.94	0.93

Table 3 shows that the beta coefficient of all items ranged between 0.6 and 0.95 and were all statistically significant. Item parcels were used to reduce the number of parameters that needed to be tested. Amotivation was not included as a sub-dimension during the operationalisation of motivation, as we were only interested in positive indications of motivation.

Table 3: Estimates for the Measurement Model

				95% Confidence Interval				
Latent	**Observed**	**Estimate**	**SE**	**Lower**	**Upper**	**β**	**z**	**p**
Autonomy	JC1	1.00	0.00	1.00	1.00	0.74		
	JC2	1.16	0.12	0.92	1.39	0.87	9.64	<0.01
	JC3	1.19	0.09	1.01	1.38	0.89	12.83	<0.01
Meaning	TVAR	1.00	0.00	1.00	1.00	0.91		
	TSIG	0.81	0.08	0.65	0.96	0.73	9.95	<0.01
Feedback	JC10	1.00	0.00	1.00	1.00	0.73		
	JC11	1.20	0.12	0.96	1.45	0.88	9.63	<0.01
	JC12	1.13	0.15	0.85	1.42	0.79	7.76	<0.01
Support	SS_P1	1.00	0.00	1.00	1.00	0.95		
	SS_P2	1.02	0.04	0.94	1.11	0.96	23.98	<0.01
	SS_P3	0.95	0.04	0.87	1.04	0.95	21.35	<0.01
Motivation	ID_REG	1.00	0.00	1.00	1.00	0.76		
	EXT_REG	0.75	0.08	0.59	0.91	0.60	9.08	<0.01
	INT_MOT	0.98	0.08	0.83	1.14	0.82	12.53	<0.01
	INTER_REG	1.17	0.08	1.01	1.33	0.89	14.49	<0.01
	INTRO_REG	1.01	0.08	0.84	1.18	0.76	11.73	<0.01

Table 4 illustrates the parameter estimates of the partial regression coefficients between the variables. Perceived meaningfulness (β=0.39, p<0.001) and autonomy (β=0.31, p<0.001) had the most substantial effects on motivation. In contrast, although statistically significant, supervisor support had the weakest effect (β=0.14, p=0.040). Perceived feedback was the only variable which did not have a significant effect (β=0.16, p=0.109) on employee motivation.

Table 4: Estimates for the Structural Model

				95 % Confidence Interval				
	Pathway	**Estimate**	**SE**	**Lower**	**Upper**	**β**	**z**	**p**
β_{11}	Autonomy ⇒ Motivation	0.28	0.07	0.14	0.42	0.31	4.00	<0.01
β_{12}	Meaning ⇒ Motivation	0.36	0.09	0.19	0.53	0.39	4.08	<0.01
β_{13}	Feedback ⇒ Motivation	0.24	0.15	-0.05	0.54	0.16	1.60	0.11
β_{14}	Support ⇒ Motivation	0.13	0.06	0.01	0.25	0.14	2.05	0.04

7. THEORETICAL IMPLICATIONS

Current empirical results supported Hypothesis 1 (H_{01}: $\beta_{11}=0.31$, $p<0.001$), by demonstrating that autonomy strongly affected employee motivation. This suggests that employees with greater job autonomy will experience higher motivation levels. The findings of Deci, Olafsen and Ryan (2017) highlight the significant impact of autonomy on employee motivation and commitment, emphasising that employees with control and decision-making authority over their tasks are likely to exhibit greater ownership and engagement. This relationship is further supported by Siruri and Cheche (2021), who suggest that policies increasing job control, by allowing staff more say over the timing and sequence of their work, could enhance employee autonomy. Conversely, research by Senen, Masharyono and Edisa (2020) indicates that environments characterised by low autonomy, where employees have minimal freedom in task execution and decision-making, may lead to reduced intrinsic motivation and heightened work-related stress. This is particularly relevant to the PPECB, where the precision and timeliness required in handling perishable products could undermine autonomy. However, Current findings emphasise the importance of providing employees autonomy over work tasks to improve motivation. Battistelli, Montani and Odoardi (2013) found that a lack of autonomy diminishes personal performance and contributes to a detached mindset among workers, potentially leading to burnout, a situation the PPECB must avoid to maintain high-quality control standards.

The results further supported Hypothesis 2 (H_{02}: $\beta_{12}=0.39$, $p<0.001$), by demonstrating that meaningfulness strongly affected employee motivation. Tasks that promote greater meaningfulness will, therefore, improve employee motivation. These findings support existing literature by Galletta *et al.* (2019), along with Humphrey, Nahrgang and Morgeson (2007), which highlighted the importance of skill variety, suggesting that diverse jobs enrich employees' work experience and significantly boost their motivation. This is particularly relevant to the PPECB, where the scope of work involves various critical functions such as quality control, certification, and inspection of perishable products. Offering employees tasks that encompass different skills and challenges can lead to a more stimulated and motivated workforce. Humphrey, Nahrgang and Morgeson (2007) further emphasise the role of meaningfulness in work, showing it to be closely linked to a host of positive outcomes, including psychological well-being, increased commitment, satisfaction, and notably, enhanced job motivation while reducing absenteeism. In the context of the PPECB, these insights underline the critical need for job designs that ensure skill variety and imbue employees' daily tasks with a clear sense of purpose and impact. By recognising and leveraging the intrinsic motivation of meaningful work, the PPECB can enhance employee engagement and performance, directly contributing to its mission of ensuring the quality and safety of perishable exports.

Interestingly, the findings did not support Hypothesis 3 (H_{03}: $\beta_{13}=0.16$, $p>0.05$) by demonstrating that feedback did not significantly affect employee motivation. When reflecting on these unexpected results, there is theoretical justification for this lack of support. Following Herzberg's motivational theory, some organisational factors (such as feedback) might act more as hygiene factors (i.e., elements that fend off demotivation) as opposed to motivation factors (i.e., elements that improve motivation) (Siruri and Cheche, 2021). In the context of the PPECB, this implies that while the absence of feedback on job tasks might lead to employee demotivation (due to a lack of corrective insights or acknowledgement), simply providing feedback might not actively motivate employees. Current findings therefore suggest that in the presence of both meaningfulness and autonomy, feedback does not contribute to any additional improvements in motivation (i.e., lack of unique variance explained).

Support for Hypothesis 4 (H_{04}: $\beta_{14}=0.14$, $p<0.001$) was also obtained, by demonstrating that supervisory support slightly improves employee motivation. This suggests that employees who perceive higher levels of supervisory support will experience greater motivation. The findings support previous research, underscoring the pivotal role of leadership in shaping employee behaviour and motivation within organisations, a principle directly applicable to the PPECB. Elnaga and Imran (2013) highlighted that encouraging and supportive leaders could significantly boost employee enthusiasm, while the absence of support can lead to withdrawal behaviours, detrimentally affecting the team and customer service quality. This dynamic is critical at the PPECB, where the quality of perishable product inspections and certifications directly impacts public health and trade. Galletta *et al.* (2019) further emphasised that such withdrawal behaviours could compromise not only the subdivision's welfare but also that of fellow employees and customers. In the context of the PPECB, where ensuring the safety and quality of perishable exports is paramount, the role of supervisors in embodying the organisation's goals, mission, and values becomes even more crucial. Supervisors at the PPECB, therefore, serve as vital links between senior management and frontline employees, playing a pivotal role in translating organisational goals into actionable tasks. Supervisors can significantly improve employee performance and motivation by providing clear communication, support, and guidance, ensuring the PPECB's operational goals are met efficiently.

8. MANAGERIAL IMPLICATIONS

The findings of this study hold significant implications for organisational leadership and management practices. Specifically, the results highlight the importance of supervisory support and specific job characteristics, such as autonomy and meaningfulness, in enhancing employee motivation. The following recommendations are therefore made:

Managers should prioritise building supportive relationships with their employees; this could involve training programs focused on leadership skills that promote empathy, active listening, and constructive communication for the managers to be more supportive. Organisations can enhance motivation by fostering an environment where employees feel valued and supported, such as weekly check-ins, one-on-one sessions, career planning opportunities, and individual development plans for growth.

Management should consider delegating more decision-making powers to employees and offering them greater control over their tasks and work processes; this could involve restructuring job roles to allow for more self-directed work. Employee input should be encouraged, and a culture where input in decision-making is considered and valued should be cultivated. Pushing decision-making down to the lowest possible level alleviates management pressure and simultaneously empowers and develops subordinates' problem-solving capabilities. Organisations should strive to make work more meaningful for employees by clearly communicating the impact of their work on the organisation and its stakeholders; this could involve regular briefings on how individual roles contribute to organisational goals and success stories demonstrating the real-world impact of the work done by employees.

Since the expected positive relationship between feedback and motivation was not supported, organisations may need to re-evaluate how feedback is provided, and this could involve personalised feedback approaches that are more aligned with individual employee preferences and the context of their work. Managers might need to focus on providing specific and timely constructive feedback to highlight development needs. Management should, however, take cognisance of the fact that feedback alone might not be the most substantial motivating factor and, therefore, should instead prioritise other job elements like autonomy, meaningfulness, and support. Organisations must continually assess employee motivation through regular employee surveys, focus groups, and feedback sessions to gauge employee perceptions of the most salient factors impacting motivation, including supervisory support, perceived meaningfulness, and adequate autonomy. These insights can then inform ongoing management practices and job design decisions.

9. LIMITATIONS OF THE STUDY

The research on employee motivation at the PPECB faced several limitations that affected the generalisability and depth of its findings. Due to the lack of random selection, using non-probability convenience sampling means the results may not fully represent all PPECB employees or extend to other organisations. Its cross-sectional design limits the ability to observe changes over time or establish causality between variables. The study's quantitative focus might have missed deeper insights into employees' subjective experiences, suggesting that qualitative methods could provide a richer understanding. The reliance on self-reported measures raises concerns about potential biases, even though standardised instruments were employed to reduce this risk. Lastly, the study might have overlooked other significant factors influencing motivation, such as organisational culture or work-life balance, indicating that future research should explore these areas for a more comprehensive view of employee motivation.

10. CONCLUSION

The study's findings underscore the complexity of employee motivation and the need for a nuanced understanding of its antecedents within the context of PPECB. By implementing the recommendations outlined above, managers can better address the motivational needs of their employees, thereby potentially enhancing job satisfaction, productivity, and organisational performance. Continuous evaluation and adaptation of these strategies will be essential in meeting the evolving needs and expectations of the workforce.

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Talent Management in Sub-Saharan Africa: Best Practice or Negligible?

Emmerentia Nicolene Schutte (Barkhuizen)
Business School, University of The Free State
Bloemfontein, South Africa
barkhuizenEN@ufs.ac.za

ABSTRACT

Research on talent management has significantly increased in various domains during the last two decades. Despite some encouraging findings, authors continue to debate appropriate definitions for the concepts "talent" and "talent management," "desirable approaches to follow" (inclusive versus exclusive), and "appropriate talent management practises" that are context-specific. This study examines talent management trends in developing nations like South Africa, Namibia, and Botswana, emphasising their predictors, results, and perceptions of their demographics. As talented people are seen as the guardians of driving economic growth, sustainability, and competitiveness in developing nations, research on talent management in these regions is essential. Detecting talent management trends for effective people management practice is therefore imperative. This study offers insightful information on talent management applications in Sub-Saharan Africa. Given the strategic significance of economic cooperation between the countries under investigation, management should become more aware of these findings to optimise workplace talents.

Keywords: Sustainability, Talent, Talent approaches, Talent management

INTRODUCTION

The importance of talented individuals in achieving sustainable organisational goals, strategies, and competitiveness is well documented (Mujtaba, & Mubarik, 2022; Pereira, Collings, Wood & Mellahi, 2022). Talented employees are widely believed to be vital in achieving the sustainable development goals set by the United Nations for emerging markets and the subsequent National Development Plans (Lee & van der Waldt, 2020). Yet, the Human Capital Index ranks Sub-Saharan Africa poorly regarding people development (Friderichs, Keeton & Rogan, 2022). Without knowledgeable and capable citizens, no nation can advance socially or economically (Taiwo, Adebayo, & Oluwaseun, 2021).

This paper compares the talent management practices of three Sub-Saharan African countries: South Africa, Botswana, and Namibia to determine whether talent management is optimised or neglected. The rationale for including South Africa, Botswana, and Namibia is two-fold. First, the three countries face reduced economic growth due to the Covid-19 pandemic, increasing inflation, and socio-political tensions (International Monetary Fund, 2022). Second, the International Monetary Fund (IMF) predicts that over 50% of global job seekers will originate from sub-Saharan Africa within the next 20 years. Therefore, investing in talented individuals is a critical requirement for countries such as South Africa, Botswana, and Namibia to make significant contributions to economic growth at the national, continental, and global levels (Leikuma-Rimicane, Komarova, Lonska, Selivanova-Fyodorova & Ostrovska, 2021). The following research questions are addressed in this paper:

- What is the nature of talent management practices in the identified countries?
- What are the predictors of talent management in the three countries?
- What are the individual, group, and organizational outcomes of talent management?
- What are the perceived differences between talent management practices per demographic group?

METHODS

This research paper followed a general literature review method per Grant and Booth's guidelines (2009). Since the focus was on predictive solid relationships between the variables in the three countries identified, the researcher explored available quantitative research studies on talent management, its predictors, and outcomes. The talent management field might be complicated by different lingo. Therefore, the search was restricted to terms related to talent management and excluded any potential synonyms (see Gallardo-Gallardo, Thunnissen & Scullion, 2020). The search further included the National Research Foundation Database, Google Scholar, Web of Science, and other scientific search engines for empirical studies on the topic of interest. In keeping with Grant and Booth (2009), a narrative framework was used to convey the findings. The following section presents the literature review and the findings derived thereof. The paper concludes with limitations, and suggestions for further study and application.

LITERATURE REVIEW

Defining workplace talent

Since ancient times, the term "talent" has been used to signify a variety of abilities and qualities (Dries, 2013; Tansley, 2011). Scholars and practitioners argue for a definition of a talented person in the workplace that is appropriate for the context (Kaliannan, Darmalinggam, Dorasamy & Abraham, 2023). Still, the application and demarcation of this concept in the workplace remain problematic. Most definitions of workplace talent evolve around an individual's knowledge, skills, and talents (Bolander, Werr, & Asplund, 2017; Sandeepanie, Perera, Sajeewani & Gamage, 2020). Some authors take a more strategic approach by considering the strategic contribution talented individuals can make to the organisation by connecting their unique skills to its strategic goals (Collings & Mellahi, 2009). The latter strategy leads to the ongoing debate over whether all employees should be seen as talented (i.e., an inclusive approach) or whether just a small number of people, or exclusive talent, can improve the competitiveness of the business (Sparrow & Hackman, 2015; Swailes, 2020). Barkhuizen (2022) proposed a new typology by defining talent as people with talent intelligence acumen that could be of quantitative and qualitative worth for sustained organizational competitiveness. This typology enables the use of talented people in diverse organisational contexts. The talent intelligence method facilitates a more inclusive talent culture, which helps place people in businesses according to their potential and for systematic talent pool growth.

Talent management and talent management practice

How talent is defined within the workplace has implications for implementing talent management practices in organisations. Some earlier definitions of talent management focused on a relatively “narrow” approach by only focusing on attracting, developing and retaining talented individuals (Barkhuizen & Gumede, 2021). Other authors broadened the definition by combining organisational strategies and talent management practises. As a result, "new" talent management terms like "talent management systems, strategies, key persons and positions" have been developed (Collings & Mellahi, 2009; Kontoghiorghes, 2016). Van der Sluis and Barkhuizen (2023) proposed that talent management should be viewed as a social blockchain of recruiting, "processing," and retaining talented people. This strategy is a consequence of the post-Covid world, where it is necessary to manage employees in a manner that is more empathetic and human-centric (Pattnaik & Padhi, 2022). Additionally, the rapid development of 4IR and its disruptive technologies drives the demand for creating enabling systems for improving people management at work (Lynch & O'Leary, 2021).

Implementing talent management practises depends on whether an organisation adopts a foundational or a more sophisticated strategic approach to talent management. Barkhuizen and Schutte (2016) introduced a talent career-life cycle framework, which aims to effectively oversee the career trajectories of gifted individuals from the beginning of their professional journey to the end of their working lives. The talent career life cycle comprises eight essential elements, namely, leadership talent mindset, talent brand, talent onboarding, talent engagement, talent development, talent performance management, talent rewards, and retention.

The career life cycle of talent has been implemented in specific public sector organisations in South Africa (Barkhuizen & Gumede, 2021) and Namibia (Barkhuizen, Schutte & Shipena, 2021; Van Wyk, 2021). Barkhuizen and Gumede's (2021) research revealed deficiencies in talent mindset, career advancement prospects, performance management, and talent retention strategies. The participants expressed a higher level of positivity regarding the talent brand and the alignment of their skills and career within the organisation. Barkhuizen et al. (2021) conducted a study in the Namibian context, which revealed a moderate application of the talent career life-cycle dimensions, except for high talent engagement among the sample. The participants expressed their perception of being inadequately remunerated for their employment and identified a deficiency in strategies to retain talented personnel. The findings of van Wyk's (2021) study in a Namibian public sector higher education institution were comparable. Despite the absence of the talent career life cycle framework in Botswana, a recent investigation conducted in a public local government institution revealed the poor implementation of talent management practices, specifically in the areas of talent retention strategies, talent development, compensation, performance management, and workforce planning (Barkhuizen & Masale, 2022). The participants' responses revealed that they were provided with inadequate details regarding the objectives and outcomes of the employment. Furthermore, the study's participants reported a dearth of prospects for career advancement and promotion. According to Barkhuizen, Diseko, and Schutte's (2015) research, implementing talent management practices, including talent acquisition, workforce planning, talent commitment, talent development, and retention strategies, was inadequate among a group of Botswana public school teachers.

Predictors of talent management

There is a dearth of research on the factors that predict talent management practices in Sub-Saharan Africa. The present literature review underscores three key factors that enable the successful execution of talent management practices: leadership, management support, and organisational talent culture. The leadership talent mindset was a significant predictor of talent management practices in the South African and Botswana contexts, as evidenced by studies conducted by Barkhuizen and Masale (2022) and Matobako and Barkhuizen (2017). The results indicate that an absence of a leadership mindset contributes to inadequate implementation of talent management. The findings of Smit, Schultz, and van Hoek (2021) indicate a significant correlation between transformational leadership and talent management among artisans employed in the automobile industry of South Africa. Shingenge and Saurombe (2020) found that leadership talent mindset is essential to attracting and retaining talented employees in a Namibian government institution. Lesenyeho, Barkhuizen, and Schutte (2018) study revealed a significant correlation between management support and talent management among early career academics in higher education institutions in South Africa. According to Masale, Barkhuizen, and Schutte's (2021) research, an organizational talent culture encompasses strategic intent and success orientation, institutional values, general people management practices, dynamic operational capabilities, and administrative governance is a significant predictor of talent management.

Talent management outcomes

Individual-level outcomes

The next section of this paper focuses on talent management outcomes on individual, team and organisational levels. The literature review findings indicate that most studies conducted in the three regions under consideration have primarily concentrated on outcomes at the individual level. Subsequently, outcomes at the organisational level have been the second most frequently researched area, while outcomes at the team level have received comparatively less attention. At least 23 variables were identified as the outcomes of individual levels, which were clustered as pathological disease, work-related attitudes, behaviours, emotions, personal outcomes, and tangible workplace outcomes Table 1 presents a comparative analysis of the individual outcomes of three countries concerning.

Table 1. Comparative analyses of Individual Talent Management Outcomes per Country

Individual Outcomes	South Africa	Botswana	Namibia
Pathological Disease			
Burnout	x	x	
Physical Health	x		
Psychological Health	x		
Well-being	x		
Work-related attitudes			
Career Satisfaction	x		

Individual Outcomes	South Africa	Botswana	Namibia
Dispositional Employability	x		
Job Satisfaction	x	x	
Motivation			x
Locus of Controle		x	
Voluntary Turnover Intentions	x	x	x
Behavioural outcomes			
Job Crafting	x		
Dispositional Employability	x		
Emotion Constructs			
Happiness	x		
Work Engagement	x		x
Employee Engagement		x	
Meaningfulness	x	x	
Hope		x	
Psychological Contract	x		
Personal outcomes			
Life satisfaction	x		
Tangible work outcomes			
Employee Performance	x	x	
Work Identity	x		
Career Progress	x		
Autonomy	x		

Source: Author's own

From Table 1, it is evident that talent management practices are a significant predictor of *pathological diseases* such as burnout, ill health (i.e. physical and psychological), and general well-being in the South African context (see Molefe, 2015; Barkhuizen & Stanz, 2010) and burnout in Botswana (see Kekgonegile, 2015). Both studies showed that poor talent management practices enhance pathological disease among employees. Regarding *work-related outcomes*, talent management practices consistently predict the voluntary turnover intentions of employees in all three countries (see Barkhuizen & Gumede, 2021; Barkhuizen, Masale & Schutte, 2022; Barkhuizen et al., 2021). Applied within the South African context, talent management practices are a significant predictor of career satisfaction (Paadi, 2019), dispositional employability (Molefi, 2015), and job satisfaction (Lekgothoane, Maleka & Worku, 2018). Applied within the Botswana context, talent management practices were significant predictors of job satisfaction (Jaiyeoba, Svotwa, Roberts-Lombard & Sesupo, 2021) and locus of control (Masale, 2020). In the Namibian context, Barkhuizen, Schutte and Smit (2015) found that talent management predicted motivation among support staff in a Namibia public HEI. The literature review showed two South African studies that related talent management with *behavioural outcomes* such as job crafting (Ncemane, Khaola & Chinyamurindi, 2021) and dispositional employability (Molefi, 2015). The relationship between talent management and *emotions* resulted in six outcome variables: happiness, work engagement, employee engagement, meaningfulness, hope, and the psychological contract. Applied within the South African context, talent management practices predicted work engagement (Smit et al., 2021), happiness and meaningfulness (Saurombe & Barkhuizen, 2022), and the psychological contract (Poisat, Mey & Sharp, 2018). In Botswana, Roper (2021) found that talent management predicts employee engagement, while a study by Barkhuizen et al. (2022) showed a positive relationship between talent management, meaningfulness, and hope. A study by Barkhuizen and Kasera (2021) related talent management to work engagement in the Namibian banking sector. Life satisfaction emerged as a *personal outcome* of talent management from a study by Paadi (2021) among graduate interns in the South African context. Regarding tangible workplace outcomes, four variables emerged as outcomes of talent management: employee performance, work identity, career progress, and autonomy. The latter three variables were found in South African studies (see Chulu, 2023; Mahlope, 2023), while employee performance was related to talent management in Botswana (Masale, 2015).

Team-level outcomes

The rise of the social enterprise and the symphonic C-suite requires organisations to emphasise the application of talent management practice team contexts (Agarwal, Bersin & Lahiri, 2018). Research showed that talent management is related to productive energy as a team/ group outcome. Productive energy was coined by Cole, Bruch, and Vogel (2008) to measure the Affective (i.e., emotional arousal and positive response), Cognitive (i.e., constructive group-thinking), and Behavioral (i.e., active, focused, and action-related conduct) energies of groups of teams in the collective pursuit of organisational objectives. Talent management predicted group-level energy in South Africa (see Mpofu, 2013) and Botswana (see Barkhuizen et al., 2022) contexts. In the latter study, talent management partially mediated the relationship between ethical organisational culture and productive energy. Research on talent management and group-level outcomes is yet to be forthcoming in the Namibian context.

Organisational level outcomes

From the literature review, we could detect six organizational-level outcomes of talent management: Organisational commitment, organizational/institutional and company satisfaction, Service Quality, Organisational Support, Sustainable competitive advantage, and company performance. The literature review findings show that talent management significantly predicts organisational commitment in South African and Botswana contexts (Mokoena, Schultz & Dachapalli, 2022; Barkhuizen et al., 2022). Talent management practices further showed to be a significant predictor of organisational satisfaction (Paadi, 2019), institutional satisfaction (Lesenyeho et al., 2018) and company satisfaction (Kwaeng, 2012) in the South African context. Talent management was significantly related to service quality among a sample of support staff in a public Namibian higher education (see Barkhuizen et al., 2015) and the South African context (Chiloane & Barkhuizen, 2017). A study by Du Plessis, Barkhuizen, Stanz and Schutte (2015) showed that talent management enhances the perceived organisational support of Generation Y employees in a South African Call Centre environment. Abiwa (2021) found that talent management contributed to sustainable competitive advantage in a South African higher education institution. Lastly, Onwugbolu and Mutambara (2021), found that talent management predicted the performance of a South African retail sales company.

DEMOGRAPHIC VARIABLES AND TALENT MANAGEMENT

Poisat et al. (2018) stress the significance of taking demographic factors like generational cohorts, gender, and ethnicity into account when implementing talent management strategies. The practices of talent management in the three countries are compared in Table 2 below, broken down by demographic category.

Table 2. Comparative analyses of Organisational Talent Management Outcomes per Country

Demographic Variables	South Africa	Botswana	Namibia
Gender	x		
Age	x		x
Educational qualification	x	x	x
Job Level	x	x	x
Years of work experience	x		
Years work in current job		x	
Hours work	x		
Promotion Opportunities	x		x

Source: Authors' own.

Research by Barkhuizen (2013) revealed that senior management had a higher management commitment to talent than the other job levels research among local government institutions in South Africa. Barkhuizen and Gumede (2021) also discovered that senior management receives more talent remuneration relative to lower-level management and operational-level employees. In contrast, middle management and operational-level employees experience more effective talent deployment. According to a study by Veldtman (2011), senior management believed talent management practices were applied more successfully than middle management. Middle management in the same research thought about leaving their positions due to ineffective talent management. Masale (2020) observed that middle and senior management had more chances for talent development than those at the operational level when applied to the Botswana setting. Comparatively speaking, middle management was happier with their pay than operational workers were. Comparatively to lower-level management, supervisors, and operational personnel, senior management demonstrated increased satisfaction with talent performance management. Similarly, Barkhuizen et al. (2021) discovered that lower-level employees had less effective career development and talent deployment than senior management. In the latter study, senior management had a noticeably higher level of talent engagement than the other occupational groups.

