



ISSN 1913-9004 (Print)
ISSN 1913-9012 (Online)

International Business Research

Vol. 12, No. 9, September 2019

Canadian Center of Science and Education®

INTERNATIONAL BUSINESS RESEARCH

An International Peer-reviewed and Open Access Journal for Business Research

International Business Research is an international, double-blind peer-reviewed, open-access journal. IBR is published by the Canadian Center of Science and Education in both print and online versions. IBR aims to promote excellence through dissemination of high-quality research findings, specialist knowledge, and discussion of professional issues that reflect the diversity of this field.

The scopes of the journal include:

Business
Marketing
Management
Finance
Economics
Accounting

The journal is included in:

EconBiz; ECONIS; ERA
Google Scholar
IBZ Online
JEL; RePEc
SHERPA/RoMEO
Ulrich's; ZBW

Open-Access Policy

We follow the Gold Open Access way in journal publishing. This means that our journals provide immediate open access for readers to all articles on the publisher's website. The readers, therefore, are allowed to read, download, copy, distribute, print, search, link to the full texts or use them for any other lawful purpose. The operations of the journals are alternatively financed by publication fees paid by authors or by their institutions or funding agencies.

Copyright Policy

Copyrights for articles are retained by the authors, with first publication rights granted to the journal/publisher. Authors have rights to reuse, republish, archive, and distribute their own articles after publication. The journal/publisher is not responsible for subsequent uses of the work.

Submission Policy

Submission of an article implies that the work described has not been published previously (except in the form of an abstract or as part of a published lecture or academic thesis), that it is not under consideration for publication elsewhere, that its publication is approved by all authors and tacitly or explicitly by the authorities responsible where the work was carried out. However, we accept submissions that have previously appeared on preprint servers (for example: arXiv, bioRxiv, Nature Precedings, Philica, Social Science Research Network, and Vixra); have previously been presented at conferences; or have previously appeared in other "non-journal" venues (for example: blogs or posters). Authors are responsible for updating the archived preprint with the journal reference (including DOI) and a link to the published articles on the appropriate journal website upon publication.



The publisher and journals have a zero-tolerance plagiarism policy. We check the issue using the plagiarism prevention tool and a reviewer check. All submissions will be checked by iThenticate before being sent to reviewers.



This is an 'Open Access' journal published under a creative commons license. You are free to copy, distribute, display, and perform the work as long as you clearly attribute the work to the authors.

IBR accepts both Online and Email submission. The online system makes readers to submit and track the status of their manuscripts conveniently. For any questions, please contact ibr@ccsenet.org.



Online Available: <http://ibr.ccsenet.org>

EDITORIAL TEAM

EDITOR-IN-CHIEF

Michaela Maria Schaffhauser-Linzatti, University of Vienna, Austria
Rafael Hernandez Barros, Universidad Complutense de Madrid, Spain

ASSOCIATE EDITORS

Giuseppe Granata, Univeristy of Cassino and Southern Lazio, Italy
M. Muzamil Naqshbandi, University of Dubai, United Arab Emirates
Olszak Celina, University of Economics in Katowice, Poland
Rafiuddin Ahmed, James Cook University, Australia
Wing-Keung Wong, Asia University, Taiwan, Province of China

EDITORIAL ASSISTANT

Kevin Duran, Canadian Center of Science and Education, Canada

EDITORIAL BOARD MEMBERS

Abbi M. Kedir, UK	Cristian Marian Barbu, Romania
Abderrazek Hassen Elkhaldi, Tunisia	Cristian Rabanal, Argentina
Abedalqader Rababah, Oman	Daniel Cash, United Kingdom
Andrei Buiga, Romania	Dionito F. Mangao, Philippines
Ajit Kumar Kar, India	Domenico Nicolò, Italy
Alina Badulescu, Romania	Duminda Kuruppuarachchi, New Zealand
Alina Cristina Nuta, Romania	Essia Ries Ahmed, Malaysia
Alireza Athari, Iran	Eva Mira Bolfiková, Slovakia
Anca Gabriela Turtureanu, Romania	Ewa Ziemia, Poland
Andrea Carosi, Italy	Farouq Altahtamouni, Jordan
Anna Paola Micheli, Italy	Fawzieh Mohammed Masad, Jordan
Antônio André Cunha Callado, Brazil	Federica Caboni, Italy
Arifur Rahman, Bangladesh	Federica De Santis, Italy
Ashford C Chea, USA	Federico de Andreis, Italy
Aurelija Burinskiene, Lithuania	Fevzi Esen, Turkey
Ayoub Sidahmed, Sudan	Filomena Izzo, Italy
Bazeet Olayemi Badru, Nigeria	Florin Ionita, Romania
Behrooz Gharleghi, Malaysia	Foued Hamouda, Tunisia
Benjamin James Inyang, Nigeria	Francesco Scalera, Italy
Bruno Ferreira Frascaroli, Brazil	Gengeswari Krishnapillai, Malaysia
Bruno Marsigalia, Italy	Georges Samara, Lebanon
Chemah Tamby Chik, Malaysia	Gianluca Ginesti, Italy
Chokri Kooli, Canada	Gilberto Marquez-Illescas, USA
Christopher Alozie, Nigeria	Giuseppe Russo, Italy
Christos Chalyvidis, Greece	Grzegorz Strupczewski, Poland
Claudia Isac, Romania, Malaysia	Grzegorz Zasuwa, Poland

- Guy Baroaks, Israel
Haldun Şecaattin Çetinarslan, Turkey
Hanna Trojanowska, Poland
Henrique Fátima Boyol Ngan, Macao
Hejun Zhuang, Canada
Herald Ivan Monis, India
Hsiao-Ching Kuo, USA
Hung-Che Wu, China
Ionela-Corina Chersan, Romania
Isam Saleh, Jordan
Iwona Gorzen-Mitka, Poland
Ivana Tomic, Serbia
Janusz Wielki, Poland
Jerome Kueh, Malaysia
Jing Cheng, USA
Joanna Katarzyna Blach, Poland
Joseph Lok-Man Lee, Hong Kong
Keshmeer Makun, Fiji
Khaled Mokni, Tunisia
Ladislav Mura, Slovakia
Lee Yok Yong, Malaysia
Leo Franklin, India
Leow Hon Wei, Malaysia
Luisa Helena Pinto, Portugal
Mahdi Shadkam, Malaysia
Manuela Rozalia Gabor, Romania
Marcelino José Jorge, Brazil
Marcos Ferasso, Brazil
Marco Valeri, Italy
Maria do Céu Gaspar Alves, Portugal
Marta Joanna Ziółkowska, Poland
Maria Madela Abrudan, Romania
Maria Teresa Bianchi, Italy
Maryam Ebrahimi, Iran
Michele Rubino, Italy
Mihaela Simionescu (Bratu), Romania
Miriam Jankalova, Slovakia
Miroslav Iordanov Mateev, UAE
Mithat Turhan, Turkey
Modar Abdullatif, Jordan
Mohamed A. R. Salih, Saudi Arabia
Mohsen M. Khiabani, Malaysia
Mongi Arfaoui, Tunisia
Muath Eleswed, USA
Munther Barakat Alnimer, Jordan
Murat Akin, Turkey
Nadia Oliva, Italy
Na Wen, USA
Nermine Magdy Atteya, USA
Nicoleta Barbuta-Misu, Romania
Nitin Simha Vihari, India
Odemir Vieira Baêta, Brazil
Odor Hillary, Nigeria
Oluyomi Abayomi Osobajo, UK
Ouedraogo Sayouba, Burkina Faso
Ozgur Demirtas, Turkey
Pascal Stiefenhofer, United Kingdom
Philippe Van Cauwenberge, Belgium
Prosper Senyo Koto, Canada
Radoslav Jankal, Slovakia
Ran Zhao, USA
Raphaël Dornier, France
Razana Juhaida Johari, Malaysia
Riaz Ahsan, Pakistan
Riccardo Cimini, Italy
Roberto C. da R. Miranda, Brazil
Romana Korez Vide, Slovenia
Rossana Piccolo, Italy
Roxanne Helm Stevens, USA
Salah Eddine Taha, Morocco
Sara Saggese, Italy
Sam C Okoroafo, USA
Sang-Bing Tsai, China
Seetha Nesaratnam, Malaysia
Serhii Kozlovskyi, Ukraine
Shame Mukoka, Zimbabwe
Shun Mun Helen Wong, Hong Kong
Silvia Ferramosca, Italy
Slavoljub M. Vujović, Serbia
Stephen Donald Strombeck, USA
Stoyan Neychev, Bulgaria
Sumathisri Bhoopalan, India
Tatiana Marceda Bach, Brazil
Tariq Tawfeeq Yousif Alabdullah, Iraq
Valeria Stefanelli, Italy
Valerija Botric, Croatia

Vassili Joannides, Australia

Velia Gabriella Cenciarelli, Italy

Wanmo Koo, USA

Wasilu Suleiman, Nigeria

Wejdene Yangui, Tunisia

Yan Lu, USA

Yasmin Tahira, UAE

Zi-Yi Guo, USA

CONTENTS

Pragmatism as a Supportive Paradigm for the Mixed Research Approach: Conceptualizing the Ontological, Epistemological, and Axiological Stances of Pragmatism <i>Heba Maarouf</i>	1
Linking Motivation to Employees' Performance: the Mediation of Commitment and Moderation of Delegation Authority <i>Eric Irakoze, Kashosi Gad David</i>	13
Fitting in: Different Types of Person-Environment Fit as Drivers of Career Self-management in Kuwait <i>Ikhlas Abdalla, Awad M. Al-Zufairi, Moudi Al-Homoud, Ali H. Muhammad</i>	29
Industrial Development and Combating Unemployment in Arab Countries <i>Hussein TRABULSI</i>	43
Electoral Advertising Based on Proximity Marketing <i>Jessenia Garrido-Martinez, Patricio Medina-Chicaiza</i>	52
The Effect of Using Mobile Banking Services Applications on Electronic Word of Mouth: The Mediating Role of Perceived Trust <i>Lama Zalloum, Hamad Alghadeer, Nawras Nusairat</i>	62
The Brand Value in a New Concept of Hotel: The Albergo Diffuso Sextantio Case <i>Barbara Iannone, Liliana Marcella</i>	81
An Empirical Analysis of the Link between Economic Growth and Exports in Côte d'Ivoire <i>Daouda Coulibaly, Fulgence Zran Goueu</i>	94
Reviewer Acknowledgements for International Business Research, Vol. 12, No. 9 <i>Kevin Duran</i>	105

Pragmatism as a Supportive Paradigm for the Mixed Research Approach: Conceptualizing the Ontological, Epistemological, and Axiological Stances of Pragmatism

Heba Maarouf¹

¹ Business Administration Department, Faculty of Commerce, Cairo University, Egypt

Correspondence: Heba Maarouf, Business Administration Department, Faculty of Commerce, Cairo University, Giza, 12631, Egypt.

Received: July 8, 2019

Accepted: July 29, 2019

Online Published: August 26, 2019

doi:10.5539/ibr.v12n9p1

URL: <https://doi.org/10.5539/ibr.v12n9p1>

Abstract

The emergence of the mixed research approach has been accompanied by searching for a philosophy that legitimates mixing quantitative and qualitative methods in one research. Many researchers consider pragmatism as the most common philosophical justification for the mixed research approach; however, pragmatism is criticized as a philosophy in general and also as philosophical support for the mixed research approach especially for not addressing the differing assumptions of the quantitative and qualitative paradigms. Trying to overcome this criticism, the current research is mainly concerned with presenting pragmatism as a coherent, integrated paradigm by conceptualizing its ontological, epistemological and axiological stances. The researcher coins three new terminologies: the reality cycle, the double-faced knowledge, and the necessary bias principle. These philosophical stances combine both the quantitative and qualitative paradigms' points of view as two integrated, not conflicting philosophies.

Keywords: pragmatism, mixed research, the reality cycle, the double-faced knowledge, the necessary bias principle

1. Introduction

The quantitative and qualitative paradigms face one another in a long-lasting debate or what so-called "the paradigm war". It has started at the '70s and continued through the '80s and the '90s (Hall, 2013; Johnson & Christensen, 2012; Sale, Lohfeld, & Brazil, 2002). During the '80s each group of researchers claimed that their approach is superior and some of them were "purists" assuring that the quantitative and qualitative approaches cannot be combined together because of the quantitative-qualitative paradigmatic differences, what is known as the "incompatibility thesis". Starting from the '90s many researchers have refused this principle and started a new approach mixing quantitative and qualitative research methods (Biddle & Schafft, 2015; Glogowska, 2011; Johnson & Christensen, 2012; Johnson & Onwuegbuzie, 2004).

Gradually, the adaptation of the mixed research approach has incredibly increased. In 2013, nearly 1800 mixed methods studies were published, this is a huge jump compared to nearly 20 articles per year in the '90s. This dramatic increase has been "professionally legitimized" by textbooks and journals that are mainly concerned with mixed research (Biddle & Schafft, 2015; Molina-Azorin, 2016) such like "Journal of Mixed Methods Research". Moreover, the mixed research approach is spreading in many research disciplines including for example business research, psychology, sociology (Molina-Azorin, 2016), international relations (Pratt, 2016), educational research (Johnson & Christensen, 2012), library and information sciences research (Ma, 2012), information system research (Goldkuhl, 2008, 2012), and health service research (Glogowska, 2011; Sale et al., 2002). However, Barnes (2019) believes that the mixed research approach is not sufficiently represented in the social sciences until the moment taking into account the rich and valuable insights that it provides.

Scholars suggested many different philosophies to justify the mixed research approach (Barnes, 2019; Fetters and Molina-Azorin, 2017b; Ghiara, 2019). Between all these philosophies, pragmatism is considered by many researchers to be the most common philosophical justification (Biddle & Schafft, 2015; Dieronitou, 2014; Hall, 2013; Hathcoat & Meixner, 2017; Yvonne Feilzer, 2010). However, pragmatism is criticized as a philosophy in general and also as philosophical support for the mixed research approach especially for not addressing the

differing assumptions of the quantitative and qualitative paradigms (e.g., Hall, 2013; Biddle & Schafft, 2015; Sale et al., 2002). Trying to overcome this criticism, the current research is mainly concerned with presenting pragmatism as a coherent, integrated paradigm by conceptualizing its ontological, epistemological and axiological stances in a way that combines both quantitative and qualitative paradigms' points of view as two integrated, not conflicting philosophies.

The present research is organized as follows. First, differentiating between the quantitative and qualitative research paradigms and approaches. Second, explaining the mixed research approach and the philosophical debate around it. Third, discussing pragmatism as the most common philosophical justification for the mixed research approach and explaining some aspects of criticism it faces. Forth, conceptualizing the ontological, epistemological and axiological stances of pragmatism. The researcher coins three new terminologies: the reality cycle, the double-faced knowledge, and the necessary bias principle. Finally, the research contribution and conclusion are summarized.

2. Quantitative and Qualitative Research Paradigms and Approaches

The quantitative paradigm is based on objectivism and positivism, therefore, it is called "the scientific research" (Creswell, 2014; Ma, 2012; Jonker & Pennink, 2010). According to the quantitative paradigm, there is only one objective reality that is separated from the researcher's perceptions. The researcher is independent of the phenomenon under investigation, he does not affect nor affected by the phenomenon. The main goal of quantitative research is to measure causal relationships using a value-free framework (Johnson & Onwuegbuzie, 2004; Sale et al., 2002). From the other hand, the qualitative paradigm is based on subjectivism and interpretivism. Qualitative researchers believe in the existence of multiple realities based on researcher's construction of reality. The investigator and the phenomena cannot be separated and findings are mutually created within the context through value-bound research, which suggests that reality does not exist before the investigation process and ceases to exist when we no longer focus on it (Johnson & Onwuegbuzie, 2004; Sale et al., 2002).

The quantitative approach follows the quantitative research paradigm and depends on the collection and analysis of quantitative data (Bryman & Bell, 2007; Johnson & Christensen, 2012). It is a "confirmatory" or a "deductive" approach as its main goal is to test theories and hypothesis by examining the relationships among variables (Antwi & Hamza, 2015; Bryman & Bell, 2007; Johnson & Christensen, 2012; Creswell, 2014). On the other hand, the qualitative approach follows the qualitative research paradigm and depends on the collection and analysis of qualitative data (Bryman & Bell, 2007; Johnson & Christensen, 2012). It is an "exploratory" or an "inductive" approach that aims to explore and understand the meanings that individuals or groups attach to the social phenomena (Bryman & Bell, 2007; Johnson & Christensen, 2012; Creswell, 2014).

However, many researchers believe that both approaches can be integrated to serve the process of social inquiry for two reasons. First, the choice between the quantitative and qualitative research approaches is mainly based on the position of the conducted research to the theory. The quantitative deductive approach is testing a theory, while the qualitative inductive approach is developing one (Glogowska, 2011; Saunders, Lewis, & Thornhill, 2009). Second, besides the role of each approach in developing knowledge, the two approaches have contradicting advantages and disadvantages. The quantitative approach has the advantages of providing quantitative precise results and being relatively quicker in data collection and analysis. However, theory and hypotheses tested in the quantitative research may disregard some important variables and do not reflect the local social understanding. From the other side, qualitative research is useful in examining a limited number of cases in depth. It is also very helpful in addressing complex phenomena as it can provide rich details. However, the knowledge produced by qualitative research cannot be generalized in other contexts. Besides, it is very time-consuming in data collection and analysis (Johnson & Onwuegbuzie, 2004). From this integrated view of the quantitative and qualitative research, the mixed research approach has emerged

3. The Mixed Research Approach

3.1 Defining the Mixed Research Approach

Over the past two decades, the mixed research approach has been increasingly acknowledged as the third methodological movement (Biddle & Schafft, 2015; Cameron, 2011; Hall, 2013; Ma, 2012; Molina-Azorin, 2016). Quantitative and qualitative approaches are no longer seen as two discreet opposite approaches. Instead, they represent two ends of a continuum as a study can be seen as more quantitative than qualitative or vice versa. The mixed research approach is in the middle of this continuum (Creswell, 2014; Johnson & Onwuegbuzie, 2004).

In the mixed research, a researcher uses a mix of quantitative and qualitative approaches (designs and methods) in one study or a set of related studies. This can be done either concurrently when conducting both parts at the same time or sequentially when conducting one part first and the other second (Antwi & Hamza, 2015; Johnson & Christensen, 2012; Ma, 2012; Molina-Azorin, 2016). The reason for choosing the methods will determine its order in the research design (Glogowska, 2011; Molina-Azorin, 2016). The core assumption of the mixed research approach is that mixing quantitative and qualitative methods provides a complete understanding of the research problem than using only one type of methods (Creswell, 2014; Molina-Azorin, 2016). For example, Mitchell (2018) have explained two case studies where mixed research methods were used, he found out that using mixed research have provided both quantitative and qualitative reasoning that lead to best data explanation and best understanding for the studied research phenomena.

The mixed research approach is usually referred to as the "mixed methods research". However, researchers are arguing about which term is more appropriate. For example, Johnson & Christensen (2012) believe that using the term "mixed research" without including the word "methods" is not only simpler but also more accurate as the quantitative-qualitative debate is not only about methods but mainly about philosophy. However, Fetters and Molina-Azorin, (2017b) disagree arguing that when the term "mixed methods research" was initiated there was no intention to exclude the philosophical aspects of the concept, and meanwhile, the term is seen to be inclusive of all philosophical and methodological sides. Although the term "mixed methods research" is the most commonly used at the present time (Johnson, Onwuegbuzie, & Turner, 2007), the researcher agrees with Johnson and Christensen and believes that the term "mixed research" is what actually reflects the true essence of this approach.

In addition, the mixed research approach is different than what is called the "multi-methods approach" or "multiple methods approach". However, the relationship between the two terms is not clear. For example, Greener (2008) and Hall (2013) believe that in the multiple methods approach a researcher adopts different methods of data collection that all belong to the same type either quantitative or qualitative, subsequently; it does not face the same philosophical debate the mixed research approach does. On the contrary, Fetters and Molina-Azorin, (2017a) believe that the multiple methods approach includes using more than one method of data collection that can be all quantitative, all qualitative or a mix of quantitative and qualitative methods; in consequence, they classify the mixed research approach as one form of the multiple methods approach.

Finally, it worth mentioning that some researchers refer to the mixed research as a third paradigm or a combination of paradigms, not as a third approach (e.g., Baškarada and Koronios, 2019; Ghiara, 2019; Ma, 2012). Researchers who adopt this point of view explain their perspective by the various meaning of the term paradigm itself. In the researcher's opinion, this is an additional source of confusion that we do not need. It is necessary to differentiate between mixing quantitative and qualitative methods as a research approach and the underlying philosophical assumptions that support this methodological choice.

3.2 Advantages and Challenges of the Mixed Research Approach

There are two main advantages of using the mixed research approach (Sale et al., 2002). The first advantage is the "complementary strengths" which means using the strengths of one research method to enhance or support another one. Mixed researchers believe that using only quantitative or qualitative research is limited and incomplete for many research problems. As every approach has its strengths and weaknesses; they should be combined in a way that improves research quality by gaining integral strengths and avoiding overlapping weaknesses (Johnson & Christensen, 2012; Sale et al., 2002).

The second advantage is "Triangulation". The purpose of triangulation is to enrich and strength research results by using different methods of data collection and analysis to study the same phenomenon in order to gain a complete understanding of this phenomenon. Triangulation is also used to check on findings from a particular method with finding reached by another one (Glogowska, 2011; Greener, 2008; Molina-Azorin, 2016; Sale et al., 2002).

From the other side, implementing the mixed research approach is faced by two main challenges. First, the mixed research approach needs more time, effort, and money as it includes two phases of research at least (Molina-Azorin, 2016). Second, it requires the researcher to expand his research skills, talents and experiences by learning about new research methods and techniques in order to be qualified to conduct both the quantitative and qualitative parts of research (Fetters and Molina-Azorin, 2017b; Molina-Azorin, 2016). This last challenge, in particular, should be seen as an opportunity, as many researchers tend to keep using the same research methods and avoid learning about new ways of doing research which limits their chances of adopting a wide range of research problems (Molina-Azorin, 2016).

3.3 Research Designs for the Mixed Research Approach

There are three research designs for the mixed research approach. First, the "convergent parallel mixed method" is a research design where a researcher collects both quantitative and qualitative data at the same time and then integrates the overall results to get comprehensive analysis for the research problem (Barnes, 2019; Creswell, 2014). This research design can take two forms, "the concurrent triangulation design" which uses two research methods one of them is basically used to confirm or check on the findings of the other, and the "concurrent nested design" where there is one main research method and the other one is used for different purpose such as answering a different research question or focusing more on a minor group of a major group (Barnes, 2019)

Second, the "explanatory sequential mixed method" is a research design where a researcher conducts quantitative research first then qualitative research. The researcher conducts the qualitative research to provide further explanation for the quantitative research results. Finally, there is the "exploratory sequential mixed method" where a researcher starts with qualitative research then conducts quantitative research. Data from the qualitative phase could be used to build a new instrument, choose an appropriate one, or to choose variables that are going to enter the following quantitative research phase (Barnes, 2019; Creswell, 2014).

3.4 The Philosophical Debate Around the Mixed Research Approach.

The emergence of the mixed research approach has been accompanied by searching for a philosophy that legitimates mixing quantitative and qualitative methods in one research (Biddle & Schafft, 2015; Johnson et al., 2007; Hall, 2013). Researchers have used different approaches and suggested different philosophies to deal with this dilemma. Three different approaches are dealing with the philosophical debate around the mixed research approach: the paradigmatic stance, the multiple paradigm approach, and the single paradigm approach (Barnes, 2019; Hall, 2013).

"The paradigmatic stance" is simply ignoring the quantitative-qualitative debate completely based on the idea that methodology is independent of epistemology (Barnes, 2019; Hall, 2013). If we argue that choosing research methods does not depend on paradigms, this means that both quantitative and qualitative methods can be used under any research paradigm (Mkansi & Acheampong, 2012; Saunders et al., 2009). However, the relationship between methods and paradigms is complicated and not agreed upon. For example, Betzner (2008) and Johnson and Onwuegbuzie (2004) believe that although some methods are best used under a certain paradigm, it does not mean that the relationship is constant as many research methods can be used under both the quantitative and qualitative paradigms. On the other hand, Hall (2013) disagree with this notion and asserts that epistemology constrains what can be considered valuable knowledge and, in consequence, methods of collecting and analysing this knowledge.

While the previous approach ignoring the paradigmatic debate, **"the multiple paradigm approach"** claims that paradigms are not incompatible, thus quantitative and qualitative methods can be used in one research (Hall, 2013). According to this approach, although every type of methods belongs to a different paradigm, combining quantitative and qualitative methods is too valuable for generating different type of contributions in research (Barnes, 2019). For example, Mitchell (2018, p. 104) have stated that "quantitative and qualitative research approaches are not only compatible but also complementary". The same meaning has been expressed by Weber (2004) as he has mentioned that the quantitative-qualitative debate is no longer useful or helpful and differences between the two paradigms are shallow and not real, and even if differences between paradigms are true, they have little impact on how excellent researcher do their job as they simply choose research methods that best serve their research objectives.