According to research from South Africa (see Barkhuizen, 2013) and Namibia (Barkhuizen et al., 2021), those with lower educational credentials exhibit greater talent commitment than those with postgraduate degrees. In contrast, participants in Botswana report that talent commitment is much lower among employees with lower qualifications than among those with higher qualifications (Masale, 2020). Age-related research in South Africa showed that Millenials preferred job advancement and development more than previous generational cohorts (Bussin & Thabethe, 2018). When talent management practices related to talent development, talent engagement, talent development, talent performance management, talent compensation, and talent retention practices were applied in the Namibian context, younger generation employees between the ages of 20 and 29 experienced significantly worse application.

Comparable patterns regarding promotion chances were seen in both the Namibian and South African contexts. According to the available evidence, people with fewer prospects for promotion appeared to have fewer opportunities for career advancement than those who did. Applying this research to the Namibian setting (see Barkhuizen et al., 2021) reveals that people who did not receive promotions over the previous five years had much lower levels of talent engagement, deployment, development, and retention. In South Africa, those who had fewer changes for promotions over the previous five years had worse staffing, talent retention practices, and talent review processes than those who had two or more.

Regarding hours worked, trends indicate that employees in South Africa who work fewer hours per week have inferior talent management practices. According to a study by Molefi and Barkhuizen (2019), South African public sector nurses who worked more than 51 hours a workweek had performance management that was less than stellar compared to those who worked between 21 and 30 hours and 31 to 40 hours. Barkhuizen (2013) found that employees who work 20 to 40 hours per week benefit from superior staffing, talent acquisition, talent development, performance management, and retention practices compared to those who work more than 40 hours.

Finally, research on gender in South Africa reveals that total rewards practice was where the most significant gender differences were found. Bussin and Thabethe (2018) discovered that, compared to their male coworkers, women preferred medical insurance, retirement (benefits component), a phased return to work after maternity leave (work-life element), feedback, and performance.

DISCUSSION

The main objective of this research was a comparative analysis of the talent management practices and their predictors and outcomes in South Africa, Botswana, and Namibia. In addition, we also explored the demographic trends relating to talent management across the three identified countries. This research was motivated by the fact that talented individuals contribute to the economic growth and social development of countries and that the future global workforce will depend on the skills and competencies of Sub-Saharan Africa.

The literature review showed that leadership talent mindset, leadership style, and management support were essential factors in implementing talent management practices. Additionally, an organisational talent culture was found to promote talent management in Botswana. While there is a lack of quantitative research on the antecedents of talent management, certain qualitative studies have indicated that a talent mindset among leadership (Shingenge & Saurombe, 2022) and effective human resource management (Filippus & Schultz, 2019) can facilitate the implementation of talent management practices. Further research is necessary to examine these variables' impact on talent management empirically.

The literature further indicated that the individual outcomes of talent management across the three regions vary considerably. Although research within the South African context seems promising, neighboring countries can benefit from exploring the outcome variables in their context in light of the emphasis placed on more employee-centric organizations in the new post-Covid world of work (De Lucas Ancillo, del Val Núñez & Gavrila Gavrila, 2021). Moreover, research into positive psychology yields valuable knowledge and understanding of how people can improve their lives and flourish in a disruptive workplace (Pocinho, Garcês & Popa, 2022). Research on team outcomes is virtually lacking in all three countries, which is concerning as the future workplace is moving towards more team-orientated structures. Regarding organisational outcomes, most studies were done in South Africa, with limited to no empirical research available in the Botswanan and Namibian contexts. The results are promising and show that talent management significantly contributes to organisational outcomes such as sustainable competitive advantage (Abiwa, 2021). Finally, the results revealed some similarities in terms of the demographic characteristics of the participants, which is positive considering the exchange of labour between the three countries.

Practical implications

This research has various practical implications. The available research highlights the poor application of talent management practices, especially in public sector institutions. Leaders should adopt the talent mindset and leadership style required to implement effective talent management practices. Moreover, leaders are responsible for creating a conducive organisational talent culture where talented employees can flourish and grow in the new world of work. This can contribute to positive individual, group and organisational experiences. The findings also highlight the importance of equal and transparent talent management practices across generational cohorts and job levels. Younger employees (Millenials) appear to be the most neglected in talent management practices, which puts organisations at risk for future succession planning and business continuation.

Limitations and Recommendations

This research had some limitations. First, this research only includes three Sub-Saharan African countries. Consequently, the findings cannot be generalised to other Sub-Saharan African countries. Second, this research only focused on quantitative research. This limits the research regarding drawing from different contributing factors to talent management and the outcomes thereof. For future research, it is recommended that a standardised talent management research tool be used to measure talent management practice consistently across all Sub-Saharan African countries. Future research can also benefit from assessing outcome variables to develop a multi-level (individual, team and organisational) predictive model for all Sub-Saharan African countries. Lastly, research can also include more team-level variables to ensure workplace agility in the new world of work.

CONCLUSION

This research highlighted the importance of talent management practices across three Sub-Saharan African countries. National and business leaders should take cognisance of the significant gaps between the countries in terms of talent management outcomes, as talented individuals are the future of economic growth and sustainability. Talent management has much to offer regarding emerging market prosperity on multiple levels. Therefore, talent management is a valuable return on investment tool to achieve individual, group, organisation and national outcomes.

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Promoting sound HR Practices in the New World of Work: Professional Digital Competencies for HR 5.0

Nico Schutte
Department of Industrial Psychology, University of the Western Cape, Cape Town, South Africa
nschutte@uwc.ac.za

ABSTRACT

The impact of technology on learning, communication, self-education, information acquisition, and knowledge acquisition is significant. The alterations are increasingly conspicuous across all tiers of Human Resource Management. Upcoming Human Resource Management professionals must cultivate proficiency in digital skills that align with compulsory standards and prerequisites. Integrating professional digital competence into the skillset of HRM practitioners is crucial and should be prioritized in contemporary workplaces. The Professional Digital Competence Framework for HRM Practitioners serves as a guiding document to enhance the quality of HRM and promote systematic CPD. This article aims to establish the professional competence of HRM practitioners in the digital era. Recommendations are made.

Keywords: Artificial intelligence, Competency, Digitalization, Internet of Things

INTRODUCTION

The phenomenon known as Industry 4.0 has brought about a significant socio-technical transformation that has impacted the tangible and intangible assets of various organizations (Singh et al., 2021). The impact of various factors is observed on society, government, and individual lives. The contemporary period is distinguished by the emergence and utilization of novel technologies, which carry implications for policymakers and stakeholders alike (Sung, 2018; Fareri et al., 2020).

Consequently, the potential for digitalization to serve as the primary economic driver for emerging continents is a topic of significant interest. The impact of digital technology's (r)evolution on contemporary organizations is multifaceted. Bajer (2017) and Horváth et al. (2019) have asserted that digitization impacts an organization's internal and external operations. The process of digitalization holds significant importance for both economies and civilizations. The acceleration of a protracted process is facilitated by the emergence and implementation of novel technologies such as data mining, the Internet of Things (IoT), artificial intelligence (AI), blockchain, big data analytics, and other related advancements (Kagermann, 2015, Schwanholz et al. 2018; Rachinger et al. (2019).

The situation requires collaboration and the creation of ecosystems that foster innovation, value investments in cross-cutting technology and infrastructure, and successfully transition to a digital future (Qiang et al., 2019). Moreover, the COVID-19 pandemic can catalyse expeditious digital metamorphosis and contribute to the economic and geopolitical determinants that propel the objectives of Africa's digital strategy. The current juncture presents a distinctive occasion for South Africa to foster digital cooperation and establish an enduring strategy for sustainable economic expansion. Although this endeavour will likely encounter obstacles, it remains a singular opportunity.

The advent of the fourth industrial revolution presents various challenges and potential hazards for organizations. Hecklaua et al. (2016) argue that diversity encompasses economic, social, technical, and environmental considerations. Hecklaua et al. (2016) conducted a study. Therefore, effective management of HRM professional competencies is crucial for successfully addressing and overcoming these challenges. According to Slavkovi and Slavkovi (2019), the field of Human Resource Management (HRM) is undergoing changes and adjustments due to various factors such as globalization, internationalization of political, economic, and social relations, technological advancements, and heightened environmental awareness. This suggests that HRM is a dynamic field that is influenced by a range of external factors.

The present article explores the application of an HR professional competency model (Schutte, 2015) in the context of digital HR requirements. Critical research questions that are addressed as part of the study include:

What are the overarching human resource management concerns that arise because of Industry 4.0? How will these concerns affect the current skill sets, future career paths, and operational procedures of HRM practitioners? What essential competencies are required for Human Resource Management professionals, irrespective of their job role? What is the potential impact of utilizing the competency model on retaining a proficient Human Resource Management workforce?

THEORETICAL FRAMEWORK

This research adopts the validated HR Professional competency model as developed by Schutte (2015). The three domains under consideration are:

- the Domain of Professional Behaviour and Leadership,
- the Domain of Service Orientation and Execution, and
- the Domain of Business Acumen.

The field of human resources encompasses three main categories of professional competencies, which are essential for individuals to acquire to enhance their task performance. As previously stated, there exists a taxonomy that corresponds to each unique domain. Furthermore, the taxonomy will comprehensively analyse digitization and elucidate the requisite competencies for every domain (see Figure 1 below).

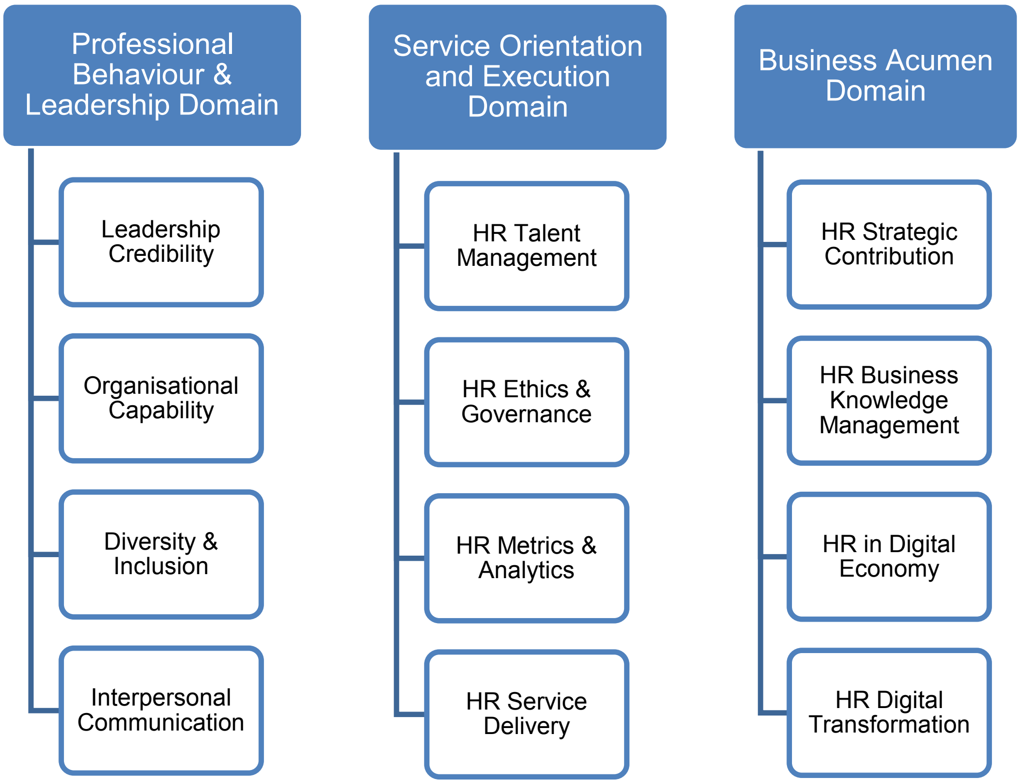

Figure 1 Professional HR Competency Model
Source: Schutte (2015).

The subsequent framework provides guidance for HR professionals to effectively equip their organizations for the digital era. Through assuming a more prominent position in the process of digital transformation and questioning established norms, the HR function can facilitate the enhancement of organizational readiness for the digital era. Nevertheless, it is acknowledged that certain organizations may need to possess the necessary readiness to accommodate the extensive scale of transformation proposed by this framework. The pace and scope of digital assimilation within an organization are contingent upon the HR leaders, their respective teams, and the organization's digital readiness.

METHODOLOGY

The study is presented as a literature review. In a study that focuses on literature review, the research approach revolves around a methodical and thorough analysis of the available academic literature related to the selected issue (Booth et al., 2016). Initially, a distinct research topic or objective is developed to provide direction for the review process (Tranfield et al., 2003). Subsequently, an exhaustive search plan is established to ascertain pertinent literature from diverse sources, including academic databases, journals, books, and conference proceedings (Kitchenham, 2004). The selection of keywords and search strings is done carefully to guarantee that relevant research is included (Cooper, 1984). After collecting the literature, it is subjected to a thorough assessment to ascertain its quality, relevance, and contribution to the research topic (Fink, 2014). This entails thoroughly evaluating each study's technique, conclusions, and theoretical framework (Hart, 1998). By analysing and categorising the information gathered from the chosen literature, we may identify patterns, trends, and areas lacking knowledge. This process provides significant insights into the studied issue (Randolph, 2009). The approach for a literature review-only study prioritises thoroughness, clarity, and precision in selecting and analysing existing literature to produce significant conclusions and enhance the current knowledge base (Grant & Booth, 2009).

DISCUSSION

The present author developed HR 5.0 to show how human resource competencies can be integrated with 4IR technologies. The findings are presented in the section that follows below.

Professional Behaviour & Leadership Domain

HRM Leadership Credibility: Human Resource Management (HRM) leaders operating in South Africa (SA) are required to cultivate a conducive atmosphere that promotes innovation, facilitates the growth of ideas, and fosters a sense of unity among individuals, regardless of their location or background, towards a common objective. Petty (2016) identified four essential skill sets that future leaders must possess to establish credibility in the digital world. These skill sets are as follows:

- The utilization of IT tools is imperative for effective management in contemporary times, as technical agility is a crucial component.
- The processing of data is imperative due to the copious amount of information available and the ease of its accessibility, thereby requiring data agility.
- The ability to lead teams, processes, and projects is a crucial skill for managers in terms of agility.
- The effectiveness of management is compromised in the absence of both horizontal

and vertical communication within an organization, which highlights the importance of networking agility.

The statement aligns with the report published by the World Economic Forum in 2016, which suggests that digital leadership can be characterized by a leader's ability to facilitate the shift towards a knowledge-based society and their proficiency in utilizing technology. The belief is held that HRM leaders must remain abreast of the ongoing global revolution and acknowledge technology as both an enabler and a transformative power. Human resource professionals located in South Africa are expected to take a leading role in organizational strategic leadership by developing and advocating for the necessary technical solutions required to adapt to the changing landscape of the modern workforce.

HRM Organisational Capability: In the contemporary era of technology, HR professionals are required to prioritize the aptitude of the organization to mobilize and generate knowledge for the purpose of fostering innovation. The capacity of an organization to leverage knowledge and integrate and transform individual knowledge from diverse fields into fresh insight that leads to innovation in products and/or processes is referred to as HR capabilities. Human Resource Management (HRM) professionals who possess a comprehensive understanding of the principles of organisational capability and who are capable of consistently adapting their practices to align with these principles will be better equipped to maintain their competitive edge. The development of organizational capabilities for knowledge mobilization and innovation is crucial for attaining a competitive edge. Nevertheless, a theoretical framework for their cultivation remains elusive.

HRM diversity, including in a digital age: The impact of digitalization on scientific and public discourses is a topic of discussion. The potential of digital innovation is being explored and exploited, with a focus on the diverse mindsets, experiential backgrounds, and knowledge of individuals as drivers of this process. This has been highlighted in various studies, including those conducted by Carlo, Lyytinen, and Rose (2012), Kohli and Melville (2019), and Welter, Gartner, and Wright (2016). The creation of value is impacted by digital technologies, as evidenced by scholarly works such as those authored by Boudreau and Lakhani (2013), Lansiti and Lakhani (2014), and Nambisan, Lyytinen, Majchrzak, and Song (2017). Digital innovations such as WhatsApp, and Facebook, have revolutionized the way individuals communicate, collaborate, and conceptualize. Considering the extensive ramifications of digital innovation on both personal and professional spheres, it is imperative to guarantee that human diversity, encompassing factors such as age, gender, race, socioeconomic status, values, and beliefs, is duly represented in all facets of digital value propositions. This includes the stages of development, deployment, utilization, management, and impact (Cushman & McLean, 2008; Trauth, 2017; Urquhart & Underhill-Sem, 2009). Furthermore, the field of Human Resources is not impervious to the effects of technological advancements. Organizations encounter various challenges such as multi-generational workforce, work-life balance, mobility, and evolving digital job definitions. Effectively managing a workforce that is diverse and highly connected necessitates an adaptable and technologically proficient HR department.

HRM Leaders Interpersonal Communication. The advent of the internet has led to a shift from face-to-face communication to digital means of interaction. Individuals are subject to considerable constraints in terms of their capacity to establish and engage in personal connections and interactions. According to Hal Varian, a representative of Google in 2014, it is predicted that by 2025, individuals will communicate with their technological devices in a manner that is comparable to their interactions with other individuals. Additionally, it is expected that people will remain constantly connected to a network of wearable devices. Human Resources (HR) departments should anticipate and address the communication requirements and proficiencies of both present and forthcoming generations in the workforce. They should also introduce educational interventions that can aid individuals in managing diverse information streams with greater efficiency. The expression "Can we talk?" is expected to acquire a novel connotation. The methods utilized by human resources to train staff for the novel face-to-face interactions with "cyberhumans" remain ambiguous.

HR Service Delivery and Execution Domain Sub-competencies with solutions

HRM Talent Management. Business executives and human resources professionals require proactive strategies to effectively address the increasing prevalence of the following phenomenon. The gig economy is a phenomenon that is transforming the business environment. Emerging technologies and digital marketplaces for talent are advancing, facilitating the connection of proficient experts possessing specialized skills to specific job positions worldwide. Contemporary organizations have the option to leverage contingent workers to augment and fortify their competencies. Meanwhile, workers can relish the benefits of flexibility, mobility, and diversity in work opportunities facilitated by online platforms and digital marketplaces. The current era is characterized by the integration of cognitive technology, including Robotic Process Automation (RPA) and Artificial Intelligence (AI), into the workforce. This marks a significant shift from the experimental phase to practical application. Robotic Process Automation (RPA) generates a digital workforce comprising software robots that can execute monotonous tasks with greater efficiency and cost-effectiveness as compared to their human counterparts. Artificial Intelligence (AI) is currently revolutionizing how organizations make strategic decisions and aiding Human Resources (HR) in aligning talent with appropriate roles. Organizations are currently reconsidering their talent composition and contemplating the potential for digitization. Additionally, executives recognize the substantial benefits of diversity, specifically in terms of creative thinking and innovation, as a means of generating value in the digital era. According to Schutte's (2015) perspective, talent management is a comprehensive and strategic approach that involves the proficient administration of an individual's talent career life cycle from inception to culmination. Individuals who possess the necessary "smart skills" are the potential talents of the future workforce, capable of making significant contributions to the success of any given organization. It is recommended that HR professionals be granted greater latitude to assume a strategic role in implementing talent management practices and identify the talent indicators necessary for various functions and positions within the organization.

HRM Ethics & Governance. The perception of digital vulnerabilities has the potential to cause irreversible harm to a brand's reputation. Data protection, privacy, neutrality, algorithm openness, and the right to be forgotten are currently prominent areas of discussion. Individuals with a vested interest in commerce should utilize novel digital technologies and applications while also remaining cognizant of their potential for misuse. What are the appropriate measures to take in a corporate setting? What ethical considerations ought to be deliberated by departments and operational teams? As digital technology continues to play a central role in the operations of many organizations, several distinct factors are driving the prioritization of HR digital governance at the executive level. Recent regulatory mandates necessitate prompt action. The increasing cybersecurity threats demand attention and resolution.

HR Metrics and analytics. The application of HR analytics and measurement is a rising topic in the HR literature. Its effective implementation has the potential to generate substantial advantages for both individuals and organizations. The utilization of HR metrics has the potential to facilitate the alignment, synchronization, and integration of an organization, thereby promoting its ongoing success and sustainability. By utilizing data generated from conventional tools and systems commonly integrated within an organization's HR department, many organizations can generate reports, albeit at a rudimentary level. Organizations that have initiated digital transformation processes are believed to be making progress by enhancing their reporting with fundamental analysis of HR metrics. The distinction between HR metrics and HR analytics should be noted. Human resource managers are required to utilize metrics for the purpose of quantifying data such as the frequency of employee turnover and the number of sick days taken. Through the utilization of HR analytics, human resources practitioners can assess the level of employee engagement and determine the extent to which workers possess the requisite competencies to achieve organizational objectives. Furthermore, the primary challenges in attaining improved utilization of data resources and information systems pertaining to inadequate employment of data, formulation of erroneous inquiries, and insufficient analytical proficiency within the HR domain at large. It is widely recognized that HR departments require individuals with strong analytical capabilities who can provide accurate insights through a combination of reporting skills and domain knowledge. The essential prerequisite for effective utilization of HR information systems and data is the appropriate analytical methodology and practical experience.

HRM Service Delivery. The field of human resources is experiencing a significant increase in innovative practices. The HR department is broadening its scope beyond traditional responsibilities such as hiring and implementing talent management systems. Instead, it is delving into the service delivery sector, focusing on enhancing the human element of HR interactions prior to the actual transaction. Enhancing the employee experience can result in a boost to the strategic value of HR. The automation of workflow can reduce the need for manual labour. The performance of manual labour is associated with an elevated likelihood of errors, delays, and missed deadlines. The efficient provision of services necessitates the utilization of technology to facilitate the transfer of tasks from the individual requesting the service to the individual fulfilling it. The absence of automation impedes the ability to allocate HR resources towards higher-level strategic responsibilities. The implementation of cross-departmental case management is being considered. A recommended approach for reducing or eradicating email as the primary mode of communication between Human Resources and staff is to furnish case management software equipped with workflow functionalities. Instances are automatically directed to the appropriate individual or group for subsequent action and reply, and all parties, including the initiator, possess access to the advancement of all inquiries. The objective is to establish a thorough understanding of human resources by creating a comprehensive knowledge base. An effective service delivery strategy enables personnel to obtain solutions autonomously, without the need for HR intervention. There is no definitive HR case that can be considered the best. In the absence of a comprehensive knowledge management system, the human resources department will persist in dedicating a significant portion of their workday to resolving rudimentary inquiries. The accumulation of knowledge bases is a gradual process; however, once established, they yield substantial cost and time savings for organizations. To achieve full automation of procedures, it is necessary to evaluate the current gaps in HR technology and service delivery. Numerous entities and human resources initiatives require a system to oversee the execution of tasks.

Business Acumen Domain and Sub-competencies with digital solutions.

HRM Strategic Contribution. The classic model of Ulrich, Brockbank, Younger, and Ulrich (2013) has been updated to align with the evolving corporate landscape. Professionals in the field of Human Resources who exhibit exceptional performance and possess a comprehensive understanding of the global landscape are deemed crucial business allies in the contemporary paradigm. It is imperative for Human Resource managers to comprehend the impact of emerging technologies on organizational culture, strategic planning, business processes, and workforce requirements. The subject matter pertains to comprehending the potential enhancement of HR's strategic business function through technology. In the capacity of a change agent, the Human Resources department is responsible for facilitating the implementation of effective change processes and structures within organizations. In the context of organizational change, HR assumes the roles of innovator and integrator, whereby it is required to amalgamate HR business practices to facilitate change initiatives. The role of capacity-building necessitates that human resources professionals delineate and construct competencies within the organization.

HRM Business Knowledge Management. The remote work setting poses challenges to the effective communication of information and ideas. The utilization of digital software facilitates the retrieval of explicit knowledge. On the other hand, tacit knowledge is frequently more advantageous than explicit knowledge due to its less immediate accessibility and its grounding in specific domains. While online interactions have the potential to convey implicit knowledge that can be expressed in words, it is more probable to occur during face-to-face communication. According to Taskin and Bridoux's (2010) research, the implementation of humanized approaches in remote working and human resource management (HRM) could potentially impact knowledge exchange. The utilization of Decision-Support Systems (DSS), Information Technology (IT), and Artificial Intelligence (AI) can enhance the management of knowledge and its conversion processes, including the sharing of tacit information, as well as the conversion of tacit knowledge to explicit knowledge and vice versa.

HRM in the digital economy. According to Eurofound and ILO (2017) and Felstead and Henseke (2017), the number of individuals utilizing digital technology to work remotely, defined as being geographically separated from their traditional fixed places of work, such as their employer's headquarters, has surpassed three billion worldwide. Professionals in the field of Human Resources should possess technological proficiency and be capable of utilizing emerging technological advancements. Two critical factors that are of significance are an individual's familiarity with and willingness to embrace novel technological advancements. The successful implementation of SMAC (social, mobile, analytics, cloud) methods in HR requires a technologically proficient and fit-for-purpose workforce. Spotify, a company that prioritizes virtual operations, maintains its physical headquarters while allowing its workforce of 6,000 employees to work remotely. The company's offices remain accessible for the purpose of hosting meetings and events. It is imperative for human resource managers to comprehend the functioning of the Digital Economy and the essential requirements for achieving success. The field of Human Resource Management (HRM) is required to evolve from traditional physical methods to contemporary digital and virtual approaches for effective people management.