These two approaches, the paradigmatic stance and the multiple paradigm approach, give the impression that mixed research has no philosophical justification. For example, Sale et al. (2002) believe that the mixed research approach is adopted by a new generation of researchers who do not acknowledge the philosophical distinctions between the two paradigms. Instead, they recognize the technical differences and believe that quantitative and qualitative techniques are just tools that can be integrated to answer critical research questions. Sale et al. have criticized the non-philosophical arguments imposed to justify the mixed research approach such like that both paradigms share the same goal of understanding the world, both include the belief of theory representation of facts, and combining the two paradigms is very useful in studying complex phenomena. They believe that these arguments are not enough as none of them addressing the underlying assumptions for every paradigm and challenging these assumptions is the only convincing way of combining the two paradigms in one research.

The critics directed to the previous approaches have created **"the single paradigm approach"** which asserts that both quantitative and qualitative methods can be combined under a single paradigm (Barnes, 2019; Hall, 2013). The question remains, which one?

Researchers have suggested different paradigms that would serve as the philosophical background of the mixed research approach (Barnes, 2019; Fetters and Molina-Azorin, 2017b; Ghiara, 2019). These suggestions include "pragmatism", "critical realism", the "transformative" paradigm, (Fetters and Molina-Azorin, 2017b; Ghiara, 2019; Shannon-Baker, 2016), dialectical pluralism (Barnes, 2019; Fetters and Molina-Azorin, 2017b; Shannon-Baker, 2016), postmodernism (Fetters and Molina-Azorin, 2017b), feminism and realism (Barnes, 2019; Ghiara, 2019). However, Pragmatism is considered by many researchers as the most common philosophical support for the mixed research approach (Biddle & Schafft, 2015; Dieronitou, 2014; Hall, 2013; Hathcoat & Meixner, 2017; Yvonne Feilzer, 2010).

4. Pragmatism as a Philosophical Justification for the Mixed Research Approach

Many researchers have stressed that pragmatism can provide a philosophical justification for the mixed research approach. For example, Denscombe (2008) and Mitchell (2018) have mentioned that pragmatism is considered to be "the philosophical partner" of the mixed research approach as its underlying assumptions provide the essence for mixing research methods. Also, Johnson et al. (2007) agree that pragmatism is an advanced philosophy that provides the epistemology and the logic for combining the quantitative and qualitative approaches and methods. Moreover, Creswell (2014) has mentioned that pragmatism is the philosophy that permits mixing paradigms, assumptions, approaches and methods of data collection and analysis.

Pragmatism is all about the notion "what works". This is mainly referring to the pragmatic theory of truth. Pragmatism is simply oriented toward solving practical problems in the real world rather than being built on assumptions about the nature of knowledge (Creswell, 2014; Hall, 2013; Shannon-Baker, 2016). This means that pragmatism leads "action-oriented" research procedures (Cameron, 2011).

In order to explain the relationship between knowledge and action from the pragmatic point of view, Goldkuhl (2008) and (2012) has defined three forms of pragmatism. First, the "*functional pragmatism*" or "knowledge for action" which means that the purpose of scientific knowledge is to improve action and make a practical difference. Second, the "*referential pragmatism*" or "knowledge about action" which implies that pragmatism describes the world in an action-oriented way. Third, the "*methodological pragmatism*" or "knowledge through action" which asserts that knowledge is created through action, or action is our source to know about the world.

In addition, the notion "what works" is also related to the use of research methods (Creswell, 2014; Hall, 2013). Every research starts with an interesting thought or a research question and a final goal to answer this question in order to add valuable knowledge to the concerned area of research (Greener, 2008). According to pragmatism, research should be designed and conducted in the best way that serves to answer the research questions regardless of its underlying philosophy (Biddle & Schafft, 2015; Creswell, 2014; Glogowska, 2011; Johnson & Christensen, 2012; Saunders et al., 2009).

As it supports using whatever research method "*works*" to answer the research questions, pragmatism does not only justify the mixed research approach but also opens all methodological choices in front of a researcher where the mixed research approach becomes one way of applying the pragmatic philosophy. Biddle & Schafft (2015) have mentioned that a pragmatic researcher has the option to conduct quantitative, qualitative or mixed research based on what serves his research purposes.

Many researchers criticize pragmatism as a philosophy in general and also as a philosophical justification for the mixed research approach. In the researcher's opinion, some of these arguments are not strong enough while others cannot be ignored. For example, Hall (2013) has criticized pragmatism from a methodological point of view for not defining "what works" when it comes to research methods. He has argued that the value of research methods cannot be assessed before the research is completed. However, the researcher believes this argument is not convening. The purpose, advantages, and disadvantages of every research method are clear and have been examined by thousands of researchers. The talent of a pragmatic researcher relies on his ability to determine which research method serves which research purpose and in case of mixing methods he should be able to design his research in a way that gains the advantages of both quantitative and qualitative methods while avoiding their weaknesses. Another example, Biddle & Schafft (2015) have criticized pragmatism from an axiological point of view. They have argued that pragmatic researchers ignore the role of values in research. They suggest that defining pragmatism as "what works" raises the question of "what works for whom and to what extent? The researcher believes this is a weak argument too. One possible simple answer for the question "what works for whom?" it could be anyone the pragmatic researcher is interested to serve by his research based on whatever research purposes he decides.

However, pragmatism also faces strong criticism for its basic underlying assumptions. For example, Biddle and Schafft (2015) have criticized pragmatic researchers for using any research method believing that the philosophy

which a research method is based on is not related to the practical benefits of this method. In addition, Sale et al. (2002) argue that pragmatism does not address the issue of the differing assumptions of the quantitative and qualitative paradigms. They believe these assumptions suggest that quantitative and qualitative methods are not studying the same phenomenon, which makes mixing methods for cross-validation or triangulation is not logical.

In the researcher's opinion, this is the strongest criticism for pragmatism as a philosophy in general and a justification for the mixed research approach. The researcher believes that the philosophy which any research method is based on and the practical benefits of this method are totally related, however, pragmatic researchers did not give much attention to the paradigmatic philosophical debate depending heavily on the notion "what works". Without a clear philosophical justification for the pragmatic methodological choices, pragmatism will always be underestimated as an integrated paradigm and will be equal to "the paradigmatic stance" or "the multiple paradigm approach". Therefore, the researcher is presenting pragmatism as a coherent paradigm by conceptualizing its ontological, epistemological, and axiological stances from her point of view.

5. Conceptualizing the Philosophical Stances of Pragmatism:

As it has been explained, without philosophical justification for the mixed research approach, we have two options, either to ignore the quantitative-qualitative debate completely or pretend that the two paradigms are not incompatible. Both options are desperate solutions for not challenging the differing assumptions of the quantitative and qualitative paradigms and will always be criticized.

Mixed researchers need to state their philosophical or paradigmatic stances clearly in order to be able to justify their methodological choices (Cameron, 2011). Given this necessity, the researcher conceptualizes the ontological, epistemological and axiological stances for pragmatism in a way that combines both the quantitative and qualitative paradigms' points of view as two integrated, not conflicting philosophies.

By clarifying these stances, the researcher believes that pragmatism can serve not only as the philosophical partner for the mixed research approach but also as the paradigm that has the potentials to win the "paradigm war" by ending the quantitative-qualitative paradigms debate. Pragmatism is the paradigm that opens all possible options in front of a researcher, what can make it prevail over all other research philosophies.

5.1 The Ontological Stance: The Reality Cycle

Based on the principle of the "ontological foundationalism" a researcher needs to have a clear view about reality or he will not be able to make the right methodological choices (Lohse, 2016). However, ontology is the most ignored aspect of the pragmatic philosophy as pragmatism is usually seen as epistemological and methodological stances, not as a whole integrated paradigm.

Many researchers have referred to the importance of dealing with the ontological differences between the two paradigms for pragmatism. Morgan (2007) has argued that pragmatism implies that pragmatic research is "intersubjective" which means being subjective and objective at the same time, accepting both the existence of one reality and that individuals have multiple interpretations of this reality. Moreover, Saunders et al. (2009) have mentioned that pragmatism implies that reality is external and multiple at the same time and that a researcher chooses the view best serves his research purposes. Similarly, Johnson and Christensen (2012) have mentioned that to conduct mixed research it is important to understand both the objective and subjective views of reality. Although it is important not to be biased or affect the phenomenon under investigation, it is also so important to understand the social actors' point of view.

Despite all these opinions, many researchers have argued that scholars did not give much attention to the ontological issue in pragmatism. Morgan (2007) has mentioned that pragmatists refuse the top-down prevailing of the ontological assumptions and believe that epistemological and methodological issues should be separated from ontology. Also, Pratt (2016) has criticized pragmatic scholars for focusing on pragmatism as epistemology and methodology, while ignoring pragmatism as ontology. Moreover, Lohse (2017) has referred to the same meaning in what he has called the "anti-ontological pragmatism" that rejects ontological stances as underground for doing research. Similarly, Hathcut and Meixner (2017) have argued that pragmatism has created "anti-philosophical" attitude avoiding discussing reality issues while seeking to maximize research benefits through the notion "what works". In their opinion, despite all researchers' trails to define the pragmatic philosophy, it is not clear how pragmatism guides the social inquiry process which created an "anything goes" attitude.

The researcher agrees to these opinions and argues that the ontological position of pragmatism still not clear until the moment. Ignoring or avoiding this issue or even simply claiming that a pragmatic researcher uses both the quantitative and qualitative ontological stances is a great point of weakness that prevents pragmatism from

evolving into a coherent paradigm. Pragmatism is deeply in need of a clear ontological stance that justifies how a pragmatic researcher can switch between two opposite ontological positions to fulfil his research purposes, in other words, in which cases and under which circumstances a pragmatic researcher should choose to be objective or subjective.

In order to allow pragmatic researchers to view and use multiple ontological positions, pragmatism should flow from an ontological stance that is located in the middle of the objectivity-subjectivity continuum. The researcher conceptualizes this ontological stance as the reality cycle.

The reality cycle is based on the idea of the existence of one reality and multiple perceptions of this reality in the social actors' minds. According to the reality cycle, there is only one reality exists in a certain context at a certain point of time. Reality depends on the context to exist and continue existing, which means that changing the context changes the reality and the existence of multiple contexts means the existence of multiple realities. However, this reality is perceived differently by the social actors which causes reality to change in a continuous process that goes as follows: reality is perceived by humans or social actors differently, humans' perceptions of reality control their behaviours, interactions among these behaviours construct a new context over the time, and constructing a new context generates a new reality. Although these changes in the context happen continuously it does not have an immediate practical effect, however, it creates notable changes in reality after a considerable period of time, exactly like the ageing process of a human being that happens every second but it may take years to be notable. In consequence, the reality cycle adopts a practical pragmatic point of view assuming that reality is stable most of the time and changes periodically. "The reality cycle" is illustrated in figure 1.

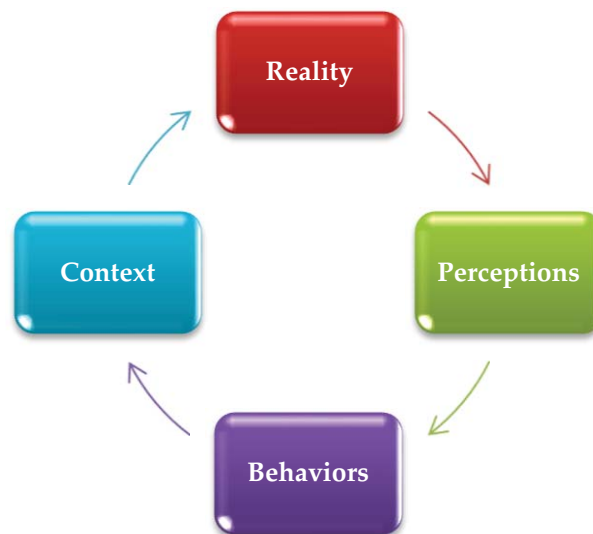


Figure 1. The reality cycle

The reality cycle assumptions allow the pragmatic researcher to switch between the two views of the one external reality and the multiple perceptions of reality in social actors' minds and thus between the quantitative and qualitative research approaches and methods.

First, assuming reality is stable most of the time, the reality cycle allows the pragmatic researcher to adopt the one reality view and use the quantitative approach to test a theory about reality. Having a theory to be tested means that we have minimum knowledge about the phenomenon under investigation and the context containing this phenomenon, which allows us to develop variables to be measured and hypotheses to be tested. In this case, the pragmatic researcher describes the reality temporarily in low-like generalizations, which is practical enough to match the pragmatic notion "what works".

Second, as the reality cycle also assumes that reality changes periodically, the pragmatic researcher takes into account that these generalizations are going to be obsolete when the context changes, which requires to pay close attention and review the theories of social sciences as much as necessary to make sure it is still valid and representing the truth. In case the theory became obsolete a pragmatic researcher needs to develop the current

theory or create a new one. This may also happen when we conduct research in a new context or face a new phenomenon. Then we face a situation where we do not have the minimum knowledge we need; we have no theory to be tested and no idea about the variables that could be affecting or explaining this phenomenon. In these cases, a pragmatic researcher is allowed to use a qualitative approach to examine the social actor's perceptions about reality. Examining social actor's perceptions will provide a deep understanding of the context generating the reality and help the researcher to develop a new theory or create major developments in the current one. Once the theory is developed the pragmatic researcher can switch back to the one reality position and test the theory through quantitative research.

As it could be misunderstood the researcher needs to stress two critical points. First, the reality cycle is built on the existence of one reality in a certain context and multiple perceptions of this reality in social actors' minds not the existence of multiple realities based on researchers' construction of reality. Researchers are seeking the truth and the truth is "what works", this single truth that works is what a pragmatic researcher is looking for. The purpose of using qualitative methods is not to construct the reality as a unique interpretation of the researcher but to discover the reality, this single truth that already exists, through investigating the social actors' perceptions. Qualitative methods help the researcher to gather the information that will be analysed to get a deep understanding of the phenomenon and create a theory that will be tested through quantitative research. Second, the reality cycle does not support the claim that qualitative research is unscientific and therefore it should be validated with quantitative scientific research. On the contrary, the reality cycle asserts that every research approach has a role in the theory development process. We only tend to confirm the qualitative research results with quantitative research because it provides a simplified view of reality that is more appropriate for the practical goals of pragmatism and the notion "what works".

In that sense, the reality cycle supports both the sequential and parallel mixed research. First, it provides the guidance researchers need by explaining the basis on which a pragmatic researcher can switch between being objective or subjective which supports the sequential mixed research approaches. Second, it asserts that both quantitative and qualitative methods are studying the same phenomenon from two different positions, either directly while testing a theory describing the phenomenon or indirectly through investigating social actors' perceptions that create the context containing this phenomenon. Understanding that both types of methods are studying the same phenomenon from two different positions justifies the parallel mixed research approach and makes triangulation and cross-validation totally logical.

5.2 The Epistemological Stance: The Double-Faced Knowledge

Although pragmatism is well defined from the epistemological point of view in the sense that a pragmatic researcher can use whatever research method works to meet his research objectives based on its practical value and regardless of its underlying philosophy, this separation between ontology and epistemology is a continuous source of criticism. Therefore, the researcher believes in an epistemological point of view that directly flows from the reality cycle stance. This epistemological position is conceptualized as the double-faced Knowledge.

According to the double-faced knowledge, any type of knowledge can be seen as observable or unobservable based on the ontological position of the researcher not on the nature of knowledge itself. In consequence, the pragmatic researcher accepts both types of knowledge based on his instantaneous ontological position and his main concern is to choose the right research method that is the most appropriate to this ontological position and best serves his research objectives.

In order to clarify this concept, the researcher raises a very critical inquiry; do quantitative research methods used by positivists in social sciences actually deals with observable knowledge in the same sense of natural sciences? And similarly, do qualitative research methods used by interpretive researchers actually deal with unobservable knowledge?

Knowledge in social sciences is completely different than knowledge in natural sciences as most of it is not observable by nature. Most of the variables that we deal with such like feelings, beliefs, attitudes, and intentions are not outside us to be measured in the same way of measuring objects in natural sciences, it has to be expressed to be understood (Ma, 2012). Looking at the non-experimental quantitative methods such like survey, it does not address an observable knowledge, it is mostly dealing with unobservable mental variables exactly like the unstructured or semi-structured qualitative interviews, the only difference is that quantitative researchers use quantitative techniques to deal with this source of knowledge which limits human responses to a certain number of structured answers in order to be able to measure it. Quantitative researchers claim that they only accept observable measurable knowledge, although the variables they are dealing with are not observable by nature and the measuring process in the social sciences never enjoys the same degree of validity and reliability provided in

natural sciences.

Similarly, describing social reality through qualitative observation to human behaviours is not dealing with unobservable knowledge; it is dealing with observable human actions exactly like quantitative experimental research with the difference that qualitative researchers are interested in the detailed descriptions of these actions and the meanings attached to it, while quantitative researchers deal with the same source of knowledge in a structured quantitative manner that aims at simplifying the situation into variables and relationships.

In total, this means that the quantitative and qualitative researchers' claim that they can only accept either the observable or unobservable knowledge is just a difference in their points of view not because the knowledge is observable or unobservable by nature. As a matter of fact, both quantitative and qualitative researchers deal with the same sources of knowledge all the time, however, every group of researchers use the type of methods that is compatible with their paradigm's assumptions and goals.

For pragmatic researchers, and based on the reality cycle stance that accepts both the existence of one reality and the importance of social actors' perceptions of this reality, sometimes we have the goal of describing reality in like-law generalizations for practical benefits and other times we are examining social actors' perceptions for more detailed and deep understanding of this reality. So, we can deal with all sources of knowledge using the suitable type of methods that help us reach our research objectives.

In that sense, the double-faced knowledge stance creates a link between the ontological and epistemological pragmatic assumptions. Based on the reality cycle ontological stance researchers switch between being objective and subjective and in consequence switch between accepting observable and unobservable knowledge. This means that the double-faced knowledge overcomes the criticism that pragmatic researchers have created "anti-philosophical" attitude in favour of the practical benefits of the research methods they use. In addition, it is compatible with the notion "what works" from the epistemological and methodological points of view.

5.3 The Axiological Stance: The Necessary Bias Principle

Based on the former ontological and epistemological stances that allow us to deal with the observable or unobservable knowledge using both quantitative and qualitative methods, a pragmatic researcher should be biased only by the degree necessary to enhance his research and helps to answer his research questions. This is what the researcher calls the necessary bias principle.

Unlike natural sciences, the phenomenon in social sciences is meaningful prior to the research process. This pre-understanding or pre-judgment forms the basis of both quantitative and qualitative research and directs researchers' choice of research questions and variables (Ma, 2012). As this pre-understanding is unavoidable, the researcher believes that there's nothing can be called value-free or bias-free research not even from positivism point of view.

This is compatible with the opinions of many researchers who have referred to the effect of quantitative researchers' values on their research. Saunders et al. (2009), Johnson and Onwuegbuzie (2004), and Ma (2012) have mentioned that it is impossible to be completely free of our own values and experiences. Positivists' values affect their choices of the research topic, objectives, data collection, analysis and interpretation. Moreover, Weber (2004) added that, as a positivist, he is aware that variables he chooses in his research reflect his pre-understanding of reality and the main purpose of collecting and analysing data is to evaluate this pre-understanding. These opinions mean that all decisions made by positivists through all stages of research are affected by the researcher's values, personal experience and perceptions about the phenomenon under investigation. Moreover, even if positivists managed to eliminate their bias, measures they use do not enjoy a hundred per cent degree of validity or reliability and will never provide the same measuring accuracy as in natural sciences.

From the other side, the value-laden principle in qualitative research does not mean that qualitative research is unscientific research manipulated by the researchers. Ma (2012) referred to the concept of "shared reality", it is what gives meanings to our communicative actions and makes it understandable, this reality is what we want to discover in qualitative research. Having a previous knowledge or perceptions should only enrich the qualitative research by helping the researcher to add more insights and discover more sides of this shared reality not manipulating research results in a certain direction.

In total, the researcher argues that regardless of what research paradigm, there will be some sort of unavoidable bias. However, researchers' values, experiences, beliefs and ideas should be a source of reinforcing research not to be an obstacle in the way of reaching the truth. In consequence, a pragmatic researcher should focus on his research objectives and use his values and experiences in a way that serve these objectives and enhance his

research results. In other words, he should be biased only by the necessary degree to meet the research requirements.

It is very important here to assert that "the necessary bias principle" does not mean that any form of bias is acceptable. The unacceptable bias happens if the researcher directed his research results in a predetermined way to reflect certain values he believes in. For example, regarding the ethical or religious values, it is acceptable to affect the researcher choice of some research topics or questions over the others, such as the case in the transformative research or Islamic finance, however, it is not acceptable that these values' effects extend to the further stages of research or affect the research results.

6. Conclusion

The main purpose of the present research is to overcome the criticism that pragmatic researchers have created "anti-philosophical" or "anything goes attitude". The researcher challenges the quantitative-qualitative paradigmatic differences in order to create distinctive philosophical stances for pragmatism, instead of just claiming that pragmatists can use both quantitative and qualitative philosophical assumptions. This contribution is an attempt to move pragmatism from a philosophy that merely depends on epistemology and methodology to a coherent, integrated paradigm with clear philosophical stances that lie in the middle of the quantitative-qualitative paradigms continuum. The researcher suggests that pragmatism has the ability not only to provide the philosophical justification for the mixed research approach but also it opens all possible options in front of researchers, what can make it prevail over all other research philosophies.

The ontological, epistemological and axiological stances for pragmatism has been conceptualized in a way that combines both quantitative and qualitative paradigms' points of view as two integrated, not conflicting, philosophies. First, the reality cycle is the ontological stance that is based on the existence of one reality in a certain context at a certain point of time and multiple perceptions of this reality in the social actors' minds. Social actors' perceptions of reality control their behaviours which causes changes in the context and in consequence in reality. As reality changes, the pragmatic researcher can switch between the two positions of the one reality or the multiple perceptions of this reality. Second, the epistemological stance, the double-faced knowledge, suggests that quantitative and qualitative researchers' claim they can only accept either the observable or the unobservable knowledge is just a difference in their points of view not a difference in the nature of knowledge itself. Thus, any type of knowledge can be seen as observable or unobservable based on the instantaneous ontological position of the pragmatic researcher. Finally, the necessary bias principle is the axiological stance that permits the researcher to be biased only by the degree necessary to enhance his research and helps to reach his research objectives. These three philosophical stances need to be examined, discussed, evaluated and developed by future research.

References

- Antwi, S. K., & Hamza, K. (2015). Qualitative and quantitative research paradigms in business research: A philosophical reflection. *European Journal of Business and Management*, 7(3), 217-225. Retrieved from <https://www.iiste.org/Journals/index.php/EJBM/article/view/19543>
- Barnes, B. R. (2019). Transformative mixed methods research in South Africa: Contributions to social justice. In S. Laher, A. Fynn, & S. Kramer (Eds.), *Transforming research methods in social sciences: Case studies from South Africa* (pp. 303-316). Johannesburg: Wits University Press. <https://doi.org/10.18772/22019032750.24>
- Başkarada, S., & Koronios, A. (2018). A philosophical discussion of qualitative, quantitative, and mixed methods research in social science. *Qualitative Research Journal*, 18, 2-21. <https://doi.org/10.1108/QRJ-D-17-00042>
- Betzner, A. E. (2008). *Pragmatic and dialectic mixed method approaches: An empirical comparison* (Doctoral dissertation, The University of Minnesota, Minnesota, USA). Retrieved from <http://hdl.handle.net/11299/46961>
- Biddle, C., & Schafft, K. A. (2015). Axiology and anomaly in the practice of mixed methods work: Pragmatism, valuation, and the transformative paradigm. *Journal of Mixed Methods Research*, 9, 320-334. <https://doi.org/10.1177/1558689814533157>
- Bryman, A., & Bell, E. (2007). *Business research methods* (2nd ed.). Oxford; New York: Oxford University Press.
- Cameron, R. (2011). Mixed methods research: The five P's framework. *The Electronic Journal of Business Research Methods*, 9, 96-108. Retrieved from <http://www.ejbrm.com/volume9/issue2/p96>

- Creswell, J. W. (2014). *Research design: Qualitative, quantitative, and mixed methods approaches* (4th ed.). Thousand Oaks, CA: Sage publications.
- Denscombe, M. (2008). Communities of practice: A research paradigm for the mixed methods approach. *Journal of Mixed Methods Research, 2*, 270-283. <https://doi.org/10.1177/1558689808316807>
- Dieronitou, I. (2014). The Ontological and epistemological foundations of qualitative and quantitative approaches to research. *International Journal of Economics, Commerce, and Management, 2*(10). Retrieved from <http://ijecm.co.uk/volume-ii-issue-10/>
- Fetters, M. D., & Molina-Azorin, J. F. (2017a). The journal of mixed methods research starts a new decade: Principles for bringing in the new and divesting of the old language of the field. *Journal of Mixed Methods Research, 11*, 3-10. <https://doi.org/10.1177/1558689816682092>
- Fetters, M. D., & Molina-Azorin, J. F. (2017b). The journal of mixed methods research starts a new decade: The mixed methods research integration trilogy and its dimensions. *Journal of Mixed Methods Research, 11*, 291-307. <https://doi.org/10.1177/1558689817714066>
- Ghiara, V. (2019). Disambiguating the role of paradigms in mixed methods research. *Journal of Mixed Methods Research*, Online first article: Published 2 January 2019. <https://doi.org/10.1177/1558689818819928>
- Glogowska, M. (2011). Paradigms, pragmatism, and possibilities: Mixed-methods research in speech and language therapy. *International Journal of Language and Communication Disorders, 46*, 251-260. <https://doi.org/10.3109/13682822.2010.507614>
- Goldkuhl, G. (2008, December). *What kind of pragmatism in information systems research?* Paper presented at AIS SIG Prag Inaugural meeting, Paris, France. Retrieved from <https://www.semanticscholar.org/paper/What-kind-of-pragmatism-in-information-systems-Goldkuhl/d6431e41eec4c16ce104bde9404fb87ec39c4fa0>
- Goldkuhl, G. (2012). Pragmatism vs. interpretivism in qualitative information system research. *European Journal of Information System, 21*, 135-146. <https://doi.org/10.1057/ejis.2011.54>
- Greener, S. (2008). *Business research methods*. Ventus Publishing. ApS. Retrieved from http://gent.uab.cat/diego_prior/sites/gent.uab.cat.diego_prior/files/02_e_01_introduction-to-research-methods.pdf
- Hall, R. F. (2013). Mixed methods: In search of a paradigm. In T. Le, & Q. Le (Eds.), *Conducting research in a changing and challenging world* (pp. 71-78). New York: Nova Science Publishers Inc.
- Hathcoat, J. D., & Meixner, C. (2017). Pragmatism, factor analysis, and the conditional incompatibility thesis in mixed methods research. *Journal of Mixed Methods Research, 11*, 433-449. <https://doi.org/10.1177/1558689815622114>
- Johnson, B., & Christensen, L. (2012). *Educational research: quantitative, qualitative, and mixed approaches* (4th ed.). Thousand Oaks, CA: Sage publications.
- Johnson, R. B., & Onwuegbuzie, A. J. (2004). Mixed methods research: A research paradigm whose time has come. *Educational Researcher, 33*(7), 14-26. <https://doi.org/10.3102/0013189X033007014>
- Johnson, R. B., Onwuegbuzie, A. J., & Turner, L. A. (2007). Toward a definition of mixed methods research. *Journal of Mixed Methods Research, 1*, 112-133. <https://doi.org/10.1177/1558689806298224>
- Jonker, J., & Pennink, B. (2010). *The essence of research methodology: A concise guide for master and PhD students in management science*. Berlin: Springer.
- Lohse, S. (2017). Pragmatism, ontology, and philosophy of the social sciences in practice. *Philosophy of the Social Sciences, 47*, 3-27. <https://doi.org/10.1177/0048393116654869>
- Ma, L. (2012). Some philosophical considerations in using mixed methods in library and information science research. *Journal of the American Society for Information Science and Technology, 63*(9), 1859-1867. <https://doi.org/10.1002/asi.22711>
- Mitchell, A. (2018). A review of the mixed methods, pragmatism and abduction techniques. *The Electronic Journal of Business Research Methods, 16*, 103-116. Retrieved from <http://www.ejbrm.com/volume16/issue3/p103>
- Mkanshi, M., & Acheampong, E. A. (2012). Research philosophy debates and classifications: Students' dilemma. *The Electronic Journal of Business Research Methods, 10*, 132-140. Retrieved from

<http://www.ejbrm.com/volume10/issue2/p132>

- Molina-Azorin, J. F. (2016). Mixed methods research: An opportunity to improve our studies and our research skills. *European Journal of Management and Business Economics*, 25, 37-38. <https://doi.org/10.1016/j.redeen.2016.05.001>
- Morgan, D. L. (2007). Paradigms lost and pragmatism regained: Methodological implications of combining qualitative and quantitative methods. *Journal of Mixed Methods Research*, 1, 48-76. <https://doi.org/10.1177/2345678906292462>
- Pratt, S. F. (2016). Pragmatism as ontology, not (just) epistemology: Exploring the full horizon of pragmatism as an approach to IR theory. *International Studies Review*, 18, 508-527. <https://doi.org/10.1093/istr/viv003>
- Sale, J. E. M., Lohfeld, L. H., & Brazil, K. (2002). Revisiting the quantitative-qualitative debate: Implications for mixed method research. *Quality and Quantity*, 36, 43-53. <https://doi.org/10.1023/A:1014301607592>
- Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research methods for business students* (5th ed.). Harlow, Essex: Person Education Limited.
- Shannon-Baker, P. (2016). Making paradigms meaningful in mixed methods research. *Journal of Mixed Methods Research*, 10, 319-334. <https://doi.org/10.1177/1558689815575861>
- Weber, R. (2004). Editor's Comments: The rhetoric of positivism versus interpretivism: A personal view. *MIS Quarterly*, 28(1), Iii-Xii. <https://doi.org/10.2307/25148621>
- Yvonne, F. M. (2010). Doing mixed methods research pragmatically: Implications for the rediscovery of pragmatism as a research paradigm. *Journal of Mixed Methods Research*, 4, 6-16. <https://doi.org/10.1177/1558689809349691>

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).

Linking Motivation to Employees' Performance: the Mediation of Commitment and Moderation of Delegation Authority

Eric Irakoze¹ & Kashosi Gad David²

¹ Ph.D. Student, School of Insurance and Economics, University of International Business and Economics, China

² Ph.D. Student, Donglink School of Economics and Management, University of Science and Technology, China

Correspondence: Eric Irakoze, Ph.D. Student, School of Insurance and Economics, University of International Business and Economics, China.

Received: May 27, 2019

Accepted: July 19, 2019

Online Published: August 26, 2019

doi:10.5539/ibr.v12n9p13

URL: <https://doi.org/10.5539/ibr.v12n9p13>

Abstract

This study explores the roles of commitment and delegation authority respectively as a mediator and moderator to evaluate the impact of motivation on employee performance. A survey conducted with 180 employees as participants at OTB (Burundi Tea Office) from 4 tea factories located at Ijenda, Teza, Tora and Rwegura helped to assess the effect motivation has on employees' performance. The correlation and regression analysis in SPSS was supported to evaluate the hypotheses of this research. The results reveal that there is a positive significance correlation between motivation and performance of employees. The outcomes from regression analysis express that commitment and delegation authority as mediator and moderator respectively have an impact on the relationship between motivation and performance of employees.

Keywords: motivation, performance, commitment and delegation authority

1. Introduction

In the work environment, employees are seen as the foundation of an organization because they contribute to the formation of the company's reputation and image (Ageeva, Melewar, Foroudi, Dennis & Jin, 2018; Del-Castillo-Feito, Blanco-González & González-Vázquez, 2019). Thus, interaction of employees with the organization by maintaining the organization's image pushes the organization to achieve its goals, which proves the performance of its employees. Therefore, the organization should first target its employees, once the organization is competent to identify and recognize its employees' needs, then they will be encouraged to work effectively to accomplish the organization's goals (Paillé, Amara & Halilem, 2018). The organizational success is determined mostly by the motivation of workers (Lee, Raschke & Louis, 2016). Additionally, Human resources are essential to the success, efficiency, and performance of an organization (Edmondson & Harvey, 2018). Motivation is fundamental tool to build an enabling atmosphere where ideal performance is probable, this brings us to the question in what way do we guarantee that the individual motivation is at its topmost inside the institute or workstation (Sarpong, D. and Maclean, 2016).

Every organizations possessed their own set of motivations and individual incentives that push him or her to work better; some can be motivated by recognition whereas others can be motivated using monetary incentives (McInerney, Maehr & Dowson, 2017). Whatsoever the method of employee motivation, the basic to stimulating that motivation as an employer, is through understanding what type of incentives to make available the employees.

Therefore, employee incentive plans must guarantee employees to feel valued, taken care of and considered meaningful. The ultimate thing about motivation is, it is customized as such agendas are intended to encounter the necessities and requirements of employees (Leischnig, Kasper-Brauer & Thornton, 2018). Motivation does not only inspire creative performance but also demonstrates to workers just how greatly the organization cares (Todericiu, Șerban & Dumitrașcu, 2013). Feasibly the most vigorous effect of operative motivation is that improved output or performance. Therefore, if employee motivation can be increased, efficiency will inevitably decrease in alignment (Taris & Schaufeli, 2014). Hence, employee motivation stimulates workstation harmony and employee performance hence increases. Motivated workers will bring about staff retaining and company loyalty, which in the short term will give birth to growth and improvement of the business (Todericiu et al.,

2013). The above arguments strongly mention how employee's motivation is actually essential for an organization's growth, development and success regardless of the size of the institute. The greatest interest of any institute is to exploit its profits and most are achievable largely by depending on various resources such as human resources in particular.

Motivation in previous studies has been established to be crucial to an organization's performance but yet has remained a challenge (Anders Dysvik, 2011; Chatzopoulou, Vlachvei & Monovasilis, 2015; Lau & Roopnarain, 2014; Muslim, Dean & Cohen, 2016; Syafii, Thoyib, Nimran & Djumahir, 2015; Webb, Perry & Fennelly, 2015). However, researchers have revealed that motivation is an essential factor that governs how an organization's employee might execute tasks depending on how they are motivated. Different organizations in different countries adopt various methods of motivating workers to improve their performance, and then various organizations have adopted numerous methods of motivating their employees to perform better by using approaches of other successful organizations across the world but still have not generated good performance levels. This paper is matching the impact of motivation on employee's performance by using delegation of authority as a moderator in a different environment, which linked to diverse culture to easy perceive universal motivation factor as no other research has been investigated on it. This outcome will provide a response with the question and demonstrate how delegation authority can or cannot improve motivational levels of employees hence an effect in performance too.

The purpose of this study is to enrich the existent literature on the concept of motivation in the work environment by considering the delegation of authority within the company as the most effective way for employees to feel the company as their own. Additionally, the study is directing to strive every day to build a favorable working environment so that workers are more authentic, innovative and above all productive. Lack of commitment, high employee absenteeism, low employee motivation and low employee productivity are the challenges this paper seeks to address within the organization. For this reason, the organization must consider the influence of motivation on employee performance in the organization to discover the extent to which employees devote time, skills, knowledge and resources to their work due to their motivation.

This research will be useful to managers to maintain workers' social benefits, creating a supportive work environment, strengthening workers' economic capacity, promoting the reconciliation of public servants' professional responsibilities and encouraging workers' participation in decision-making.

The following parts are; the literature review, the methodology, the results, the conclusion and limitation of this study.

2. Literature Review

2.1 Empirical Study Regarding Motivation, Commitment, and Employee Performance

Motivation is the process that managers exerting his or her influence on employees' behavior in order to inspire them to advance an assigned task (Alnasrallah, 2016). According to (Mc, Ssekakubo, Lwanga & Ndiwalana, 2014) motivation is a setting goal directed to a certain behaviors of employee and it is a crucial factor that plays a central role in different manager's tasks. Motivation is defined as a psychological process that directing and orienting behavior to a given purpose. It is described as an internal and external factors that empower and provide energy or effort to an individual in order to remain continuously focused to an organizational goal.

The commencement of motivation raises from unsatisfied need for individual, once this persisted, it may create the short of tension which lead to poor performance of employees. However, employee's performance is about the general belief associated with an individual's behavior in conducting an organization at the successful level (Kombo & Oloko, 2014). Performance of employee is evaluated according to the strategies, knowledge and effort an employee exercise in order to arrive at the setting goal (Parks, 1995). Performance of employee is influenced by different elements in organization, it affects the effectiveness of employee in carrying out a certain work and lead to a desired organizational goal. It is defined as an indicator way to perform a designed task based on job description within a given time (Iqbal, Ijaz, Latif & Mushtaq, 2015). Motivation came in as an element to stimulate the performance of employee (Alnasrallah, 2016). Several types of research have been directed to find out further about the relationship between motivation and employee performance. According to (Manzoor Ahmed, 2013) in his research directed in Bahawalpur, Pakistan's biggest city concluded that intrinsic factors: empowerment and recognition are of positive influence on employee motivation. The extra empowerment and recognition workers have in an organization is improved, the more is their motivation to work enriched. He further added that there is a positive relationship between employee motivation and organizational effectiveness. In studies conducted by (Sucksmith, 2011) said that tacit incentives like rewards and recognition reassure personnel to "think smart" and to encourage both value and quantity in realizing objectives. According to

(Kuranchie-mensah & Amponsah-tawiah, 2016) argued that the success and endurance of the organizations are determined by how the human resource is handled. Majority of organizations have attained the gigantic growth by fully observing with their business plan through a well-adjusted reward and recognition agenda for employers.

A study directed by (Mochiah & Osei, 2014) searches the effects motivation has on the job performance of employees in Ghana. The findings indicated that employees who are more motivated in their jobs are more contented with their performance, and less expected to leave the organization, but undesirably affects the performance when the workforces are de-motivated. The research discovered that training and development, the promotion has significance on employee performance, the researcher lastly concludes that motivation has a good effect and impact on the general performance of personnel in Ghana. The influence of motivation on the performance of teaching the staff of polytechnics in Ghana and finished that motivation is intensely and clearly interconnected to performance amidst teaching the staff of polytechnics in Ghana (Lipse Samuel Appiah Kwapong, 2015). According to (Dar & Uju, 2013) the study targeted at investigating the motivation on workers' performance at designated firms in Anambra state. This result attained from the study showed a connection between extrinsic motivation and performance of operatives. The research discloses that the extrinsic motivation given to employees has a positive influence on their performance. (Addison, Antwi-Asare, 2015) conducted a research on the impact of motivation on employee performance in the financial sector of Ghana, he sampled 80 respondents using a simple sampling random technique and from his discoveries recommends that leadership opportunities, acknowledgment and employee assessment, meeting employee anticipations and socialization are crucial factors that motivate employees (T.O. Addison, Antwi-Asare E.K, 2015).

NurunNabi's self-administered research on the impact of motivation on performance: a case study of Karmasangsthan bank limited, Bangladesh sampled individuals who were designated and interviewed with a self-administered questionnaire to acquire primary data. The data was analyzed using descriptive statistical analysis methods. The results attained indicated that if staffs are positively motivated, it develops both their effectiveness and efficiency for accomplishing the organization's objectives (Nurun Nabi, 2017). Alnasrallah demonstrates in his study that employee motivation has a positive effect on employee performance. Higher employee motivation increases both productivity and employee retention for an organization. Various methods may be implemented by organizations to intensify employee motivation like training and development, social involvement and leadership (Alnasrallah, 2016). In research conducted by (Stella, 2008) focusing on motivational methods and improving workers performance in Kitgum district in Uganda. She found that employees were not performing well in Kitgum district because salaries and allowances at the district were very insufficient and not capable to meet people's basic needs. Teamwork was not there between managers and assistants which was also hindering good performance. The study, however, showed that intrinsic motivators such as achievement, advancement, responsibility, and recognition were lacking in the district.

According to researcher (Mc et al., 2014) conducted a research on a palm oil project in Uganda where he examined the relationship between employee motivation and organizational performance using a quantitative research design integrated into a qualitative method such as questionnaires, surveys used to gather data. The data were analyzed by factor analysis, correlation and regression analysis, the findings show a positive relationship and indicate that if employees were well motivated through for example fair promotion, admissible salary differences, they would work better towards greater performance.

H1: *There is a significant and positive relationship between motivation and employee performance.*

2.2 The Effect of Commitment as Mediator in the Relationship Between Motivation and Performance

According to (Peters, Tom, 1982) regards the commitment of employees to organizational principles and beliefs the organizational culture as a crucial factor in the success of a company. Commitment to the organization is positively connected to such anticipated outcomes as motivation (Gharakhani & Davood, 2012) and attendance (Tumpa Dey, Ashok Kumar, 2014) and is negatively connected to the outcome as absenteeism and turnover (Clegg, 1983). Horton too indicated that organization commitment might lead to less turnover absenteeism, hence growth in organization productivity (Jackson, 2012). Employees with great echelons of organizational commitment deliver a confident and steady workforce (Lamastro, 1999) and hence delivering a competitive advantage to the organization.

In research conducted by (Meyer, J. & Allen, 1991) in the previous studies of the concept of commitment have demonstrated that employee commitment to the organization has a positive influence on job performance. In the study of (Darulehsan, Muthuveloo & Rose, 2005) in their study discovered that organizational commitment leads to positive organizational outcomes. (Cistulli, Snyder & Jacobs, 2012) Studied facts of a positive correlation

between organizational commitment and job performance, the Low commitment has also been connected to low levels of morale (Chughtai & Zafar, 2006). Non-committed employees may portray the organization in negative terms to outcasts thereby hindering the organization's capability to hire first-class employees (Irefin & Mechanic, 2014).

Employee commitment is crucial because extraordinary levels of commitment end up into numerous satisfactory organizational outcomes. It replicates the grade to which employees classify themselves with the organization and is committed to its objectives. (Đorđević, 2004) Specified that the commitment of employees is an essential concern because it may be used to foresee employee's performance, absenteeism, and other conducts. (Darulehsan et al., 2005) opined that the organizational commitment is the subset of employee commitment, which included to work commitment, career commitment and organizational commitment and furthermore supplemented that organizational commitment, can encourage high levels of productivity. According to (Liu, 2018) discovered a positive affiliation between commitment and job performance. Employees that are committed to their particular organization are more expected not only to go on with the organization but are also expected to exercise more efforts on the organization's behalf and cooperate in the direction of its success and therefore are also likely to display better performance than the uncommitted employees.

The committed employee has proved to be more inventive; they are less likely to depart from an organization than individuals who are uncommitted (Irefin & Mechanic, 2014). (Steers, 1977) Realized that more committed employees desire to dismiss from the organization at low rates. There is the advanced purpose of these workers that are committed to their organization, to go on with the organization and they work harder in fulfilling their tasks that will increase their positive approach towards the organization and that will eventually increase the yield of the organization. This will bring about higher employee performance.

In a study directed by (Irefin & Mechanic, 2014) inspected the impact of employee commitment (Affective commitment, Continuance commitment, and Normative commitment) on employee job performance with a tester sampling of 153 private and public sector workers of oil and gas in Pakistan. The results discovered a positive association between employee commitment and employees' job performance. Therefore, it appeared that when employees are committed to working they would perform better. (Khan & Jam, 2010) Further advised managers to pay special attention to antecedents of worker commitment and all the factors that foster employee commitment in order to escalate worker performance and successively create a rise in organizational productivity.

In findings of (Ahmad & Ahmad, 2010) investigated the interdependency of job satisfaction and work performance, the influence of employee commitment and approach towards work on performance by means of a survey data gathered from 310 employees of 15 advertising agencies of Islamabad (Pakistan). They concluded that employees having better worker commitment accomplish tasks well and employees with a good attitude concerning work are highly contented as compared to employees who are less motivated towards their work. According to (Halim & Rahayu, 2016) observed that there is a positive correlation between business social responsibility and employee commitment the same as between employee commitment and organizational performance. They for that reason concluded that organizations could upsurge their performance through employees' commitment by participating in community activities since such activities also comprise of the welfare of employees and their families.

H2: *Commitment has a mediating effect on the relationship between motivation and performance.*

2.3 Effect of Delegation of Authority as a Moderator in the Connection Between Motivation and Employee Performance

A delegation of authority makes an employee feel appreciated as part of the organization and want to be operative in carrying out the authority consult with him. Thus, workers might try to defend the authority delegated to them by displaying a positive attitude in the accomplishment of the responsibilities and functions via effective utilization of the available resources in the organization. (Kombo & Oloko, 2014) opined that delegation of authority improves performance in an organization. In studies of (Al-Jammal, I., Al-Khasawneh, J.A & Hamadat, 2015) examined the impact of the delegation of authority on employees' performance at great Irbid municipality. They measured employee performance via efficiency, effectiveness, and empowerment. However, the data attained were analyzed via mean, standard deviation, and T-test statistic. Their results showed that efficiency, effectiveness as well as empowerment of employees is statistically significant to a delegation of authority in Irbid municipality.

The study of (Al-Jammal, I., Al-Khasawneh, J.A & Hamadat, 2015) investigated the relationship between delegation authority process and rate of effectiveness: case study municipality regions of Mashhad. A delegation

of authority was measured by preparation, appreciation stage, and effectiveness. Correlation analysis was employed as a technique of data analysis. Conclusions of their analysis discovered a significant correlation between the delegation authority process and rate of effectiveness. Thus, appreciation and preparation stage has a greater effect on the rate of effectiveness.

Research conducted at the School of Finance and Banking in Kigali, Rwanda investigated an empirical study on delegation and staff commitment. An Empirical Study a cross-sectional survey design was employed with a sample size of 97. Stratified sampling and random sampling were used as sampling techniques. Descriptive analysis and Pearson Product Moment Correlation Coefficient were the two adopted method of data analysis to analyze the data attained from the respondents. The results specified that staff commitment is positively interrelated with a delegation of authority (Kiiza & Picho, 2015).

Some researchers discovered that excessive delegation of authority has a negative impact on junior staff performance and job satisfaction. Therefore, a delegation of authority might be an administrative tool of the supervisors to motivate their employees, to enhance self-competence, as well as being a tool for the managers to loaf at work. For example (Salter & Harris, 2014) asserts that transformational leaders may use delegation of authority to develop their subordinates. However, a laissez-faire leader may delegate to prevent liability for probable failure. A study pointed out that authority is delegated as the employees perform the tasks well; however, this situation can be observed as a greater workload and even as a method of punishment that the managers have the employees perform the tasks belonging to them (Weiss & Fershtman, 1998).

H3: *Delegation of authority has a moderating effect on the relationship between motivation and employee performance.*

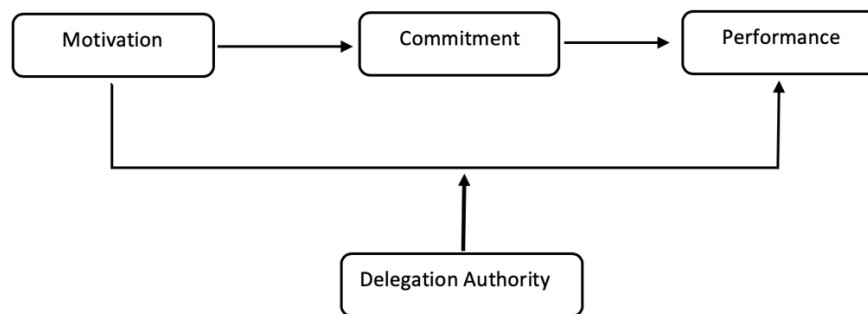


Figure 1. Conceptual Model

3. Methodology

In this party, a general view of the methodology is provided. As for this particular study, it focused on data collection methods, sampling techniques, population, and data analysis methods.

Sample and Procedure. The respondents come from Burundi Tea Company, a public company that work in collaboration with 60000 tea formers. A questionnaire was distributed to 180 selected randomly employees using survey monkey software, resulting in 168 responses which gives a response rate of 93 percent, by sending the survey throughout company's e mail, the participants were assured that their feedback would be treated confidentially, in order to avoid the distortion of response that could occur. Of the respondents, 64 were women and 104 men. Their average working experience was between 4 and 9years, and 60 percent of the respondents were of the age between 25 and 34. This showed that from the chosen sample, a large number of the employees were young and the employees above the age 50 were few.

Measures. All items are measured on a 5-point Likert response scale ordered from 1 = (strongly disagree) to 5 = (strongly agree) and are arranged operationally in one way in order to respond the research question and also had been validated in prior studies. The items used are found in Appendix A. Motivation was evaluated by 24 items validated by (Bao & Nizam, 2015; Nyambegera & Gicheru, 2016), organization commitment was assessed by 19 items validated by (Irefin & Mechanic, 2014; Tolentino & Ng Lungsod Ng Maynila, 2013), delegation authority was measured by 16 items validated by (Al-Jammal, I., Al-Khasawneh, J.A & Hamadat, 2015), employees' performance was assessed by 15 items validated by (Gohari, Ahmadloo, Boroujeni & Hosseini-pour, 2013).

Nevertheless, items related to the performance were addressed more to the cadres of the company because the researcher suspected them to be the company's information holders of employees.

Validity and Reliability of Data. The researcher adopted content validity to prove validity of the questionnaire by finding evidence constructed on the content which included assessing if the items represented the construct of what the research is trying to measure, if any essential content parts or themes have been excluded, and lastly if there are any unrelated items included that might be out of the construct. Reliability of the questionnaire was measured using internal consistency reliability, which focused on the items being used to measure the construct. The Cronbach's coefficient alpha was used to measure the reliability of the items which in overall was .870

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	Number of Items
0.867	0.881	74

The Cronbach's alpha value 0.867 and the Cronbach's based on the standardized item alpha value is 0.881, the two coefficients are between 0.85 - 0.9 which shows that the internal consistency of the scale is high, so the reliability is strong.

Variables	Cronbach's Alpha	Number of Items
Motivation	0.703	24
Organizational commitment	0.789	19
Delegation of Authority	0.876	16
Performance	0.721	15

The validity condition state that the Cronbach's alpha of each variable is greater than 0.6 which indicates that the total reliability of each variable is high and has passed the test.

Analysis. We supported by Pearson correlation analysis and hierarchical moderated regression using SPSS Software to test the hypothesizes of this study (Cohen, 1990).

4. Results

Table 4 1. Pearson Correlation between variable

	Mean	Std. Deviation	1	2	3	4
1. Motivation	84.47	9.306	1			
2. Organizational Commitment	64.73	7.128	.204**	1		
3. Delegation of Authority	59.57	8.911	.571**	.045	1	
4. Performance	55.71	6.716	.537**	.408**	.502**	1

** . Correlation is significant at the 0.01 level (2-tailed). N=168

The correlation analysis shows that the correlation between motivation, organizational commitment, and delegation of authority is positively significant with the intensity of the dependent variable performance. There is a significant positive correlation between employee motivation and performance ($r=0.537$, $p<0.000$). The correlation coefficient between employee motivation and performance is 0.537 indicating a strong relationship meaning as employee motivation grows, so does a performance at the same time. The results from the Pearson correlation coefficient support or show evidence of hypothesis (H1) which stated that there is a significant positive relationship between employee motivation and performance.