HR digital transformation. It is imperative for the Human Resources department to ascertain the prospective digital competencies of the organization and determine their strategic deployment. According to José and Rocha (2019), executives involved in digital transformation require particular skills to prepare their organizations for a market that demands high levels of personalization. In order to successfully navigate the rapidly changing digital landscape of the fourth industrial revolution, organizations must possess leadership competencies that are equipped to handle the volatility, uncertainty, complexity, and ambiguity (VUCA) of the current business environment. This requires more than simply restructuring systems, processes, and operating models. The process of digital transformation necessitates more than just technological advancements. It demands a concentrated effort on employee dynamics, in conjunction with alterations in organizational strategy, structures, and processes. According to Verhoef et al. (2019), the process of digital transformation comprises three distinct stages. Initially, organizations undergo a transformation from traditional paper-based or analogue systems to digital ones, as noted by Tekic and Koroteev (2019). Secondly, the process of digitalization involves the incorporation of digital technology and IT capabilities to enhance existing operations and services, thereby adding value. The concepts of digitization, digitalization, and transformation exhibit some degree of overlap. However, digital transformation represents the final stage, which is primarily propelled by digital capabilities as posited by Verhoef et al. (2019).

CONCLUSION AND RECOMMENDATION

Human resource management (HRM) has the potential to make a substantial contribution to an organization's competitiveness and long-term sustainability through its workforce. The accomplishment of this objective necessitates the establishment of clear HR professional competencies. The HR 5.0 competency model, as presented, may serve as a tool for assessing the level of proficiency demonstrated by HR practitioners operating within diverse contexts. Hence, it is recommended that HR professionals and managers assess the current levels of HR expertise and professionalism to enhance their value proposition to organizations in South Africa and Central and Eastern Europe, as well as their strategic impact on said organizations.

The digital transformation has led to an increase in responsibilities for human resource professionals that are akin to those of leaders. The cultivation of a robust organizational culture, particularly with respect to education, and the enhancement of recruitment, retention, reskilling, and transitioning strategies are paramount concerns in the contemporary labor market, which is characterized by a growing skills gap. To enhance their strategic functions, human resources practitioners could potentially focus on optimizing the utilization of electronic human resource management technologies and human resource analytics. The impact of digital transformation on workplace procedures and outcomes is expected to be contingent upon the organizational culture and climate. Empirical data indicates that conventional hierarchical frameworks impede the capacity of personnel to promptly adapt to evolving customer demands by fostering the development of isolated task units. Digital innovation and transformation are facilitated by means of grassroots involvement in digital strategy and change, rather than through other methods.

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WORK ENGAGEMENT FACTORS INFLUENCING THE SUSTAINABILITY PRACTICES OF AUTOMOTIVE RETAILERS IN SOUTH AFRICA

Dr Roger Muller
Nelson Mandela University

ABSTRACT
Organisations depend on employees who are passionate about their work to champion the corporate sustainability ideals of the Triple Bottom Line. Nevertheless, job stress undermines employees' organisational performance in South Africa. Highly engaged workers can adeptly accomplish business objectives, excel in their roles, and display greater dedication to their work. This study examined the influence of job demands and job resources on the work engagement of employees and the resultant impact of engagement on sustainability practices in South Africa. A quantitative research design was followed using an online survey to collect data from 375 automotive retail employees. The data was analysed using descriptive statistics, exploratory factor analysis, correlation and regression analyses. The findings revealed compelling evidence that mental demands, social support, and autonomy drive work engagement. Moreover, the study showed a noteworthy positive correlation between work engagement and sustainability. These findings underscore the importance of implementing targeted strategies to elevate employee work engagement and ensure the long-term sustainability of automotive retailers.

KEYWORDS
Work engagement; JD-R; Sustainability; Automotive retail

INTRODUCTION AND BACKGROUND OF THE STUDY
Sustainability is a business approach that creates long-term value by considering how organisations operate in the ecological, social, and economic environments. It involves implementing strategies prioritising the organisation's and its stakeholders' long-term health and balancing profit generation with positive social and environmental impact (Kealy, 2019). Automotive retailers mainly provide tangible goods and intangible services and are associated with high customer service engagement, which is necessary for business success. However, poor sustainability outcomes can negatively impact companies' profitability and their overall competitiveness (Yadav, Han & Kim, 2017: 345; Chen & Huang, 2019: 61; Kealy, 2019: 132; Magrizos, Apospori, Carrigan & Jones, 2020: 1). Human capital is a unique selling point of the car retail trade and is becoming crucial under conditions of constant economic change and digitalisation processes (Diez, 2015: 3). To this end, the South African automotive sector is currently experiencing a complex process of economic transformation driven by technological advancements and exacerbated by the COVID-19 pandemic (Geems, Nalini Sooknanan, Alan

Colin & Francois, 2020: 1; NAAMSA, 2020: 7). These macroeconomic changes can cause organisations to miss sales targets which leads to psychological stress and burnout in employees (Meyer & Hünefeld, 2018: 1; Gautam & Enslin, 2019: 133).

Work engagement is a positive, fulfilling, work-related psychological state stemming from three interrelated dimensions: vigour, dedication, and absorption(Schaufeli & Bakker, 2004). The fulfilment of various job demands and different job resources fosters engagement. Engaged employees can achieve business goals more effectively, perform better on the job, display higher work commitment and lower absenteeism (Bakker & Demerouti, 2017a: 274; Osborne & Hammoud, 2017: 53). Moreover, engaged employees experience a high level of energy, enthusiasm, and deep immersion in their jobs (Willmer, Westerberg Jacobson & Lindberg, 2019: 2). However, job demands (for example, mental or emotional demands) and job resources (for example, social support or autonomy) significantly influence the formation of engagement (Rothmann & Jordaan, 2006: 88; D'Emiljo & Du Preez, 2017: 78; Bakker & Albrecht, 2018: 5). Therefore, this study focussed on retail sales and service personnel who, due to their direct interaction with customers, significantly impact customer satisfaction, loyalty, and business results (Block, 2019: 9).

PROBLEM STATEMENT

For companies to effectively uphold the concept of the Triple Bottom Line (TBL) in corporate sustainability, it is essential to have employees who demonstrate a high level of mental and physical commitment to their work (Meintjes & Hofmeyr, 2018: 3). However, disengaged employees cannot meaningfully contribute towards the full potential of an organisation's outcomes (Osborne & Hammoud, 2017; Gallup Inc., 2023). Moreover, disengagement at work results in lower morale, more staff lateness and higher absenteeism, leading to reduced productivity, quality of work and a decline in overall job satisfaction (Bellet, De Neve & Ward, 2020a: 1).

According to Gallup Inc.'s (2023) *"State of the Global Workplace"* study, 77% of employees worldwide are disengaged. In Sub-Saharan Africa, this rate was 80% and 74% in South Africa. In addition, previous studies indicate a need to improve employee engagement in South Africa (Banhwa, Chipunza & Chamisa, 2014: 61; Ruzungunde, Murugan & Hlatywayo, 2016: 223; Gauche, De Beer & Brink, 2017: 11) and also specifically in the automotive sector (Charles & Chucks, 2012: 5). This study, therefore, set out to determine the influence of job demands and resources experienced by automotive retail employees and the potential impact these factors have on work engagement and corporate sustainability.

RESEARCH OBJECTIVES

The primary objective of this study is to investigate how work engagement factors affect sustainability practices in South Africa's automotive retail sector. The secondary objectives listed below contributed to the accomplishment of the primary objective:

SO_1: To conduct a literature review of the determinants of work engagement, the concept of work engagement and sustainability;

SO_2: To develop a valid instrument to measure job demands and job resources, work engagement and sustainability;

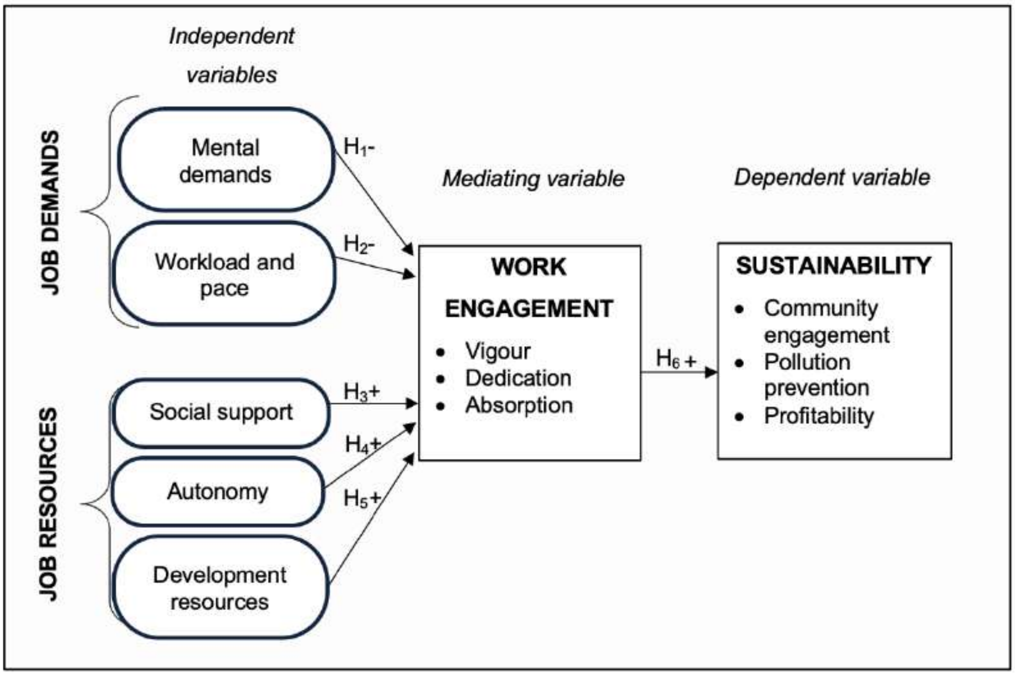
SO_3: To empirically assess the impact of job demands and job resources on work engagement and sustainability;

SO_4: To formulate managerial guidelines and recommendations to improve work engagement and sustainability for car dealerships in South Africa.

HYPOTHESES

Figure 1 presents the hypothesised model of the study. The model illustrates that job demands in this study consist of two underlying variables: mental demands and workload and pace. Job resources have three underlying variables: social support, autonomy, and development resources. The researcher hypothesises that job demands and job resources (independent variables) are determinants of work engagement (dependent variable), and work engagement influences sustainability (dependent variable).

FIGURE 1
HYPOTHESISED MODEL



Source: Constructed by the author

Based on Figure 1, the researcher formulated the following hypotheses:

H_1: Mental demands and work engagement have a significant negative relationship
H_2: Workload and pace, and work engagement have a significant positive relationship.
H_3: Social support and work engagement have a significant positive relationship.
H_4: Autonomy and work engagement have a significant positive relationship.
H_5: Development resources and work engagement have a significant positive relationship.
H_6: Work engagement and sustainability have a significant positive relationship.

LITERATURE REVIEW

The following sections provide a theoretical overview of the determinants of work engagement (i.e. job demands and resources), work engagement, and sustainability.

Job Demands

Job demands encompass various organisational, social, psychological, and physical factors necessitating sustained cognitive or physical effort. These demands are linked to both psychological and physiological costs (Schaufeli & Taris, 2014: 56; Radic, Arjona-Fuentes, Ariza-Montes, Han & Law, 2020: 2). In previous research, job demands comprised mental demands as well as the pace and amount of work (Bakker & Demerouti, 2017a: 313). These variables are relevant for this study due to their connection with psychological burdens, increased job stress, financial impacts, and well-being (Bakker & Demerouti, 2017a: 274) and are discussed below.

- Mental demands

Mental demands refer to cognitive information processing and mental effort that maximises performance (Kirchberg, Roe & Van Eerde, 2015: 112). These demands can impact an employee's mental health and overall well-being and include paying attention, carrying out multiple tasks simultaneously and always remaining focused on the task at hand. Keeping track of pending tasks is crucial to completing all work responsibilities. However, employers expect employees to shift their attention between tasks with varying priorities (i.e., multitasking) which requires heightened cognitive abilities and leads to stress (Bellet, De Neve & Ward, 2020b: 24). It is necessary that employees give their undivided attention and consistently maintain this focus, particularly in the context of customer relations (Bhattacharjee, Moitra, Kumar & Vardhan, 2017: 29; Jackson, 2018: 740).

- Workload and pace

Prasad *et al.* (2020: 466) define workload and pace as the number of tasks at hand, the extra effort needed to achieve goals, and the need to be expedient in daily tasks. Researchers further characterise this concept as employees' feelings of completing too much work in the allocated time and feeling rushed and hurried (Bakker, van Veldhoven & Xanthopoulou, 2010: 6).

Job Resources

Job resources are organisational, social, psychological or physical elements of work that reduce job demands and enhance personal development and learning (D'Emiljo & Du Preez, 2017: 71; Radic et al., 2020: 2). The literature lists social support, autonomy and development resources as examples of job resources. These variables help to achieve organisational goals and encourage personal development(Bakker & Demerouti, 2017b).

- Social support

Social support is a coping mechanism for work-related stress and manifests through interpersonal relationships (Kadian & Ahlawat, 2017: 4293). Social support also drives self-effectiveness through positive experiences of success (Kerksieck, Bauer & Brauchli, 2019: 2). In professional settings, this is primarily achievable with colleagues' and supervisors' support. An indicator of social support involves examining the frequency with which employees receive assistance from their colleagues when needed (Jacobs & Roodt, 2019: 7).

Employees benefit from support when they experience positive working relationships and feel comfortable with their colleagues. These positive relationships also create trust and psychological security (Rothmann & Rothmann Jr, 2010: 3). Furthermore, harmonious relationships with superiors are essential in supporting employees (Jackson, 2018: 740). When workers encounter difficulties in daily work, reliable superiors who offer support and assistance are indispensable. Employees appreciate superiors expressing acceptance, praise, respect, and recognition for the work performed (Schaufeli, 2015: 461).

- Autonomy

Autonomy is a concept that encompasses the ability of an individual or entity to make independent decisions and take responsibility for their actions (Motloba, 2018: 418). It involves the freedom to act according to one's values, beliefs, and goals without undue influence or coercion from others. Employees who experience professional autonomy can make critical decisions for their work. In addition, autonomy significantly influences the planning and implementation of individual work activities and work engagement (Sia & Appu, 2015: 1248). With increased autonomy, individuals have more control over their work pace, leading to improved well-being (Pichault & McKeown, 2019: 60). In addition, the convictions of autonomously acting employees are essential, as the employees feel that the work and their opinions expressed are also crucial for the organisation's objectives (Brachat, 2016: 116; Motloba, 2018: 418).

- Development resources

Development resources are described as challenging opportunities for learning on the job and are regarded as beneficial for employees' professional and personal development (Brachat, 2016: 120). Learning opportunities and training can also enable personal growth and development (Kim & Wang, 2018: 4). In addition, opportunities for professional advancement motivates talented and ambitious employees to remain committed to their employers and leverage their strengths within the organisation.

Work engagement

The literature offers various definitions of employee work engagement, but no universally accepted definition exists. The prevailing understanding of work engagement is based on job demands-job resources (JD-R) theory and is the most commonly used. It describes engagement as a positive, satisfying, work-related mental state that leads to employee behaviours of vigour, dedication, and absorption (Schaufeli, Salanova, Bakker & Gonzales-Roma, 2002). According to Schaufeli (2013), vigour is characterised by high levels of energy and mental strength while working, the readiness to exert effort in one's work and the determination to persist even when faced with challenges. Dedication involves being deeply occupied with one's work and feeling important, as well as excitement, motivation, pride, and challenge. Absorption pertains to being completely focused and happily immersed in one's work, where time seems to pass quickly, and it becomes difficult to detach from work.

Sustainability

Corporate sustainability is a comprehensive business approach beyond traditional profit-making objectives (Mohd Zawawi & Abd Wahab, 2019: 398). It is focused on creating a positive and lasting impact on the environment and society while ensuring long-term economic growth. Sustainability is commonly conceptualised based on the Triple Bottom Line (TBL) approach, which measures organisations' social, economic, and ecological performance (Kealy, 2019: 108). Each of these three pillars of sustainability is important for achieving objectives within the long-term orientation framework (Agrawal, Singh & Murtaza, 2016: 292). The economic dimension contains variables that deal with the overall financial outcome and liquidity of an organisation (Sukhdeo & Arnolds, 2016: 87). The environmental dimension contains goals and procedures that help to reduce the ecological footprint of companies, whereas the social equity dimension includes policies and practices related to fair conduct at work and dealing with stakeholders (Miemczyk & Luzzini, 2019: 238). This study compiles 15 items on sustainability (community engagement, pollution prevention and profitability), which fit into the framework of TBL. Adjustments are made for the automotive retail sector.

RESEARCH DESIGN AND METHODOLOGY

This empirical study utilised the positivistic research paradigm and a quantitative research methodology. The study employed an exploratory and descriptive research approach to assess the hypothesised relationships between job demands and resources, work engagement, and sustainability.

Data Collection

The target population for this study are sales and service employees of car dealerships in South Africa. The researcher employed non-probability convenience and snowball sampling (Struwig & Stead, 2013: 118). E-mails were sent using publicly available e-mail addresses requesting potential respondents to voluntarily opt-in by following the embedded link to the questionnaire hosted on the web-based *QuestionPro* survey platform. According to Hahs-Vaughn (2017: 377), the case-to-item ratio of five times the number of questionnaire items can be used to determine the sample size. Accordingly, the required sample size is 225 completed questionnaires based on the 45-item questionnaire developed for the study. A total of 375 usable questionnaires were returned and used for statistical analysis.

Questionnaire design

The questionnaire was structured in four sections:

- Section A consisted of statements measuring employees' perceived work engagement (ordinal scale). A one-dimensional factor was tested with three items measuring vigour, dedication and absorption, respectively, based on the UWES-3 scale (Schaufeli, Shimazu, Hakanen, Salanova & De Witte, 2019).
- Section B consisted of statements from the literature measuring job demands and resources (ordinal scale). Five items were included for each of the three variables: mental demands, work pace, and workload.
- Section C elicited employees' perceptions regarding the car dealerships' sustainability outcomes. The statements were derived from the literature review. Five items respectively measured community engagement and pollution prevention, and three items measured profitability.
- Section D elicited demographic information with a nominal scale using categorical variables, namely, gender, age, qualification, department, length of employment, level of income, and dealer ownership.

The ordinal scales of sections A, B and C anchored items on a seven-point Likert-type scale ranging from strongly disagree (1) to strongly agree (7). A pilot study was conducted before the full-scale field research, allowing the researchers to pre-assess the questionnaire's validity and reliability. Feedback from pilot respondents was further used to evaluate the understanding of operational definitions, clarity of statements, and potential misunderstandings.

Data analysis

Data analysis was conducted using the SPSS (version 25.0) software. The first phase assessed the quality of the research instrument through measures of internal reliability. The Cronbach's alpha coefficient was used to measure the internal consistency of each scale (Hair, Black, Babin & Anderson, 2014a: 123; Quinlan, Babin, Carr, Griffin & Zikmund, 2015: 114). The second phase determined the construct validity of the variables. The exploratory factor analysis (EFA) method was used to assess each item's ability to be a valid measure of the construct it intended to measure. In the third phase of the data analysis process, descriptive statistics were calculated using central tendency and dispersion measures. In the fourth phase, Pearson's product-moment correlation was tested to determine if an association between the variables existed. In addition, it was investigated whether there was collinearity between the independent variables. Next, the relationships between the independent and dependent variables were calculated using simple and multiple regression analyses.

RESULTS AND FINDINGS

The following sections present the empirical results of the study.

Demographic profile of respondents

Based on the data in Table 1, it is clear that 73.60 percent of the respondents were male, and 26.40 percent were female. Most respondents were between 31 and 40 years old (29.30%), followed by those aged 41 to 50 (27.50%). The highest educational qualifications reported by most respondents were grade 12 (44.30%) and diplomas (31.70%). The sales department employed the majority of respondents (69.30%). Additionally, 45.30% of respondents reported being employed for less than five years. 53.30% of respondents reported a monthly income of more than R20,001. Furthermore, 63.50% of respondents reported that the OEM manufacturer/importer did not own the dealership and was thus independent.

TABLE 1
DEMOGRAPHIC PROFILE OF RESPONDENTS

Gender	**Frequency**	**Percentage %**
Female	99	26.4
Male	276	73.6
Total	375	100.0
Age	**Frequency**	**Percentage %**
21-30	50	13.3
31-40	110	29.3
41-50	103	27.5

51-60	91	24.3
60 +	21	5.6
Total	375	100.0
Qualification	**Frequency**	**Percentage %**
Grade 11 and lower	14	3.7
Grade 12	166	44.3
Diploma	119	31.7
Bachelor's degree	43	11.5
Postgraduate degree/ diploma (e.g. Honours/ Masters)	25	6.7
Other (Please specify)	8	2.1
Total	375	100.0
Department	**Frequency**	**Percentage %**
Sales department	260	69.3
Service department	115	30.7
Total	375	100.0
Length of employment	**Frequency**	**Percentage %**
0-5 years	170	45.3
6-10 years	74	19.7
11-15 years	39	10.4
16-20 years	41	10.9
21 years +	51	13.6
Total	375	100.0
Level of monthly income	**Frequency**	**Percentage %**
< R5001	4	1.1
R5001 – R10 000	67	17.9
R10 001 – R15 000	55	14.7
R15 001 – R20 000	49	13.1
R20 001 +	200	53.3
Total	375	100.0
Dealer ownership	**Frequency**	**Percentage %**
Yes	109	29.1
No	238	63.5
Don't know	28	7.5
Total	375	100.0

Source: Own compilation

Validity and reliability

The Kaiser-Meyer-Olkin (KMO) and Bartlett's tests were used to assess whether the data are suitable for exploratory factor analysis (EFA). All the variables met the requirements to proceed with EFA as no values exceeded the critical value of 0.6 for KMO, and Bartlett's test values showed a significance level of $p<0.01$(Collis & Hussey, 2014: 277). Discriminant and convergent validity were assessed through exploratory factor analysis. The maximum likelihood method was set as the extraction method, and varimax rotation was set as the rotation. Internal consistency for reliability was determined by calculating Cronbach's alpha values. The results are presented in Table 2. In terms of validity, the factor loadings represent the correlation between the original variable and its factor and at least three items are required to load per factor. Hair *et al*. (2014b: 115) state that factor loadings greater than 0.30 can be considered significant if the sample size exceeds 350. The sample size for this study was 375, and a criterion of 0.40 was used as the cut-off point for valid factor loadings to determine construct validity. Loadings equal to or greater than 0.50 are considered practically significant, and loadings exceeding 0.70 indicate a well-defined structure (Hair *et al*., 2014: 115). The lower limit of 0.60 for Cronbach's alpha was set as the criteria for reliability, as the research is deemed exploratory with a relatively small number of items per scale (Hair *et al*., 2014: 162).

TABLE 2
RESULTS OF EXPLORATORY FACTOR ANALYSIS AND INTERNAL CONSISTENCY

Variable	No. of retained items	Minimum loadings	Maximum loadings	Cronbach's alpha
Mental demands	3	0.472	0.705	0.689
Workload and pace	3	0.425	0.693	0.687
Social support	3	0.463	0.855	0.885
Autonomy	5	0.522	0.695	0.785
Development resources	3	0.479	0.756	0.808
Work engagement	3	0.721	0.775	0.819
Sustainability	13	0.501	0.865	0.958

Source: Own compilation

Table 2 shows strong evidence of convergent validity for the variables in the proposed model, as all the loadings were above 0.40. The factor loadings for autonomy and work engagement also meet the criteria for practical significance, as they are above 0.50 (Hair et al., 2014b). The reliability results in Table 2 show that values between 0.687 and 0.958 were achieved. The Cronbach's alpha values are above the cut-off level of 0.6; therefore, proof of reliability is demonstrated (Quinlan et al., 2015: 114).

Descriptive statistics

Descriptive statistics were utilised to summarise the central tendency of the data by calculating the mean and measuring the dispersion around the mean using the standard deviation. The findings are presented in Table 3. The questionnaire items were anchored on a seven-point Likert-type scale: 1-strongly disagree; 2-disagree; 3-disagree somewhat; 4-neutral; 5-agree somewhat, 6-agree and 7-strongly agree.

TABLE 3
SUMMARY OF DESCRIPTIVE STATISTICS

Variable	Mean	Standard deviation
Mental demands	6.12	1.04
Work and pace	5.05	1.57
Social support	5.62	1.54
Autonomy	5.48	1.43
Development resources	4.96	1.87
Work engagement	6.01	1.23
Sustainability	5.05	1.64

Source: Own compilation

Table 3 shows that the independent variable of mental demands had the highest mean value ($\bar{x}$ = 6.12). This suggests that respondents generally agree that employees must multitask, remember various work-related aspects, remain attentive to customers, and consistently apply themselves cognitively. The second highest mean value ($\bar{x}$ = 5.62) for the independent variables was found for social support. Respondents mostly agree with feeling comfortable with colleagues and supervisors and find their supervisor reliable when difficulties arise. Respondents also agree that they feel valued by their supervisor. For autonomy, the mean value ($\bar{x}$ = 5.48) indicates that respondents somewhat agree with having the freedom to perform work activities, impact the planning of work activities, and control the pace of job tasks. Respondents also somewhat agree that they can make independent decisions and self-select the content of work activities. The lowest mean value ($\bar{x}$ = 4.96) was found for development resources. Respondents somewhat agreed that employers offer opportunities for personal growth and development as well as further training and promotion. The mean ($\bar{x}$ = 5.05) for the work pace and workload variable shows that respondents somewhat agree that there are too many tasks to manage, extra effort is needed to achieve goals, hurrying is required to complete daily tasks, and a calmer work pace is preferred.

Regarding the dependent variable of work engagement, Table 3 further indicates that respondents are engaged at work ($\bar{x}$ = 6.01). Most respondents feel energised and enthusiastic at work and perceive time to pass quickly during the workday.

The results show a mean score of $\bar{x}$ = 5.05 for sustainability, indicating that most respondents agree that the dealerships take responsibility for the community in which they operate. Furthermore, the results revealed that the dealerships provide employment opportunities for local people, support social campaigns, donate to charities, and perform well relative to competitors in the industry. The findings also indicate that the dealerships use their capital efficiently and pursue sustainable strategies for long-term economic growth. Moreover, most respondents agreed that the dealerships implement programs to minimise negative environmental impact, participate in environmental awareness initiatives, and make investments to create a better future for upcoming generations.