Regression analysis for mediating effect of variables: Regression analysis was adopted to measure the relationship between a dependent variable and multiple independent variables and in this case, we shall test dependent variable performance with motivation and organizational commitment to assert their effect on one another.

Table 4 2. Standardized betas and degree of significance of variables from the regression analysis.

Relations	β	t	p
Motivation→ Performance	0.537	8.208	0.000
Motivation → Organizational Commitment	0.204	2.689	0.008
Organizational Commitment→ Performance	0.408	5.766	0.000
Motivation& Organizational Commitment →Performance	0.474	7.575	0.000
Motivation→ Organizational Commitment→ Performance	0.312	4.986	0.000
Note n=168			

Table 4 3. The results from the hierarchical regression analysis of Commitment

	Model1	Model2	Model3	Model4
Motivation	0.537	0.204		0.474
Performance				
Commitment			0.408	0.312
Motivation * Commitment				
Adjusted R^2	0.284	0.360	0.162	0.374
ΔR^2	0.289	0.420	0.167	0.382
F	67.378	7.229	33.248	50.960
ΔF	67.378	7.229	33.248	50.960

$R^2=38.2\%$ taken as a set, the predictors Organizational commitment and motivation account for 38.2% of the variance in Performance. In reference to the results, the regression analysis was applied to establish a relationship between independent variable motivation and dependent variable performance, which showed as significant with a ($\beta=0.537$, $p<0.000$). The coefficient shows that employee motivation explains a significant amount of unique variance in Performance. In other words, the amount of variance that employee motivation accounts for, explains in Performance unique to itself is significant. The second step in the regression analysis was to create a relationship between independent variable motivation and dependent variable organizational commitment. This relationship was significant too with a ($\beta=0.204$, $p<0.008$), meaning that the more motivated employees are, the more committed they will be to the organization. The third step is to establish a relationship between organizational commitment and dependent variable performance, which had a strong significant relationship of ($\beta=0.408$, $p<0.000$), the meaning is an increase in organizational commitment, will also see an increase in performance too. The final step is to establish a relationship between independent variables motivation and organizational commitment and dependent variable performance. This analysis will create a mediating effect where organizational commitment will be a mediator between motivation and performance. With ($\beta=0.474$, $p<0.000$) and ($\beta=0.312$, $p<0.000$) showed a strong significance for motivation and organizational commitment respectively with performance as it was statistically found. This supports the hypothesis (H2) proving that organizational commitment has a mediating effect on the relationship between motivation and performance.

Regression analysis for moderation effect between the variables

Table 4 4. Standardized betas and degree of significance from regression analysis

Relations	β	t	P
Motivation→ Performance	0.54	8.423	0.000
Delegation Authority (Moderator)	-0.184	-2.868	0.005

The table demonstrates that motivation has a ($\beta=0.540$, $p<0.000$) which is statistically significant to performance and moderator (delegation of authority) had a ($\beta= -0.184$, $p<0.005$) which indicated a negative significance to performance. From the above analysis, hypothesis (H3) is supported implying that delegation of authority does have a moderating effect between employee motivation and performance. This means that when a delegation of authority is high, performance to increases as illustrated in a graph of the figure below.

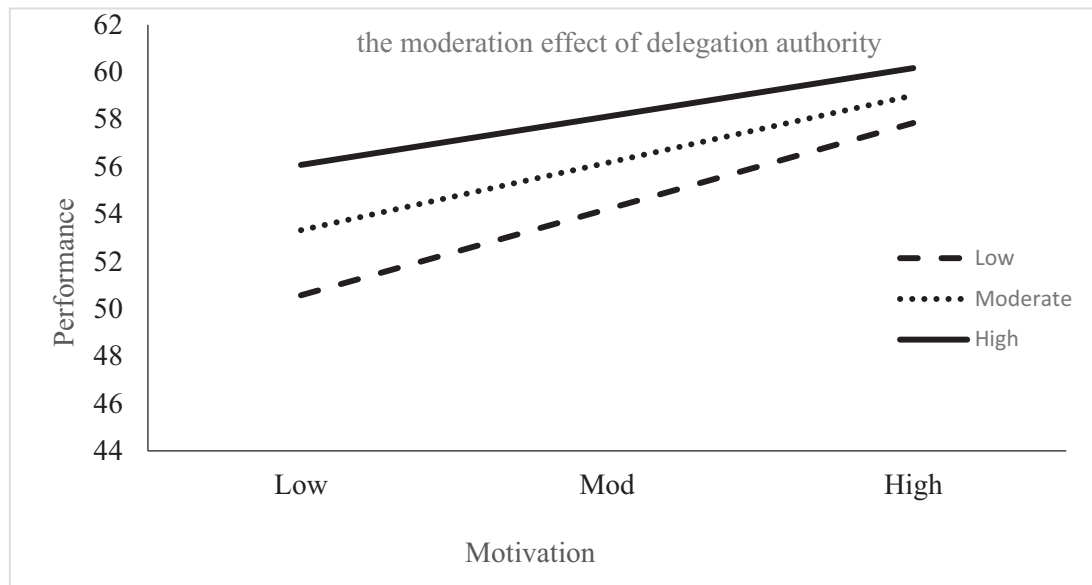


Figure 2. The moderation role of delegation authority in the relationship between motivation and employees’ performance

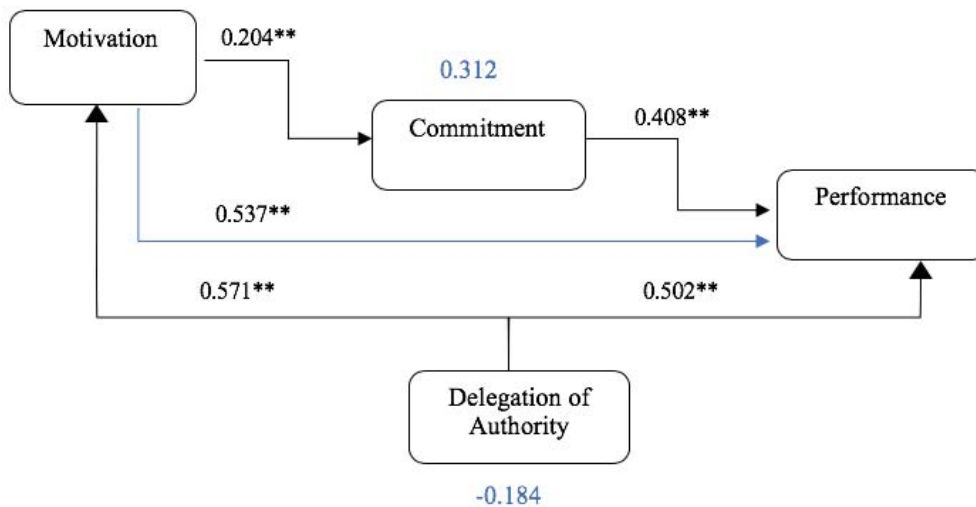


Figure 3. Hypothesized Model with results

5. Discussion

This research is conducted in Burundi Tea company, noted that Tea is one of the products that Burundi exports in large quantity and generates income to the country.

From the analysis, the validation of hypothesis (H1) implies that as motivation increases, performance to increases: when an employee is highly motivated it will result in high performance at the organization. Management of Burundi Tea Company is more requested to concentrate and consider on how its employees are motivated because motivation has been proved as an essential tool towards achieving high levels of performance from this study and other previous studies (Clegg, 1983; Dar & Uju, 2013; Elnaga & Imran, 2013; Irefin & Mechanic, 2014; Saari, 2012; Taylor, 2007). The company can put to use both intrinsic and extrinsic motivational packages as earlier studies have suggested too, Burundi Tea Company’s employees have been found to be motivated and their performance is influenced to their level of motivation.

Similarly, organizational commitment and motivation had a positive and significant relationship. Thus, the

findings show the mediating effect of organizational commitment between motivation and performance of the employee. Therefore, organizational commitment is crucial and very important in working place which increases the performance of workers because it is vital for an organization to have complete levels of employee commitment in order to have an exceptional performance on a long term basis (Sutton & Griffin, 2004). As levels of organizational commitment increase in the company, performance levels of employees ultimately increase too. According to (Khan & Jam, 2010) research of organization commitment, an employee feels chilling in terms of job environment and this lead to increase organizational commitment which implied high job performance. The results give insights into Burundi Tea Office, the managers are intended to mobilize the employee to be committed in their job in order to increase the performance (Khan & Jam, 2010). Together organizational commitment and employee motivation lead to better performance of employees. Managers are called to make attention to the commitment of employees by considering their motivation. As Burundi Tea Office is special company for Burundi economical sustainability, its employees are core elements in productivity growth of the company. So, the company has to put policies which foster the capability of employees to remain committed to their job based on their motivation. Stimulation of employee remaining committed drives the company to perform better by increasing its productivity (Mc et al., 2014).

The results indicated that motivation was significant to performance and when it came to the moderating effect, a delegation of authority showed a negative significance in the relationship to performance. Considered the research carried by (Anders Dysvik, 2011) states that intrinsic motivation moderates the linkage of perceived job autonomy and work quality. the results from that study demonstrated that employee with high intrinsic motivation tend to be more responsible in job attributed finally ends up by performing better, in another hand the employee with low intrinsic motivation is less engaged to the job. This explains that at Burundi Tea Company, employees perceive delegation of authority has a significant effect on their levels of performance. For that, employee delegated for being in charge of any level of the company or get any responsibility for others seem to be more motivated and strive to increase the performance of the company. In that case, managers and supervisors should not misuse delegation of authority for their own benefits, they should take it as an advantage to motivate enough employees though attributing them some responsibility by assigning tasks that employees comprehend and are capable to execute well without seeking guidance from them. Supervisors and managers, however, have to entrust their employees to execute certain tasks by delegating more tasks and responsibilities to them that helps to enforce high levels of confidence in employees and a good sense of belonging to the employees with the organization, hence reproducing high-performance levels in the long run.

6. Implication

This paper has a big significant implication for the country and managers. Based on the results found for organizational commitment and delegation authority playing their roles of moderation and mediation respectively in the connection between motivation and performance. A country should impose rules and regulation, which favor employee working environmental such as cut personal income tax, provision of insurance, to boost their well-being in order to stimulate the productivity growth, as Burundi Tea Company is a public company. Managers are advised to make employees remaining committed to their tasks and rotating them in commandment position as being a part of delegation authority to perform certain tasks, this will drive them to be intrinsically motivated then will lead the company to the preferred performance.

This study met some limitations, firstly data collection, the sample size was too small regarding the total number of employees. Since we have a small sample size, this study cannot be generalized based on the results gotten. Secondly, this study had a financial problem because we collected data from different tea company located in different provinces, we faced some barriers such as transportation cost, accommodation, and time which was not enough for distribution and collection the questionnaire

We recommend future research with the inclusion of an additional qualitative data and depth information (i.e. from tea plantation field, production, and commercialization areas) for all employees working Burundi Tea Company in order to come up with precised information and capture enough respondents from a different area of the company.

References

- Addison, T. O., & Antwi-Asare, E. K. Y. (2015). *Financial Sector Reforms and Bank Performance in Ghana*. (N. The Russell Press Ltd, Ed.). London SW1E5DP: Portland House.
- Ageeva, E., Melewar, T. C., Foroudi, P., Dennis, C., & Jin, Z. (2018). Examining the influence of corporate website favorability on corporate image and corporate reputation: Findings from fsQCA. *Journal of Business Research*, 89, 287-304. Elsevier. <https://doi.org/10.1016/j.jbusres.2018.01.036>

- Ahmad, H., & Ahmad, K. (2010). Relationship between Job Satisfaction , Job Performance Attitude towards Work and Organizational Commitment. *European Journal of Social Sciences*, 18(2), 257-267.
- Al-Jammal, I., Al-Khasawneh, J. A., & Hamadat, A. M. (2015). Impact of the delegation of Authority and Employee Performance at IRBID municipality. *International Journal of Human Resource Studies*, 5(3), 61-72. <https://doi.org/10.5296/ijhrs.v5i3.8062>
- Alnasrallah, Y. (2016). Employee Motivation and Performance. *International Journal of Scientific & Engineering Research*, 7(1), 788-790.
- Anders, D. B. K. (2011). Intrinsic motivation as a moderator on the relationship between perceived job autonomy and work performance. *European Journal of Work and Organizational Psychology*, 20(3), 367-387. <https://doi.org/10.1080/13594321003590630>
- Bao, C., & Nizam, D. I. (2015). THE IMPACT OF MOTIVATION ON EMPLOYEE PERFORMANCE IN THE ELECTRONICS INDUSTRY IN CHINA. *International Journal of Accounting and Business Management*, 3(2), 29-45. Retrieved from <http://www.ftms.edu.my/journals/IJABM/Nov2015/29-45.pdf>
- Chatzopoulou, M., Vlachvei, A., & Monovasilis, T. (2015). Employee's Motivation and Satisfaction in Light of Economic Recession: Evidence of Grevena Prefecture-Greece. *Procedia Economics and Finance*, 24, 136-145. [https://doi.org/10.1016/S2212-5671\(15\)00633-4](https://doi.org/10.1016/S2212-5671(15)00633-4)
- Chughtai, A. A., & Zafar, S. (2006). Antecedents and Consequences of Organizational Commitment Among Pakistani University Teachers. *Applied H.R.M. Research*, 11(1), 39-64.
- Cistulli, M. D., Snyder, J. L., & Jacobs, R. (2012). Affective Organizational Commitment as a Predictor of Military Enlistment Discussion and Recommendation United States of America. *Business, Humanities and Technology*, 2(3), 27-33.
- Clegg, C. W. (1983). (1983). Psychology of employee lateness, absence, and turnover:a methodological critique and an empirical study. *Applied Psychology*, 68, 88-101. <https://doi.org/10.1037/0021-9010.68.1.88>
- Cohen, J. (1990). Things I Have Learned (So Far). *American Psychologist*, 45(12), 1304-1312. <https://doi.org/10.1037/0003-066X.45.12.1304>
- Dar, B., & Uju, S. (2013). The Influence of Motivation on Employees ' Performance: A Study of Some Selected Firms in Anambra State. *An International Journal of Arts and Humanities*, 2(7), 134-151.
- Darulehsan, S., Muthuveloo, R., & Rose, R. C. (2005). Typology of Organisational Commitment. *Applied Science*, 2(6), 1078-1081. <https://doi.org/10.3844/ajassp.2005.1078.1081>
- Del-Castillo-Feito, C., Blanco-González, A., & González-Vázquez, E. (2019). The relationship between image and reputation in the Spanish public university. *European Research on Management and Business Economics*, 25(2), 87-92. Elsevier Doyma. <https://doi.org/10.1016/j.iedeen.2019.01.001>
- Đorđević, B. (2004). EMPLOYEE COMMITMENT IN TIMES OF RADICAL ORGANIZATIONAL CHANGES Biljana Đ or đ evi ć. *Economics and Organization*, 2, 111-117.
- E. Sucksmith1, I. R., & R. A. H. (2011). re-examining the broader autism phenotype in the 21st. *Neuropsychology Review*, 21((4)), 360-389. <https://doi.org/10.1007/s11065-011-9183-9>
- Edmondson, A. C., & Harvey, J. F. (2018). Cross-boundary teaming for innovation: Integrating research on teams and knowledge in organizations. *Human Resource Management Review*, 28(4), 347-360. <https://doi.org/10.1016/j.hrmr.2017.03.002>
- Elnaga, A., & Imran, A. (2013). The Effect of Training on Employee Performance. *European Journal of Business and Management*, 5(4), 2222-2839.
- Gharakhani, J. E., & Davood. (2012). Organizational Commitment and Job Satisfaction. *Science and Technology*, 2(2), 85-91.
- Gohari, P., Ahmadloo, A., Boroujeni, M. B., & Hosseinipour, S. J. (2013). The relationship between rewards and employee performance. *INTERDISCIPLINARY JOURNAL OF CONTEMPORARY RESEARCH IN BUSINESS* . Retrieved from <https://journal-archieives34.webs.com/543-570.pdf>
- Government, L., & Stella, O. (2008). Motivation and Work Performance: Complexities in Achieving Good Performance Outcomes ; A Study Focusing on Motivation Measures and Improving Workers Performance in Kitgum District, (December), 83.
- Halim, L., & Rahayu, M. (2016). The Effect of Employee ' s Perceptions on Corporate Social Responsibility

- Activities on Organizational Commitment , Mediated by Organizational Trust. *International Journal of Business and Management Invention*, 5(4), 43-49.
- Iqbal, A., Ijaz, M., Latif, F., & Mushtaq, H. (2015). Factors Affecting the Employee'S Performance: a Case Study of Banking Sector in Pakistan. *European Journal of Business and Social Sciences*, 4(8), 309-318.
- Irefin, P., & Mechanic, M. A. (2014). Effect of Employee Commitment on Organizational Performance in Coca Cola Nigeria Limited Maiduguri, Borno State. *Humanities and Social Sciences*, 19(3), 33-41.
- Jackson, S. E. (2012). *Managing Human Resources*.
- Khan, M. R., & Jam, F. A. (2010). The Impacts of Organizational Commitment on Employee Job Performance. *Social Sciences*, 15(3), 292-298.
- Kiiza, P., & Picho, E. O. (2015). Delegation and Staff Commitment in the School of Finance and Banking , Kigali , Rwanda. *Makerere Journal of Higher Education*, 7(June 2002), 3-13.
- Kombo, B. W., & Oloko, M. (2014). Effects of Delegation on Employee Performance in Savings and Credit Cooperative Societies in Kisii County. *The International Journal Of Business & Management*, 2(7), 203-215.
- Kuranchie-mensah, E. B., & Amponsah-tawiah, K. (2016). Employee Motivation and Work Performance : A Comparative Study of Mining Companies in Ghana, 9(2), 255-309.
- Lamastro, V. (1999). Commitment and Perceived Organizational Support. *National Forum of Applied Educational Research*, 12(3), 1-13.
- Lau, C. M., & Roopnarain, K. (2014). The effects of nonfinancial and financial measures on employee motivation to participate in target setting. *The British Accounting Review*, 46(3), 228-247.
- Lee, M. T., Raschke, R. L., & Louis, R. St. (2016). Exploiting organizational culture: Configurations for value through knowledge worker's motivation. *Journal of Business Research*, 69(11), 5442-5447. Elsevier.
- Leischnig, A., Kasper-Brauer, K., & Thornton, S. C. (2018). Spotlight on customization: An analysis of necessity and sufficiency in services. *Journal of Business Research*, 89, 385-390.
- Lipsey, S. A., Kwapong, E. O., & Donyina, F. (2015). IN GHANAIAN POLYTECHNICS: THE MODERATING ROLE OF EDUCATION AND. *Human Resource Management*, 3(6), 30-43.
- Liu, R. (2018). The Impact of Job Embeddedness on Employee ' s Performance — The Regulation Study of Relational Embeddedness. *Human Resource and Sustainability Studies*, 6, 8-23.
- Manzoor, A. (2013). Manzo. *National Investment Trust Limited*, 3, 20-30.
- Mc, J. B., Ssekakubo, J., Lwanga, F., & Ndiwalana, G. (2014). Employee Motivation , Job Satisfaction and Organizational Performance in Uganda ' s Oil Sub-sector. *Management and Business Studies*, 3(7), 315-324.
- McInerney, D. M., Maehr, M. L., & Dowson, M. (2017). Motivation and Culture. *Reference Module in Neuroscience and Biobehavioral Psychology*.
- Meyer, J., & Allen, N. (1991). A three-component conceptualization of organizational commitment. *Human Resources Management Review*, 1(1), 81-89.
- Mochiah, E. E., & Osei, R. D. (2014). The impact of conditional cash transfer programmes on household work decisions in Ghana. *Economic Research*, (September).
- Muslim, N. A., Dean, D., & Cohen, D. (2016). Employee Job Search Motivation Factors: An evidence from Electricity Provider Company in Malaysia. *Procedia Economics and Finance*, 35, 532-540.
- Nabi, N., Al, A., Ahmed, T., & Rahman, S. (2017). Impact of Motivation on Employee Performances a Case Study of Karmasangsthan Bank Limited Bangladesh Good. *Human Resource Management Research*, 7(1), 54-64.
- Nyambegera, S. M., & Gicheru, C. N. (2016). Extrinsic and Intrinsic Factors Influencing Employee Motivation: Lessons from AMREF Health Africa in Kenya. *International Journal of Business and Social Research*, 6(9), 20-31. MIR Center for Socio-Economic Research. Retrieved from <https://ideas.repec.org/a/mir/mirbus/v6y2016i9p20-31.html>
- Paillé, P., Amara, N., & Halilem, N. (2018). Greening the workplace through social sustainability among co-workers. *Journal of Business Research*, 89, 305-312.

- Parks, S. (1995). Improving workplace performance: historical and theoretical contexts. *Monthly Labor Review*.
- Peters, T. R. W. (1982). *In Search of Excellence: Lessons from America's Best Run Companies*. (Harper and.). New York.
- Saari, P. (2012). *INTRINSIC MOTIVATION Psychological and Neuroscientific Perspectives*.
- Salter, C. R., & Harris, M. H. (2014). *Ba Leadership Model and Moral Development Interim Associate Dean for Academic Affairs Director of the Masters of Science Leadership Program Director of the Integrity Ambassadors in Business*. New York.
- Sarpong, D., & Maclean, M. (2016). Cultivating strategic foresight in practice: A relational perspective. *Journal of Business Research*, 69, 2812-2820.
- Steers, R. M. (1977). Antecedents and outcomes of organizational commitment. *Administrative Science Quarterly*, 22, 46-56. <https://doi.org/10.2307/2391745>
- Sutton, G., & Griffin, M. A. (2004). psychological contract violations : A longitudinal study of new professionals. *Journal of Occupational and Organizational Psychology*, 493-514. <https://doi.org/10.1348/0963179042596487>
- Syafii, L. I., Thoyib, A., Nimran, U., & Djumahir. (2015). The Role of Corporate Culture and Employee Motivation as a Mediating Variable of Leadership Style Related with the Employee Performance (Studies in Perum Perhutani). *Procedia - Social and Behavioral Sciences*, 211, 1142-1147. <https://doi.org/10.1016/j.sbspro.2015.11.152>
- Taris, T. W., & Schaufeli, W. B. (2014). *A conceptual and theoretical overview*.
- Taylor, H. (2007). *The effects of interpersonal communication style on task performance and well being*.
- Todericiu, R., Șerban, A., & Dumitrașcu, O. (2013). Particularities of Knowledge Worker's Motivation Strategies in Romanian Organizations. *Procedia Economics and Finance*, 6, 405-413. [https://doi.org/10.1016/S2212-5671\(13\)00155-X](https://doi.org/10.1016/S2212-5671(13)00155-X)
- Tolentino, R. C., & Ng Lungsod Ng Maynila, P. (2013). Organizational Commitment and Job Performance of the Academic and Administrative Personnel. *International Journal of Information Technology and Business Management*, 29(1). Retrieved from www.jitbm.com
- Tumpa, D., & Ashok, K. Y. L. N. K. (2014). A New Look at the Antecedents and Consequences of Organizational Commitment : A Conceptual Study. *Humanities and Social Science*, 4(1), 281-287.
- Webb, E., Perry, M., & Fennelly, L. J. (2015). Employee Motivation Theory and Application. *Security Supervision and Management* (pp. 231–240). Elsevier. <https://doi.org/10.1016/B978-0-12-800113-4.00018-3>
- Weiss, Y., & Fershtman, C. (1998). Social status and economic performance : A survey. *European Economic Review*, 42, 801-820. [https://doi.org/10.1016/S0014-2921\(97\)00137-2](https://doi.org/10.1016/S0014-2921(97)00137-2)

Appendix A: Study Questionnaire**SECTION I: Background Information**

Please kindly tick where it applies to you

1. What is your gender?
Male [] Female []
2. What is your marital status?
Single [] Married []
Divorced [] other []
3. What is your age group?
Below 18 [] 18-30 [] 31-40 [] 41-50 []
above 50 []
4. Which is your highest level of education?
Certificate [] diploma [] Graduate [] Post graduate []
Other []
5. For how long have you worked the project?
Less than 1 year [] 1-4years [] 5-9 years [] more than 10years []

With Respect To Section Ii, Iii, Iv And V Please Indicate The Level Of Agreement With Each Statement:**Levels Of Agreement**

STRONGLY DISAGREE	DISAGREE	NEITHER AGREE NOR DISAGREE	AGREE	STRONGLY AGREE
(1)	(2)	(3)	(4)	(5)

Section Ii: Motivation**Level of Agreement**

1 2 3 4 5

6.	I am paid a salary that is enough to cater for my basic needs							
7.	My company provides me free accommodation/housing							
8.	Free meals are provided at the company							
9.	Salary payments are prompt							
10.	The level at which employees are satisfied with their job can be attributed to their levels of motivation.							
11.	The type of relationship between me and my managers of the organization has an impact on my motivation.							
12.	The degree to which I believe promotion opportunities exist in the organization has an impact on my motivation.							
13.	All employees in my company have opportunity for promotion							
14.	Am always given paid leave of absence							
15.	My company gives me bonuses for extra time worked							
16.	My company provides me medical allowance							

17.	The degree to which employees in the organization exhibit levels of stress is as result of their levels of motivation.						
18.	The monetary salary structure has an impact on my motivation level						
19.	The company has created many opportunities for me to learn and improve						
20.	My company provides me the opportunity to improve my skills.						
21.	I believe the level of motivation in my organization has a direct impact of absenteeism levels.						
22.	The degree to which I believe promotion opportunities exist in the organization has an impact on my motivation.						
23.	I am more motivated to do my job when I feel recognized and appreciated for my contribution to the organization.						
24.	My company frequently arranges training programs for the employees.						
25.	I believe the level of motivation in my organization has a direct impact on my ability to meet personal goals.						
26.	The rate at which employees learn new job tasks can be attributed to their levels of motivation.						
27.	The responsibilities I perform in the organization give a sense of control over others.						
28.	The degree to which I believe promotion opportunities exist in the organization has an impact on my motivation.						
29.	I have prospects for career development in this organization						

30. What are the other motivational packages for employees in your company?

.....