Correlation analysis

Table 4 shows an evaluation of Pearson's product-moment correlation. Except for the workload and pace (WAP) variable, all independent variables were significantly ($p<0.05$) either positively or negatively correlated with the dependent variable of work engagement WE. WE and SUST also correlated positively with each other. Significant r-values between r = 0.256 and r = 0.439 were reported for the correlations between work engagement and the independent variables. According to Zikmund *et al.* (2010: 564), the relationship between WE and the independent variables of WAP, SUP, A and DR, with r-values ranging from r = 0.389 to r = 0.439, suggested a weak positive relationship. A weak association (r = 0.256) was found between work engagement and the independent variable of mental demands.

TABLE 4
CORRELATION MATRIX

Factor	1	2	3	4	5	6	7
1 MD	1						
2 PAW	0.350**	1					
3 SUP	0.154**	-0.132*	1				
4 A	0.196**	-0.045	0.547**	1			
5 DR	0.232**	-0.065	0.605**	0.522**	1		
6 WE	0.256**	-0.035	0.433**	0.439**	0.389**	1	
7 SUST	0.236**	-0.065	0.602**	0.482**	0.662**	0.435**	1
**. Correlation is significant at the 0.01 level (2-tailed). *. Correlation is significant at the 0.05 level (2-tailed).							

Source: Own compilation

Based on the results reported in Table 4, it was also essential to determine whether no overlap existed in the predictive strength of the variables, as this indicates collinearity (Collis & Hussey, 2014: 274). To achieve this, tests for multi-collinearity were performed, and the results in Table 5 show that the tolerance values of independent variables did not fall below 0.25 and the Variance Inflation Factors (VIF) did not exceed the value of five (Bühner & Ziegler, 2010: 7; Schmidt, 2017: 87). Thus, the critical values, at which linear dependencies could occur was not evident and multiple regression analysis (MRA) could be conducted (Urban & Mayerl, 2011; Schmidt, 2017: 87).

Regression analysis

Multiple regression analyses examine the relationships between independent and dependent variables. Table 5 shows the relationships between job demands, resources, and work engagement.

TABLE 5

THE INFLUENCE OF THE INDEPENDENT VARIABLES ON WORK ENGAGEMENT

Dependent variable: Work engagement = 0.269			**Adjusted R-Square**	**Collinearity statistics**	
Independent variables	**Beta**	**t-value**	**Sig. (p)**	**Tolerance**	**VIF**
MED	**0.173**	**3.508**	**0.001****	0.803	1.246
PAW	-0.051	-1.065	0.287	0.840	1.191
SUP	**0.214**	**3.604**	**0.000***	0.552	1.811
AUT	**0.238**	**4.294**	**0.000***	0.638	1.567
DER	0.092	1.561	0.119	0.568	1.759
(*p<0.001; **p<0.05)					

Source: Own compilation

The R-squared value of 0.269 in Table 5 indicates that the independent variables account for 26.90 percent of the variance in work engagement. Significantly positive relationships have been identified between mental demands (beta = 0.173; p<0.05), social support (beta = 0.214; p<0.001), and autonomy (beta = 0.238; p<0.001) with work engagement. Conversely, no significant relationship was observed between workload and pace (beta = -0.051; p>0.05) and development resources and work engagement (beta = 0.092; p>0.05). The regression results in Table 6 show the influence of work engagement on sustainability.

TABLE 6

THE INFLUENCE OF WORK ENGAGEMENT ON SUSTAINABILITY

Dependent variable: Sustainability		**R-Square = 0.189**	
Independent variable	**Beta**	**t-value**	**Sig. (p)**
Work engagement	0.435	9.336	0.000*
(*p<0.001)			

Source: Own compilation

Table 6 shows that work engagement explains 18.90% of the variance in sustainability, indicating the regression's acceptable quality (Schuster & Liesen, 2017: 227). Additionally, a significant positive linear relationship (beta = 0.435; p<0.01) exists between work engagement and sustainability. This data demonstrates that employees' work engagement strongly predicts a positive influence on the sustainability practices of automotive retailers.

MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

This study assesses the impact of work engagement factors on sustainability practices through a survey of 375 employees in automotive dealerships in South Africa. Managers can enhance employee engagement and corporate sustainability by acting on study findings and considering the following recommendations.

Job demands

Contrary to expectations, mental demands exhibit a significant positive linear correlation with work engagement. Previous studies by Radic *et al*. (2020: 5) and D'Emiljo and Du Preez (2017: 81) corroborate this finding and found positive effects between mental demands and engagement. Schaufeli *et al.* (2019: 587), however, caution that this effect has limitations since excessively high work demands become obstructive and unregulated, resulting in lower engagement, stress and burnout. This finding indicates that as dealership employees encounter higher cognitive loads, such as multitasking, memory retention, sustained focus on customer service activities, and continuous strategic thinking and planning, they become more engaged. Engaged employees are characterised by high energy levels, enthusiasm towards their roles, and a sense that time passes swiftly while at work. Accordingly, it is recommended that managers offer a reprieve from intense mental tasks by providing ample space and opportunities for staff relaxation while encouraging employees to use their break times. Additionally, mindfulness and meditation can help alleviate the impact of high mental demands (Bhattacharjee et al., 2017: 34; Chen et al., 2020: 38).

Job Resources

The findings regarding social support indicate that when employees feel comfortable with their superiors, they are more likely to feel appreciated and can rely on their superiors during challenging situations. Consequently, this enhances employees' level of work engagement. Managers should, therefore, interact with employees regularly by conducting one-on-one meetings to discuss challenges, provide support, find solutions and create high-quality relationships and transparency (Arici, 2018: 902). Autonomy also has a significant positive linear relationship with work engagement. The inference is that employees are more likely to become engaged when they are given the latitude to decide how they want to perform work tasks, plan their work activities, and control the pace and content of their work.

Sustainability

Sustainability is operationalised in this study by the three underlying dimensions of community engagement, pollution prevention and profitability. Engaged employees perceive their organisations as aware of their responsibility to contribute to the community where they operate and create employment opportunities for the local community. Organisations with engaged employees also work to build a better community through social campaigns and donations to charities. Managers should further consider community contributions through fundraising events or public sports events to foster the social upliftment of communities.

Engaged employees support organisations in their pursuit to minimise the negative impact on the environment. It is recommended that managers develop a code of conduct outlining their environmental, social and economic values and communicate their long-term goals openly and transparently with their employees.

Regarding profitability, managers should prioritise goals such as long-term profit growth over short-term profits. Engaged employees are more likely to support management's efforts to efficiently use capital, drive sales, generate continuous profits, and secure the organisation's long-term existence.

CONCLUSIONS

This research offers valuable insights into the impact of job demands and job resources on employee engagement. It sheds light on the correlation between work engagement and the long-term viability of automotive dealerships in South Africa. The research yields significant findings that contribute to the body of knowledge in the field of engagement research and offers actionable recommendations for managers and proprietors of automotive dealerships seeking to enhance employee work engagement and bolster sustainability. The study underscores the profound impact of engaged employees, emphasising their propensity to deliver heightened performance, lead healthier lifestyles, and substantially influence organisational outcomes and the broader economic landscape of South Africa.

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TRACK MANAGEMENT EDUCATION

Spirituality and Meaning in the Workplace – The Incorporation of Spirituality in the Workplace to Enable Employees to Experience Greater Meaning

Katlego Mosupye – Master of Philosophy - Personal and Professional Leadership, University of Johannesburg

ABSTRACT

The evolving dynamics of the modern workplace have introduced significant challenges for employees, leading to stress-related illnesses, anxiety, burnout, and absenteeism. These issues are particularly prominent in organisations that lack spirituality. Research shows that integrating spirituality helps employees find meaning, increasing job satisfaction, engagement, and productivity. Given that human capital is a significant competitive advantage, it is crucial for organisations to evolve and incorporate spirituality in the workplace.

A qualitative study, using semi-structured interviews with nine participants, found that spirituality is often misunderstood, hindering its integration in the workplace. Furthermore, elements of workplace spirituality, such as a sense of contribution, sense of community, and alignment with organisational values, were found to be lacking in volatile corporate environments. The study aims to enhance theoretical understanding of spirituality and the obstacles to its adoption. Practically, it aims to provide actionable suggestions for organisations to effectively incorporate spirituality into the workplace.

Keywords: Spirituality, Meaning, Workplace Spirituality, Incorporation of Spirituality.

INTRODUCTION

Incorporating spirituality in corporate organisations is seen as a humanistic approach that enhances employees' happiness, increasing creativity, productivity, and performance, which benefits both the employee and the organization (Garcia-Zamor, 2003). Indradevi (2020) notes that spirituality is crucial for reducing stress and finding business solutions by recognising employees as whole, spirited beings seeking connection with others and organisational values. Therefore, delaying the incorporation of spirituality may cause organisations to lose their competitive advantage, as research indicates that workplace spirituality is negatively related to hostility, burnout, and high employee turnover (Majeed, Mustamil & Nazri, 2018).

Existing literature addresses the definition of spirituality and workplace spirituality but lacks clarity on the challenges organisations face in its incorporation and how they can effectively integrate spirituality to aid employees to find meaning at work, which benefits both employees and the organisation. Moreover, while research on finding meaning at work is expanding, few studies examine this within the context of a volatile work environment (Burger, Crous, & Roodt, 2012).

The remaining sections of this paper are structured as follows: Section 2 elaborates on the literature review, followed by research methodology, findings of the study and thereafter covering the conclusion of the paper and recommendations.

LITERATURE REVIEW

Spirituality has numerous definitions, making it a challenging concept to define. Despite extensive research, no general definition exists (Fourie, 2014). Yusof and Mohamad (2014) found that the concept of spirituality has over 300 published definitions, leading to a lack of understanding and delays in its incorporation in the workplace. In some cases, spirituality and religion are used synonymously, causing further confusion, and hindering the incorporation of spirituality in the workplace (Rathee and Rajain, 2020; Majeed, Mustamil and Nazri, 2018). The literature review will discuss the concept of spirituality, explore workplace spirituality and its elements, and then address the benefits of incorporation of spirituality in the workplace.

Spirituality

Schutte (2016) states that spirituality is a concept where a sense of purpose is inevitable for everyone and everything, and the existence of human life necessitates the search for meaning. According to Zare and Beheshtifa (2013), spirituality involves the quest for individuals to find meaning and authentically live out their purpose and values. Several authors summarise spirituality as a connection with oneself, others, and a higher power, achieved through self-discovery and positive relationships with other beings (Gupta, Kumar and Singh, 2014; Paul Victor and Treschuk, 2020).

Workplace Spirituality

Employees are considered the most vital resource in organisations, making it imperative for organisations to gain a better understanding of their employees and recognise them as spirited beings (Dubey, Pathak and Sahu, 2020). According to Rathee and Rajaan (2020), workplace spirituality entails establishing connections with oneself, other beings in the workplace, and the work environment, where individuals can engage safely. Various elements, such as finding meaning and a sense of purpose, fulfilling one's inner life, a sense of contribution, a sense of community, transcendence, interconnectedness, and alignment of personal and organisational values, have been identified as components of workplace spirituality (Iqbal and Hassan, 2016; NandanPrabhu, Rodrigues and Kumar, 2017; Pandey, 2017). This study will focus on common elements including meaning, inner life, a sense of contribution, a sense of community, and alignment of personal and organisational values.

Fourie (2014) highlights that as most people spend their waking hours at work, they seek meaning beyond monetary gain. The higher the level of spirituality in the workplace, the greater the level of meaning experienced by employees, making spirituality crucial for finding meaning in the workplace (Indradevi, 2020). Meaning is an existential dimension of workplace spirituality, where individuals feel a greater sense of purpose and significance in their work (Majeed, Mustamil and Nazri, 2018; NandanPrabhu, Rodrigues and Kumar, 2017). Thus, it is imperative for organisations to assist employees in experiencing greater meaning by recognising their inner needs for meaningful work, which in turn boosts productivity (Belwalkar and Vohra, 2016; Iqbal and Hassan, 2016).

Employees need to feel free to express themselves by bringing their whole selves to work, not just physically but also emotionally and spiritually (NandanPrabhu, Rodrigues, and Kumar, 2017). Nurturing employees' inner lives is essential for them to find meaning and a sense of community, benefiting the organisation (Gupta, 2017; Dubey, Pathak and Sahu, 2020). To nurture employees' inner lives, organisations must facilitate finding meaning at work and incorporate spirituality through spiritual practices (Javanmard, 2012; Dandona, 2013).

Fourie (2014) underscores that as meaning is integral to human life and employees spend most of their time at work, they seek to contribute to others through their work. According to Zare and Beheshtifar (2013), a sense of contribution refers to an individual's contribution to society in line with their personal values. Generally, people want to feel worthy, and contributing positively to the community and society brings inner satisfaction, worthiness, and pride (Shaheen and Rashidi, 2021).

A sense of community entails a strong connection between employees, characterized by commitment and responsibility to each other in the workplace (NandanPrabhu, Rodrigues and Kumar, 2017; Chawla and Guda, 2013). This fosters a feeling of belonging and comfort within a group of employees, akin to personal relationships (Gupta, 2017). Therefore, it is crucial for organisations to cultivate a spiritual environment where employees can connect with others who share a similar vision, enhancing their contribution to the organisation (Dandona, 2013).

Pardasani, Sharma and Bindlish (2014) assert that fostering a spiritual environment where employee values align with organisational values is essential to ensure decisions are made on a strong ethical and moral foundation. Employees also need assurance that the organisation promotes an ethical culture and cares for their well-being and that of the community (Zare and Beheshtifar, 2013). A clear presence of spirituality in the workplace fosters an alignment between personal and organisational values, leading to increased commitment towards a higher purpose (Baldacchino, 2017).

Pandey (2017) emphasizes that as the workplace becomes increasingly complex and demanding, integrating spirituality becomes imperative. This requires deliberate efforts from the organisation, including integrating spirituality into its vision and ensuring leaders treat employees with integrity and humanity, rather than merely as a cost (Porter and Norris, 2013). Indradevi (2020) suggests practices such as building trust, encouraging connection and creativity, improving diversity and inclusion, and promoting work-life balance to incorporate spirituality in the workplace.

In workplaces where spirituality is present, employees are happier, more creative, and receptive to change, leading to improved job satisfaction and performance (Joshi and Jain, 2016; Petchsawang and Duchon, 2012). Incorporating spirituality in the workplace enhances employee morale and job satisfaction, thereby increasing the level of meaning employees experience at work (Indradevi, 2020). Moreover, it fosters a higher level of commitment as employees feel valued, resulting in increased contribution and going beyond expectations (Gupta, 2017).

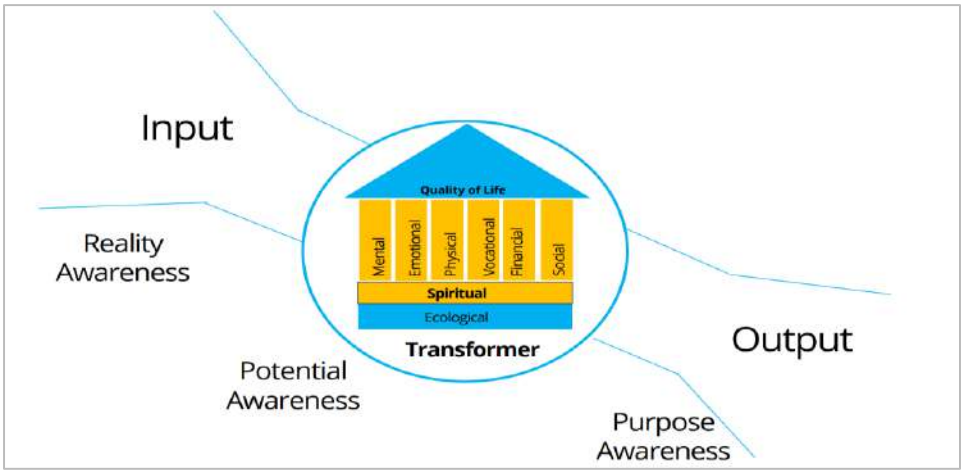
THE PERSONAL AND PROFESSIONAL LEADERSHIP PERSPECTIVE – THEORETICAL FRAMEWORK

The study is conducted within the theoretical framework of the Personal and Professional Leadership (PPL) perspective. PPL emphasises that employees are holistic beings with eight interconnected life dimensions: spiritual, mental, emotional, physical, social, vocational, financial, and ecological (Wort, 2019). Among these dimensions, spirituality is considered the core focus of this paper. Initially known as the Personal, Interpersonal, and Professional

Leadership (PiPL), PPL was established by Professor Dawie Smit in the early 1990s. It centres on the idea that humans are whole beings with interconnected needs to master self, relationships with others, and their profession (Smith and Verrier, 2005).

The spiritual dimension is regarded as the foundation of all other dimensions. When the spiritual dimension is not optimised, there is an expectation that the quality of other dimensions will deteriorate (Smith and Louw, 2007). Therefore, leaders in organisations should adopt a long-term perspective in structuring daily activities to demonstrate an understanding of the spiritual dimension and recognise employees as whole beings. This approach can enhance the optimisation of resources within the organisation (Phipps, 2012).The PPL Transformer Model below depicts how existential realities can potentially be turned to positive outcomes through the transformer:

FIGURE 1: THE PPL TRANSFORMER MODEL (ADAPTED FROM WORT, 2019)



Employees may encounter negative realities, which they can transform into positive outcomes through the optimisation of the spiritual life dimension. This optimisation can enhance all other life dimensions, as outlined in the transformer model, leading to a greater sense of meaning (Aucamp, 2020). Van Loggenberg (2017) argues that an increased disconnection between individual spirituality and external realities may result in a higher loss of meaning. However, optimising the eight life dimensions within the transformer model does not eliminate these realities; rather, it enables individuals to gain a deeper understanding and consequently experience greater meaning despite the circumstances (Engelbrecht-Aldworth and Wort, 2021).

RESEARCH OBJECTIVES

The research objectives of this paper are:

1. To establish what obstacles organisations face in incorporating spirituality in the workplace.
2. To explore employees' experiences of the elements of workplace spirituality within a corporate work environment.
3. To determine how organisations can benefit from incorporating spirituality in the workplace.

RESEARCH STRATEGY

This study adopted phenomenology as the research strategy, guided by the research question, philosophical stance, resources, available time, and existing literature (Saunders, Lewis, and Thornhill, 2009). Phenomenology seeks to understand the specific social reality of participants, requiring the researcher to grasp their lived experiences to gain new insights (Gray, 2004).

RESEARCH METHOD

A qualitative research method was adopted to better understand participants' lived experiences and their meanings (Kalu and Bwalya, 2017). Qualitative methods are more flexible than quantitative methods, accommodating unpredictable insights from participant engagement (Bryman, 2017).

DATA COLLECTION METHOD

Semi-structured interviews, guided by research questions, were used to collect data. These interviews allow the researcher to note verbal responses and non-verbal cues, making each interview unique (Gray, 2004; Saunders et al., 2009). The interviews were conducted via Microsoft Teams, a video conferencing tool. The COVID-19 pandemic increased the use of such methods, proving to be cost- and time-effective (Sah, Singh, and Sah, 2020).

POPULATION AND SAMPLE

Purposive sampling, a non-probability method, was employed for this study. Participants were chosen based on shared traits and attributes pertinent to the research (De Vos, Delport, Fouche and Strydom, 2011). Given the phenomenological approach, a purposive sample was deemed necessary as participants were required to have firsthand experience of the phenomena (Goulding, 2005). The study population comprised nine managers within the organisation, including four senior managers and five middle managers who had held leadership roles for a minimum of five years and had experienced organisational change during this timeframe.

DATA ANALYSIS

Qualitative data analysis was conducted using ATLAS.ti, a computer-assisted qualitative data analysis software (CAQDAS), which facilitates and enhances the quality of analysis, storage, coding, and process efficiency (Hwang, 2008). ATLAS.ti does not automatically analyse data but aids researchers in simplifying and improving their analysis process. A thematic approach was employed to extract themes and meanings from participants' responses, aiming to provide a descriptive account of their social realities (Vaismoradi, Jones, Turunen and Snelgrove, 2016). This approach enables researchers to identify and interpret themes from raw data, transcribed to understand the shared meaning of participants' lived experiences (Braun and Clarke, 2012).

FINDINGS AND DISCUSSION

In this section, the study's findings are presented via themes and sub-themes derived from data analysis using ATLAS.ti. Semi-structured interviews were transcribed using Microsoft Teams meeting transcription, then meticulously reviewed, and edited by the researcher to ensure accurate representation of participants' responses. Each interview was thoroughly reviewed at least three times to facilitate the coding process and familiarize with the data (O'Flaherty and Whalley, 2004).

Coding involved reducing and organising raw data into tags, employing thematic analysis, resulting in 99 identified codes (Vaismoradi et al., 2016). Thematic analysis facilitated theme formation (Castleberry and Nolen, 2018), with sub-themes created to elaborate on participants' lived experiences. Below is a table illustrating the themes and sub-themes, which will be used to discuss the study's findings.

TABLE 1:
A TABLE PRESENTATION OF THEMES AND SUB-THEMES

Number	Themes	Sub-Themes
1.	Understanding Spirituality	1. Spirituality and Religion 2. Spirituality and Connection to inner self, others, and a Higher Power 3. Spirituality and Ancestral Beliefs 4. Concern with diverse faiths in the workplace
2.	Workplace Spirituality	1. Employee Contribution - Sense of Contribution 2. Connectedness - Sense of Community 3. Alignment between personal and organisational values
		1. Happy employees 2. Increased contribution

3.	Benefits of Incorporating spirituality	3. Company Growth 4. Improved Service 5. Employee Retention 6. Improved Performance

The data analysed was presented using the identified themes and sub-themes. The chosen sub-themes were those with the highest groundedness within the ATLAS.ti software. Groundedness refers to the number of passages linked to a specific code during the coding process (Friese, 2019). Below is a summary presentation of the findings.

Theme 1: Understanding Spirituality

Literature underscores that understanding the concept of spirituality poses a significant challenge for organisations, delaying its integration into the workplace. According to Farmer, Allen, Duncan, and Alagaraja (2019), employees lack a clear understanding of spirituality, often associating it more with practice than with the term itself. This confusion is exacerbated by the common conflation of spirituality with religion, leading to adverse outcomes in the workplace (Majeed, Mustamil and Nazri, 2018). Consistent with these findings, participants in this study similarly demonstrated a lack of clarity when asked about their understanding of the concept of spirituality.

> *PTCP 8: I don't know. It always lends itself to religion. When you think about it.*

Although spirituality and religion are used synonymously, the two terms are different in that religion is faith based and spirituality is an individual practice that is related to finding a higher sense of purpose and peace (Thakur and Singh, 2016).

There were also participants who had the correct understanding of spirituality as they were able to express that it is concerned with having a connection with inner self, others, and a higher power. Schutte (2016) states that spirituality is indeed related to individuals finding greater meaning by connecting with self, others, and the universe.

> *PTCP 7: where you connect and when I say where you connect is whichever source that as an individual you prefer connecting where you feel that's where you find your being.*

> *PTCP 9: So it is my connection with a, with the divine basically.*

Some of the participants also linked spirituality with ancestral beliefs. Mainly because of the demographics, spirituality is understood as either religion or ancestral beliefs. Hlatshwayo, Muthukrishna and Martin (2018) highlight that ancestral beliefs are mainly observed as spirituality in African culture where people practice rituals to acknowledge their ancestors and belief, they will assist them in strength, comfort, and support.

PTC7: For other African people it would depend on their cultures which they have other people they believe in ancestral things which is it forms part of their spirituality.

With the different levels of understanding amongst employees, the most significant concern across was the possibility of lack of diversity when it comes to incorporation of spirituality in the workplace. Most people fear that with spirituality regarded as religion, there may be a possible lack of diversity as different employees observe different faiths.

PTCP 5: But then also you've got different cultures. We've got Christians, Muslim, but then whatever they're practising. And if they have to wear Scottish up sometimes when they do the fasting, that is part of the spirituality and then there are those people who sometimes might need to who believe on your ancestors might need to wear beads even though at work we need to make sure that we somehow hide those.

Several organisations have difficulties distinguishing the concept of spirituality with religion which causes a delay in the incorporation of spirituality in the workplace due to possible lack of inclusion (Majeed, Mustamil and Nazri, 2018). Gupta, Kumar and Singh (2014) however argue that if organisations demonstrate respect for diverse faiths, this may assist in increasing the pace at which spirituality is incorporated in the workplace.

Theme 2: Workplace Spirituality

The elements discussed under workplace spirituality with the participants were sense of contribution, sense of community and alignment of personal and organisational values. A sense of contribution is an important element of workplace spirituality according to literature as employees want to feel that they contribute to the team or work community. Employees want to feel that they add meaningful contributions to their work community and that they add value and for the contributions to be optimised, they need to feel that it is safe to contribute without fear (Zare and Beheshtifar, 2013; Dandona, 2013). In the banking space, many employees feel that they are not able to contribute to decision making due to the type of environment they operate in.

PTCP 9: No, I wouldn't think so, because there's a lot of decisions that are made without consultation. Um, I think because of the nature and the pace, it's always difficult to actually get everybody's idea because that will take too much time.

A sense of community is mainly experienced where employees feel connected to others based on literature. One of the avenues spirituality is demonstrated in the workplace is how employees connect with each other (Thakur and Singh, 2016). The participants shared the same sentiments and felt that the organisation has made progress in this regard.

> *PTCP 9: I think, yeah, I think what has helped us, I think the teams platform also has helped in terms of belonging because and also just our focus on cohesiveness. You know, before everybody was their own man, but now there is this sense of belonging to a certain team. There's like small things. I think that also actually strengthen that belonging when we put team names, you know there's this team name.*

Alignment of personal values with that of the organisation is also deemed an important aspect of workplace spirituality. Employees have an understanding and will to contribute to the goals and vision of the organisation when they feel that they connect and align to the organisational values (Baldacchino, 2017).

> *PTCP 1: But yeah, I think, yeah, when looking at my work and me, I think it just even the company that I work for it resonates with my culture with, with my values as well so.*

Although some of the participants felt that the organisation can do better with clarifying their vision and values to the employees, most of the participants resonated with the organisation values and felt that they are aligned to their own personal values.

Theme 3: Benefits of Incorporating Spirituality

Literature emphasises numerous benefits associated with integrating spirituality into the workplace. Some benefits echoed by participants include enhanced employee happiness, increased contribution, company growth, improved service quality, employee retention, and enhanced performance, among others. Participants noted that working in a spiritual environment fosters a greater sense of fulfilment and ultimately happiness among employees. Patil, Biswas, and Kaur (2018) assert that happiness denotes a state where individuals derive pleasure, which in the workplace context manifests as employees finding enjoyment in their work activities.

> *PTCP 6: OK, so if you look at it at the employee, uh, you looking at on growth and also satisfaction and satisfaction in the sense that you're not basing your satisfaction on the remuneration that you are getting, but the joy that you get from working in that space?*

Where there is a spiritual environment created, employees feel the need to contribute more than what is expected of them. Employees who experience greater meaning at work contribute more than those that come to work only for monetary gain Rathee and Rajain (2020).

> *PTCP 6: Based on the culture that is there and the employer would benefit in the sense that you're going to have very, very minimal people leaving their organization. And these are also people that will give you their best ideas and not hold back.*

When employees are happy and experience a greater sense of meaning, their level of contribution tends to increase. This heightened contribution often leads to company growth. Fourie (2014) emphasises that when organisations foster a spiritual environment and treat employees as holistic beings, they tend to contribute more. Consequently, this elevated level of contribution typically results in increased productivity and profitability for organisation.

Participants noted that when employees work in a spiritual environment and feel fulfilled, they are better equipped to serve clients effectively, thereby enhancing the company's service level and, ultimately, its profitability. Enhanced client service is recognised as one of the most significant positive outcomes of integrating spirituality into the workplace (Zare and Beheshtifar, 2013).

> *PTCP 5: How customers see us, they don't really see us based on our buildings, but it's how our people in branches interact with them and then they get great service.*

Retaining employees is one of the most important aspects of maintaining company growth through stability and it was found that spirituality has a positive relationship with employee retention (Jena and Pradhan, 2018). The participants also highlighted that the employees in a spiritual environment will opt to stay in the organisation, reducing turnover.

> *PTCP 9: Retaining your people because you people will stay longer with you.*

The last prevalent element of the benefits of incorporating spirituality in the workplace is improved performance. Employees' increased contribution will lead to improved performance.

> *PTCP 3: High performance, definitely high performance.*

> *PTCP 5: So if you had each and individual understand their role in the company who understand why they are there and who actually wants to be there and who wants to do their best for the company, the results will actually show.*

Zare and Beheshtifar (2013) asserts that for organisation to improve performance and profitability, they will need to incorporate spirituality in the workplace.

CONCLUSION

Incorporating spirituality in the workplace is crucial for helping employees find meaning and navigate modern work challenges. By addressing obstacles such as the lack of understanding and enhancing elements of workplace spirituality, organisations can create a more spiritually enriching environment, benefiting both employees and overall organisational health. Greater employee fulfilment is likely to boost contribution, performance, and overall company growth, delivering significant positive outcomes for all.

RECOMMENDATIONS

To effectively incorporate spirituality in the workplace, organisations must first ensure a clear understanding of the concept. Following this, they can focus on involving employees in decision-making processes to enhance their sense of contribution, fostering healthy team dynamics to build a sense of community, and upholding ethical practices to align with organisational values. Organisations can consider the following practical actions:
Education and Awareness: Conduct workshops and training sessions to clarify the concept of spirituality and its relevance to the modern workplace.

Inclusive Decision-Making Processes: Implement structures that allow employees to participate in decision-making, ensuring their voices are heard and valued.

Team Building Initiatives: Facilitate team-building activities that promote trust, collaboration, and a sense of belonging among employees.

Value Alignment Programs: Develop programs that help align the organisation's values with those of its employees, possibly through regular feedback sessions and values-based discussions.

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TRACK INNOVATION

THE EFFECT OF INNOVATION MANAGEMENT PRACTICES IN ENHANCING COMPETITIVENESS OF SME LIQUOR RETAILERS

Kagiso Mashego
Department of Business Management
University of South Africa
Email: mashek@unisa.ac.za

Nisha Sewdass
Department of Business Management
University of South Africa
Email: Sewdan@unisa.ac.za

Corresponding author: Kagiso Mashego mashek@unisa.ac.za

ABSTRACT

SME liquor retailers operate in complex and competitive environments where unlicensed liquor retailers are active in meeting the liquor and recreational demands of consumers and large retail chain organisations financial resources. Earlier studies used the resource-based theory to explain how firms with adequate resources establish and maintain competitiveness. This study uses competitive theory to figure out the effect of innovation management practices in enhancing competitiveness of SME liquor retailers. A qualitative exploratory design was used with thematic analysis to analyse the empirical data. Findings highlight that by practicing non-technological, incremental, and service innovations, liquor retailers were able to enhance their competitiveness. The respondents collaborated with suppliers to deploy a reward system to encourage customer loyalty and repeat purchases. SME liquor retailers are therefore encouraged to deploy different forms of innovation to enhance their ability to attract, keep, and maintain customers and thereby enhance their competitiveness.

Keywords: Competitive theory; competitiveness; Innovation management; SME liquor retailers.

INTRODUCTION

Competitiveness of a firm is the determining factor to compete in the market (Karadag, 2016). It requires organizing and deploying resources, such as labour, finances, information, and raw materials (Yang et al., 2019). However, when statistics were scrutinised (Small Enterprise Development Agency [SEDA], 2021), it was discovered that many firms, particularly SMEs, fail to compete in the market owing to intense competition, lack of financial resources, management skills, and poor infrastructure (Muriithi, 2017; Akugri et al., 2015). Studies have been conducted to eradicate the causes of failures and establish new ways to improve competitiveness. Mrasi et al. (2018) and Strydom (2017), recommended that SMEs use innovative approaches to resolve competition and management challenges.

Liquor retailing, including liquor wholesalers, retail stores, taverns, bottle stores, and restaurants are mostly made up of SMEs that sell liquor products directly to customers (Mrasi et al., 2018). Their operations are commonly regulated by legislation governing the sales and consumption, as well as the place and time liquor can be stored and sold (Gauteng Liquor Act [GLA], 2003; Charman & Govender, 2020). These businesses contribute positively to the national economy (Charman & Govender, 2020). They provide about R40 billion to GDP per year (Shand, 2017), employ 961 000 people, directly and indirectly, specifically those from economically marginalised communities (Mrasi *et al.,* 2018; Gouws & Motala, 2019). They also form part of people's social lives, especially in the semi-urban areas, by providing recreational, entertainment, and leisure needs (Charman *et al.,* 2013; Charman & Govender, 2020).

Although SME liquor retailers work in a stringent regulative environment, they also operate in a highly competitive environment (Mrasi *et al.,* 2018). There is high demand for liquor which resulted in expansion of liquor retailing and attracting new competitors (Shand, 2017), in the form of unlicensed liquor retailers and large retail chain organisations (Gouws & Motala, 2019). In a market where approximately 35,000 SME liquor retailers are licensed to operate (Planting, 2020; Kew, 2020), 250,000 unlicensed SME liquor retailers compete in the market (Charman *et al.,* 2013; Parry *et al*., 2018; Owolabi *et al*., 2018). The unlicensed SME liquor retailers are competitive in meeting the liquor and recreational demands of consumers and are good in deploying more robust mechanisms to maintain their existence and evade regulative control (Mrasi *et al.,* 2018; Charman *et al*., 2013). Also, large retail chain organisations are opening liquor stores in semi-urban areas currently dominated by SME liquor retailers (Shand, 2017). This challenges the competitiveness of SME liquor retailers since large retail chains have more financial resources and can put SME liquor retailers operating near them out of business (Shand, 2017).

LITERATURE REVIEW

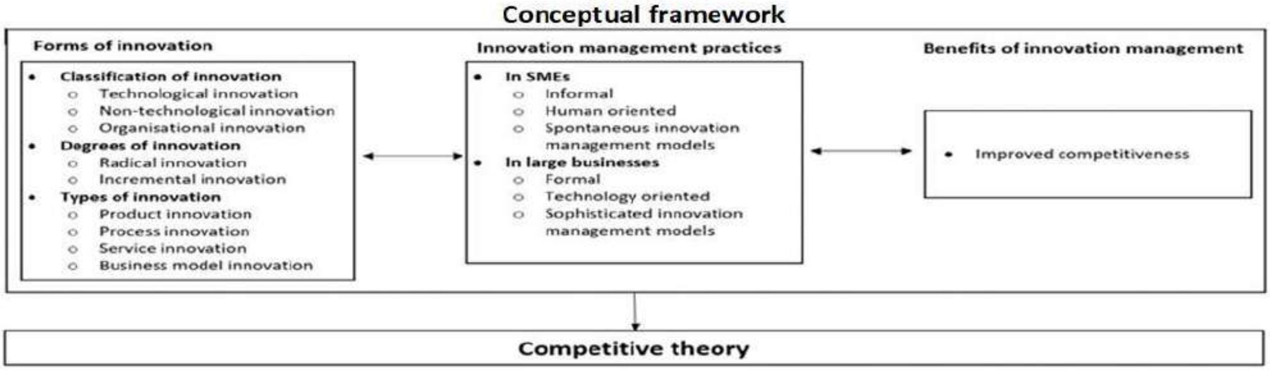
Innovation management practice as a source of competitiveness in organisations

Innovation management is “a multifaceted phenomenon involving management of value-adding novelty in production, operation, or markets” (Torres & Augusto, 2020:815). It entails the development, deployment, and management of innovative technologies, programs, and business models, which influences competitive changes (Mulibana & Rena 2020). Jaskyte (2020) describe innovation management practices as what firms do regularly to manage the process of implementing innovation. Such practices can introduce novelty in products and processes, support innovative solutions, and investigate solutions to challenging problems (Makhdoom *et al.*, 2019).

Forms of innovation

The practices of innovation management involve making choices and/or combining different forms of innovation (see Figure 1) (Didonet & Diaz-Villavicencio, 2020). These forms of innovation are categorised according to various criteria (Kafetzopoulos *et al.*, 2020), including classifications, types, and degrees of innovation (Jiménez-Jiménez *et al.,* 2020). The classification of innovations as noted in figure 1, are based on functional dimensions and composed of technological, non-technological, and organisational innovations (Pertuz & Pérez, 2021; Jaskyte, 2020).

FIGURE 1
Conceptual framework



The technological innovation relates to new machinery, tools, instruments, and systems that inculcate, improve, and optimise production processes (Hasgall *et al.*, 2019; Gupta & Barua, 2016). These forms of innovations are expensive and developed through rigorous and systemic research and development (R&D) (Abdulwahed, 2017; De Massis *et al.*, 2015). While these affect firm's operating environment, non-technological and organisational innovation affects the management processes (Torres & Augusto, 2020). Non-technological innovations are characterised by Walker *et al.* (2015) as innovations directed at implementing marketing-related activities. It is the implementation of an innovative marketing method involving significant changes in the marketing communication of a firm or its products (Kafetzopoulos *et al.*, 2020; Meroño-Cerdán & López-Nicolás, 2017). Organisational innovation involves new management practices, new corporate strategies, and new business models (Didonet & Diaz-Villavicencio, 2020). Its focus is on changes related to structure, patterns, administration, organisational culture, rules, and norms, rather than on marketing methods (Gupta & Barua, 2016; Kafetzopoulos *et al.*, 2020; Torres & Augusto, 2020; Koren & Palčič, 2015).

The degrees of innovations refers to the level or nature at which innovations are developed and are regarded as either radical or incremental innovations (Mulibana & Rena 2020;

Nicolaides, 2014). While radical innovations consist of new inventions usually produced with new knowledge (Johnson, 2020; Nicolaides, 2014; Rodrigues & Pereira da Costa, 2015), incremental innovation pertains to minor and persistent enhancements of current products or processes that result in the improvement or reconfiguration of an existing invention (Johnson, 2020; Rodrigues & Pereira da Costa, 2015; Nicolaides, 2014). It is the small, simple, and secure improvements to existing product/process that are inexpensive and are achievable (Rodrigues & Pereira da Costa, 2015; Makhdoom *et al.*, 2019).

The types of innovation, namely, product, process, service, and business model, relate to the existing innovative object or activity (Dossou-Yovo & Keen, 2021). Product innovation refers to a good or service that is new or significantly improved, improvements in technological specifications, components, and materials, software in the product, or other functional characteristics (Torres & Augusto, 2020; Kafetzopoulos *et al.*, 2020). Process innovation is the adoption of new mechanisms or methods introduced to operations to enhance product performance or service provision (Hervas-Oliver *et al.*, 2018; Kafetzopoulos *et al.,* 2020; Torres, & Augusto, 2020; Soetevent & Tadas, 2017). Service innovation focuses on how services are innovated and implemented (Makgopa & Antonites, 2021; Snyder *et al*., 2016). The business model innovation is described as new operating systems, systems modelling, or alteration in a firm (Foss & Saebi, 2017). It is concerned with how a firm generates, captures, and produces value, including organisational reform, growth, consolidation, reengineering, mergers, and divestitures (Beckett & Chapman, 2018; Taran & Boer, 2015).

Innovation management practices in SMEs

There are different findings on how innovation management is practiced, although much are for large organisation than SMEs (Dossou-Yovo & Keen, 2021; Torres & Augusto, 2020). Lesákováa (2014) asserts that human-oriented and informal innovation are commonly widespread in SMEs. While big organisations use more formal, complex innovation management techniques, SMEs depend on random and straightforward innovation management practices (Dossou-Yovo & Keen, 2021). Deshati (2015) discovered that SMEs value non-technological innovation rather than technological innovation which are common among large organisations, with process and service innovations being preferences. In SMEs context, innovations resemble simplicity, spontaneity, human-oriented, and informality (Didonet & Diaz-Villavicencio, 2020).

Maldonado-Guzmán *et al.* (2017), assert that SMEs can benefit from innovation management practices. They can enable SMEs to achieve strategic goals and maintain competitiveness (Jiménez-Jiménez *et al.*, 2020). This is because innovation management practices have become significant in managing competition and enhancing business performance (Strydom, 2017; Bruwer et al., 2019). Those practising innovation management improve their management, financial, and marketing performances and reinforce internal capabilities (Kafetzopoulos, 2020; Caetano, 2017).

Competitive theory

According to Porter (1985), the competitive theory suggest that organisations must deploy practices that create and deliver high quality and competitive goods to the market. This allows organisations to be competitive, especially in complex and competitive business environments. They can attract and satisfy customers and deliver goods and services that perform better than those of competitors (Komppula, 2014). This is contrary to the resources-based theory which holds that rare resources, rather than practices, provides organisations with an excellent opportunity to be competitive in the market (Qureshi, 2016). While the resources-based theory has been used to maximise the exploitation of resources, Yang et al. (2019) assert that deploying practices that enhance competitiveness enables organisations to deliver unique value to customers. Such practices enable organisations to provide competitive services in the chosen market (Porter, 1985).

SME liquor retailers find themselves in an intense competition and weakening competitiveness. Competitiveness which refers to the ability to compete with or be better than competitors (Habánik et al., 2016), enables a firm to compete and sustain itself in a competitive environment (Hove-Sibanda et al., 2017; Carvalho & Costa, 2014). This includes the ability to attract and satisfy customers and to deliver goods and services that perform better than those offered by competing businesses (Komppula, 2014). Porter (1985) used competitive theory to explain how a complex and competitive environment is a rationale for weak competitiveness. Operating in a market that is complex with high competition reduces a firm's ability to compete (Anton et al., 2015). For example, in SME liquor retailing, increased competition has also increased the modernisation of outlets and creative service delivery. This propels SMEs to be dynamic and initiative-taking in management practices (Anton et al., 2015). Such practices will enable SMEs to provide competitive services (Porter, 1985).

PURPOSE AND OBJECTIVES

The high degree of rivalry in the liquor retailing market is one of the operational difficulties facing SME liquor retailers (Mrasi *et al.,* 2018). They are facing intense competition that requires innovative approaches to remain competitive. What is not known is how they practice innovation management and the influence that these practices have on competitiveness. The purpose is, therefore, to investigate the effect that innovation management practices have on

SME liquor retailers in enhancing competitiveness. The fundamental objectives are (1) to establish the forms of innovation management practiced by SME liquor retailers; (2) to determine how these forms of innovations are combined in practice; and (3) to establish how innovation management practices effect competitiveness of SME liquor retailers.

RESEARCH DESIGN AND METHODOLOGY

This study generated an in-depth understanding of how innovation management practices effect competitiveness in SME liquor retailers. An exploratory qualitative design was used since there was limited theoretical and empirical studies on the topic (Maldonado-Guzmán *et al.*, 2017; Dossou-Yovo & Keen, 2021; Torres & Augusto, 2020; Sekaran & Bougie, 2016). The interpretivism philosophy and inductive approach were adopted to understand the nature of the problem and provide new insight into knowledge development. 505 SME liquor retailers from four districts in Ekurhuleni Municipality, South Africa constituted the population for the study.

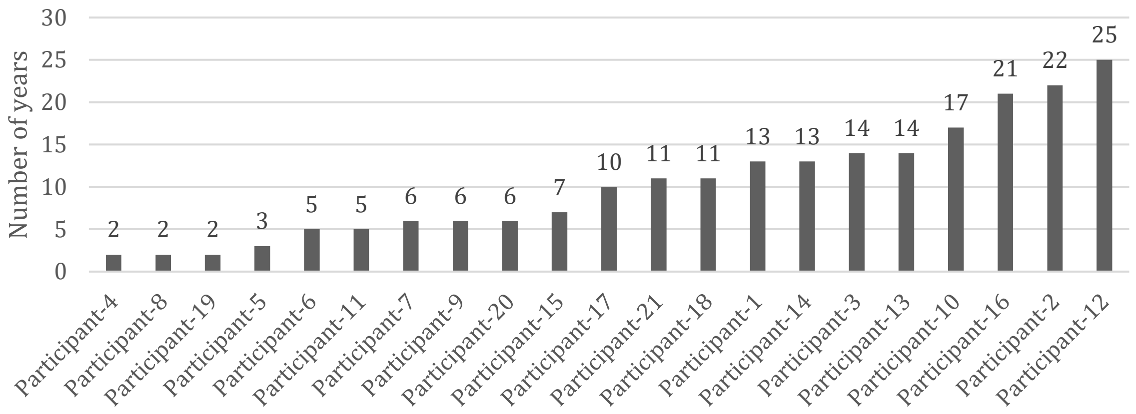
A non-probability purposive sampling method was used to select a sample of 21 owners and managers as they were the primary people involved in the implementation and management of innovation activities. Although Saunders et al. (2016) advise that interviews should be added until saturation is reached, Guest et al. (2006) recommend that 12 interviews should be adequate if the goal is to understand commonalities within a reasonably homogeneous population. The participants were operating with on-consumption and off-consumption liquor licenses, had been in operation for at least one year, and practising innovation management. Semi-structured interviews were used to collect data and allowed the researchers to uncover underlying motivations and probe the participant on their specific innovation management practices. Data were collected and saturation reached from 21 owners and managers within a six weeks period. Data collected were transcribed into understandable transcripts for thematic analysis using the Atlas-ti software program.

The researchers adhered to the principles of ethical research conduct in terms of transparency and confidentiality. Ethical clearance was granted for the study by the Ethics Review Committee of the University of South Africa. Credibility and trustworthiness during the data collection, analysis, interpretation and reporting were adhered to as advised by Johnson & Rasulova (2016). In all cases, the participation was voluntary, and no incentive was offered to participants. The trustworthiness or validity of the qualitative data, including credibility, transferability, dependability, confirmability, and authenticity, were taken into account to avoid bias in interpreting the data. Accordingly, the researchers followed the participants’ responses with probing questions, rather than leading them to respond in a particular manner. Data transcripts were shared with participants to verify their versions and be able to correct, clarify, or add information where necessary before data analysis. All field notes documented during research process were stored safely for further reference and clarification where needed.

FINDINGS AND INTERPRETATION

This study found that although SME liquor retailers in Ekurhuleni operated in an intensely complex and competitive environment, they were able to compete and survive with unwavering determination. 76% of the participants held on-consumption liquor license, while 24% used an off-consumption liquor license. 76% were owners, while 24% were managers of SME liquor retailers.

FIGURE 2
Number of years in operation



The participating SME liquor retailers had been in operation for between 2 and 25 years, with a mean of 10 years in operation (see Fig 2). This indicates that SME liquor retailers have been able to sustain themselves in the market despite the increasing competition. There were 4 SME liquor retailers with less than 5 years of existence, indicating that new liquor retailers continue to enter the market despite it being a stringent regulative and competitive environment. Also, the findings show that SME liquor retailers can sustain their existence, given that more than 50% of them have been in operation for more than 10 years.

76% of the participating SME liquor retailers were family-owned businesses, while others, 24% were entrepreneurial or private, non-subsidiary and independent businesses. All the participants indicated that the existence of their businesses had created employment, employing family and non-family members. SME liquor retailers contribute to the economy by creating employment, as Charman and Govender (2020) also noted in their study.

The forms of innovation practiced by SME liquor retailers.

The researchers were able to determine which forms of innovation were being practiced by the liquor retailers i.e., Classifications, degrees, and types of the innovation practiced at the participating SME liquor retailers by asking the participants to elaborate on the innovative activities deployed in their businesses. In terms of the classification of innovation, this study found that 52% practiced technological innovation while 48% practiced non-technological innovations. None of the liquor retailers practiced the organisational innovations. This could be because the participants were more exposed to process machinery and marketing programmes than organisational restructuring. Some examples of the forms of the innovations practiced are evident in the participants' responses below:

Participant-1: I am using the point-of-sale (POS) system and the electronic-funds-transfer (EFT) Swiping machine in the business. I have also installed TVs for my customers to watch soccer on weekends use other screens for indoor advertising and displays.

Participant-17: Most commonly, I focus on social media marketing to communicate my events and discount specials.

Participant-12: The electronic-funds-transfer (EFT) and Point-of-sales machines help me a lot. I had a problem controlling the stock, but I can see all the records with these systems.

Participant-6: We constantly introduce new forms of entertainments and events to entertain our customers.

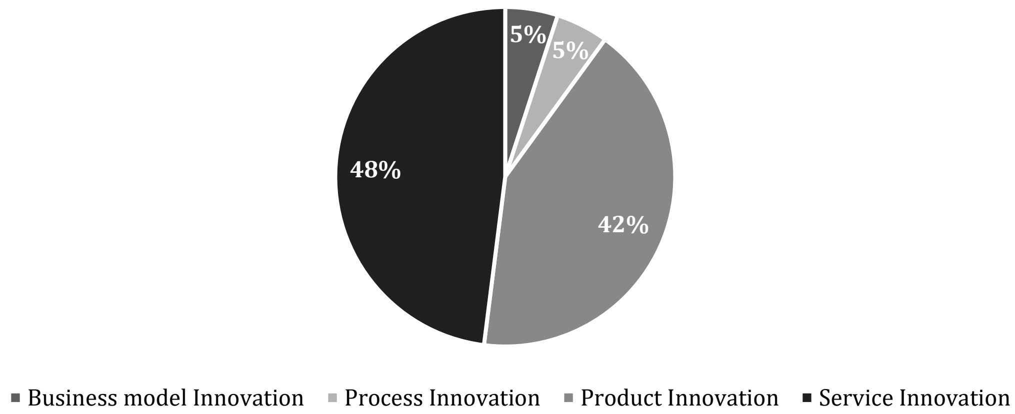
Regarding the degrees of innovations, 81% practiced incremental innovations while 19% focussed on radical innovations. This is indicative of the fact that participants preferred building on ideas that already existed rather than developing new ideas. The dominance of incremental innovation could also be that SME liquor retailers do not create liquor drinks but sell already made liquor products. The participants stated the following:

Participant-7: When I was building this double story structure, I copied other businesses around the country, which built beautiful buildings for their customers to enjoy hospitality experiences, but I added new features such as the dance space and disc-jockey (DJ) booth.

Participant-17: I looked at what other liquor traders from other cities are doing to market their businesses and then implemented their ideas here but slightly different to suit my market.

Participant-4: The design of this place itself was designed by my father, the owner of the business, as part of his vision, to come up with a format that is not available in our market area.

FIGURE 3
Types of innovations Practices by SME liquor retailers



Regarding the types of innovations practiced by the liquor retailers, there was very little difference in the magnitude of service innovation and product innovation. Both types of innovations accounted for about 90% of all types of innovations practiced (see Fig 3). This is largely as a result that SME liquor retailers operate as the final layer of the liquor value chain and are mainly responsible for distributing liquor products to the consumers. However, despite selling already made products, the participants indicated mixing cocktail liquor beverages which they refer to as their own products. Moreover, their primary market offering includes entertainment and recreational services. The business model innovation and process innovation both came at 5% each indicating a low level of practices of these types of innovation among the SME liquor retailers. These findings are contrary to Deshati (2015) who discovered that SMEs value process innovations more. In this regard, the participants responded as follows:

Participant-3: I am focusing on ensuring that my customers can be comfortable with our services when they are here.

Participant-7: We developed 11 cocktail recipes for our cocktail products, these are distinct to what our competitors currently serve, and the customers love them.

Participant-4: We make our cocktails and shooters, and currently, we are still trying other products.