.....

.....

Section Iii: Organizational Commitment

Level of Agreement

1 2 3 4 5

31.	I feel myself to be part of this organization						
32.	I would recommend a close friend to join this company						
33.	I feel very little loyalty to this organization						
34.	I find that my values and the organization’s values very similar.						
35.	I understand how my job contributes to the organization’s goals and objectives.						
36.	I have a good understanding of where the organization is going.						
37.	I am willing to put in a great deal of effort to help this organization become successful.						
38.	I am not willing to do more than my job description requires just to help the organization.						
39.	I would be just as happy working for different organization if the work was similar.						
40.	The offer of a little more money with another company would make think of changing jobs						

41.	I am extremely glad that I chose to work here rather than one of the other jobs I was considering at the time I joined.						
42.	There's not much to be gained by staying with this organization indefinitely.						
43.	Often, I find it difficult to agree with the organization's policies on important matters relating to its employees.						
44.	I really care about the fate of this organization.						
45.	I think this is a good place to work.						
46.	I am proud to be part of my section/ department/ service.						
47.	I frequently think of quitting this company						
48.	Even if the company were not doing well financially, I would be reluctant to change to another company						
49.	I know that working hard for this organization leading to good performance						

Section Iv: Delegation of Authority

Level Of Agreement

1 2 3 4 5

50.	Delegation of authority increases my level of positive relations among different jobs.						
51.	Delegation of authority upgrades my level of job performance						
52.	Delegation instills loyalty and belonging to the organization.						
53.	Authorization accelerates decision making process.						
54.	Delegation creates principle of entrepreneurship in employees' performance.						
55.	Delegation of authority makes me accept overtime positively.						
56.	Delegation raises amount of work achieved.						
57.	Delegation gives me a chance to adopt to different situations at the organization.						
58.	Delegation of authority makes me aware all the time of work in the organization.						
59.	Authorization improves the perspective of employer to employee.						
60.	Delegation helps me to achieve my work in a limited time.						
61.	Delegation gives me a chance to depend on myself in achieving work.						
62.	Delegation increases degree of interest and effort in achieving the objectives of the organization.						
63.	Delegation increases principality and initiative to prove oneself and excellence in performance.						
64.	Delegation strengthens self-confidence of subordinates						
65.	Delegation increases degree of satisfaction on job needs.						

Section V: Performance

Levels Of Agreement

1 2 3 4 5

66.	I feel am doing a good job						
67.	My superiors appreciate the work I am doing in the organization.						
68.	I have a clear understanding of what I need to do to meet my expectations.						
69.	I have all the support and resources I need from the organization to do my job well.						
70.	I work collaboratively with my supervisor to set challenging goals.						
71.	Still comply with regulations and procedures of the organization in case of difficulty or inconvenient						
72.	I use my personal time to improve professional skills						
73.	I accept work-related training with a positive attitude						
74.	I maintain adequate confidence in the new mission						
79.	There is good communication between the supervisor and our team.						
80.	I enjoy working with my coworkers.						
81.	My supervisor creates a motivating working environment						

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).

Fitting in: Different Types of Person-Environment Fit as Drivers of Career Self-management in Kuwait

Ikhlas Abdalla¹, Awad M. Al-Zufairi¹, Moudi Al-Homoud¹ & Ali H. Muhammad¹

¹ Department of Management and Marketing, College of Business Administration, Kuwait University, Kuwait

Correspondence: Ikhlas Abdalla, Department of Management and Marketing, College of Business Administration, Kuwait University, Kuwait.

Received: July 22, 2019

Accepted: August 16, 2019

Online Published: August 26, 2019

doi:10.5539/ibr.v12n9p29

URL: <https://doi.org/10.5539/ibr.v12n9p29>

Abstract

Contributing to emerging efforts to integrate the understudied career self-management (CSM) with person-environment fit research, this study aims to assess the unique effects of person-organization, person-coworkers and needs-supplies fits on employees' deployment of career advancement strategies. A questionnaire was completed by 548 highly educated young Kuwaitis and self-initiated expatriates (Arab and South Asian) working in medium and large Kuwaiti organizations. The simultaneous effects of the three types of fits is assessed and the findings demonstrate that an increase in person-coworkers fit and decrease in person-organization and needs-supplies fits consistently encourage the deployment of career advancement strategies concerning accessing influential networks, self-promotion, competence building and psychological boundaryless. A relatively more robust effect of person-coworker fit has been detected. It is attributed to the Arab collectivistic culture and to the construct being a career competency and a contextual factor as per the "intelligent career" theory. Interventions should be mindful of the differential effects of different types of fit on CSM. Developing organizational 'standards of fit' and CSM skills are essential for individual career development and organizational success. The study provides unique information about the understudied constructs of CSM and person-environment fit in a traditional and high inequality Arab Middle Eastern country, and infers the causes of the inconsistent effects of contextual factors reported by previous studies.

Keywords: person-organization values fit, person-coworkers support fit, needs-supplies career fit, career self-management (CSM), Arabs, employees

1. Introduction

Economic pressures are leading to shifts from corporate careers, where the corporation is the primary career driver, to protean careers where employees largely manage their own careers (Baruch, 2014). Recent studies have ascertained the spread of what Arthur, Inkson and Pringle (1999) have termed a 'new career'. The new career – which includes protean and boundaryless careers - contrasts with the traditional, secure, hierarchy-based career. Due to the increase in new careers and the political nature of organizations, career self-management (CSM) is, more than ever, deemed to be a high-leverage concept for enhancing individuals' career success (Briscoe & Hall, 2006; De Vos & Soens, 2008; King, 2001). CSM involves sculpting one's career by changing self and/or the situation, instead of only reacting to the situation. Parker and Collins (2010) argued that CSM is a form of proactive person-environment fit (P-E fit or fit) behavior, because it initiates change to achieve greater compatibility between individuals' own needs and attributes and their environments. This study intends to examine the unique effects of three types of fit on motivating CSM of young professionals in Kuwait. Specifically, it intends to examine the unique contributions of person-organization values congruence (PO fit), needs-supplies fit (N-S fit) and person-coworkers support fit (hereafter referred to as PG fit) on employees' deployment of career advancement strategies. Enhancing fit augments one's strategic competitive position and requires proficiency in tactical, social and identity-related tasks such as building networks and competencies, self-promotion, seeking better job and feedback (King, 2001; Gubler et al., 2014). Thus, protean and boundaryless career attitudes, political savviness, and knowledge about P-E fit and unwritten organizational rules (Carter & Silva, 2011; Drenzo & Greenhaus, 2011) relate to the tasks just described. Indeed, mainstream research in the last century focused largely on traditional careers, so it is important to recognize the new dynamics and turn the focus of research on the 'new career,' particularly in relation to its environment.

CSM is relevant to P-E fit because it focuses on long-term compatibility between an individual's career expectations and the organization's requirements. The P-E fit has been theoretically and empirically linked to individual and organizational outcomes. However, little research has been done on the relation between fit and CSM (Parker et al., 2010; Kostal & Wiernik, 2017). The lack of research investigating this theoretical proposition is especially surprising given the large amount of P-E fit research going back more than a century. Another shortcoming in the fit literature revealed by Kristof-Brown, Zimmerman and Johnson's (2005) meta-analysis study and by other studies, is the rarity of research focusing on P-E multi-dimensionality. Kristof-Brown et al. (2005) stressed the importance of assessing the unique contribution of each kind of fit because people assess different aspects of their environments separately. So far, only a few types of fit have been studied, the PO fit being the most studied. Empirical studies which simultaneously examined different types of fits have found that the fits differentially relate to employee attitudes and behaviors (Greguras & Diefendorff, 2009). This led to calls for more research on the understudied fits and for research exploring new kinds of fits (e.g., Kristof-Brown et al., 2005). There have also been calls for research into the relations between different kinds of fits and different types of proactive career behavior (Parker & Collins, 2010) and particularly in high inequality societies (Kostal & Wiernik, 2017).

Understanding the role of different types of P-E fits within the career development domain has, therefore, both theoretical and practical significance because research into the conditions that foster or undermine people's career development helps to advance formal knowledge of the causes of organizational outcomes and human behavior and wellbeing (Ryan & Deci, 2000). Consistent with the calls of Parker and Collins (2010), this paper aims to contribute to the recent efforts to integrate the literature on CSM and fit by examining the effects of PO, PG and N-S fits on employees' deployment of career advancement strategies. This is done through analyzing these relationships in a sample of highly educated young Kuwaitis and self-initiated expatriates (SIEs, specifically Arabs and South-Asians) working in Kuwait. The choice of the fits was based on their relevance to CSM (Parker & Collins, 2010), and was also guided by the suggestions of Werbel and Gilliland (1999) who stated that assessing PO fit should be based on values and/or needs, and that assessing PG fit should be based on interpersonal attributes and broad-based proficiencies. Mayo et al. (2012) indicated that coworker support had a more consistent effect in managing specific stressors – such as nonlinear career challenges - than supervisor support. Parker and Collins (2010) stressed the relevance of person-job fit (i.e., N-S fit and demand-abilities fit) as antecedent to CSM. Ashford & Black (1996) and Cable and DeRue (2002) found that N-S fit is more effectual predictor of individual behavior than demand-abilities fit which is more relevant to organizations.

Consistent with the suggestions just described, this study adopts the PO fit construct (Cable & DeRue, 2002), which is commonly used in supplementary fit research tradition. PO fit refers to the congruence between the employee's values and organizational values and culture. The PG fit used here refers to the correspondence between the employee's needs and perceived coworkers' support, and N-S fit refers to the correspondence between employees' needs and the amount of rewards their jobs offer (Cable & DeRue 2002; Seong & Kristof-Brown, 2012). N-S fit and PG fit are part of the complementary fit research tradition. The three fits of this study are consistent with Kristof's (1996: 4-5) definition of fit which integrates the complementary and supplementary fit traditions as follows: "... *the compatibility between people and organizations that occurs when: (a) at least one entity provides what the other needs, or (b) they share similar fundamental characteristics, or both*". These traditions represent distinct research streams within the P-E fit paradigm (Cable & Edwards, 2004). In response to calls to integrate the two traditions, this study is following a method used by Cable and Edwards, (2004), which utilized and analyzed constructs from both traditions simultaneously to predict their unique effects on employee behavior.

Regarding CSM literature, recent reviews (e.g. Gubler et al., 2014; Kostal & Wiernik, 2017), have indicated that most research was theoretical, attitudinal and focused mainly on the outcomes of behavior. The empirical studies were Western-centric and focused primarily on tertiary students. Thus, there is need to extend research on CSM and its antecedents to non-Western regions (Gubler et al., 2014; Kostal & Wiernik, 2017; Segers et al., 2008). To the best of our knowledge there is only one study on antecedents of CSM in the Arab Middle Eastern region and it focused on demographic differences in protean behavior (Abdalla, Al-Homoud & Muhammad, 2019). This study, therefore, contributes to the literature by examining the effects of contextual antecedents on CSM in Kuwait. Although culture is not the primary focus of this study, it is useful to explore the applicability of the protean career and P-E fit concepts to Arabs, whose societal values emphasize high in-group collectivism, power-distance (obedience to authority), uncertainty avoidance, resistance to change, and masculinity (Abdalla, 2006; Hofstede, 2001). Agency, self-directedness, risk-taking and change orientation, which are inherent in the protean career construct, have less of an expression in Arab culture. The protean construct, therefore, might not be easily transferable to the Arab workplace. On the other hand, Arab societal values of conformity, comradeship and

fitting-in with the larger group may make their responses to P-E mismatch different, perhaps milder than those of Westerners. Consequently, the relationships between P-E fit and CSM in the Arab region might not mirror the results of western-based studies.

We address two preliminary questions related to CSM and P-E fit. First, do the different kinds of fit namely, PO, PG and N-S fits have different effects on CSM? That is, what are the unique contributions of each fit when they are simultaneously assessed? In this regard, Cable and Edwards (2004) and Kristof-Brown et al. (2005) suggested that research comparing the effects of simultaneous assessments of multiple kinds of fit is needed. Second, given the Arab culture where fitting in and getting along is more important than getting ahead (Abdalla, 2006), do the findings echo the relationships found in Western cultures? With the scarcity of research on CSM in general and particularly in its relation to specific P-E fits, the answers to these questions will contribute to the literature on CSM and fit. Also, they will provide a better understanding of how these important constructs apply cross-culturally. The remainder of this paper is structured in the following manner. First, it describes the current call for research on different kinds of P-E fit and CSM, and the effect of fit on CSM (represented here by deployment of career advancement strategies), and their theoretical base as well as empirical findings. Next, it integrates CSM and fit research into three hypotheses. The method and analysis are then presented. The results are discussed within the literature and Arab socio-political environment. The paper also advocates studying specific types of P-E fit as related to CSM to advance our understanding of the understudied protean career, and to further the development and sustainability of employees' careers and organizational outcomes. In this paper career, proactive behavior, protean behavior, proactivity and CSM are used interchangeably.

2. Literature Review

2.1 Career Proactive Behavior

One of the most innovative contributions to capturing the changing nature of careers has been the research in the protean career (Briscoe & Hall, 2006), a concept that is complementary to the boundaryless career (Arthur & Rousseau, 1996). Given the increasing employment pressures, the protean career is gaining increased attention from researchers and practitioners. Baruch (2014) stated that there was accelerated interest in the concept of protean career and its applications, both in Western and in global contexts. Protean career orientation is a contract with oneself, rather than between oneself and an organization, leaving much of the career development to the individual's initiation and proactivity, and in which self-management is paramount (De Vos & Soens, 2008). CSM entails charting the career landscape, knowing the decision-makers who influence one's career (the Gatekeeper) and deploying strategies to enhance one's strategic positioning and influencing effectiveness (Seibert, Kraimer & Crant, 2001; King, 2001). Hence, it aims to enhance the P-E fit by changing self and/or the environment (Parker and Collins, 2010) and by utilizing strategies to increase career opportunities and eliminate threats (Briscoe & Hall, 2006).

A wide variety of career advancement tactical behaviors were studied, however, most studies focused on students' job search and employees' training (Gubler et al., 2014). Among the few studies that simultaneously assessed a wide spectrum of career advancement strategies is Carter and Silva's (2011) study. Their study covered a variety of tactics such as seeking access to high profile assignments, influential networks, visibility, support, feedback, training and knowledge about labor markets and political landscape. Theoretically, it is well established that engagement in such strategies is a function of the interaction between environmental factors and individual ones (Ng, Sorensen, Eby & Feldman, 2007). Even people with protean and boundaryless career orientations have to comply with certain organizational and contextual boundaries (Baruch, 2014). It is, therefore, important to study the impact of contextual factors such as PO, PG and N-S fit on CSM. Below we present a brief clarification of the P-E fit constructs and review of relevant research.

2.2 P-E Fit

2.2.1 Clarifying the Conceptual Differences between the Constructs

Researchers have drawn from the supplementary and complementary traditions of the P-E paradigm to predict outcomes that span all stages of work life, ranging from career and organization choice, to job satisfaction and stress to decisions to change the situation (e.g., quit) or change self (e.g., develop new skills). Complementary fit approach, of which N-S and PG fits are part, occurs when the weaknesses or needs of the individual are offset by the environment or vice-versa (Cable & Edwards, 2004). That is, N-S fit and PG fit used in this study refer to occasions when an entity (i.e., organization or coworkers) offers the amount of reward/support that an employee wants. In contrast, PO fit, like other supplementary fits, exists when a person and an organization possess similar or matching attributes (e.g., skills or values) that both consider important (Cable & Edwards, 2004). For example, when both the employee and organization consider job security to be important. Thus, the difference between

N-S and PG fit and PO values fit is that the first two constructs focus on the amount of the attribute received from the job or coworkers while the latter focuses on the importance of the attribute/value. In this regard Cable and DeRue (2002: 876) stated, “Theoretically, the fit between the employee’s needs and the rewards that emanate from the job is quite distinct from values congruence”. They noted that a job could deliver needed rewards even if the job incumbent did not fit the organization’s values. This is because N-S fit is based primarily on job outcomes. Their study and many others tested and refuted the assumption that employees’ value congruence with organizations is one specific form of N-S fit and therefore one of many job rewards. In this respect Cable and Edwards (2004) stated that both N-S fit and value congruence independently affect employee attitudes and outcomes, such that each predicts attitudes and outcomes when the other is controlled. They asserted that N-S fit and value congruence represent distinct theoretical processes with unique effects on employee attitudes and behavior. It was found that people form separate cognitions about their fit with their organization’s cultural values (PO fit), and their fit with their job in return for their service (N-S fit) as well as about the fit with their coworkers in terms of the support received (PG fit). Hence, a ‘simultaneous effects’ perspective has been recommended by several researchers to determine the unique contributions of these kinds of fit (Cable and Edwards, 2004; Greguras & Diefendorff, 2009). These suggestions are consistent with the P-E framework offered by Kristof (1996) which depicts both complementary and supplementary fits as separate processes with different underlying logic.

2.2.2 PO Fit

As mentioned above, value congruence is a very prominent concept within the supplementary tradition of the P-E paradigm and organizational behavior research. In this stream of research, values are beliefs that transcend specific situations, pertain to desirable end state or behavior, guide choice of behavior or events and vary in terms of relative importance (Schwartz, 1992). Theoretically and empirically it is suggested that employees with higher PO fit have more positive work attitudes and feel involved with the broader mission of the organization. The logic is that individuals like to work in environments that reinforce their self-concept. The accruing gratification was empirically linked to low turnover, increased employee embeddedness in their organizations and to decreased engagement in CSM (Tak, 2011; Parker et al., 2010). It would be interesting to know whether these results are supported in high power distance and low agency societies. In such societies, subjugation of personal interest to leaders’ interest is encouraged. Thus, we propose:

Hypothesis 1: PO fit discourages engagement in CSM and PO incongruence enhances it.

2.2.3 N-S Fit

CSM is theoretically and empirically linked to Person-Job fit concept (Edwards, 1991; Parker et al., 2010). Proactive behavior is more energized by perceptions of unfairness, imbalance or mismatch in needs-supplies and demand-abilities, particularly when individuals feel safe and valued, and when the cost of failure is low. Wang et al. (2014) argued that N-S fit at the workplace signals that the current employment provides worthwhile return on investment and meaningful experiences, which encourage employees to embed in the organization and lower their proactivity. In contrast, N-S mismatch suggests negative contexts and psychological contract breach. Hence it motivates people to initiate protean and/or boundaryless tactics in order to pursue meaningful careers (Hirschi et al., 2013; Parker & Collins, 2010). Thus, an examination of the presumed negative effect of the match between individual career growth needs and job rewards (N-S fit) on the variance of CSM is warranted. Therefore, it is proposed that:

Hypothesis 2: Perceived N-S fit decreases engagement in CSM and mismatch in needs and supplies enhances it.

2.2.4 PG Fit

Research has emphasized the importance of interpersonal relationships within the work setting, particularly in relation to coping with today’s employment pressures (Mayo et al, 2012). Supervisors, colleagues and subordinates are important sources of the emotional and technical support that is needed to effectively engage in CSM. Thus, the fit between the employee’s needs and the perceived support of coworkers is considered crucial for career success (Werbel & Gilliland, 1999). Many theories and empirical studies have linked social capital with effective CSM and career success. For example, Arthur, Claman, and DeFillippi (1995) argued that “knowing whom”, “knowing how” and “knowing why” are essential competencies for “intelligent careers”. For Arabs, the PG fit construct, “knowing whom” competency and comradeship are especially important, because of Arabs’ high in-group collectivistic culture (Abdalla, 2006; Hofstede, 2001).

It is important to note that previous research has found that support from supervisors, a frequently offered

prescription in the practitioners' guidelines, is not as consistently positive in lowering stress as that of coworkers (Mayo et al., 2012). It was found that when supervisors are perceived as sources of stressors (e.g., career barriers), their support makes matters worse by magnifying the negative impact of the stressors - perhaps due to the employees mistrusting the supervisors' sincerity. However, when the source of employees' stressors is unlinked to the supervisor, the supervisor will be in a better position to alleviate the negative consequences of stress. In contrast, most career systems are beyond the control of coworkers. Employees, therefore, are less likely to identify coworkers as their career stressors and, consequently, coworkers' support might be more effectual than supervisors' support in enhancing CSM (Mayo et al., 2012). For these reasons, and others, the coworkers' support construct is used as one of the antecedents of CSM in this study. Specifically, the reasons for including coworkers construct are: First, coworkers are important sources of support for employees. Second, although coworkers can certainly influence work dynamics, they do not typically have the authority to shape employee work assignments and careers in the manner that supervisors do. Consequently, employees are less likely to attribute career barriers to coworkers, and a reverse effect for coworkers' support is not expected. Instead, having supportive coworkers encourages employees to vent their frustrations, provide fresh ideas that help them cope with career challenges and coach them to develop new ways to manage their careers. Third, supervisors shape the career context. Also, in this study supervisors' values and support are incorporated in the PO fit and N-S fit constructs respectively. Due to these overlaps, it was decided to include a coworkers' support construct rather than a supervisor's support construct. Further, we argue that high PG fit is expected to be positively related to CSM because the construct is competence-based (Arthur et al., 1995; Cable & DeRue 2002) and provides the support and empowerment needed to engage in CSM. Thus, we propose:

Hypothesis 3: PG fit encourages CSM and lack of PG fit dampens it.

3. Method

3.1 Procedure and Participants

The participants were 548 highly educated employees working in various medium to large public and private Kuwaiti organizations. The questionnaires were administered by the research team through their contacts in those organizations. The respondents' voluntary participation was requested by the team, no formal involvement of the management of the organizations was solicited and no payments were made to any of the participants. The response rate was 71%. Fifty four percent of the sample was from the private sector, 52% were men, 58% were Kuwaitis, 42% were Arab and South Asian SIEs, 79% were married, 72% had bachelor's degrees, and 28% had graduate degrees. Ages ranged from 24 to 49 years (35% were below 30 years; 38% were between 30-39 years and 27% were between 40-49 years).

3.2 Measures

3.2.1 Career Advancement Strategies

Employees' career advancement strategies were measured utilizing a 19-item scale developed by Carter and Silva (2011) which assesses employees' strategies for discerning the career competitive landscape, seeking better capabilities, feedback, visibility, opportunities inside and outside the organization, networking, and for getting/providing support. The total scale has Cronbach Alpha reliability score ($\alpha = 0.92$). The scale was originally used by Carter and Silva (2011) on a sample of 3,345 high potential employees of Fortune Global 500. The respondents were asked to think of their overall career since completing their last degree and determine the extent to which they actively used each of the 19 tactics. A 5-point scale ("not at all" to "a great extent") was used.

3.2.2 PO, N-S and PG Fits

PO and N-S fits were measured by commonly used scales of Cable and DeRue (2002). Each scale consists of 3 items. Since PG fit in this study is conceptualized as the match between coworkers' support and the participant's needs, a modified version of the N-S fit scale was used by replacing the word 'job' by 'coworkers' and the statements were adjusted accordingly, as recommended by Cable and DeRue (2002). Other researchers (e.g., Greguras & Diefendorff, 2009) made similar changes to Cable and DeRue's (2002) scales to measure different fits. That is, the three items of the PG fit scale used in this study asked participants to evaluate the extent to which their coworkers provided them with the needed support. Sample items for each scale and Cronbach Alpha reliability scores are as follows: PO fit: "*The things that I value in life are very similar to the things that my organization values,*" ($\alpha = 0.83$); N-S fit: "*There is a good fit between what my job offers me and what I am looking for in a job*", ($\alpha = 0.89$); PG fit: "*There is a good fit between the support I need to do my job and the support provided by my coworkers*", ($\alpha = 0.87$). All fit items were responded to using 5-point scales, ("not at all"

to “completely”). All scales were translated into Arabic using a translation-back-translation procedure (Brislin, 1970).

4. Analysis and Findings

4.1 Factor Analysis

An exploratory factor analysis was performed on the 19 items of the career advancement strategies scale (Carter & Silva, 2011). Factor loading of ≥ 0.55 was accepted which is slightly higher than the score recommended by Hair et al. (2006), and no cross loading larger than 0.50 was accepted. One item (“*I make sure my supervisor knows I am willing to work long hours and/ or weekends*”) did not satisfy the criteria and was excluded from the analysis. A four-factor solution was produced. The correlation between the factors was not high enough to suggest a major overlap between them (Table 1). Like the findings of Carter and Silva (2011) and Briscoe and Hall (2006), the factors suggest that individuals use tactics in groups. The groups were labeled to reflect their contents and to match the labels used in previous research, i.e., Access-to-power, Self-promotion, Psychological Boundaryless, and Competence building. The number of items per factor, Cronbach Alpha reliability scores and sample items are as follows: Access-to-power (5 items; $\alpha = 0.80$; “*I get myself introduced to people in my organization who can influence my career*”); Self-promotion (4 items; $\alpha = 0.80$; “*I make sure I get credit for the work I do*”); Psychological Boundaryless (5 items; $\alpha = 0.85$; “*I make sure I remain informed about my market value and opportunities*”); Competence building (4 items; $\alpha = 0.77$; “*I am proactive in getting new job competencies through training and development programs*”). The analysis produced distinct strategy groups with high reliability scores, therefore, the total score of the 19 items was not used (Hair et al., 2006). The results support the measure’s internal consistency and construct validity and extended its external validity to the Middle Eastern cultures.