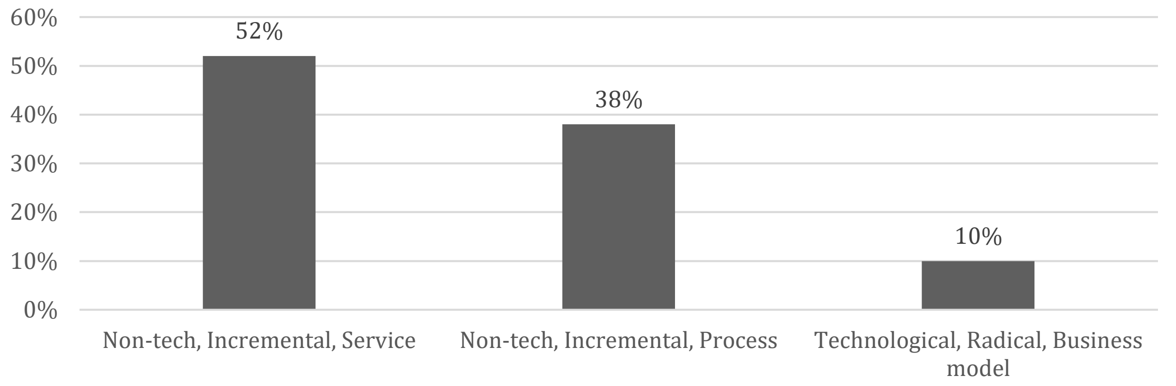
Participant-14: I use the (EFT) swiping machine and the POS system to process orders.

Participant-6: Since last year, we changed our business model; we now have a VIP area in which waiters serve while this other side customers buy from the counter. Our previous business model was only made of counter sales.

How SME liquor retailers combine forms of innovation in their practices

Figure 4 represents how SME liquor retailers combine the various forms of innovation in their innovation management practices.

FIGURE 4
Combination of forms of innovation



Utami & Lantu (2014) asserts that organisations could improve performance if they combine different forms of innovations. In this study, 52% of the participants indicated a combination of non-technological-incremental-service innovations (see Fig 4). The participants focused on marketing-oriented innovation activities (non-technological) to improve customer service (service). In contrast, such innovation activities were copied from other businesses and modified (incrementally) to function well in their businesses. The participants stated the following:

Participant-10: I have a system here that came with one of my suppliers (liquor manufacturer); I issue tickets to customers whenever they buy promotional products, register their purchases, and reward them with airtime. The supplier issued this system to me, and from time to time, they give me promotions and load the airtimes.

Participant-16: I have put together a Sunday Soul Sessions (weekly Events); in it, I am collaborating with my suppliers to support event accessories like branded umbrellas, chairs, and other things, the DJs are providing sound and music, and many other collaborators are involved. The aim is to attract customers to come and spend their time during the day until late at night rather than buying alcohol at the malls, drinking at the parks, and only visiting here at night.

It was identified that the participating SME liquor retailers faced intense competition as they operated near their competitors. Therefore, their competitiveness was a factor for the owner's/manager's adoption and modification of best innovative practices to respond to the competitive environment.

38% of the participants indicated a combination of non-technological-incremental-process innovations. The participants focused on innovative processes that helped them sell their liquor products. However, such creative processes are copied from other businesses and modified. The participants mentioned the following:

Participant-5: We came up with the idea of building a rooftop bar to service our "Very-Very Important Persons" (VVIP) customers. It took about six months to develop and set up all the equipment. Initially, the plan accommodated VVIPs customers, but then many people wanted to find themselves at the rooftop bar, and every customer paid the VVIP prices.

Participant-7: I created the other section of the bar in respond to different entertainment needs of our customers. I realised that we have older and youth generations customers who prefer different entertainment activities. The main bar is for older generation, we play jazz and soulful music only and alcohol is sold in 750ml bottles. In the other bar, we accommodate youth with electronic and house music and sell alcohol only in 330ml packaging.

The other 10% of the participants indicated a combination of technological-radical-business model innovations. The participants focused on innovation management practices that change or add to selling their liquor products. The participants stated the following:

Participant-6: Let me tell you about that cabinet you see there; the alcohol you see inside does not belong to us, is owned by our top customers. My brother came up with building a cabinet; the customers can buy top spirit alcohol and lock them in the cupboard. Every weekend when they come here, they have their alcohol. The idea was to influence them to come here every weekend since they are high-end customers and make them feel special. I wish you could see that they feel like kings and queens of the township when they are around.

Participant-17: When I opened this place, it wasn't perfect, all the beauty that you see in here, I did it over time. The most innovative thing that I came up with was installing the point-of-sale (POS) system. At that time, no other liquor retailers had such a system and the way I use it is even different from anyone around. Customers can go to that screen, order what they want, choose the available table number, pay at once, and proceed to their table.

Scholarly literature has generally accepted that innovation activities guide a firm's performance, however, firms must combine different forms of innovations (Torres and Augusto, 2020). The researchers perception of innovation management practices in SME liquor retailers was vaguely amorphous. The findings revealed that SME liquor retailers combined the forms of innovations which had an impact on their specific liquor operation and customers. The participating businesses preferred a combination of non-technological, incremental, and service forms of innovation. The findings are consistent with those of Deshati

(2015) who discovered that SMEs value non-technological innovation.

Innovation management practices' effect on competitiveness

Innovation management is essential for SME liquor retailers, given the challenges they experience emanating from their unregulated and resourceful competitors. It was, therefore, necessary to determine how the practice of innovation management had effected or benefited the participating SME liquor retailers. All the participants indicated that they had enhanced their competitive agility due to implementing innovative activities. The participants said the following:

Participant_7: Since we began with the "Weekend Celebrity Meet and Greet" entertainment project, the business started improving, and customers visit us very early because they want to meet celebrities, and in that way, we are taking the more significant share of the market in this town.

Participant-4: We attracted more customers when we implemented these changes, and our sales rose.

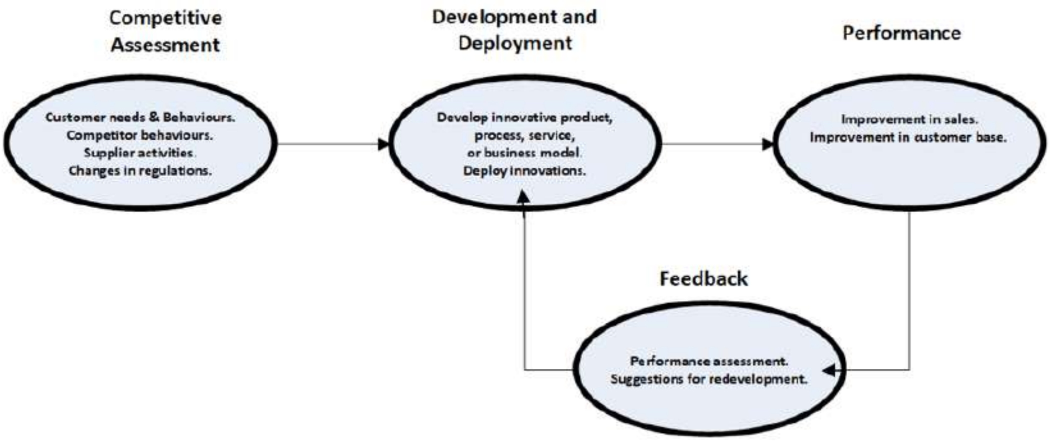
Participant-15: I once saw how customers enjoyed their drinks while watching a pool table game in another liquor retailer in Durban. I then decided to adopt the idea; however, we do pool table tournaments every weekend. Different teams are playing against one another, which attracts many customers. When we hosted the tournament, sales were picking up from the first weekend, and customers spent time and money in the business.

According to Carvalho and Costa (2014), innovative solutions are favourable. Hove-Sibanda et al. (2017) alluded that competitiveness is boosted by creative ideas that strive to outperform rivals. The responses from the participants indicated that the innovative solutions they implemented enhanced their competitiveness. Innovation management practices of the participating SME liquor retailers managed to enhance their competitiveness by attracting and maintaining customers and improving their market share. Especially when providing different entertainment services which helped them to remain competitive.

Model presentation

A review of literature reveals that the creation and delivery of high quality and competitive goods to the market is achieved when there is careful competitive assessment of market and deployment of novel management practices (Porter, 1985; Komppula, 2014). Findings of this study also shows that while deploying innovation management practices, the participants where able to improve competitiveness. From competitive theory, this study establishes how SMEs can empower themselves, overcome competition complexities and legislative barriers through innovation management practices, to enhance competitiveness. Based on the findings of this study, the researchers therefore, developed a model for SME competitiveness in Figure 5.

FIGURE 5
Model for SME competitiveness



The researchers propose that for SME liqour retailer to enhance competitiveness, they need to conduct competitive assessment of their markets including customers needs and behaviours, competitor behaviour, changes in regulations, and supplier activities. Competitive assessment plays an importance role in highlighting areas of weakness, opportunities, and improvement. This will therefore, help in developing and deploying innovation management practices to address areas of improvement or take advantage of opportunities. SME liquor retailers can develop and deploy non-technological, incremental, and service innovations to attract, keep, and maintain customers and thereby enhance their competitiveness. They can also deploy organisational innovations which involves innovative organisational structure, patterns, administration, culture, rules, and norms, (Gupta & Barua, 2016; Kafetzopoulos *et al.*, 2020). The innovation management practices will aid SME liquour retailers to improve performance or competitiveness. It is also important that the performance of innovation management practices be assessed. SME liquor retailers can assesss their financial records, stock movements, and customer base as a feedback to arlet them about areas of weaknesses and improvements. This process will alow manager/owners to identify gaps in performance and suggest improvement plans.

DISCUSSIONS, PRACTICAL IMPLICATIONS AND CONCLUSION

This study explored innovation management practices of liquor retailers to uncover the effect of innovation management practices to enhance competitiveness in SMEs in a developing country more specifically a semi-urban area of Ekurhuleni Municipality in South Africa. The findings revealed that innovation management is practiced for resolving competition challenges and improving the ability of SMEs to compete. These findings support Makhdoom *et al.* (2019) argument that innovation management practices permeate creative solutions and improve performance amidst challenges. They also align with Yang et al. (2019) that implementing and managing innovative discourses in organisations enhance competitiveness.

The findings of this study revealed that innovation management practices had an effect in improving competitiveness by attracting new and retaining existing customers and improving market share of SMEs. We note that non-technological, incremental, and service innovations are practiced in part and in combinations in the empirical findings. This is even more noteworthy when considering that one may expect some degree of incongruence owing to the lack of studies in SMEs, especially in developing markets. It seems prudent for SME liquor retail owners and managers to understand that practicing innovation management is more conducive to improving business performance when accompanied by a strong choice and combination of various forms of innovation. Our findings suggested that while owners and managers are well poised to develop and implement innovation activities spontaneously and informally to resolve the issues using personal expertise or competence, considering a most agile and structured ways to practice innovation management could further enhance the competitiveness of the liquor retailers especially in those innovation management areas where little attention was dedicated. Therefore, owners and managers of SME liquor retailers are encouraged to adopt the Model for SME competitiveness presented in Fig. 5 to formally guide their innovation management practices. By adopting the model, SME liquor retailers will also formalize their innovation developments and implementations.

The findings of the study revealed that the participating SME liquor retailers relied on a variety of non-technological-incremental-service forms of innovation when deciding on innovation activities. This combination is crucial, especially for firms in the service-oriented industry. However, owners and managers of SME liquor retailers should strive to adopt various technological, radical, and business model innovations. Such a combination of innovations will help them develop and implement physical, novel, and improved business models. Deciding on a technological, radical, and business model form of innovation will be conducive in offering a different market offering apart from the competitors hence resulting in enhanced competitiveness.

FUTURE RESEARCH

The current research deployed a qualitative explorative approach with thematic analysis and focused on a single industry in the SME sector namely, the SME liquor retailers. Further research in the broader liquor retail sector on their innovation management practices can shed some light into how these sectors compare with the SME retailers as well as some best practices that can be gained from the larger liquor retailers. Furthermore, future research could benefit more from integrating inferential statistics through mixed-methods approach that will allow for the quantification and statistical analysis of key themes found in the qualitative phase, thereby enhancing the generalizability and robustness of the findings. Future studies could consider other areas to gain a comparative idea of the practices of innovation management. It would also be interesting to test the competitiveness Model and see if it has had any impact on the competitiveness of the liquor retailers.

LIMITATIONS

The study deployed a qualitative method with a sample from a single South African SME sector, and caution is needed in generalising the findings to other contexts. Our findings may not apply to other economies with varying environmental and structural circumstances. Furthermore, only liquor retailers in a semi-urban area were considered for this study.

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INNOVATIVE PATHWAYS TO AI ACCEPTANCE: HOW PERCEIVED AI UTILITY AND AI SELF-EFFICACY SHAPE CROSS-GENERATIONAL ADOPTION

M Frazer, Department of Marketing Management, University of Johannesburg,
Johannesburg, South Africa, ORCiD: 0000-0001-9379-8557

Abstract

This study explores the factors influencing artificial intelligence (AI) adoption in the workplace, framed by the Stimulus-Organism-Response (SOR) theory and analysed through the generational lenses of Gen M and Gen Z. Utilising the Unified Theory of Acceptance and Use of Technology (UTAUT2) and the Technology Threat Avoidance Theory (TTAT), the research assesses the impact of perceived AI facilitation conditions, user AI utility, and personal self-efficacy on employees' intentions to adopt AI. Employing Structural Equation Modeling, the study highlights how these factors critically influence the willingness to adopt AI, underscoring the importance of AI-facilitating conditions and personal self-efficacy in driving technology acceptance. This study provides fresh insights into AI acceptance dynamics within the workplace and offers strategic recommendations for organisations aiming to cultivate an inclusive and innovative environment supportive of technological advancements.

Keywords: Artificial Intelligence, Unified Theory of Acceptance Technology Model (UTAUT2), Stimulus-Organism-Response Theory, Threat of Technology Avoidance Theory (TTAT).

1. INTRODUCTION

As artificial intelligence (AI) reshapes the business landscape, its pervasive integration into workplace environments exemplifies the principles of strategic and ethical organisational practices amid technological innovation and transformation. The dawn of Industry 5.0 is a new era of efficiency and capability, where humans work alongside machines and are set to alter how organisations operate and compete dramatically (Adel, 2022; Noble, Mende, Grewal and Parasuraman, 2022). Millennials (Gen M) and Generation Z (Gen Z) are at the forefront of these changes, both of whom have grown up in a digital world and are now entering the workforce said to be equipped to handle the nuances of this technological shift (Kim, Jang, Choi, Youn. and Lee, 2022). These cohorts face the dual challenge of leveraging AI opportunities while addressing the potential disruptions to career paths and the ethical considerations of AI applications in professional settings (Arroyo, Schöttle and Christensen, 2021; Mirbabaie, Brünker, Möllmann and Stieglitz, S. 2022).

The increase in reliance on AI introduces significant shifts, including its impact on job stability, alterations to traditional employment practices, and the ethical implications of its use in decision-making (Strich, Mayer and Fiedler, 2021). Understanding the perceptions and interactions of Gen M and Gen Z with AI is critical, potentially influencing their integration of AI into the workplace and shaping the future employment landscape. However, there is a limited understanding of the specific dynamics of AI adoption among different generational cohorts in the workplace context. Existing research has often focused on technological adoption in general, neglecting the unique challenges and perceptions that Gen M and Gen Z bring to AI technologies in professional settings (Mabungela, 2023; Mirbabaie et al., 2022).

This study makes several key contributions to understanding AI in the workplace, particularly focusing on the technological acceptance behaviours of Gen M and Gen Z. First, it investigates the factors that influence and stimulate these generations' intentions to use AI in the workplace. Providing insights into the motivational and deterrent forces at play for these generations when considering using AI in their daily work tasks. Secondly, it assesses how perceived threats associated with AI might influence Gen M/Z's willingness to adopt these technologies, a crucial factor for understanding potential resistance or apprehension. Furthermore, this study examines the presence of significant generational differences in technology adoption drivers, guiding the formulation of policies and strategies for AI adoption in the workplace. Theoretically, it broadens the understanding of the stimulus organism response theory, integrating the unified theory of acceptance and use of technology and technology threat avoidance frameworks, focusing on the factors that drive AI adoption in the workplace. Finally, the study provides valuable managerial insights for organisational leaders, helping them to develop informed strategies that enhance AI acceptance and integration within their organisations. These strategies ensure that the deployment of AI tools aligns with ethical standards and boosts overall organisational effectiveness, reflecting a commitment to responsible and innovative business practices in an era of rapid technological change.

2. THEORETICAL FRAMEWORK

The study is grounded in stimulus organism response (SOR) theory using a generational theory lens, drawing on the unified theory of acceptance of technology (UTAUT2) and technology threat and avoidance (TTAT). The first ‘stimulus organism response theory’ (SOR) suggests that external factors called stimuli (Hadi, Setiyatna and Sutiyono, 2023) influence individuals' behaviour by affecting them internally, both emotionally and cognitively, when deciding to adopt AI technologies in the workplace. These internal states act as mediators between external stimuli and the resulting behaviours or decisions. SOR theory is often employed within studies in combination with the widely used technology acceptance model (TAM) to investigate technology acceptance within a specific context (Peng and Kim, 2014; Shanmugavel and Micheal, 2022).

Secondly, generational theory poses that each generation cohort will differ from the next in one way or another due to having different experiences during their early developmental years (Eger, Komárková, Egerová, Mičík, 2021). The theory posits that individuals born within the same era often share comparable values and expectations, leading to similar behaviours, particularly in interacting with technologies like AI in the workplace. The study focuses on two different generations, Gen M (Millennials) born between 1981 and 1996 and Gen Z born from 1997 to 2012 (Dimock, 2018). Gen M/Z are often referred to as digital natives as they grew up in a time when new innovative technologies were introduced and adopted rapidly (Kim et al., 2022). However, generational differences can potentially result in intergenerational conflicts and challenges when integrating AI technologies within the workplace (Cismaru and Iunius, 2019).

Furthermore, the theory of technology acceptance (TAM) continued to evolve since the early 20th century as researchers aimed to understand the antecedents leading to users accepting or rejecting new technologies (Momani, 2020). TAM has advanced over the years into the extended unified theory of acceptance and use of technology (UTAUT2) by Venkatesh, Thong, and Xu (2012). UTAUT2 poses that the intention to adopt any technology is shaped by elements such as performance expectancy, effort expectancy, social influence, facilitating conditions, habit, hedonic motivation and price value (Das and Datta, 2024; Tamilmani, Rana, Wamba and Dwivedi, 2021).

Finally, the technology threat avoidance theory (TTAT) by Liang and Xue (2010), poses that users' perception of the potential threats of technology impacts their motivation to engage in protective measures against avoiding these perceived technological threats (Carpenter, Young, Barrett and McLeod, 2019). Therefore, clearly understanding user hesitations that may stem from fears regarding the threats of AI within the workplace needs to be examined (Wong, Tan, Ooi, and Dwivedi, 2024). AI technology represents rapid automation of the workplace, agreeing with Mabungela (2023), this automation within the South African context of high youth unemployment poses a real threat. Therefore, the introduction of AI in the workplace can have potentially negative impacts on employees, including changes to their job roles, loss of status, and shifts in their professional identity, which may lead to employee technology avoidance behaviours (Mirbabaie et al., 2022).

2.1 Facilitators of AI Technology Adoption in the Workplace

Cleary adopting AI within the workplace comes with both positive and negative effects, as automation could assist in reducing costs and improving decision-making; it could also cause job losses (Dasgupta and Wendler, 2019). Numerous prior research works based on the UTAUT2 model have demonstrated the significant influence of facilitating conditions (FC) on the adoption and usage patterns (Emon, Hassan, Nahid and Rattanawiboonsom, 2023; Ranellucci, Rosenberg and Poitras, 2020). Similar to the study conducted by Alhwaiti (2023), the UTAUT2 model was used as a starting point to investigate the adoption of AI in the workplace. In this context, FC refers to the level at which a person believes that there are sufficient policies and technical infrastructure available for utilising new technologies at work (Venkatesh et al., 2012). Emon et al. (2023) found that FC was the strongest predictor of behaviour intentions to use ChatGTP, a form of AI, in the workplace. Furthermore, FC has also been found to have relationships with other variables within the UTAUT2 model, such as each use, self-efficacy and perceived usefulness (Aggelidis and Chatzoglou, 2009).

2.2 User AI Utility Considerations Driving Adoption of AI in the Workplace

As previously mentioned, the UTAUT2 model was used as a starting point to investigate the adoption of AI in the workplace; within this model, hedonic motivation, performance expectancy, and price value drive behaviour intention. Alhwaiti (2023). Therefore, the usefulness of new technologies combined with the expected enjoyability of using the new technology as well as the cost is considered key in driving the adoption of said technologies (Azizi, Roozbahani and Khatony, 2020). According to the UTAUT2 model, technology that has clear benefits is fun to use, costs relatively inexpensive is known for rapid adoption (Polas, Jahanshahi, Kabir, Sohel-Uz-Zaman, Osman and Karim, 2022).

2.3 Personal Self-Efficacy Components Influencing AI Adoption in the Workplace

Expanding upon the foundational elements of the UTAUT2 model, the concept of personal self-efficacy provides a critical dimension to understanding AI adoption in the workplace. Defined as an individual's belief in their capability to effectuate significant outcomes (Farmer, Xu and Dupre, 2022) self-efficacy in this context pertains to the confidence employees have in their ability to proficiently utilise AI technologies. Self-efficacy integrates seamlessly with

UTAUT2 factors—personal experience, expected effort, and perceived behavioural control—providing a framework for assessing individuals' perceptions of using AI technology (Ranellucci et al., 2020). Consequently, individuals who possess a strong conviction in their technological capabilities are more inclined to embrace AI within their work environments (Tanveer, Zeng, Irfan and Peng, 2021).

2.4 Perceived threat of AI in the workplace

Despite high perceived levels of user AI utility and AI self-efficacy, the nature of AI technology and the potential harm it may pose are crucial to understanding adoption within the workplace. Concerns about the adverse impacts of AI on job opportunities and job security are encapsulated in the concept of the perceived threat of AI in the workplace (Mabungela, 2023). As organisations increasingly integrate AI technologies, employees may fear displacement or the devaluation of their skills, leading to resistance to AI adoption (Lazaroiu and Rogalska, 2023). Additionally, the literature highlights that AI anxiety encompasses a range of factors such as fears of job replacement, socio-technical illiteracy, learning challenges, and specific AI configurations, all of which significantly affect the readiness to adopt AI (Lemay, Basnet and Doleck, 2020). Understanding these dynamics is key in addressing the hurdles to technological integration in the workplace and allows organisations to facilitate and support the adoption of new technologies within the workplace (Leesakul, Oostveen, Eimontaite, Wilson and Hyde, 2022).

Consequently, this study introduces a conceptual model that incorporates several key constructs: AI-Facilitating Conditions AI, User AI Utility Assessment Composite, Personal AI Self-Efficacy Composite, Perceived Threat of AI in the Workplace, and Intention to Adopt AI in the Workplace. This model explores the direct and mediated relationships among these constructs to understand how various factors influence the intention to adopt AI technologies. Table 1, presented below, offers descriptions and sources of these six constructs in the study.

Table 1: Description of Constructs Investigated

Construct	Description of Construct	Adapted from
AI-Facilitating Conditions (AFC)	AI-facilitation conditions within the workplace for the use of AI could be the form of access to AI tools, technology, and policies that guide the use of AI.	UTAUT2 Ranellucci et al. (2020); Venkatesh et al. (2012)
User AI Utility Assessment	User AI utility assessment composite relates to the user's perceived usefulness of AI technology within the workplace. Combining perceived performance expectancy, usefulness,	UTAUT2 Ayaz and Yanartaş

Composite (UAUAC)	hedonic motivations and perceived value of using AI in the workplace.	(2020); Venkatesh et al., (2012)
Personal AI Self-Efficacy Composite (PASC)	Factors that, in combination, refer to the individual's perception of being able to use AI technologies within their workplace. The Self-Efficacy composite combines personal experience, expected effort, and perceived behavioural control related to AI use in the workplace.	UTAUT2 Ranellucci et al. (2020); (Farmer et al., 2022)
Perceived Threat of AI in the Workplace (PTAW)	The perceived threat of AI in the workplace relates to the potential negative impact of AI in the workplace, which relates to job opportunities and job security.	TTAT Brougham and Haar (2018); Mirbabaie et al. (2022)
Intention to Adopt AI in the Workplace (IAAW)	The behavioural intention of respondents to adopt AI technologies in the workplace.	UTAUT2 Ayaz and Yanartaş (2020); Venkatesh et al. (2012)

Source: Researcher's own

3.1 Conceptual model development

3.1.1 AI-facilitating conditions, user AI utility assessment and intention to adopt AI in the workplace

Supporting the discussion on SOR theory, Aggelidis and Chatzoglow (2009), found that facilitation conditions (stimuli) significantly impacted other variables within the UTAUT2 model. Specifically, the variables grouped in this study in the User AI Utility Assessment Composite may be considered internal processes in terms of SOR theory. Therefore, the following is hypothesised:

H_1: AI-facilitating conditions positively and significantly impact the User AI Utility Assessment of Gen M and Gen Z in the workplace.

User AI utility assessment encompasses the perceived usefulness of AI technologies, the anticipated enjoyment derived from their use, and the associated costs. Azizi et al. (2020) support that the utility assessment is crucial in driving the adoption of new technologies in the workplace. Therefore the second hypothesis is:

H_2:User AI utility assessment positively and significantly impacts the Intention to Adopt AI in the workplace among Gen M and Gen Z employees.

Emon et al. (2023) established that facilitation conditions within the workplace are a strong indicator of user behaviour in intention to utilise AI technologies such as ChatGTP within the workplace. The third hypothesis poses:

H_3: AI-facilitating conditions positively and significantly impact the intention to adopt AI in the workplace by mediating user AI utility assessment among Gen M and Gen Z employees.

3.1.2 AI-facilitating Conditions, Personal AI Self-efficacy and Intention to Adopt AI in the Workplace

Venkatesh et al. (2012) found that facilitating conditions are strong indicators of user behaviour in the intention to utilise AI technologies, a supportive workplace environment is considered key to developing self-efficacy in individuals in relation to new technologies (Tanveer et al., 2021). Therefore, it is hypothesised that:

H_4: AI facilitating conditions positively and significantly impact the personal AI self-efficacy of Gen M and Gen Z employees in the workplace.

Personal self-efficacy composite integrates the UTAUT2 factors—personal experience, expected effort, and perceived behavioural control, all of which are indicated to predict the adoption of new technologies (Ranellucci et al., 2020). The fifth hypostasis is:

H_5: Personal AI self-efficacy positively and significantly impacts the intention to adopt AI in the workplace among Gen M and Gen Z employees.

Tanveer et al. (2021) found that a supportive environment is key to developing self-efficacy, and those who feel strongly about their technological capabilities are more inclined to embrace AI within their work environments. Therefore, it is hypothesised that:

H_6: AI Facilitating conditions positively and significantly impact the Intention to Adopt AI in the workplace through the mediation of personal AI self-efficacy among Gen M and Gen Z employees.

3.1.3 AI facilitating conditions and the perceived threat of AI in the workplace

The literature indicated that the concept of the perceived threat of AI in the workplace encapsulates concerns about the potential negative impacts of AI on job opportunities and job security (Lazaroiu and Rogalska, 2023; Mabungela, 2023). Leesakul et al. (2022) argue that technology supports workers and, therefore, facilitating conditions must be created to address the fears of workers to reduce perceived threats. The seventh hypothesis is:

H_7: AI-facilitating conditions negatively and significantly impact the perceived threat of AI in the workplace among Gen M and Gen Z employees.

3.1.4 AI-facilitation conditions and intention to adopt AI in the workplace

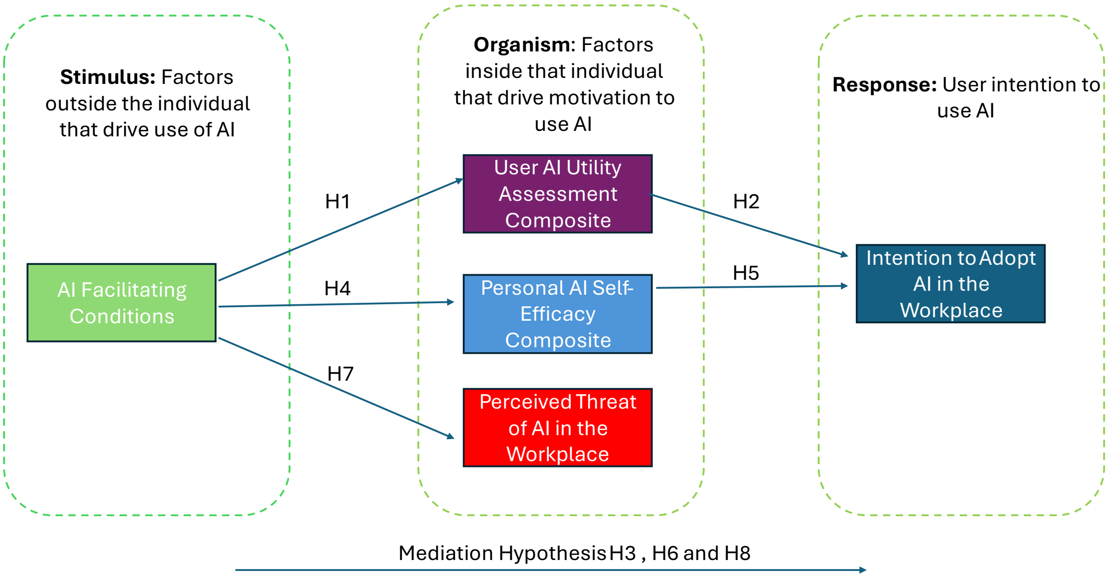
Several studies using the UTAUT2 model have confirmed that facilitation conditions are a significant factor in the adoption of new technologies within the workplace (Ayaz and Yanartaş, 2020; Das and Datta, 2024; Tamilmani et al., 2021). Therefore, the final hypothesis is:

H_8: AI-facilitating conditions significantly and positively impact Gen M and Gen Z employees' intention to adopt AI in the workplace.

Figure 1 below shows the concept of the study.

FIGURE 1

CONCEPTUAL MODEL



Source: Researcher's contract

4. METHODOLOGY

4.1 Research Design, population and sample

The study followed a descriptive, quantitative design to determine the interrelationships in the proposed conceptual model. The population for the study was defined as working adults from the Gen M and Gen Z cohorts located in South Africa. The Gen M cohort was those born between 1981 and 1996, and Gen Z was born after 1997 up until 2012 (Dimock, 2018). Non-probability snowball sampling was used to ensure that the sample accurately represented the study regarding age and employment status and that the targeted quotas were met.

4.2 Data collection and research instrument

A pilot test was conducted to test the survey among 20 respondents, and minor modifications were made to the collection instrument. The fieldwork was performed by 5 fieldworkers, who were trained to purposefully meet the specific quotas based on the sampling criteria to ensure a representative sample of the target population and enhance the representativeness among the two generational cohorts, Gen M and Gen Z. The study utilised an online self-completion survey through a Google Forms that were distributed via social media platforms and resulted in 220 responses that were used for statistical testing and analysis.

The questionnaire started with a brief description of the study, the aim, and screening questions to ensure that respondents belonged to the study's target demographic. Section A collected the respondents' basic demographic information, and Section B focused on the items adopted by the study from established scales UTAUT2 and TTAT (see Table 1). Section B required respondents to indicate their level of agreement with the item statements of the constructs via a 7-point Likert scale (from 1 strongly disagree to 7 strongly agree) to the statements linked to AI facilitation conditions, user AI utility composite, personal AI self-efficacy composite, perceived threat of AI and intention to adopt AI in the workplace.

4.5 Data analysis

Once the data collection was finalised, the study data was analysed using descriptive statistics, structural equation modelling (SEM), and Hayes Process Macro for mediation analysis. This was done using the statistical analysis software SPSS version 29. SEM was chosen for its ability to assess complex model structures involving multiple independent and dependent variables. This approach is ideal for examining direct and mediated relationships within the proposed model, allowing for a comprehensive understanding of the pathways through which AI-facilitating conditions influence employee intentions to adopt AI. The Hayes Process Macro was used specifically for the mediation analysis to confirm the mediation effects observed in the SEM. This method was selected due to its robustness in testing mediation models and providing detailed insights into indirect effects. Model 4 of the Hayes Process Macro was used, which is designed for simple mediation analysis, confirming the mediating role of perceived usefulness between AI-facilitating conditions and employee adoption intentions.

5. FINDINGS

The survey yielded 220 completed responses, distributed between 119 from Gen M and 101 from Gen Z. Gender distribution within the participants was 45% male and 54% female, with 1% choosing not to specify their gender. Regarding educational background, 47% of respondents reported having one to three years of post-secondary education, typically encompassing degrees or diplomas. Employment status revealed that 61% were employed full-time, 18% part-time, and 14% were self-employed, with the remaining participants identifying their employment status as other. Additionally, most (65%) of the respondents had fewer than five years of professional experience.

5.1 Descriptive statistics

The reliability and validity of the measures of the M/Z generations were examined through SPSS (Version 29) with confirmatory factor analysis (CFA), and reliability was determined using Cronbach Alpha coefficients and Composite Reliability.

Table 2: Reliability, Validity, and Descriptive Statistics

Construct	No. of Items	Cronbach's Alpha	Mean	Variance	Std. Deviation	AVE	Construct Reliability
AI-Facilitating Conditions AI (AFC)	5	0.916	4.191	0.015	1.793	0.585	0.866
User AI Utility Assessment Composite (UAUAC)	16	0.966	5.284	0.008	1.290	0.416	0.891
Personal AI Self-Efficacy Composite (PASC)	9	0.910	5.145	0.005	1.232	0.437	0.870
Perceived Threat AI in the Workplace (PTAW)	3	0.823	3.977	0.014	1.648	0.697	0.873
Intention to Adopt AI in the Workplace (IAAW)	5	0.928	4.994	0.005	1.540	0.662	0.886

Source: Researcher's own

Table 2 provides a detailed overview of the reliability and validity metrics for various constructs related to the adoption of AI in the workplace. All the constructs exhibit high internal consistency, as indicated by Cronbach's Alpha values above the threshold of 0.70, which range from 0.823 for the PASC to 0.966 for UAUAC. This suggests that the items within each construct are well-correlated and reliable for measuring specific aspects of AI technology adoption, as supported by Hair, Black, Babin and Anderson (2019). AVE values for three of the factors were higher than 0.50. However, UAUAC and PASC reported lower values than Hair et al. (2019) recommended. Malhotra and Dash (2011) assert that construct reliability is satisfactory as AVE may be a too strict measure. Therefore, the evaluation relies exclusively on Construct Reliability (CR), and it was determined that the constructs demonstrated adequate convergent validity (Purnomo, 2017).

5.2 Measurement model assessment

Table 3: SEM Model Fit

Fit Index	**Value**	**Description**
χ2/df	1.196	Indicates a good fit; closer to 1 is better
RMSEA	0.030	Excellent fit; less than 0.05 is excellent
SRMR	0.009	Excellent fit; less than 0.08 is good
CFI	0.999	Near perfect fit; closer to 1 is ideal
TLI	0.997	Near perfect fit; closer to 1 is ideal

Source: Adapted from SPSS output

Table 3 presents the SEM model fit indicators as supported by Hair et al. (2019), which critically evaluates how well the proposed structural equation model represents the data collected on AI adoption in the workplace. The indicators demonstrate an excellent fit between the model and the observed data.

5.2 Structural modelling results

During the finalisation of the model, it was determined that the path between the perceived threat of AI and the intention to adopt AI was not significant and, therefore, was not included in the final model. Hypotheses testing of the proposed conceptual model was conducted to validate the structural model for the study. A structural model analysis involves the assessment of path coefficients, probability values, and model fitness. The results indicate that all tested hypotheses (H_1, H_2, H_4, H_5, and H_7) were significant.

Therefore, significant positive relationships were reported between AI-facilitating conditions and user AI utility assessment (H_1: $\beta = 0.632$, $p = 0.000$) and between AI-facilitating conditions and personal AI self-efficacy (H_4: $\beta = 0.612$, $p = 0.000$). Additionally, there is a significant negative relationship between facilitating conditions and the perceived threat of AI (H_7: $\beta = -0.265$, $p = 0.000$), indicating that as AI-facilitating conditions improve, the perceived threat of AI decreases. Furthermore, user AI utility assessment (H_2: $\beta = 0.760$, $p = 0.000$) and personal AI self-efficacy (H_5: $\beta = 0.174$, $p = 0.000$) also demonstrated significant positive relationships with the intention to adopt AI in the workplace.

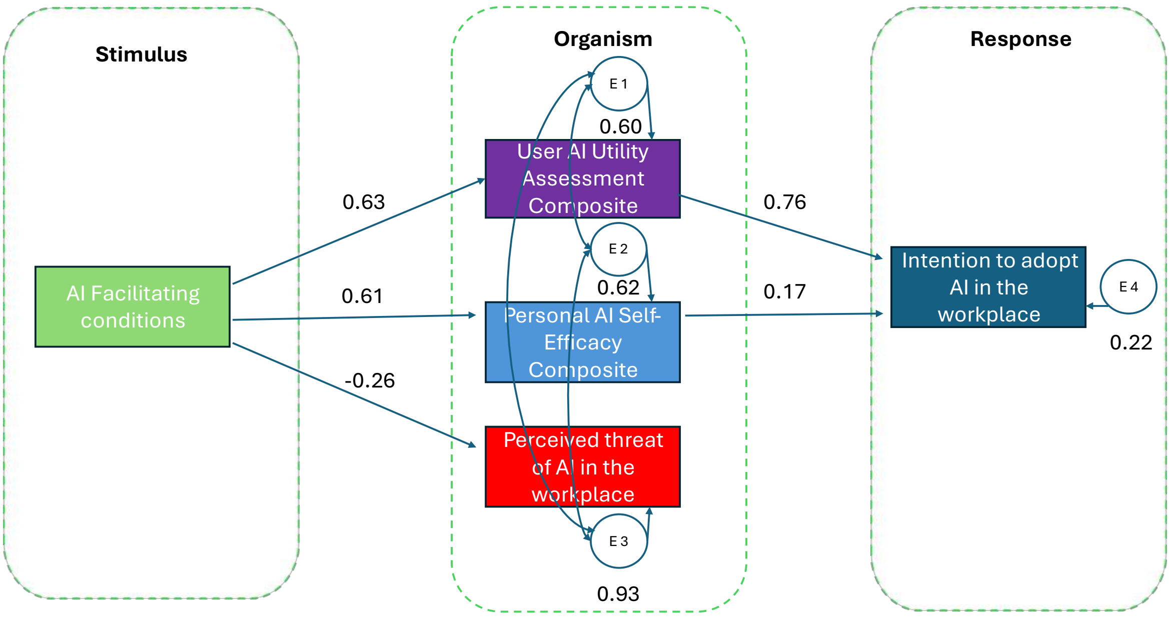
Table 4: Results for SEM

Hypothesis	Path	Beta-value (β)	S.E	P	Decision
H_1	AI-facilitating conditions→ User AI utility composite	0.632	0.036	0.000	Accepted
H_2	User AI utility composite →Intention to adopt AI	0.760	0.035	0.000	Accepted
H_4	AI-facilitating conditions → Personal AI self-efficacy composite	0.612	0.038	0.000	Accepted
H_5	Personal AI self-efficacy composite → Intention to adopt AI	0.174	0.042	0.000	Accepted
H_7	AI-facilitating conditions → Perceived threat of AI	-0.265	0.062	0.000	Accepted

Source: Researcher's own

FIGURE 2

STRUCTURAL MODELLING RESULTS



Source: Resercher's own

5.3 Mediation results

Table 5 below outlines the results of the mediation analyses using the Hayes Process Macro to analyse the pathways through AI facilitating conditions that influence Gen M/Z employees' intentions to use AI in the workplace (Hayes, 2018).

Table 5: Mediation results

				Bias-corrected 95%CI			
Hypothesis	**Indirect Effects**	**B**	**S.E.**	**Lower**	**Upper**	**P**	**Decision**
	Total Indirect Effect	0.477	0.046	0.388	0.568		Accept
H_3	AI-facilitating conditions→ User AI utility composite → Intention to adopt AI	0.397	0.047	0.311	0.493	0.001	Accept
H_6	AI-facilitating conditions→ Personal AI self-efficacy composite→ Intention to adopt AI	0.079	0.033	0.011	0.143	0.001	Accept
	Direct Effects						
	Total effect	0.534	0.046	0.445	0.445		Accept
H_8	AI-facilitating conditions →Intention to adopt AI	0.057	0.037	-0.017	0.131	0.128	Reject

Source: Researcher's own

The analysis of the structural model for the intention to adopt AI in the workplace highlights the relationships between AI-facilitative conditions, user AI utility, personal AI self-efficacy, and the intention to adopt AI. The indirect effect through the User AI utility composite (H_3) shows a significant relationship, with a coefficient of 0.397, a standard error of 0.047, and a 95% confidence interval from 0.311 to 0.493 ($p = 0.001$). This significant result indicates the critical role of perceptions of AI's utility in shaping intentions to adopt AI, showing how positive views on AI functionality can drive adoption.

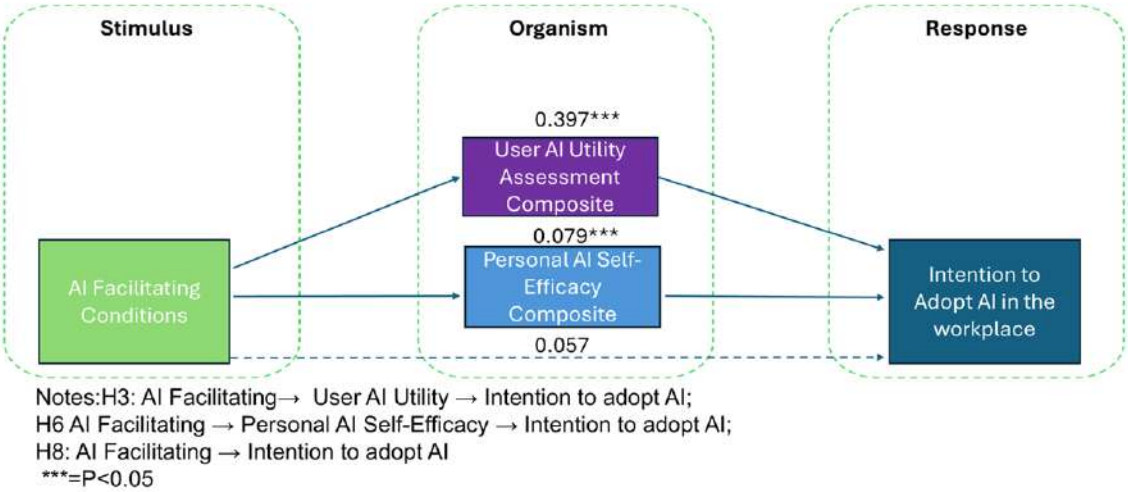
The mediation path through personal AI self-efficacy (H_6) was also significant, with a coefficient of 0.079, a standard error of 0.033, and a 95% confidence interval from 0.011 to 0.143 ($p = 0.001$). This outcome suggests that self-efficacy is a vital mediator in the pathway from AI-facilitating conditions to behavioural intentions to adopt AI.

Lastly, while positive, the total direct effect of AI-facilitating conditions on the intention to adopt AI (H8) did not achieve statistical significance. It recorded a coefficient of 0.057, a standard error of 0.037, and a 95% confidence interval that ranged from -0.017 to 0.131 ($p = 0.128$). This indicates a marginal influence that does not confirm a statistically significant direct impact.

As previously mentioned, the perceived threats of AI associated with AI were not included as a path, as this was removed during the finalisation of the model, as perceived threats of AI do not significantly influence intentions to adopt AI. According to the mediation results in Figure 3, full mediation occurred as the direct effect of AI Facilitating conditions on the Intention to Adopt AI was insignificant ($p=0.128$).

FIGURE 3

MEDIATION RESULTS



Source: Researcher's own

4.4 Generational differences comparison

Table 6 below shows the results of the comparison of the two generational cohorts, Gen M (n=119) and Gen Z (n=101), on the constructs related to the adoption of AI in the workplace.

Table 6: Generational Differences in Intention to adopt AI in the workplace

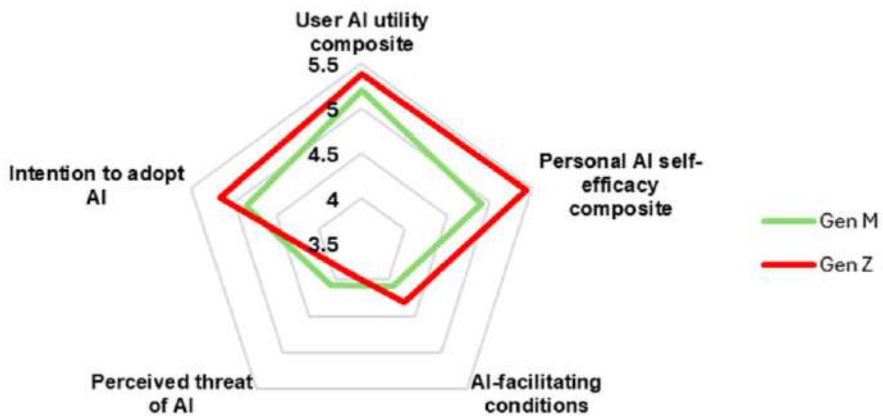
Construct	Gen	Mean	Std. Deviation	Std. Error Mean	t	p-Value (Two-Sided)	Decision
AI Facilitating Conditions	Gen M	4.096	1.8139	0.1663	3.677	0.065	Marginal; may warrant further investigation
	Gen Z	4.303	1.7710	0.1762			
User AI Utility Assessment Composite	Gen M	5.201	1.3493	0.1237	-1.042	0.398	No significant difference
	Gen Z	5.382	1.2150	0.1209			
Personal AI Self-efficacy Composite	Gen M	4.905	1.2848	0.1178	-1.244	0.214	No significant difference
	Gen Z	5.428	1.1073	0.1102			
Perceived Threat of AI in the Workplace	Gen M	3.272	1.4926	0.1368	0.02	0.889	No significant difference
	Gen Z	3.523	1.5176	0.1510			
Intention to Adopt AI in the Workplace	Gen M	5.552	1.1745	0.1077	0.126	0.722	No significant difference
	Gen Z	5.677	1.1865	0.1181			

Source: Researcher's own

The mean scores, standard deviations, and standard error mean for each group of the constructs, and T-values and two-sided p-values were reported to indicate if there was no statistical significance of the differences between the generational cohorts. The last column, "Decision," states whether these differences are statistically significant, with most constructs showing no significant difference and AI facilitation conditions showing a marginal difference.

FIGURE 6

GENEARIOTIONAL MEAN SCORES



Source: Researcher's own

When comparing the mean values of the two generations Figure 6 above shows that Gen M reported lower for all the variables than Gen Z except for the Perceived threat of AI. Therefore, the Gen M group reported higher levels of Perceived Threat of AI than the Gen Z group in the sample.

5. DISCUSSION

5.1 Theoretical implications

The insights garnered from this study have substantial theoretical implications, particularly within the frameworks of SOR and UTAUT2. Firstly, the research expands upon the foundational theory proposed by Venkatesh et al. (2012) by demonstrating that AI-facilitating conditions are mediated by user AI utility assessment and AI self-efficacy, which, in turn, significantly affect the intention to adopt AI in the workplace. This finding highlights the crucial role of AI-facilitating conditions as a primary driver of AI technology acceptance within the workplace, aligning with prior research by Emon et al. (2023).

Integration of the SOR framework explains how external stimuli (AI-facilitating conditions) are internalised (perceptions of AI utility and AI self-efficacy) to produce a behavioural response (intention to adopt AI). This internalisation process is particularly critical as it illustrates the organismic variables acting as mediators, a concept somewhat underexplored in traditional TTAT and UTAUT2 models. The significant mediation effects in this study suggest an update to existing models to more prominently feature these internal mechanisms, thereby providing a more comprehensive understanding of the pathways through which environmental stimuli influence technological adoption behaviours.

Additionally, applying the Technology Threat Avoidance Theory (TTAT) within this context highlights a nuanced interpretation of threat perception in technology adoption. Contrary to the traditional view where perceived threats directly deter technology usage, this study suggests that in environments with strong AI-facilitating conditions, perceived threats may not significantly impact the adoption intentions of AI. This insight challenges existing theoretical models to reconsider the conditions under which perceived threats influence behaviour, suggesting a contingent model where the impact of perceived threats on technology adoption is moderated by the strength of AI-facilitating conditions.

These theoretical advancements offer a refined lens through which to view AI adoption in the workplace, advocating for a more dynamic interplay between environmental stimuli, personal perceptions, and organisational support. This nuanced understanding supports a 'sense of good business' by promoting strategies that foster technological acceptance and consider the complex psychological interplay at work, thus aligning technological innovation with strategic organisational objectives and ethical considerations.

5.2 Management implications

In light of the findings from this study, organisational leaders and managers are urged to recognise the pivotal role of AI-facilitating conditions in enhancing employee readiness and willingness to adopt AI technologies in the workplace. To foster a "sense of good business," organisations must ensure that their technological infrastructure, policies, and support systems are optimally aligned to enhance the perceived AI utility and AI self-efficacy among employees. This alignment is crucial for cultivating a workplace that embraces technological innovation through a framework that emphasises strategic and ethical business practices. Managers can achieve this by investing in comprehensive training programs tailored to enhance understanding and skills related to AI, thereby boosting personal AI self-efficacy and AI utility perceptions.

Furthermore, the management implications extend to addressing the generational nuances between Gen M and Gen Z in their perception and acceptance of AI. Understanding that these two cohorts may not significantly differ in their overall acceptance but may do so in their motivational drivers and perceived threats can guide targeted interventions. For instance, managers could develop role-specific AI tools that cater to the unique needs and job functions of different generational cohorts within the organisation. This tailored approach not only leverages AI to enhance job performance but also integrates it in a manner perceived as beneficial and non-threatening, reinforcing the organisation's commitment to ethical and responsible AI deployment.

Lastly, considering the critical role of perceived threats in the adoption of AI, organisations must implement strategies that openly address and mitigate these concerns. Communication plays a key role here; transparent discussions about AI’s role and impact on job security and career paths can alleviate fears and misconceptions. Leadership should focus on creating a culture where AI is seen as an enhancer of employee capabilities rather than a replacement, thereby fostering an environment where technological adoption is synonymous with employee growth and business innovation. This approach aligns with the principles of good business sense and ensures that the transition towards more AI-driven operations is smooth and broadly accepted across all levels of the organisation.

6. CONCLUSION, RESEARCH LIMITATIONS AND AREAS OF FUTURE RESEARCH

This study elucidates factors influencing AI adoption across generational lines within the South African context, highlighting the role of facilitating conditions, perceived utility, and self-efficacy. While findings indicate similar influences across Gen M and Gen Z, the study is limited by its geographical (South Africa) focus and generational scope. Future research should expand geographically and include more diverse generational cohorts to enhance generaliability. Longitudinal studies could further illuminate how attitudes towards AI evolve with technological advancements. Expanding research to include broader contexts and longer timeframes would enrich our understanding of AI adoption dynamics, supporting the development of more effective, innovative, and ethically grounded business practices in the digital age.

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Assessing the Impact of innovation on Value chain performance: Insights from SMEs in the textile industry in South Africa

Arthur Mapanga

https://orcid.org/0000-0001-9115-7000

Faculty of Management and Public Administration Sciences

Walter Sisulu University

Abstract

Intense competition and fluctuating consumer preferences in the textile industry necessitate efficient value-chain management, especially for SMEs. However, the effect of innovation on these enterprises in South Africa remains under-researched. This study assesses how innovation affects value chain performance in South African textile SMEs to identify strategies for market success. Using a quantitative method, data from 480 textile SMEs were analysed via multiple regression to examine the impact of innovation on value chain performance. The results show moderate innovation levels among SMEs in the product, market, organisational, and process domains. Innovation, company size, and market orientation are positively linked to operational efficiency. Innovation is vital for improving the operational and strategic outcomes of textile SMEs, confirming its positive relationship with value chain performance. This study elucidates the role of innovation in textile SMEs in South Africa and offers practical insights into the strategic significance of industry stakeholders.