Table 1. Means, standard deviations, and correlation coefficients

	Mean (SD)	Gender	Nationality	Age	Experience	A to P	PB	SP	CB	PG fit	N-S fit
Nationality	-	-.094**									
Age	-	-.169**	.194**								
Experience	-	-.146	.181**								
A to P	3.55 (.86)	-.158**	-.027	-.017	-.016						
PB	3.3 (.89)	-0.058	-.028	-.140**	-.156**	.573**					
SP	3.6 (.92)	-0.038	-.162**	-.127**	-.130**	.503**	.573**				
CB	3.6 (.81)	-.086*	-0.026	-.094*	-.100*	.613**	.645**	.440**			
PG fit	3.6 (.72)	-0.055	0.060	-.091*	-.110*	.252**	.180**	.170**	.236**		
N-S fit	3.4 (.77)	-.097*	0.067	.041	.001	-0.062	-.169**	-.090*	-.091*	.310**	
PO-fit	3.3 (.87)	0.007	0.076	.049	.032	-.200**	-.308**	-.163**	-.197**	-.112**	.254**

** $P \leq .01$; * $P \leq .05$; Nationality: Kuwaiti = 1, SIE = 2; Gender: male = 1, female = 2. A to P, PB, SP, CB refer to Access to power, Psychological boundaryless, Self-promotion and Competence building, respectively

4.2 Cluster Analysis

Following the method used by Carter and Silva (2011) and Briscoe and Hall (2006) we explored whether meaningful clusters of people with different career advancement strategic orientations could be identified. Using the four factors (i.e., groups of strategies) we applied a two-step Cluster Analysis (Hair et al, 2006) which produced a solution of two clusters. All four factors differentiated one cluster from the other. Guided by the content of each cluster and the labels used by previous research (e.g., Seger et al., 2008), the cluster of people with a strong protean career orientation is labeled “Hunter” and the one with weak protean orientation is labeled “Dependant” (Figure 1). The Cluster Analysis on the four strategy groups produced two distinct career strategic orientations, indicating that the participants follow one of two distinct career self-management orientations to advance their careers. The Hunters, who represent 53% of the sample, have stronger protean orientations and use

all four strategy groups more than the Dependants. In contrast, the Dependants rely largely on their employers to manage their careers (Figure 1). Thus, the results extend the construct validity of the measure to the Arab region. The study controlled for the effects of gender, age, work experience and nationality (Kuwaiti, non-Kuwaiti) which are generally related to CSM. Since the variance in the respondents' education was small (university degree or higher) and had an insignificant effect on the results, it was removed from the analyses.

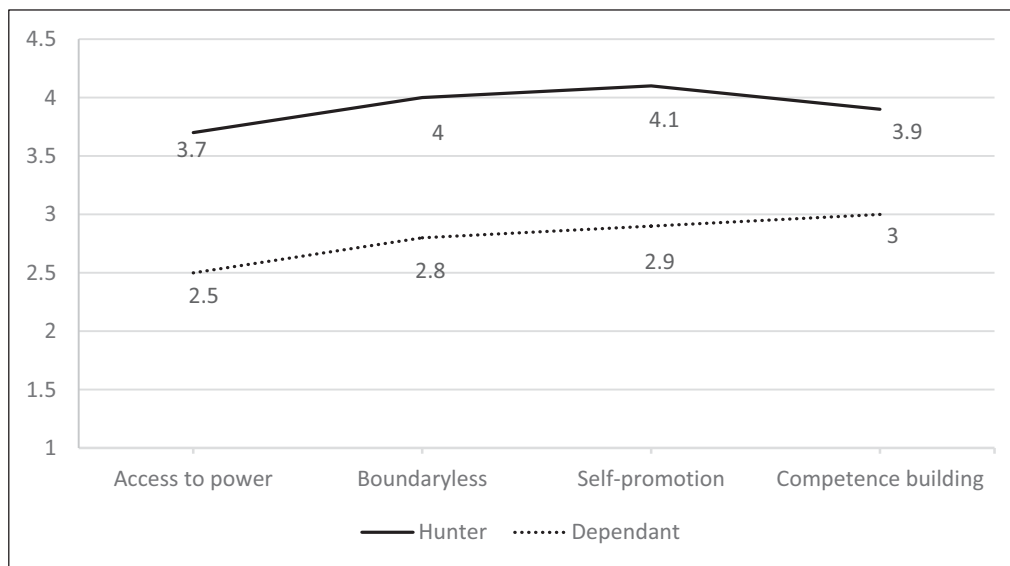


Figure 1. Two-step cluster analysis: Hunter and Dependant strategic orientations

4.3 Addressing the Hypotheses

Descriptive statistics and correlation coefficients are presented in Table 1. Hierarchical linear and logistic regression analyses were used to address the three research hypotheses. Hierarchical linear regression assessed the unique contributions of PO, PG and N-S fits (independent variables) to the variance in the deployment of the four strategy groups (dependent variables; Tables 2). Table 3 presents the results of the hierarchical logistic regression analysis (Wald test) which assessed the impact of the PO, PG and N-S fits on the two strategic orientations (i.e., dependent variables, namely, Hunter and Dependant).

The results of the hierarchical linear regression analysis pertaining to the effects of PO, PG and N-S fits on the four types of strategy groups confirmed the three hypotheses (Table 2). The results show unique and consistent effects of the three types of fit on each of the four groups of career advancement strategies. As predicted, the directions of the effects are different; PG fit has a positive effect on the strategy groups and PO and N-S fits have negative effects. Also, PG fit seems to be more effectual than PG and N-S fit in predicting the four strategy groups. Specifically, the results suggest that employees increase the deployment of the four types of career advancement strategies when they have supportive coworkers (PG fit), when their needs are not fulfilled by their jobs and/or their values conflict with their organizations' values and culture. As for the career strategic orientations, the logistic regression results (Table 3) show that the likelihood of individuals to have Hunter rather than Dependant career orientations is doubled if they have PG fit and is reduced by 25-30% if they have either PO fit or N-S fits. The control variables (covariates) show that the likelihood of being a Hunter is lower by 20% to 38% if the participant is a female, older in age, non-native or with longer years of experience. That is, Hunter orientation is stronger among Kuwaitis, men, younger employees and those with fewer years of experience.

Table 2. Hierarchical linear regression: PO, PG and N-S fits as predictors of career advancement strategies

#		Access to power				Psychological boundaryless				Self-promotion			Competence building				
		Stand. β	t	P	Adj. R2	Stand. β	t	P	Adj. R2	Stand. B	t	P	Adj. R2	Stand. β	t	P	Adj. R2
1	Nationality	-.07	-1.73	.09	.029	-.01	-.32	.75	.023	.16	-3.8	.00	.039	.01	.33	.74	.017
	Gender	-.18	-4.47	.00		-.10	-2.31	.02		-.09	-2.22	.05		-.12	-3.03	.00	
	Age	.04	-.18	.23		-.16	-3.82	.00		-.12	-2.86	.00		-.11	-2.63	.01	
	Experience	.05	-.19	.20		-.15	-3.65	.00		-.10	-2.81	.00		-.10	-2.43	.01	
2	PO fit	-.13	-3.19	.00	.124	-.24	-5.98	.00	.150	-.09	-2.29	.02	.092	-.14	-3.60	.00	.130
	PG fit	.27	6.48	.00		.19	4.72	.00		.20	4.87	.00		.29	7.19	.00	
	N-S fit	-.14	-3.28	.00		-.17	-4.15	.00		-.12	-2.86	.00		-.13	-3.02	.00	

Note. # = Step, Nationality: Kuwaiti = 1, SIE = 2; Gender: male = 1, female = 2.

Table 3. Hierarchical logistic regression: PO, PG and N-S Fits as predictors of Hunter and Dependant career orientations

Step		B	(SE)	Wald	P	Exp(B)
1	Nationality	-.49	.18	7.92	.005	.611
	Gender	-.48	.18	7.15	.008	.617
	Age	-.22	.09	5.36	.024	.800
	Experience	-.20	.08	4.78	.033	.800
2	PO fit	-.29	.11	7.53	.006	.747
	PG fit	.68	.14	24.51	.000	2.01
	N-S fit	-.46	.129	12.86	.000	.630

Note. Strategic orientation: Dependant = 1, Hunter = 2; Nationality: Kuwaiti = 1, SIE = 2; Gender: male = 1, female = 2.

5. Discussion

Previous research has demonstrated the importance of contextual beliefs in predicting proactive career behavior (Briscoe et al., 2012; Lent & Brown, 2013; Ng et al., 2007) and calls were made for further examination of the influence of different types of P-E fit on CSM and extending CSM research to non-Western cultures (Gubler et al., 2014; Parker & Collins, 2010; Kostal & Wiernik, 2017). Specific calls were made for studying the role of N-S and PG fit on employees' attitudes and behavior (Cable & DeRue, 2002; Greguras & Diefendorff, 2009). In response to these calls we utilized a sample of highly educated young native and expatriate employees working in Kuwait to assess the unique impact of perceived PO, PG and N-S fit on CSM. The aim was to determine the unique effects of different types of fit on different types of career strategy, and to reveal the nature of the relationships and the validity of these constructs in an Eastern culture. To our knowledge this study is one of only a few studies which have examined the fit in relation to CSM, and the first to examine these relations in the Arabian Gulf region. For this purpose, the study is informed by P-E fit, career and organizational justice literature to hypothesize that low PO, and N-S fits and high PG fit encourage career proactive behaviors. Generally, the findings support our hypotheses and previous research (e.g., Greguras & Diefendorff, 2009; Kristof-Brown et al., 2005) which found that different kinds of fit lead to different individual attitudes and behaviors.

Our results indicate that different conceptualizations of fit uniquely predict and differentially relate to the deployment of career advancement strategies, such that low PO and N-S fits and high PG fit lead to a Hunter career orientation and encourage employees' utilization of strategies like seeking access to influential individuals, increasing job variety and significance, monitoring internal and external employment opportunities, self-promoting, and skill development. That is, individuals who are unsatisfied with the organization's values and job rewards and have supportive employees seek to change self and/or the environment to augment the fit. This, in turn, improves their strategic positioning and career progress. In support, previous findings indicated that protean initiatives are motivated by low P-E fit and the desire to fit in (e.g., Carter & Silva, 2011; Parker & Collins, 2010) and by social capital (Arthur et al., 1995). Conversely, employees who are satisfied with their organizations' values and culture as well as their job rewards (i.e., they have high PO and N-S fit), but are experiencing poor coworker support (i.e., PG mismatch) would be least motivated to engage in CSM. This group is likely to have Dependant career orientation which may lead to loss of future career success (Baruch, 2014; Gubler et al., 2014). A third scenario concerns individuals who are largely fitting in the organization in terms of being satisfied with organizational cultures, job rewards and coworkers support. This group's motivation to

engage in CSM can be sourced from coworkers' support.

The covariates reveal that Kuwaitis, men, and young and less experienced employees are more likely to have Hunter career orientation than their counterparts have. These results are consistent with the findings of Abdalla et al. (2019). These authors attributed the demographic differences in protean career behaviors to the Kuwaiti segmented labor market by gender and nationality. Also, the gender and age results are consistent with previous research (Segers et al. 2008), and with the highly masculine Arab culture which values age and seniority. The lower proactivity of SIEs is interesting as SIEs are considered an embodiment of proactive behavior (Cao et al., 2012). This may be attributed to their restrictive work environment in Kuwait (Hertog, 2012; Abdalla et al., 2019) and perhaps to poor management. Previous research has shown that managers were often unprepared to effectively manage expatriates (McEvoy & Buller, 2013). Below, we will discuss each of the fits separately.

5.1 PO Fit

The findings suggest that when there is congruence between the employees' and organizations' value systems, individuals are likely to be less proactive, have Dependant career orientation and lower the deployment of all career advancement strategies, namely Access to power, Psychological boundaryless, Self-promotion and Competence building. The unique and consistent negative effects of PO fit on the four strategy types understudy, after controlling for N-S and PG fits, support the validity of these relations. The results substantiate career theories and empirical findings which suggest that positive environment discourages proactive behavior (Hirschi et al., 2013; Kostal & Wiernik, 2017). They are also consistent with P-E fit studies (e.g., Cable & Edwards, 2004; Cable & DeRue, 2002; Greguras & Diefendorff, 2009) which found unique positive effects of PO fit on organizational identification, citizenship and turnover decision when controlling for N-S fit, PG fit and other types of fit. The positive effect of PO fit on numerous types of behaviors and its negative effect on proactive behavior are expected because proactivity is often triggered by stressors. In this regard, Parker et al. (2010) and Cable and Edwards, (2004) argued that contentment with the fit between self-concept and organizational culture may encourage embeddedness and willingness to align one's career with that of the organization, which, in turn, lowers the need for proactive career behavior. In other words, when employees' and organizations' values converge, collaborative spirit develops and employees become more contented, optimistic of a harmonious relation with their organization, and committed to the organization mission, and thus their proactive tendencies and desire to change the situation dampens. Conversely, when the values of the employees and organizations diverge, collaboration may diminish, and careers become contested terrains in which the organizations pursue strategic advantages based on their values and employees pursue personal advantages based on different sets of values. Consequently, employees engage in more proactive behaviors to protect their interests (Inkson & King, 2011). These arguments are supported by empirical findings which revealed that negative environments are stronger instigators of proactivity than positive ones (Lent & Brown 2013) because there is more need to take personal initiatives and corrective measures in challenging times (Briscoe et al., 2012). These explanations are consistent with Schneider's (1987) attraction-selection-attrition model, which posits that employees are attracted to join and stay in organizations that share similar characteristics or values to their own. Thus, our results substantiate current efforts to bridge PO fit and CSM theories.

5.2 N-S Fit

N-S fit is a component of the person-job fit. The findings suggest that, like PO fit, low N-S fit encourages engagement in CSM. That is, when employees perceive a poor correspondence between their career growth needs and the amount of job rewards, they tend to rectify the situation by intensifying the deployment of all four strategy types. For example, they may seek more access to their 'career gatekeepers', engage in self-promotion and skill development and search for alternative employment opportunities. These findings are consistent with organizational and vocational behavior research (Crawshaw et al, 2012; Hirschi et al 2013; Wang et al., 2014) which attests that incongruence and injustice are strong motivators of both boundaryless and protean career behaviors. The underlying premise linking N-S fit to CSM is that needs are the starting point of motivation, because employees expect that their jobs, careers and professions satisfy certain needs (Locke, 2000). When employees perceive N-S fit at the workplace, they are likely to experience meaningful careers which, in turn, may increase contentment and organization commitment and lower proactive behavior (Parker et al., 2010). However, if N-S fit is low, this may signal violation of their psychological contract due to failure of the current employment to provide a worthwhile returns on their investment (Rousseau, 1998). Hence, they may intensify the deployment of protean and boundaryless tactics to remedy the situation (King, 2001). These findings substantiate Inkson and King's (2011) arguments presented above, regarding the conflict accruing from employees' and their organizations' divergent interests. Yet, CSM is seldom easy to deploy because proactive behavior is risky by nature, therefore, it is pursued when the work environment is

conducive for the expression of one's cognitive, emotional and physical selves without threat to their self-concept, dignity, status or career (Kahn, 1990). Thus, PG fit might provide the encouragement needed to engage in CSM. Interestingly, despite the high context culture of Kuwait, the findings of PO and N-S fit substantiate previous Western-based research and show that incongruencies in the employees' and organizations' values and employees' unfulfilled needs tend to encourage protean career behaviors. Thus, the study extends the N-S fit and CSM constructs' validity to the Middle Eastern region.

5.3 PG Fit

PG fit increases engagement in CSM when the effects of PO and N-S fits are controlled. That is, unlike PO and N-S fits which decrease CSM, employees who receive work-related support from coworkers are more engaged in CSM and have stronger protean orientation than those with less supportive coworkers. Also, PG fit has greater unique effect on the four strategy types than PO and N-S fits. These findings could be attributed to the following: first, drawing from the theory of "intelligent career" (Arthur et al., 1995), PG fit is not only a complementary fit but also a career competency, thus it is expected to encourage CSM. The role of "knowing whom" competency as an enabler of CSM and a requirement for "intelligent careers" is well established in the literature. Coworkers' support is crucially important for coping with the stresses of today's career demands because it provides members with direct technical and emotional career-related assistance, such as feedback, information and advocacy (Eby, Butts & Lockwood, 2003; Ng et al., 2005). Second, it has been argued that since coworkers are rarely the cause of PO and N-S misfits, their support is often positive unlike the supervisors'. As mentioned before, supervisors might be considered as part of the misfit problem hence their support might be perceived as false (Mayo, 2012). Third, the findings are also consistent with organizational behavior research which indicates that members of cohesive workgroups seek consensual validation of their personal actions and beliefs from their groups, and seek the group's support and backing, and hence feel more empowered to take proactive actions (Adkins & Meglino, 1996; Ng et al., 2005). Fourth, coworker support might be more needed and effectual in the Arab region because of the high power-distance, collectivistic and low agency culture, as well as the Arab's strong tendency for risk aversion.

It is worth noting that PG fit is a relatively new construct and when conceptualized in terms of values congruence and not team support, it produces weak and inconsistent relations with individual attitudes and behavior (Greguras & Diefendorff, 2009). This led these authors and others to call for more research to explore the different conceptualizations of this construct. In response, this study examined the impact of PG fit on CSM and found a strong relationship between the two constructs. We surmise that the robust effects of PG fit in this study may relate to the construct's emphasis on support received by the employees from coworkers and not the congruence of their values. In support, Cable and DeRue (2002) found that competence-based fit and complementary fit (i.e., fulfilling needs through support) are more effective behavior antecedents than supplementary fit (values congruence). Further, the robust effect of PG fit on CSM may also be attributed to Arabs' strong in-group collectivistic culture, whereby people define career success in social terms, such as acceptance by the in-group and social standing (Abdalla and Al-Homoud, 2012). Given the Arabs' traditional culture, we surmise that those with in-group support and "knowing whom" career competency will have a stronger sense of control and empowerment (Inkson & Arthur, 2001), and hence feel more encouraged to engage in CSM.

Taken together, the results support previous findings and extend P-E fit and CSM theories to the Arab region. They suggest that employees deploy a wide variety of tactics to fit in so as to enhance their careers. They are more energized to use these tactics when they have supportive workgroups, when their needs are not met by the job and when their personal values are incongruent with their organization's values. From this perspective the results confirm the assertions that N-S, PG and PO fit are important to employees' career advancement and operate through processes that are separate and distinct (Cable & Edwards, 2004). The differential effects of the different types of fit on CSM revealed by this study suggest that the seemingly inconsistent findings concerning contextual effects on CSM reported by previous research (e.g., Hirschi et al, 2013) may relate to differences in the types of contextual factors used in those studies.

6. Conclusions, Practical Implications and Limitations

P-E fit needs to be adequately understood within career development research (Parker & Collins, 2010; Halbesleben, 2010) to advance formal knowledge and form more effective socio-economic settings that optimize employees' career development, performance and wellbeing. While existing CSM studies have primarily attempted to isolate socio-economic factors, which predict employees' proactive career behavior, this analysis extended CSM research base by employing a P-E fit theoretical framework, frequently used to predict employees' attitudes and behavior, but very rarely seen in CSM research. Specifically, we explored three types of

P-E fit namely, PO, PG and N-S fits, that might foster or undermine employees' engagement in CSM in the low agency and traditional, Kuwaiti context. We sought to contribute to the emerging research assessing how unique is the contributions of different types of fit on employees' attitudes and behaviors as well as to bridge P-E fit, career and organizational support literature. The analysis incorporated multiple measures of fit simultaneously, a strategy that has been recommended by some industrial and organizational psychology researchers, but not common in fit research (Kristof- Brown, Jansen, & Colbert, 2002; Tak, 2011).

Taking the findings of the current study in total, it was evident that fit matters in the emergence of self-directed career management of young highly educated employees in Kuwait. The relations between fit and CSM were found to be consistent with previous Western-based data (Kristof-Brown et al., 2002). These findings demonstrate that PO, PG and N-S fit can have simultaneous and independent effects on CSM, and that the intensity and direction of the effects may differ depending on the type of fit. They substantiate previous research which found that employees distinguish between PO, PG and N-S fit perception and that incongruencies between the employees' values and needs and what their organizations offer motivate protean career behavior. Research that clarifies the complexities through which P-E fit influences career proactive behavior will continue to inform the theory and practice about the role that fit plays in employees' and organizations' prosperity.

The most straightforward implication of the present findings is that managers should be aware of the divergent effects of different kinds of fit on employees' career behavior, particularly those that increase employees' stressors, like the incongruence between employees and their organizations in terms of value-systems, needs and supplies. Eliminating such incongruence may lessen the CSM burdens shouldered by today's employees. To increase P-E fit, managers may find it particularly valuable to develop organizational "standards of fit" and compare their performance relative to other firms or industry benchmarks. Such information is essential for HRM decisions and is helpful to employees and counselors involved in CSM and career development. The main limitations of this study are that it is cross-sectional and applied only self-report methods. However, the high validity and reliability of the constructs support the value and contributions of the study.

Acknowledgement

This study was partially funded by Kuwait Foundation for the Advancement of Science, Kuwait.