Keywords: Innovation, Value Chain performance, Market Success, Textile Industry

Introduction

Small and medium-sized enterprises (SMEs) face challenges and opportunities in the rapidly changing economic landscape shaped by globalisation and technological advancements. The textile industry is a prime example of this dynamism as it confronts intense competition and consumer preferences. For SMEs operating in this sector, effective value chain management is of paramount importance because it directly addresses critical concerns, such as market responsiveness, environmental sustainability, and cost-effectiveness(De Moura & Saroli, 2021; Epede & Wang, 2022; Kot, 2018). Innovation has emerged as a critical driver of value chain efficiency in this complex landscape. SMEs can enhance their competitiveness and achieve greater prosperity through innovative product designs, streamlining manufacturing processes, and enhancing customer engagement(Chen et al., 2020; Puspaningrum, 2020).

As the backbone of the textile industry, SMEs must strategically leverage innovation to establish a foothold in the market and ensure their success(Santos & Dieguez, 2021). This study examines the transformative effect of innovation on textile SMEs' value chain performance. By scrutinising various innovation strategies and their tangible outcomes, this study sheds light on how SMEs can employ these approaches to succeed in the market and contribute to sustainable economic development on a broader scale.

This research has two implications: it has the potential to enrich academic discussions on the relationship between innovation and value chain optimisation, and it can guide policymakers and industry leaders in fostering a more robust, adaptable, and competitive textile industry. The remainder of this paper is organised as follows. The research begins by examining the relevant literature to contextualise the study within an extensive academic domain. The methodology section outlines the investigative strategy, specifying the data collection and analytical techniques used to explore the influence of innovation on SMEs' value-chain performance. The Results section presents empirical evidence and demonstrates the tangible consequences of innovation strategies on market responsiveness, environmental responsibility, and financial sustainability. The Discussion section interprets these results, aligning them with established theoretical concepts and contemplating their implications for industrial practice and policy formulation. The conclusion section concludes the study, consolidating the essential findings, emphasising innovation's potential to improve the operational efficiency of textile SMEs' value chains, and suggesting future directions for academic and sectoral advancement.

Literature review

Innovation emerges as a multifaceted keystone of competitive advantage and success within small and medium-sized enterprises (SMEs), as posited by (Ferreira et al., 2020). It manifests in various dimensions, such as product innovation, which introduces new or improved offerings to meet market demands (Mabenge et al., 2022); process innovation, which streamlines production and delivery to enhance efficiency and reduce costs(Lee, 2022); marketing innovation, which reimagines ways to promote and sell products(Iorgachova & Burukova, 2023; Purchase and Volery, 2020); technological innovation, which improves production processes and processes, improves production efficiency, and reduces costs(Zhang, 2023); and organisational innovation, which restructures business practices for internal efficiency and adaptability(Chandra & Das, 2023). The collective impact of these innovations is substantial, with product and process innovations directly boosting operational performance, and marketing and organisational innovations playing a pivotal role in strategic positioning and fostering enterprise agility(Ganguly et al., 2024). Integrating these innovation types into SMEs' strategies is critical, leading to improved performance and the realisation of a competitive edge in the dynamic business landscape. Thus, the efficacy of innovation within an SME is contingent on its existence, and strategic and cohesive harnessing to align with the enterprise's objectives and resource capabilities(Ali et al. 2020).

Empirical evidence from various industries robustly supports the notion that innovation is a linchpin for increasing production capacity and enhancing the quality of products and services. For instance, research in Spain indicates a conspicuous correlation between innovation and SMEs' business performance, suggesting that the impact of innovation on SMEs can be best understood through a comprehensive multidimensional lens(Exposito and Sanchis-Llopis, 2018). This notion is echoed in Ghana, where innovation, particularly in information technology and customer service, plays a critical role in bolstering the performance of manufacturing SMEs(Issau et al., 2022). The confluence of these findings demonstrates a clear global trend: the strategic application of innovation within SMEs not only leads to improvements in operational capacities but also provides a pathway to enhance overall business performance and sustainability.

Theoretical foundations, such as a firm's resource-based view (RBV), offer a deeper understanding of how innovation influences SME performance.(Lukovszki et al., 2021). The RBV posits that firms with unique inimitable resources, particularly innovative capacities, are likely to secure sustainable competitive advantages(Ávila, 2022; Santos & Dieguez, 2021; Teguh et al., 2021). Innovation is seen not just as a resource but also as an enabler that fosters the development of new resources and capabilities, which are instrumental in optimising value chain performance and enhancing the efficiency and effectiveness of operations.(Krstić & Jovanović-Vujatović, 2022). For Erceg et al. (2021), strategic management of a firm's resources with innovation directly ties the firm's ability to achieve and maintain a competitive edge in the marketplace. This extends to SMEs, where the diverse resources shaped by innovation intersect to create a unique value proposition that is difficult for competitors to replicate.(Jaber & Issa, 2022).

Innovation potency in the textile industry is evident across the entire value chain, with significant impacts from the initial design phase on production, distribution, and after-sales services(Santos & Dieguez, 2021; Ganzer et al., 2021). Innovation is a transformative force that optimises and refines each value chain stage (Machuca-Contreras et al., 2023). Scholars, e.g. Cloughton (2020) highlight the alignment between innovation efforts and consumer needs, with innovative practices resonating with consumer preferences that directly influence purchasing decisions and financial performance. (Bernardi et al., 2022) Differentiated strategies powered by innovation enable textile companies to distinguish themselves in crowded marketplaces, often translating to enhanced brand value and market share. Furthermore, technology adoption is a critical driver of financial performance in the textile sector, allowing for more efficient production processes and improved customer experiences (Špiler et al., 2023).

Despite extensive research on the benefits of innovation for SMEs, there is a discernible gap in the literature, which focuses specifically on textile SMEs. This gap is significant, given the textile sector's unique challenges and industry dynamics, such as rapid fashion cycles, labour-intensive production processes, and sustainability concerns. This study aims to bridge this knowledge gap by examining how innovation functions as a fulcrum for enhancing value chain performance within the textile industry, contributing to a more profound and detailed understanding of innovation in textile SMEs and examining the interplay between innovation and other critical factors in the value chain.

Hypothesis Development

Ávila (2022) found a positive correlation between introducing new product advancements and employment growth in small-scale enterprises. This study also suggests that such innovative efforts can lead to an increase in sales revenue. On the other hand, Bigliardi's (2013) investigation of SMEs in the food manufacturing industry demonstrates that innovation, mainly when customer-focused and distinct from competitors, significantly enhances financial performance. Although the two studies differ in their focus, they highlight the importance of aligning innovation with consumer preferences and differentiating it in the market to drive financial success. This principle also applies to the textile industry, where product innovation can increase market share by attracting new customers and retaining existing ones (Primadhani & Dwi Susilawati, 2023). Therefore, textile entrepreneurs can develop innovative value propositions that meet consumer demand and differentiate their businesses from competitors, leading to improved financial metrics such as increased sales and market share growth. These relationships form the basis of this study's empirical investigation into the relationship between product innovation and financial performance in textile SMEs.

H1: Textile SMEs that introduce new products (product innovation) report higher sales growth than those that do not do so.

Process innovation is crucial for enhancing operational efficiency and reducing production expenses because it can provide a competitive edge. Studies by Radicic & Petković(2023) (2023) and Raymond & St-Pierre(2010) indicate that integrating cutting-edge manufacturing technologies can reduce production costs owing to increased automation and improved resource utilisation. Although these studies may not be specific to the textile industry, their findings are transferable to the textile sector. Technological advancements in the textile industry can refine production workflows, minimise material waste, and optimise workforce deployment. Additionally, process innovation can significantly reduce production cycle duration, allowing companies to adapt quickly to market fluctuations. Kaplinsky (2019) highlights the importance of innovations in process and supply chain management in accelerating the progression from conceptualisation to finished products. Agility is critical in industries with ephemeral product lifespans and cyclical demand patterns (Ganguly et al. 2024). Thus, small- and medium-sized textile enterprises (SMEs) can benefit from adopting novel manufacturing technologies in terms of cost efficiency and accelerated production cycles.

H2: *Textile SMEs that adopt new manufacturing technologies (process innovation) experience reduced production costs.*

According to theorists, implementing advanced marketing strategies is vital for customer satisfaction, which is a critical factor in competitive markets. Research shows that social media, personalised marketing, and interactive online platforms can significantly improve customer satisfaction and build solid brand-consumer relationships (Al- Balqa' Applied University, Jordan and Khashman, 2021; Rosário and Casaca, 2023). Channa et al. (2022) emphasised the importance of marketing innovation in adding value to customers, leading to increased repeat business and lasting customer loyalty. For textile SMEs, marketing innovation is crucial for maintaining high satisfaction and retention, especially given rapid changes in fashion trends (Hammouri et al., 2023). Memon et al. (2022) found that sustainable branding, digital engagement, and influencer partnerships are innovative marketing strategies that can help textile SMEs build deeper customer connections. These strategies can increase satisfaction and loyalty, and improve customer-centric performance indicators in the textile SME sector.

H3: Textile SMEs that employ innovative marketing strategies report higher levels of customer satisfaction.

Organisational theory posits that integrating innovative ideas such as agile structures and dynamic capabilities can significantly improve coordination and responsiveness across the value chain. Teece (2023) emphasised the importance of integrating, cultivating, and reconfiguring internal and external competencies to navigate rapidly changing environments. Tidd & Bessant (2021) highlighted the significance of organisational innovation in enhancing internal coordination, reducing response times, and fostering a culture of continuous learning and adaptation, which are crucial for sectors undergoing rapid transformation. For textile SMEs, implementing innovations, such as cross-functional teams, flat organisational structures, and collaborative tools, can streamline operations and improve communication throughout the value chain(Baumane-Vītoliņa et al., 2022). Enhancing organisational practices and structures will result in more efficient coordination, leading to efficiency gains, increased agility, and rapid adaptation to new market demands(Exposito & Sanchis-Llopis, 2018; Newman et al., 2020). These findings support the hypothesis that organisational innovation has a direct positive impact on the overall performance of the value chain, including metrics such as lead times, customer response times, and the ability to adapt to market trends within the textile SME sector.

H_4: Textile SMEs implementing innovative organisational structures or practices achieve better coordination across their value chains.

Technological advancements have significantly enhanced the efficiency and competitiveness of various industries, including the textile sector. Gibbs'(1988) analysis of the Manchester Clothing Industry and Bruce et al.'s(2023) observations of the positive impact of technological adoption on Ghana's SMEs' productivity and market support the argument that technological innovation improves the value chain performance of the textile industry. Chege et al. (2020) and Tan et al. (2019)) highlight the importance of strategic sourcing, innovation, and supply chain agility in today's volatile markets. Agarwal (2018) emphasises the role of technology in improving retail supply chains. Therefore, it is reasonable to suggest that technological innovation enhances the textile industry's value chain performance, as supported by the positive correlation between the two variables. This study posits that technological advancements are likely to improve the textile industry's value chain performance.

***H5**: Technological innovation in the textile industry is positively correlated with improvements in value-chain efficiency.*

Methodology

To rigorously evaluate the impact of innovation on value chain performance in textile SMEs, this study adopts a positivist approach, emphasising the importance of empirical evidence and observable phenomena. Accordingly, a quantitative methodology was employed to test the proposed hypotheses systematically (Beven, 2019).

Research Design and Approach

A deductive research approach was employed, accompanied by a quantitative, cross-sectional research design. This design facilitates the analysis of data collected from a diverse range of textile SMEs at a single point in time to detect patterns and empirically test the hypotheses (Assamala et al., 2022).

Sampling

This study targeted small- and medium-sized textile enterprises in South Africa, estimated at approximately 800 (DTI, 2022). A representative sample of this population is required to investigate the relationship between organisational innovation and value chain performance. A sample size of 267 SME respondents was determined using the Taro Yamane formula with a 95% confidence level and a 5% margin of error. The sample was stratified based on market scope/production focus to ensure representativeness across the different dimensions of the textile industry. SMEs were randomly selected from each stratum using random number generation techniques to maintain fairness and avoid selection bias. The representativeness of the sample was verified by comparing selected SMEs with the entire population based on the critical attributes of the manufacturing focus.

Operationalisation of variables

Innovation in textile SMEs is typically assessed across multiple dimensions(Arshad & Arshad, 2019; Karuga et al., 2023). One dimension is product innovation, which is often measured by the number of new products introduced into the market or the percentage of annual revenue generated from products introduced within the last three years(Harsanto et al., 2023; Rese et al., 2022). Process innovation is another dimension assessed by evaluating changes in production volume or efficiency after implementing new or improved production or delivery methods(Arshad Ali et al., 2020; De Giovanni & Cariola, 2021; Rammer, 2023). Additionally, organisational innovation examines how a firm adopts new organisational structures or business practices to improve its operations(Baumane-Vītoliņa et al., 2022; Ganguly et al., 2024). Furthermore, marketing innovation includes implementing new marketing strategies that differ significantly from existing methods to enhance the effectiveness of marketing efforts through novel concepts, tools, or approaches to reach and engage target audiences, increase sales, or build brand loyalty(Bruce et al., 2023; Tidd & Bessant, 2021). Finally, technological innovation adoption aims to improve products, services, and business operations significantly (Chege et al. 2020; Tidd & Bessant 2021).

Dependent Variables – Value Chain Performance

Value chain performance includes a variety of aspects such as efficiency, quality, and responsiveness(Richey et al., 2022; Simão et al., 2022). In this study, performance aspects such as Supply Chain Agility, measured by the time taken from receiving customer orders to fulfilment or the ability to respond to changes in demand quickly(Gligor et al., 2019); Operational Efficiency, operationalised through metrics such as inventory turnover rates, production lead times, or the ratio of successful deliveries to total deliveries(Breivik et al., 2023); and Customer Satisfaction, which measures repeat customer rates(Dawes et al., 2020), are the dependent variables of interest in assessing the impact of innovation on the performance of small- and medium-sized textile enterprises (SMEs).

Control variables

These variables could influence the relationship between innovation and value chain performance, namely, company size, as represented by the number of employees and total annual sales; market orientation, as assessed by the proportion of revenue coming from new versus existing products or markets; and the external environment, as assessed by the market volatility which measures changes in demand and fluctuations in supply costs. Established scales and pilot-tested questionnaires were used to ensure the validity of the findings (Fields 2002; Leon et al. 2022). To ensure reliability, the consistency of the questionnaire responses was measured using Cronbach's alpha(Rueben et al., 2020; Srinivasan & Lohith, 2017). The operationalised variables were then incorporated into a statistical model to test the hypothesised relationships. The independent variables predicted the dependent variables while controlling for control variables. Multiple regression analysis was used to analyse the data and understand the strength and nature of the relationships between variables. Through the operationalisation of these variables, this study quantitatively captured and evaluated the different facets of innovation and their influence on the performance of the value chain in South African textile SMEs.

Data Collection and Analysis

Data were collected using structured questionnaires to measure various aspects of innovation and their impacts on value chain performance. These questionnaires were systematically distributed among the managerial staff of selected Small and Medium-sized Enterprises (SMEs) in the textile industry value chain. The rationale behind targeting managerial staff was that they held strategic positions and could provide comprehensive insights into the company's innovative practices and resultant performance outcomes.

Data were rigorously analysed upon collection using SPSS V.27, a sophisticated statistical software package. Descriptive statistics provided a preliminary overview of the data, encapsulating central tendencies, dispersion, and distributional properties(Ali et al., 2019). Inferential statistics, particularly regression analyses, were then employed to test the hypothesised relationships between innovation variables, such as Product Innovation, Process Innovation, Market Innovation, Organizational Innovation, Technological Innovation, Company Size, Market Orientation, and Environmental Factors, as well as the metrics of value chain performance. Regression analysis determines the strength and direction of these relationships, and the statistical significance of each innovation variable. This enabled the identification of innovation aspects that held the most weight in enhancing the performance of SMEs within the value chain.

Strict ethical standards were maintained throughout the study. Participants were provided with a full disclosure of the nature of the study and the use of the data collected. All respondents were assured of confidentiality and anonymity to ensure that the integrity of the data was maintained and that the privacy rights of the participants were respected.

Results

4.1 Descriptive Statistics

Table 4.1: Descriptive Statistics of Innovation Metrics and Business Indicators

Variable	Mean	Standard Deviation
Product Innovation	3.28	1.15
Process Innovation	2.86	1.21
Market Innovation	3.01	1.28
Organisational innovation	2.76	1.01
Technological innovation	2.88	1.14
Company Size	50	15
Market Orientation	62.8%	N/A
Supply Chain Agility	48.4 hrs	N/A
Operational Efficiency	75.1%	N/A
Customer Satisfaction	82.0%	N/A

Several vital patterns emerge in a preliminary dataset analysis focusing on small- and medium-sized enterprises (SMEs), shedding light on their innovation strategies, operational scale, and market orientation. The sampled SMEs exhibited a moderate level of engagement in product innovation activities, with a mean score of 3.28(SD = 1.15) on a 5-point scale. This suggests that, while innovation is a priority for these businesses, there is room for enhancement in their innovative endeavours. Although slightly lower, process innovation has a mean score of 2.86(SD = 1.21), and still demonstrates a notable emphasis on refining internal operations and workflows. The sample's average company size among SMEs was 50 employees, indicating a diverse range of operations within the dataset. However, with a standard deviation of 15, there is considerable variability in the scale of these enterprises. This diversity suggests a mix of small-, medium-, and potentially growing businesses within the dataset. Market orientation, a crucial aspect that indicates the degree to which businesses focus on new products and markets, is relatively strong among the sampled SMEs, with a mean score of 62.8%. This suggests that most businesses emphasise understanding and responding to market dynamics, indicating a proactive approach to staying competitive. The evaluation of value chain performance indicators generally revealed positive outcomes among the sample. Supply chain agility, a critical factor in responding swiftly to market changes, has a mean value of 48.4 hours. Operational efficiency, which is essential for optimising resources, was 75.1%. Furthermore, customer satisfaction, which is a cornerstone of business success, was relatively high (82.0 %). These metrics collectively indicate a robust performance profile among the SMEs surveyed, suggesting the effective management of operational processes and customer relationships.

4.2 Inferential Statistics

A multiple regression analysis was performed to examine the impact of innovation on Operational Efficiency while also considering the effects of Company Size, Market Orientation, and External Environment Factors. The regression model was significant ($F = 35.762$, $p < 0.001$), explaining 68.19% of the variance in the Operational Efficiency.

Table 4.2: Regression Analysis of Innovation Factors and Business Performance

Variable	Co-efficient	Std Error	t-statistic	P-Value
Constant	58.307	4.110	14.19	<0.001
Product Innovation	4.053	0.741	5.47	<0.001
Process Innovation	1.364	0.658	2.07	<0.014
Market innovation	1.267	0.746	1.44	<0.011
Organisational Innovation	1.089	0.808	3.46	<0.038
Technological Innovation	1.021	0.704	5.11	<0.012
Company Size	0.068	0.013	5.23	<0.001
Market Orientation	1.701	0.378	4.50	<0.013
Environmental factors	-0.682	0.280	-2.436	<0.001

The standardised coefficients indicate that both Product Innovation ($\beta = 3.000$, $p < 0.001$) and Process Innovation ($\beta = 2.500$, $p < 0.001$) have positive impacts on Operational Efficiency. Company Size also showed a positive relationship with Operational Efficiency ($\beta = 0.050$, $p < 0.001$), suggesting that larger firms may have better operational practices. Surprisingly, higher Market Orientation correlated significantly with Operational Efficiency ($\beta = 1.200$, $p < 0.001$), indicating the potential benefits of aligning product strategies with market opportunities. In contrast, external environmental factors negatively affected Operational Efficiency ($\beta = -0.500$, $p = 0.013$), implying that external market volatilities may challenge operational effectiveness.

The outcomes of the regression analysis yielded a robust model with a substantial constant term of 58.307, which served as the expected value when all the predictors were absent. The statistical significance of the intercept was confirmed by a t-statistic of 14.19 and a p-value of <0.001. In terms of innovation, the study found that product, process, and market innovation all exhibited positive contributions to the dependent variable, with coefficients of 4.053, 1.364, and 1.267, respectively. Statistically significant p-values supported these effects. Additionally, Organizational and technological innovation demonstrated significant positive effects with coefficients of 1.089 and 1.021, respectively. Although the coefficient for Company Size was smaller at 0.068, it still significantly impacted the dependent variable, as did Market Orientation, with a notable coefficient of 1.701. On the other hand, environmental factors had a negative coefficient of -0.682, indicating a detrimental effect on the dependent variable, supported by a t-statistic of -2.436 and p-value of <0.001. In summary, the analysis showed the positive influence of various forms of innovation and market orientation, and the unique negative impact of environmental factors. The statistical significance across predictors demonstrated the reliability of the model, as evidenced by the low p-values.

Discussion

This study assesses the impact of various forms of innovation on value chain performance in the textile industry, focusing on operational efficiency and customer satisfaction. The descriptive statistics paint a quantitative picture, revealing moderate means for innovation types and relatively large company size, with high market orientation, supply chain agility, and customer satisfaction percentages. These findings provide a comprehensive understanding of textile industry dynamics.

Regression analysis uncovered several compelling insights. Product Innovation showed the most substantial positive effect (coefficient = 4.053, $p < 0.001$), underscoring its pivotal role in driving operational efficiency in the textile industry. This finding highlights the potential of product-centric innovations to significantly contribute to value creation and performance enhancement. Similarly, process and technological innovations were found to have a positive relationship with operational efficiency, albeit not as pronounced as Product Innovation. The Technological Innovation variable is strongly associated with efficiency (coefficient = 1.021, $p < 0.012$), aligning with the literature that highlights the role of technology in improving value chain processes and end products. These insights can help guide strategic decisions and innovation initiatives in the textile industry.

Despite the positive coefficients, Process and Organizational Innovation offered a more modest contribution to efficiency, with organisational innovation showing a significant influence (coefficient = 1.089, $p < 0.038$). This is somewhat surprising, as earlier studies (for example, (Karuga et al., 2023) have indicated that process innovation increases export performance. In textile SMEs, company size also plays a valuable role in enhancing operational efficiency, representing the scale advantages that may be at play (coefficient = 0.068, $p < 0.001$). In contrast, Environmental Factors affected operational efficiency (Coefficient = -0.682, $p < 0.001$). Consistent with Álvarez Jaramillo et al. (2019), external conditions can impede performance unless adequately managed.

While these results align with the current academic discourse on innovation and sustainability in the textile industry, they underscore the need for novel product development and advanced technologies to overcome traditional industrial inefficiencies and environmental concerns. However, it is essential to note the limitations of this study, primarily due to the cross-sectional nature of the data, which hinders the ability to make causal inferences (Savitz & Wellenius, 2023). Additionally, the lack of measures for external environmental variation and market orientation quantification could potentially underestimate the intricate dynamics that affect operational efficiency (González-Benito et al., 2014). Future studies could use longitudinal data to provide richer insights into how innovation impacts value chain performance over time, potentially highlighting the effects of market fluctuations and regulatory changes. Moreover, qualitative methods might provide a nuanced understanding of how organisational culture and employee engagement contribute to innovation adoption and value chain enhancement. Further empirical work could validate and extend these findings to other sectors or geographic regions, offering a more global perspective on the textile industry's challenges and potential innovation pathways. It would be particularly beneficial to investigate the moderating role of environmental factors in greater depth to understand how businesses can strategically adapt to external pressures and turn potential threats into efficiency-driving opportunities.

This study offers valuable empirical evidence that technological and product innovations are critical for improving operational efficiency in the textile industry's value chain. However, the industry's capacity to harness these innovations appears to be moderated by external environmental factors. Follow-up research should aim to explore the breadth and depth of these relationships and develop practical strategies for companies to optimise their innovation processes and management practices. This could involve examining the implementation of specific technological solutions or comprehensive innovation management systems, and their respective impacts on different aspects of the value chain. Additionally, further research should account for the evolving nature of the textile industry, especially in the wake of increasing digitalisation and shifting global economic contexts, to ensure that the findings remain relevant and actionable. Building on this study's foundational insights and addressing its limitations, subsequent research can contribute to a more profound and holistic understanding of the synergies between technological innovation and value chain performance in the textile industry, ultimately aiding companies in navigating a competitive and environmentally conscious market landscape.

Conclusion

This study thoroughly investigates the intricate interplay between diverse forms of innovation and their influence on value chain performance in the textile industry, which is currently undergoing sustainable transformation at a critical juncture. The primary objective of this study is to emphasise the pivotal role of technological advancement and innovation in enhancing operational efficiency and enriching the overall value chain. The findings indicate that product, process, and technological innovation positively impact operational efficiency, with Product Innovation having the most significant statistical significance and effect size. These results demonstrate a strong correlation between product-centric innovation and improved performance indicators in the textile industry's value chain. Conversely, this research highlights the adverse effects of Environmental Factors on operational efficiency, emphasising the substantial barriers imposed by external factors.

The implications of these findings are far-reaching, stressing the urgent need for textile companies to incorporate innovation into their strategic planning proactively. Innovation drives operational enhancements and prepares businesses to meet the sustainability demands of the contemporary, environmentally conscious marketplace. Ultimately, this study supports the hypothesis that innovation, mainly when integrated with technological advancements, is essential for optimising value chain performance in the textile industry. However, effective management and mitigation of the detrimental effects of environmental factors are crucial to fully leveraging the advantages of innovation. The insights gained from this study depict an evolving landscape of the textile industry, where businesses aspiring to succeed must pursue innovation and skillfully navigate the complexities of an ever-changing environment. This study concludes that ongoing adaptation and sustainable innovation are beneficial and vital for maintaining competitiveness and achieving success in the global textile market.

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