References

- Abdalla, I. (2006). Human resource management in Qatar, in P. S. Budhwar, and K. Mellahi, (Eds.). *Managing Human Resources in the Middle East*, (pp. 121-144). Global HRM Research Monograph Series, London, England, Routledge.
- Abdalla, I. A., Al Homoud, M. A., & Muhammad, A. H. (2019). Demographic Differences in Protean Career Behavior: A Study of a High Demographic Inequality Labor Market. *International Journal of Business and Management*, 14(8), 25-40. <https://doi.org/10.5539/ijbm.v14n8p25>
- Abdalla, I., & Al-Homoud, M. (2012). Foreign faces in Kuwaiti places: the challenges of human capital utilization in Kuwait. *International Journal of Business and Management*, 7(2), 1-12. <https://doi.org/10.5539/ijbm.v7n20p1>
- Adkins, C. L., & Meglino, B. M. (1996). Value congruence between coworkers and its relationship to work outcomes. *Group and Organization Management*, 21, 439-460. <https://doi.org/10.1177/1059601196214005>
- Arthur, M. B., & Rousseau D. M. (1996). Introduction: the boundaryless career as a new employment principle, in Arthur, M. B., and Rousseau D. M. (Eds.), *The boundaryless career*. New York, Oxford University Press, 3-20.
- Arthur, M. B., Claman, P. H., & DeFillippi, R. J. (1995). Intelligent enterprise, intelligent careers, *The Academy of Management Executive*, 9(4), 7-20. <https://doi.org/10.5465/ame.1995.9512032185>
- Arthur, M. B., Inkson, K., & Pringle, J. K. (1999). *The New Careers*, Sage, London, Pages (1999).
- Ashford, S. J., & Black, J. S. (1996). Proactivity during organizational entry: the role of desire for control. *Journal of Applied Psychology*, 81, 199-214. <https://doi.org/10.1037/0021-9010.81.2.199>
- Baruch, Y. (2014). The development and validation of a measure for protean career orientation. *The International Journal of Human Resource Management*, 25(19), 2702-2723. <https://doi.org/10.1080/09585192.2014.896389>
- Briscoe, J. P., & Hall, D. T. (2006). The interplay of boundaryless and boundaryless careers combinations and implications. *Journal of Vocational Behavior*, 69, 4-18. <https://doi.org/10.1016/j.jvb.2005.09.003>

- Briscoe, J. P., Henagan, S. C., Burton, J. P., & Murphy, W. M. (2012). Coping with an insecure employment environment: the differing roles of protean and boundaryless career orientations. *Journal of Vocational Behavior, 80*, 308-316. <https://doi.org/10.1016/j.jvb.2011.12.008>
- Brislin, R. W. (1970). Back-translation for cross-cultural research. *Journal of Cross-Cultural Psychology, 1*(3), 185-216. <https://doi.org/10.1177/135910457000100301>
- Cable, D. M., & Edwards, J. R. (2004). Complementary and supplementary fit: a theoretical and empirical integration. *Journal of Applied Psychology, 89*(5), 822-834. <https://doi.org/10.1037/0021-9010.89.5.822>
- Cable, D., & DeRue, D. (2002). The convergent and discriminant validity of subjective fit perceptions. *Journal of Applied Psychology, 87*(5), 875-884.
- Cao, L., Hirschi, A., & Deller, J. (2012). Self-initiated expatriates and their career success. *Journal of Management Development, 31*(2), 159-172. <https://doi.org/10.1108/02621711211199494>
- Carter, N., & Silva, C. (2011). *The Myth of the Ideal Worker: Does doing all the right things get women ahead?* Catalyst Publication, New York, NY.
- Crawshaw, J. R., Dick, V. R., & Brodbeck, F. C. (2012). Opportunity, fair process and relationship value: career development as a driver of proactive work behavior. *Human Resource Management Journal, 22*(1), 4-20. <https://doi.org/10.1111/j.1748-8583.2011.00169.x>
- De Vos, A., & Soens, N. (2008). Protean Attitude and Career success: The mediating role of self-management, *Journal of Vocational Behavior, 73*, 449-456. <https://doi.org/10.1016/j.jvb.2008.08.007>
- Direnzo, M. S., & Greenhaus, J. (2011). Job search and voluntary turnover in a boundaryless world: a Control Theory perspective. *Academy of Management Review, 36*(3), 567-589. <https://doi.org/10.5465/amr.2009.0333>
- Eby, L. T., Butts, M., & Lockwood, A. (2003). Predictors of success in the era of the boundaryless career. *Journal of Organizational Behavior, 24*(6), 689-708. <https://doi.org/10.1002/job.214>
- Edwards, J. R. (1991). Person-job fit: A conceptual integration, literature review, and methodological critique. In C. L. Cooper & I. T. Robertson (Eds.), *International Review of Industrial and Organizational Psychology, 6*, 283-357. Oxford, England: John Wiley & Sons.
- Greguras, G. J. J., & Diefendorff, J. M. (2009). Different fits satisfy different needs: Linking person-environment fit to employee commitment and performance using self-determination theory. *Journal of Applied Psychology, 94*(2), 465-477. <https://doi.org/10.1037/a0014068>
- Gubler, M., Arnold, J., & Coombs, C. (2014). Organizational boundaries and beyond: a new look at the components of boundaryless career orientation. *Career Development International, 19*(6), 641-667. <https://doi.org/10.1108/CDI-11-2013-0143>
- Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E., & Tatham, R. L. (2006). *Multivariate Data Analysis*, 6th ed., NJ, Pearson Education Inc.
- Halbesleben, J. R. (2010). Sources of social support and burnout: a meta-analytic test of conservation of resources model. *Journal of Applied Psychology, 91*, 1134-1145. <https://doi.org/10.1037/0021-9010.91.5.1134>
- Hertog, S. (2012). A comparative assessment of labor market nationalization policies in the GCC, in Hertog, S. (ed.), *National employment, migration and education in the GCC. The Gulf Region: economic development and diversification*, Gerlach Press, Berlin, Germany.
- Hirschi, A., Lee, B., Porfeli, E., & Vondracek (2013). Proactive motivation and engagement in career behaviors: Investigating direct, mediated, and moderated effects. *Journal of Vocational Behavior, 83*(1), 31-40. <https://doi.org/10.1016/j.jvb.2013.02.003>
- Hofstede, G. (2001). *Culture's Consequences: comparing values, behaviors, institutions, and organizations across nations* (2nd ed.), CA, Sage.
- Inkson, K., & Arthur, M. B. (2001). How to be a successful career capitalist. *Organizational Dynamics, 30*(1), 48-61. [https://doi.org/10.1016/S0090-2616\(01\)00040-7](https://doi.org/10.1016/S0090-2616(01)00040-7)
- Inkson, K., & King, Z. (2011). Contested terrain in careers: A psychological contract model. *Human Relations, 64*(1), 37-57. <https://doi.org/10.1177/0018726710384289>
- Kahn, W. A. (1990). Psychological conditions of personnel engagement and disengagement at work. *Academy of Management Journal, 33*(4), 692-724. <https://doi.org/10.5465/256287>

- King, Z. (2001). Career self-management: a framework for guidance of employed adults. *British Journal of Guidance and Counselling*, 29(1), 65-78. <https://doi.org/10.1080/03069880020019365>
- Kostal, J. W., & Wiernik, B. M. (2017). A meta-analytic investigation of demographic differences in protean, boundaryless, and proactive career orientations. *Career Development International*, 22(5), 520-545. <https://doi.org/10.1108/CDI-08-2017-0139>
- Kristof, A. L. (1996). Person-organization fit: an integrative review of its conceptualizations, measurement, and implications. *Personnel Psychology*, 49, 1-49. <https://doi.org/10.1111/j.1744-6570.1996.tb01790.x>
- Kristof-Brown, A. L., Jansen, K. J., & Colbert, A. E. (2002). A policy-capturing study of the simultaneous effects of fit with jobs, groups, and organizations. *Journal of Applied Psychology*, 87(5), 985-993. <https://doi.org/10.1037/0021-9010.87.5.985>
- Kristof-Brown, A. L., Zimmerman, R. D., & Johnson, E. C. (2005). Consequences of individuals' fit at work: a meta-analysis of person-job, person-organization, person-group, person-supervisor fit. *Personnel Psychology*, 58, 281-342. <https://doi.org/10.1111/j.1744-6570.2005.00672.x>
- Lent, R., & Brown, S. (2013). Social cognitive model of career self-management: towards a unifying view of adaptive career behavior across the life span. *Journal of Counseling Psychology*, 60(4), 557-568. <https://doi.org/10.1037/a0033446>
- Locke, E. (2000). Motivation, cognition, and action: an analysis of studies of task goals and knowledge. *Journal of Applied Psychology*, 49(3), 408-429. <https://doi.org/10.1111/1464-0597.00023>
- Mayo, M., Sanchez, J. I., Pastor, J. C., & Rodriguez, A. (2012). Supervisor and coworker support: a source congruence approach to buffering role conflict and physical stressors. *The International Journal of Human Resource Management*, 23(18), 3872-3889. <https://doi.org/10.1080/09585192.2012.676930>
- McEvoy, G., & Buller, P. F. (2013). Research for practice: The management of expatriates. *Thunderbird International Business Review*, 55(2), 213-226. <https://doi.org/10.1002/tie.21536>
- Ng, T. W., Eby, L. T., Sorensen, K. L., & Feldman, D. C. (2005). Predictors of objective and subjective career success: a meta-analysis. *Personnel Psychology*, 58(2), 367-408. <https://doi.org/10.1111/j.1744-6570.2005.00515.x>
- Ng, T., Sorensen, K., Eby, T., & Feldman, D. (2007). Determinants of job mobility: a theoretical integration and extension. *Journal of Occupational and Organizational Psychology*, 80, 363-386. <https://doi.org/10.1348/096317906X130582>
- Parker, S. K., & Collins, C. G. (2010). Taking Stock: integrating and differentiating multiple proactive behaviors. *Journal of Management*, 36(3), 633-662. <https://doi.org/10.1177/0149206308321554>
- Parker, S., Bindle, U., & Straus, K. (2010). Making things happen: a model of proactive motivation. *Journal of Management*, 20(10), 827-856. <https://doi.org/10.1177/0149206310363732>
- Rousseau, D. M. (1998). The 'problem' of the psychological contract considered". *The Journal of Organizational Behavior*, 19(S1), 665-671. [https://doi.org/10.1002/\(SICI\)1099-1379\(1998\)19:1+<665::AID-JOB972>3.0.CO;2-X](https://doi.org/10.1002/(SICI)1099-1379(1998)19:1+<665::AID-JOB972>3.0.CO;2-X)
- Ryan, R. M., & Deci, E. L. (2000). Self-determination theory and the facilitation of intrinsic motivation, social development and wellbeing. *American Psychologist*, 55, 68-78. <https://doi.org/10.1037/0003-066X.55.1.68>
- Schneider, B. (1987). The people make the place. *Personnel Psychology*, 40, 437-453. <https://doi.org/10.1111/j.1744-6570.1987.tb00609.x>
- Schwartz, S. H. (1992). Universals in the content and structure of values: Theoretical advances and empirical tests in 20 countries. *Advances in Experimental Social Psychology*, 25, 1-65. [https://doi.org/10.1016/S0065-2601\(08\)60281-6](https://doi.org/10.1016/S0065-2601(08)60281-6)
- Segers, J., Inceoglu, I., Vloeberghs, D., Bartram, D., & Henderickx, E. (2008). Protean and boundaryless careers: a study on potential motivators. *Journal of Vocational Behavior*, 73, 212-230. <https://doi.org/10.1016/j.jvb.2008.05.001>
- Seibert, S. E., Kraimer, M. L., & Crant, J. M. (2001). What do proactive people do? A longitudinal model linking proactive personality and career success. *Personnel Psychology*, 54(4), 845-874. <https://doi.org/10.1111/j.1744-6570.2001.tb00234.x>
- Seong, J. Y., & Kristof-Brown, A. L. (2012). Testing multidimensional models of person-group fit. *Journal of*

Managerial Psychology, 27(6), 536-556. <https://doi.org/10.1108/02683941211252419>

Tak, J. (2011). Relationships between various person-environment fit types and employee withdrawal behavior: A longitudinal study. *Journal of Vocational Behavior*, 78(2), 315-320. <https://doi.org/10.1016/j.jvb.2010.11.006>

Wang, Q., Weng, Q, McElroy, J. C., Ashkanasy, N. M., & Lievens, F. (2014). Organizational career growth and subsequent voice behavior: The role of affective commitment and gender. *Journal of Vocational Behavior*, 84, 431-441. <https://doi.org/10.1016/j.jvb.2014.03.004>

Werbel, J. D., & Gilliland, S. W. (1999). Person-environment fit in the selection process. In Ferris G. R. (Ed.), *Research in Personnel and Human Resource Management*, 17, (pp. 209-243). Stanford, CT: JAI Press.

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).

Industrial Development and Combating Unemployment in Arab Countries

Hussein TRABULSI¹

¹ Faculty of Economic Sciences and Business Administration, Lebanese University, Lebanon

Correspondence: Hussein TRABULSI, Faculty of Economic Sciences and Business Administration, Lebanese University, Lebanon.

Received: July 23, 2019

Accepted: August 12, 2019

Online Published: August 26, 2019

doi:10.5539/ibr.v12n9p43

URL: <https://doi.org/10.5539/ibr.v12n9p43>

Abstract

This research aims to find economic and social solutions through the development of industry in the Arab countries after suffering, for decades, from the lack of interest in order to achieve industrial development and social security, where most of the Arab experiences failed or did not succeed compared to many experiences in the emerging industrial countries.

This research addresses the reasons for this failure to achieve industrial development and its effects on economic and social development and contribute to solve the problem of unemployment in most Arab countries. It also contributes to find solutions for industrial development and social security through some proposals. The results of this study also confirmed the existence of policies focusing on the extractive industries, while the manufacturing industries should be interested in achieving industrial development, reducing the unemployment rate and advancing industrial development.

The statistical approach and the descriptive and analytical approach were adopted to approach and address the problem of unemployment in the Arab world, which is one of the highest in the world. In the research summary, the importance of investment in the field of manufacturing industries, which depends on the human density, so that the greatest possible number of job opportunities can be created, thus contributing to addressing this problem which threatens the security and stability of most Arab countries. Investment in the food industry, furniture industry and other light manufacturing industries can be a solution to the phenomenon of unemployment in the Arab world, in contrast to industries with a capital density associated with extractive industries.

Keywords: industry, Arab Countries, GDP growth rate employment, industrial output, industrial investment

1. Introduction

The rate of development of the industrial sector and its presence and its contribution to GDP is the main indicator of the classification of the economies of countries between developed and backward. Industrial development is an important pillar of economic development. Industry plays an important role in various economies, including the Arab economies as well as other economies. The industrial sector is the engine of economic development. The industrial sector believes in self-sufficiency and contributes to the development and progress of countries.

Industrialization and industrial development are the pillars of any economically backward country to achieve the desired development. Achieving high economic growth rates can be achieved through industry development. This development can also be achieved through the development of industry. This development can contribute to the highest possible operating rates. Many sectors of industries that do not rely on capital density are creative in their ability to absorb high unemployment rates in third world countries and can create employment opportunities for young people entering the labor market after graduation.

The development of industrial strategies that can direct investments to sectors of human density away from the capital intensity can contribute to solving the problem of unemployment, especially as it is one of the most important problems experienced by most of the Third World countries. We also note that the application of good governance is a key pillar in achieving industrial development and social security.

The main objective of this research is to find some solutions by proposing proposals that contribute to the

treatment

The following forms:

- What industrial policy of the Arab countries can support the process of industrialization and lead to industrial development? Any design of industrial policies can provide job opportunities for millions of unemployed in the Arab countries? What industrial policy can contribute to industrial development and social security?

There are certainly many questions that can be asked about the industrial sector and the role it plays in economic development in Arab countries. This study analyzed the factors that affect the growth and development of the industrial sector, and then tried to formulate political solutions and development strategies that would achieve development and achieve self-sufficiency, despite the difficulty of statistics.

In this research we relied on the statistical and analytical approach to contribute to tackling the problem of unemployment and industrial development. In many cases, we tried to develop data and review many sources in order to adopt consistent and reliable statistics and analysis based on them, in order to promote the process of industrial and economic development, especially since no economic development without industrial development.

2. The Importance of Industry in Modern Economy

Industrial development in all cases, regardless of the method followed, is a cornerstone of comprehensive economic and social development, and it is difficult to achieve a balanced development that leads to progress and development in society without concern for industrial growth in a scientific, systematic and balanced manner based on objectives and strategies. The process of economic development in general, in order to achieve industrial development in particular.

Industry is the primary measure of development and progress of countries, and industry is the mainstay of economic and social development. It also plays a distinct role in achieving economic, social and development goals. The importance of manufacturing in the national economy of any country stems from the many positive dimensions of this process. The most prominent of these dimensions are:

1. The high added value resulting from the manufacturing process, which accounts for more than 90% of the wealth of some developed countries economically. Value added in manufacturing industries also increases in industries requiring intensive technology and technology used in this industry. This added value exists in the extractive industries but it does not take an upward path; however, a path of change in some years negatively or positively, so that the prices of raw materials extracted in a year may increase due to certain conditions and factors and then decrease strongly. This affects the revenues of countries exporting raw materials in the world, which are in general third world countries.
2. Industry is a creative sector on more than one level. The industry produces goods of various kinds, which may contribute to the decline in the rate of these commodities import or may become a source of foreign currency when they are exported abroad. The industry is creating employment opportunities for a large segment of population at all scientific and technical levels, which will contribute to the continuity of stability and the achievement of social security. This is the most important pillar of this research: the creation of jobs and the achievement of industrial, economic and social development.
3. The industry is the only and almost obligatory corridor for any country in the world that wants to emerge from the clutches of the economically developed countries, thus achieving the real independence of these countries and improving their economic position despite the challenges of the elements of industrial development. Most of the third world countries have become exporters of natural or agricultural raw materials in the process of international division of labor. The share of raw materials in international trade has declined significantly since the Second World War. It was 55%, compared to 45% for manufactured goods. This equation changed in the 1970s and 1980s, to become 65% for manufactured goods and 35% for materials in international trade. Consequently, investment should be made in industry to use raw materials, free industry from association with industrial countries, reduce unemployment and support economic structure.

3. Development of the Industrial Output of the Arab Countries 1990 – 2016

The gross industrial output of the Arab countries grew over a quarter century, so that it doubled more than five times from 151 billion dollars in 1990 to 815.9 billion dollars in 2015 as shown in Table 1. The growth rates of this industry varied from one Arab country to another. The growth rate is relatively high as the volume of Egyptian industrial output went from \$ 7.4 billion in 1990 to \$ 98.6 billion or about 13 times in 2015. Saudi Arabia has moved the value of industrial output from \$ 46 billion in 1990 to more than \$ 243.6 billion in 2015 as

well as the United Arab Emirates built up from \$ 18.4 billion in 1990 to more than \$ 128.9 billion in 2015, and Lebanon has moved the value from \$ 252 million to more than \$ 3.7 billion over the same period.

What has been achieved at the level of some Arab countries, throughout the period between 1990 and 2016, cannot be underestimated, although we believe that it was better than it was at the level of the Arab world first and at the level of more than a second country. This would be the case if some policies aimed at supporting the industrial sector were adopted, and by coordinating some Arab manufacturing policies at the level of all the Arab countries in general.

Most of the development of the Arab industrial output was the result of the development of the extractive industries in most Arab countries, at the expense of the manufacturing industries, which did not give enough attention and support to the advancement and growth similar to extractive industries. The adoption of certain policies aimed at supporting the industrial sector and the coordination of Arab manufacturing policies at the level of all Arab countries can contribute to a strong start for this industry due to two main reasons, first of which is the size of the large Arab market and secondly the increase in the purchasing power of the Arab consumer.

Table 1. The development of industrial output in some Arab countries

	1990		2000		2010		2015	
	GDP%	Million\$	GDP%	Million\$	GDP%	Million\$	GDP%	Million\$
Arabic countries	38.2	150969.1	39.2	292047	43.5	907313	33.6	815898
Jordan	19.1	744.6	16.4	1381	20.1	5314	19.2	7211
Emirates	54.8	18426	41.8	43597	40.6	116703	34.4	128965
Tunis	23.6	2977	19.5	4180	21.8	9643	20.5	8810
Algeria	34.6	21449	45.1	24703	39.0	64144	24.3	44171
Saudi Arabia	43.9	46017	46.8	88184	52.6	277173	37.3	243696
Sudan	8.2	2012	13.9	1860	17.4	12112	14.5	13046
Syria	23.4	3256	31.7	5985	29.5	17679	—	NA
Iraq	61.3	8641	65.2	21920	54.1	66024	42.1	60401
Oman	50.9	5951	56.0	10924	57.1	33547	45.3	31849
Qatar	50.6	3747	65.7	11698	61.6	77082	45.9	76933
Kuwait	51	9336	54.9	20709	59.4	71188	50.1	57137
Lebanon	9	252	11.4	1970	7.8	2886	8.1	3766
Libya	35.5	11654	46.1	15926	71.3	52613	38.9	8036
Egypt	20.8	7381	24.8	24747	29.8	65165	29.7	98645
Morocco	21	5418	18.4	6816	18.0	16468	18.2	18009
Yemen	23.5	2118	36.7	4006	31.8	9922	13.2	3173

The source is the researcher's preparation based on different numbers of the unified Arab economic decision.

Numbers issued during the years 1990 to 2017

NA: Not available (due to prevailing security situation in Syria)

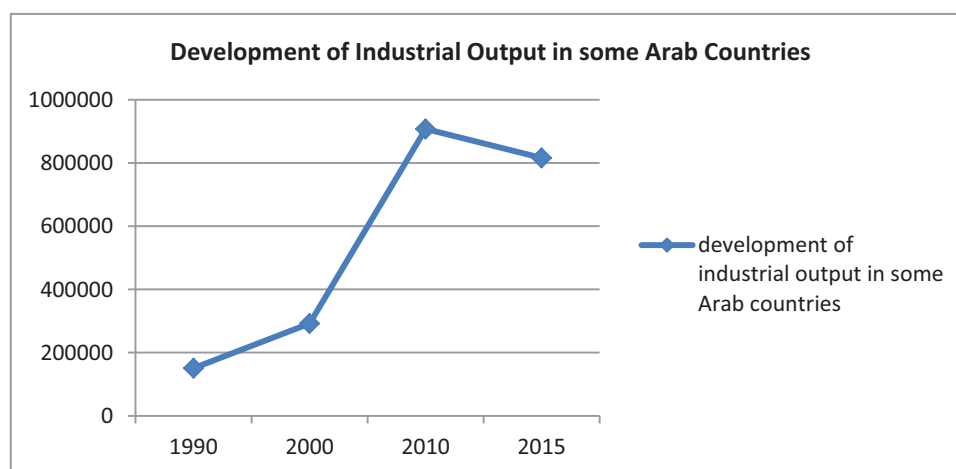


Figure 1. Development of industrial output in some Arab countries (Based on table 1)

During this period, the share of industrial output of the Arab countries in GDP declined from 38.2% in 1990 to 33.6% in 2015 based on table -1-. Most of the Gulf Cooperation Council (GCC) countries maintained contribution to GDP relatively high, with an average of over 40% for all these countries, and the highest percentage in the Emirate of Kuwait, where it exceeded 50% in 2015. The study of the United Nations Conference on Trade and Development on the extractive industry and the importance and impact in the Arab countries that the first five countries in the world depending on the export of oil and gas are from the Arab world, five other Arab countries were among the top 20 countries in varying ranks depending on the oil and gas extractive industries¹. In contrast, in the non-oil Arab countries, the contribution of industry to GDP was less than 20% in 2015; this contribution was the lowest in Lebanon, reaching 8.1% of GDP in 2015 compared to 9% in 1990². It should be noted that the contribution of industry in Iraq, Oman and Qatar exceeded 40% of GDP. Actually, this is the role of extractive industries in many Arab countries, mainly oil and gas extraction, which dominates most of the Arab industrial output. These industries depend on capital density. They do not create many jobs, while manufacturing industries in Arab countries generally do not increase their contribution to GDP. The total is about 15%, it is worth mentioning that these industries are the ones that must deal with unemployment in the Arab countries, which is among the highest rates in the world and which is the most important problem experienced by the Arab countries, which always contributes to the social tensions and the instability experienced by many Arab countries, especially in the current stage since 2011 till 2019, where the social and economic conditions are the starting point and the engine of the chaos and destruction experienced by many Arab countries.

Table 2. Contribution of manufacturing industry to the total output of some Arab countries %

	1990	1995	2000	2005	2010	2015
Arabic countries	11,8	11,9	10,7	9,6	9,6	8,8
Jordan	13,4	12,9	13,5	16	16,8	16,5
Emirates	7,8	9,7	13,1	10,6	9	9,2
Tunis	16,8	19,0	14,8	15,7	15,5	16,2
Algeria	12	8,5	5,8	4,5	4,1	4,5
Saudi Arabia	8,1	9,6	9,7	9,5	11	11,7
Sudan	8,1	6,8	6,8	8,5	8,1	8,9
Syria	8,5	8,8	4,2	7,5	4,7	4
Iraq	4,7	7,8	0,7	1,8	2,6	3,5
Oman	3	4,6	5,7	8,5	10,8	10,2
Qatar	12,8	8,4	5,4	9,9	9	9,8
Kuwait	11,6	10,9	6,9	7,2	5,6	6,2
Lebanon	9	9,1	11,4	6,3	7,8	6,9
Libya	7,7	7,0	6,7	5,0	6,2	3,6
Egypt	16,9	16,8	18,4	16,7	16,1	16,7
Morocco	18,4	18,4	16,3	14,9	14,1	13,3
Yemen	9,4	11,6	5,1	8,9	8,4	8,5

The source is the researcher's preparation based on different numbers of the unified Arab economic decision.

United Arab Economic Reports 1995-2014

¹ Extracting Industries: Optimizing Value Retention in Host Countries UNCTAD (2012)

² Various numbers of the unified Arab economic report

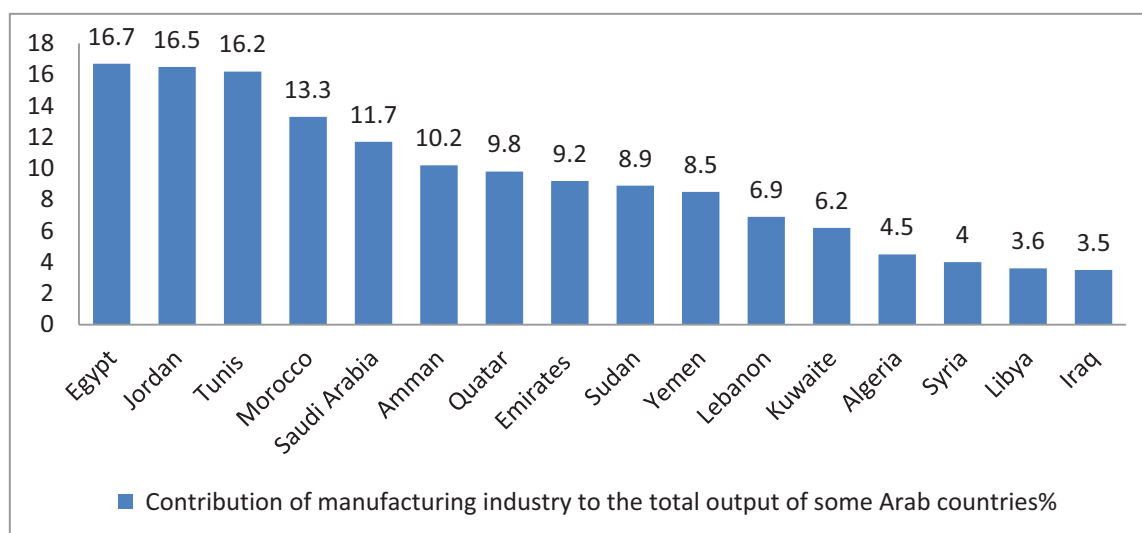


Figure 2. Contribution of manufacturing industry to the total output of some Arab countries

Despite the decline in oil prices and the decline in the value of extractive industries in 2015, the contribution of manufacturing industries did not exceed 11% of the GDP of the Arab countries, as shown in Figure 2, though the share of world manufacturing exports amounted to 64.6%³ of the world's total, compared to 35.4% for the primary agricultural exports. The proportion of manufacturing exports in Asia reached 77% and in Europe to 75%, while not exceeding 20.9% in the Middle East Arab region as a result of the dependence of the Arab region on exports of extractive industries. Egypt is at the forefront of the Arab countries in the contribution of manufacturing industries in the gross domestic product where the contribution of these industries is 16.7% of GDP, followed by Jordan and Tunisia with a contribution of 16.5% and 16.2%, While the share of manufacturing exports in Saudi Arabia reached only 11.7% in 2015, a weak contribution, and Oman achieved 10.2% in 2015, according to Table -2-. This shows the weakness of the Arab manufacturing industries and their inability to develop and grow so that they can leverage Arab economies and bear the solutions required for the problems of economic development, instability and social security in the Arab countries, which could ease the economic dependency of these countries abroad.

4. Industry and Employment

Employment levels in the Arab industrial sector have declined gradually over the last three decades in terms of the size of the Arab labor force, although there has been a limited increase in the number of workers in this sector during this period. The percentage of workers in Arab industry in 1985 was about 26% of the total labor force in the Arab world, falling to 20.4% in 1995, to 16.9% in 2010, and between 16.5% and 16.8% in 2017. The share of workers in the agricultural field in the developed countries in general is between 2% and 6% of the total labor force and is increasing in some Asian countries such as Korea, Taiwan and others. We note that any job opportunity in the field of productive sectors, agriculture or industry (especially manufacturing) contributes to the creation of two jobs in the field of various services (banking, insurance, transport ...). Therefore, the importance of employment in the industrial sector is not limited to the numbers and percentages of employment in this sector, but rather their effects on creating job opportunities in the various services sectors in the economy, knowing that every job in the industrial sector can contribute to creating jobs in the service sector and perhaps more in some situations. Therefore, the importance of developing the industrial sector in this direction can be the only hope in the Arab countries to contribute to solving or alleviating the unemployment problem now and in the future, in light of the decline of the ability of the agricultural sector to absorb future labor numbers, which will exacerbate the unemployment crisis and the resulting stability and its implications for the economy and politics.

The Investment in manufacturing industries such as the furniture industry in Egypt, where the industry is famous, contributes to creating more jobs directly. This, in turn, can contribute to the double creation of jobs indirectly, which would achieve industrial development and reduce unemployment.

³ United Arab Economic Report 2013, p. 85

We note from Table 3 that since 2005 there is an inverse relationship between the percentage of workers in the industrial sector and the unemployment rate. The unemployment rate rose steadily during this period from 2000 until 2015, while the proportion of workers in the industrial sector has been steadily declining.

Table 3. Employment in Arab industry and registered unemployment rates

	2000	2005	2010	2012	2015
Number of employees in industry (million)	18.9	18.8	20.2	20.4	22
Percentage of employees in industry to total labor force %	18.8	17	16.9	16.8	17.8
Unemployment rate	20.0	14.0	14.6	17.2	16.8

Source: Various numbers of the unified Arab economic report

Srouf H. Economies of Economic Countries in the Arab Countries and Prospects of Arab and Regional Cooperation, 2006.

Table 4. Total Arab Labor Force and employees in industry (million)

	1995	2000	2005	2010	2012	2015
Number of employees in industry (million)	17.2	18.9	18.8	20.2	20.4	22
Total Arab Labor Force (million)	71.4	92	105.8	122	121.4	124

The source is the researcher's preparation based on different numbers of the unified Arab economic decision.

United Arab Economic Reports 1995-2014

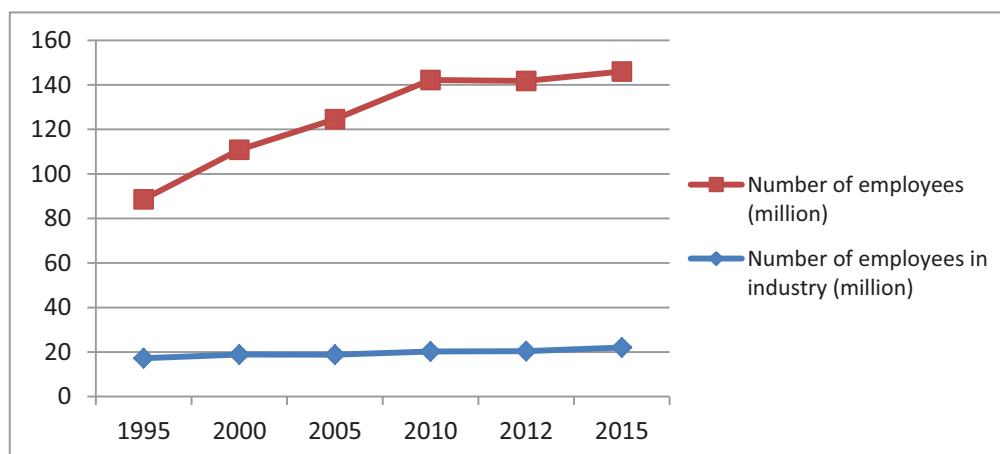


Figure 3. Total Arab Labor Force and employees in industry (million)

However, there has been a slight improvement in the proportion of workers in the industrial sector in 2015, but the unemployment rate remains very high, which is three times the average of the world unemployment rate, which is estimated at about 5.8% by 2015. We also note that the total labor force has risen significantly more than the proportion of workers in the industrial sector, according to table No. 4, this is the result of poor interest in manufacturing industries that contribute to the creation and increase of employment.

The percentage of workers in the industrial sector varies from Arab to other countries, depending on the size of the manufacturing industries and the nature of these industries, which depend on the capital intensity in the extractive industries and the oil and gas industry, which is the case of most of the Gulf countries or industries that depend on human density in Egypt, Tunisia and Morocco. Light food industries, textiles, garments and furnishings which require intensive labor, can contribute to the creation of many jobs and form the basis through which to address the crisis of high unemployment in these countries.

Returning to the high unemployment rates in the Arab world, it should be noted that all Arab countries suffer from the unemployment crisis and even the oil-rich Gulf States are witnessing a remarkable rise in unemployment rates among Gulf citizens. Some estimates indicate that unemployment rates among Saudi citizens are higher than 20% in 2019. The Kingdom has so far resorted to the Saudis for jobs in the public sector between 2010 and 2020. But we point out that the main problem is the lack of focus and support for

manufacturing industries that contribute to the creation of direct jobs and reduce unemployment.

Companies and institutions were told that Saudi citizens should replace expatriates in the catering and other sectors in order to reduce the phenomenon of unemployment and the resulting social instability, economic consequences, and so forth. Based on these facts and the aggravation of the unemployment crisis at the level of all Arab countries, we believe that the industrial sector and investment in it, especially the manufacturing industries, represent the only hope for these countries to address the problem of unemployment or alleviation of current and future, especially as the proportion of workers in the agricultural sector is declining significantly. Growth rates remain high over the next two decades due to high rates in population significantly over the past three decades, which threatens to exacerbate the unemployment crisis and threaten the economic and social stability of the Arab countries worse than we are currently experiencing along the Arab geography.

5. Conclusion and Recommendations

Over the past five or six decades, Arab countries have relied on many industrial development policies for their economic and social development problems, based on the principles and ideas of most well-known schools of thought, from excessive socialism to liberal socialism to liberalism and Keynesianism. In the final analysis we can say that some successes have been achieved in some countries, but they have not lived up to the expected ambitions. In comparison with the successes in many Asian countries and others, we believe that the Arab policies in this context during these decades in general proved their sterility and failure to solve and address The economic and social problems of the Arab countries, especially unemployment and redistribution of income in a way that achieves greater social justice. In the same period, many countries started worse than some Arab countries in the 1950s and 1960s and were able to make big strides in development and redistribution of income (Korea, Taiwan, etc.).

In order to address the problem of unemployment in the Arab countries, it is necessary to reconsider the Arab industrial structure and how to develop it so as to be able to contribute to addressing the unemployment problem of a structural nature in most Arab countries.

In the following we present our recommendations:

1. Providing and developing the legal and legislative environment and infrastructure suitable for the development of existing industries and the establishment of new modern industries, where the laws and legislation that sponsor investment in industry and others are not qualified and sufficient to encourage the business environment and investment.
2. The success of the model, which is based on the interaction of the public and private sectors, requires States to be present and oriented towards the economy and to encourage the private sector to initiate through the many subsidies, incentives and facilities that the State can provide to the sector, such as credit, protection...
3. Political and administrative corruption is one of the most prominent features of the systems in the Arab countries, so any industrial development process or other requires confronting the fight against corruption in all possible ways, otherwise the continuation of corruption will distort the desired development process. Corruption results in the dominance of small number of people on both wealth and power while keeping large segments of society submerged and marginalized. Hence, the process of political reform and addressing corruption must be given sufficient importance to achieve the objective of any economic and social development policy.
4. Adopting Arab industrial policies at a level that each country should take into account modern technological developments and works to improve the quality of Arab industrial goods and products in order to enjoy the competitive advantages required for foreign goods in both domestic and foreign markets.
5. Adopting effective policies and strategies in Arab cooperation in general and industrial cooperation among Arab countries, especially in helping to provide opportunities for industrial investment and upgrading the efficiency of existing productive units and to benefit from economies at the level of the Arab market as a whole.
6. Increase Arab spending on scientific research and development, and work to link existing scientific research centers in Arab countries to facilitate coordination among them. In this context, we note that the Arab countries are among the lowest groups in the world spending on scientific research, since the average per capita Arab research and development is \$ 8 per year; this is certainly a meager amount and cannot achieve sustainable development in scientific research, while the average of spending on military for the individual in the Gulf countries is up to \$ 1500 per year.

Thus, the equation is for almost every \$ 1 spent on R&D, \$ 200 is spent on other military expenditures. However, the percentage of Arab spending on scientific research and development does not exceed 0.2% of the Arab GDP,

which means about 4.5 to 5 billion dollars annually, while this ratio is very small given the population in the Arab countries and the proportion of expenditure on research and scientific of GDP in developed countries.

7. Finally, to reduce the phenomenon of unemployment rampant in the Arab countries and to achieve greater social stability, it is necessary to initiate a large investment project in manufacturing industries based on modern technologies, which can lead to reducing the cost of production and improve the quality of goods. In this context, emphasis must be placed on directing investments to the manufacturing sector, which requires labor intensity, especially as it has the potential for success such as the textile and clothing industries, and the light and medium food industry. This would absorb the largest number of job seekers and alleviate the unemployment crisis in various Arabic countries. The focus on small and medium-sized enterprises can be a great lever to solve the problem of unemployment as this type of project is a major source of job creation net, as it is estimated in the United States that in the seventies of the last century the period of unemployment that these projects were generating eight out of ten jobs in the United States at that stage.

Supporting and developing these kinds of projects and institutions can contribute to solving the problem of unemployment and contribute to alleviating the great pressure on the Arab labor markets and supporting social stability in the Arab countries, which is an essential pillar for these countries to move forward in the desired development process.

In addition to the above, it is necessary to survey the Arab wealth so that it can be exploited and work to strengthen Arab cooperation in all economic, investment, exchange and other fields. It is also necessary to encourage and develop the capital markets in the Arab countries to be able to secure the needed financing requirements for a major industrial investment renaissance.

References

- Al - Kafri, A., & Abdullah, M. (2008). *The Economies of the Arab States and Joint Arab Action*, Hashim Press, Damascus. 2008.
- Assidon, E. (2002). *les théories économiques du développement 3ème éd.* Paris La Découverte 2002.
- Dagher, A. (1995). *l'Etat et l'économie au Liban, Action gouvernementale et finances publiques de l'indépendance à 1975.* Beyrouth; Centre d'études et de recherches sur le Moyen- Orient Contemporain (CERMOC), 1995.
- Dagher, A. (2013). *For Arab development policy, different starting points for neo-liberalism*, Knowledge Forum, Beirut, 2013.
- Guellec, D., & Pierre, R. (2001). *les nouvelles théories de la croissance.* Paris: La Découverte, 2001. https://doi.org/10.1787/eco_studies-v2001-art12-fr
- Impact of Industrial Policies on the Competitiveness of SMEs, United Nations Economic and Social Commission for Western Asia (ESCWA) New York.
- Issa, N. (1996). *Manpower and Employment Policy in Lebanon*, Beirut, Lebanese Center for Studies, 1996.
- La Faye, de M., Elsa, E. M., & Pepito, O. A. (eds). (2007). *Institutions et développement: La Fabrique Institutionnelle des Trajectoires de Développement*, Rennes: presses universitaires de Rennes France, 2007 (Economie et Société).
- Lebanese Center for Studies, *Any industrial policy for Lebanon? A Different Approach to the Role of the State in the Economy.* 2005
- Makdisi, S. (2012). *The Arab Economic Cluster and Globalization on the 21st Century.* American University of Beirut.
- Murad M., & Trabulsi, H., (2019). *Economic Growth Analysis of a Singapore: Simultaneous Equations Model.* *Journal of Business & Financial Affairs*, 2019
- Nyahoho. E et pierre- paul p. *Le commerce international, théories, politiques et perspectives Industrielles*, préface de Christian Deblock. Québec: presses de l'université du Québec 1997.
- Rizk, A. (2009). *Emerging Economies in the World, Developments Scenic Models*, Dar Al-Farabi, Beirut, 2009.
- Sadek, A. T. (2002). *Division of privatization policies in the Arab countries.* Arab Monetary Fund, Institute for Economic Policy. Abu Dhabi for printing and Publishing, 2002.
- Sid, A. K. A. (1996). *Economie politiques de la transition dans les pays en développement : Le cas de la Syrie.* Paris: Edition publisud, 1996. (Collection le développement dans les faits).

Srouf, H. (2006). *The Economies of Arab Countries and Horizons of Arab Regional Cooperation*, Freedom press, Beirut, 2006.

Reports:

Annual Report, 2007, Arab Monetary Fund, Abu Dhabi, United Arab Emirates. 2008.

Arab Agricultural Statistics Yearbook, Arab Organization for Agricultural Development, Volume 33/2013, Khartoum 2013.

Arab Fund for Economic and Social Development

Consolidated Arab Economic Report, 1990 to 2016 issued by the General Secretariat of the League of Arab States.

Organization of Arab Petroleum Exporting Countries - Abu Dhabi.

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).

Electoral Advertising Based on Proximity Marketing

Jessenia Garrido-Martinez¹, & Patricio Medina-Chicaiza^{2,3}

¹ Marketing and Business Management Engineer. Universidad Técnica de Ambato, Ambato, Ecuador

² Master in Digital Marketing and Electronic Commerce; Master in Information Technology, Pontificia Universidad Católica del Ecuador

³ Professor of the School of Systems Engineering, Technical University of Ambato; Professor of the Faculty of Administrative Sciences, Ambato, Ecuador

Correspondence: Patricio Medina-Chicaiza, Universidad Técnica de Ambato, Ambato, Ecuador. E-mail: ricardopmedina@uta.edu.ec; pmedina@pucesa.edu.ec

Received: July 29, 2019

Accepted: August 21, 2019

Online Published: August 26, 2019

doi:10.5539/ibr.v12n9p52

URL: <https://doi.org/10.5539/ibr.v12n9p52>

Abstract

This study seeks to propose a strategy for electoral advertising based on proximity marketing. It arises as a response to the problem detected through direct observation and structured interviews with specialists (experts in electoral marketing, politicians, publicists and ICT leaders) which evidenced the lack of technological tools for electoral advertising such as proximity marketing. In addition, theoretical methods and documentary analysis were used. The results include a proposed strategy with the following phases: search for a supplier, planning, multimedia documents, technological conditions, implementation, control.

Keywords: advertising, proximity marketing, electoral campaign

1. Introduction

Marketing is fundamental in political development and especially in electoral campaigns. Lindon (1977) states that marketing uses important characteristics, such as motivation —creativity to express the most persuasive advertising issues— and surveys, polls, and tests, to persistently control the performance of advertising campaigns; as well as to promote the ideals of the candidates. Additionally, Galarza (2014), Turban, King, Kyu Lee, Liang, & Turban (2015) mentions that the media are a fundamental part in the production and dissemination of political communication, stimulating the decision-making process of the voters. That is why the information must be truthful and updated according to the criteria of the political organization or regulatory body.

García Beaudoux & D'Adamo (2006), Alvarez-García (2010) and Moreno (2012) mention that electoral marketing is an interactive process that involves the transmission of information between politicians, media and voters. Likewise, García-Marbella and Jaimes-Legorreta (2010) establish that electoral campaigns focus on the demands of the voters and consider three important characteristics: the political product, the political organization, and the electoral market, supported by commercial techniques that create a visual impact. In addition, Díaz-Jiménez (2015) and Jácome-Santos, Dueñas-Espinoza & Mera-Alvarez (2015) mention that electoral marketing is a series of actions of political organizations, candidates or interest groups that seek to maximize their electoral performance that develop promotion techniques and financing to persuade and influence their behavior and inform the electorate about the candidate or party.

In addition, Salas & Jaramillo (2018) say that nowadays transmitting political ideology and having people feel identified with the party and with the authorities that are promoted is also known as political marketing, as well as using techniques such as spots, image campaigns, social networks, direct marketing, branding.

On the other hand, González (2010), Wahab, Wati Osman & Che Rose (2012), Dushinski (2012) and Palencia (2016) argue that proximity marketing is a tool that exchanges information via Bluetooth, through a mobile telephone in an area or radius of up to 150 meters from the placement of the device or antenna. It is used for sending and receiving images, music, data, audios, and videos which the user decides whether to accept or not. Romanov (2012), Rippetoe, Pitchford & Zeto III (2012) also state that proximity marketing is known as mobile marketing and is used to send specific wireless messages (audios, texts, videos, images) to each mobile phone user, when they are in a specific place or geographical area through a wireless connection —for example,

Bluetooth of WiFi— with prior authorization by the receiver. According to Sánchez (2016) and Escandell (2017), this technological tool has been implemented in cinemas, clothing stores, shopping centers and car dealerships such as Mercedes Benz (Madrid).

In Ecuador, elections are held every four years, where governors, regional councilors, provincial prefects and vice prefects, mayors, district and municipal councilors, members of rural parish boards are elected, clearly excepting national elections where the president and vice president of the republic are elected, as detailed in the Code of Democracy according to Art.90 Organic Electoral and Political Organizations Law of the Republic of Ecuador¹ (2018). In addition to this, according to Art.208, since the call for elections, political organizations may, on their initiative, carry out activities aimed at disseminating their ideological principles, government programs, work plans, and candidacies, provided that it does not imply hiring written press, radio, television, and billboards (Organic Electoral and Political Organizations Law of the Republic of Ecuador, 2018).

The problem, identified by direct observation and bibliographic research, is that for the transmission of electoral advertising conventional media such as radio, television, written press, billboards, posters are used (Pérez-Múnera, 2016) without using communication techniques such as proximity marketing. This leads to ignorance of the use of technological tools that support this activity. Therefore, the direct beneficiaries are the political parties that will transmit their ideology and the candidates as a new way of communicating their proposals to the electors. Meanwhile, indirect beneficiaries are companies dedicated to electoral publishing.

This research aims to develop an electoral advertising strategy based on proximity marketing for a political party and/or another proposal of popular election in Ecuador.

2. Methodology

The theoretical methods used were documentary analysis and systematization, which make it possible to organize and extract notable information based on the literature review carried out, which at the same time favored the argumentation on electoral advertising and proximity marketing. Related articles were considered and extracted from the bibliographic search in the databases SpringerLink, Google Scholar, ProQuest, Scopus, E-book, Ebook Central, magazines, international and national scientific events, and studies of national organisms such as the National Institute of Statistics and Censuses (INEC), which regulates statistics and censuses in Ecuador, whose search criteria matched the keywords.

To obtain relevant information, a structured interview was carried out with the campaign directors of the political organizations (specialists) with the purpose of knowing the means used for electoral advertising.

Additionally, direct observation of the use of digital and conventional media was made in the last elections of March 2019 in Ecuador, which evidenced the ignorance of innovative advertising techniques such as proximity marketing.

2.1 Participants

The study involved 17 political organizations and movements registered in the National Electoral Council (CNE) in the province of Tungurahua with a political representation of 9.42% (National Electoral Council, 2019). The capital of the Ambato-Ecuador province, which has a registry of six (6) organizations of which one (1) was discarded due to lack of collaboration in the study, was taken as a reference.

2.2 Procedure

The following steps were established after the literature review: First, an inquiry was made about the political parties and movements registered in the province of Tungurahua. Second, a selection of political organizations in force in the city of Ambato was made. Third, six (6) of them were contacted to make a diagnosis through an interview about how they conduct the campaign and the means they use. Fourth, the strategy was designed. Fifth, communication of the proposal.

3. Results

An analysis of different authors is presented chronologically on the media used in electoral contests according to each stage provided by the author.

¹ Ley Orgánica Electoral y de Organizaciones Políticas de la República del Ecuador

Table 1. Evolution of the media and its electoral process

Author	Characteristics	Means and process
Norris Pippa (1997)	Uses a model called “shopping” or “import-export”. Communication strategies according to 3 phases during the campaign: Pre-modern, modern and post modern.	Pre-modern National and local press, local brochures, posters, radio speeches Modern Television (main national channels) Post-modern Television (fragmented or thematic channels), mailing (sending) of advertisements (according to selected audience)
Martín Marta (2001)	It is based on establishing a cause-effect relationship of the political party and candidates.	Campaign Newspapers (local and national), television (public and subscription)
Quesada Juan (2005)	Essence in the text and image to define the political philosophy of the party and candidate	Pre-campaign Meetings, sectoral events, surveys on voter needs Campaign Written press (newspapers, local and national magazines), radio, television (spots, interviews), billboards, posters, brochures, digital media (Fan page, blogs)
Pérez Carlos (2016)	It is based on strategically directed advertising according to the segments analyzed by the political party.	Pre-campaign Events with artistic shows (campaign launch and presentation of conversational candidates), email Campaign Mobile telephone services (sending short messages about shocking proposals daily, monthly, or prior to debates or speeches), radio, television, press, election campaign vehicles (use in the cars of all party members), billboards, flyers, posters, leaflets, Internet Campaign closure Events in open places or outdoor plazas with artistic shows with messages about the proposals Post-campaign Radio, television (press conference)
Rivero Jesús & Huerta Rodrigo (2017)	It is based on clear, simple, memorable and credible communication. It also focuses on a two-way communication between the political party and citizens.	Pre-campaign <i>Focus Group</i> (know the acceptance of the political party and the future candidate and needs). Campaign Television (<i>spots</i>), radio, banners, newspapers, magazines, brochures, flyers, billboards Social networks (Facebook, Twitter, YouTube, Instagram, WhatsApp), web pages. “Memes ² ”
Hernández Carlos (2018)	It focuses on a strategy known as <i>todo terreno</i> with pragmatic political campaigns (militant-electoral). It is based on electoral coalition agreements with partisan militancies. Uses simple and direct language.	Pre-campaign Survey (knowing the needs) Inter-campaign Television (presentation of candidates and proposals), radio, press (interviews), billboards at strategic points Campaign Digital media (Exchange of direct information), social networks (Facebook, Twitter, Instagram, YouTube, WhatsApp), spots (in electronic media from 30 seconds to 1:15 minutes), television (debates, spots), mass events (speeches and gifts)

Source: own elaboration

With the exposed background, an evolution in the media used within the electoral contests is detailed with the

² “Meme” is a word used on the Internet to describe an event, material or idea that can be an image, video, music, phrase or joke that is selected or modified, and is transmitted from one person to the next through Internet menas García-Huerta (2014).

use of traditional media such as television, radio, written press, as well as the use of the internet with digital media or social networks such as Facebook, Twitter, Instagram, WhatsApp, YouTube among others. On the other hand, it is observed that proximity marketing is not used under the characteristics exposed with this type of technological tool.

3.1 Some Models of Electoral Campaigns

Perez-Dámazo (2013), García-Beaudoux, D'Adamo & Slavinsky (2013) and Pérez Múnera (2016) mention that the electoral campaign model with which Tony Saca became president in El Salvador in the 2004 elections and Felipe Calderón Hinojosa in Mexico in the 2006 elections was based on negative spots on television and radio against other political organizations and candidates for the presidency that sought to reduce the credibility of the opponent. With the use of attacks on the principles of morals, capabilities, techniques, structure, history, and performance of the party and candidates during the electoral process, its impact is generated according to the phase of the campaign. If it is used at the beginning, it helps demobilize independent voters. Using it at the end of the election makes it possible to mobilize them favorably because it allows a greater capture of memory.

Additionally, Pérez-Barber (2009), Valdez-Zepeda & Huerta-Franco (2009), Castro-Martínez (2012) Pérez-Múnera (2016), Maeshima (2018), and Falasca, Dymek & Grandien (2019) note that Barack Obama, who was elected president in the 2008 elections in the United States, used the broadcast model and the participatory model based on personal contact with the electors plus a campaign called mobile communication with him sending text messages (SMS) to keep all his supporters informed of all activities on a daily and direct basis. He also used e-mail marketing to inform throughout his campaign about his errands, debates, fundraisers or simply send support messages to create a link of trust, also focused on the use of internet and social networks on sites such as: Facebook, Twitter, MySpace, YouTube, blogs and the official website of the candidate, all with their distinctive "Obama" as a brand for advertising within the campaign.

In addition, Slimovich (2017) refers to Mauricio Macri in the campaign that led him to the presidency of Argentina in 2015. His campaign was based on a hybrid model that used conventional media (radio, television, press) and social networks such as Facebook, Twitter, Instagram, Snapchat or YouTube, focusing on advertising strategies through Facebook and Twitter. This makes it easier to segment voters in detail and send ads according to their tastes or interest and thus ensure that the message is of interest. Its characteristic was to seek to maintain direct contact with the citizens. He also implemented "national bell", which involved random visits to Argentinian homes to have a conversation about the problems or needs that they had regarding their place of residence.

In the Ecuadorian context, the investigations of Moreno-Morán (2017) and Parra-Barragán (2018) regarding the presidential campaign of Lenin Moreno in 2017 state that a political communication strategy was used. It focused on the main social networks —Twitter, Facebook, YouTube— as well as traditional media such as press, radio, television (spots) and billboards, regulated by the National Electoral Council³ (CNE). Events with artistic shows were also used as well as election campaign vehicles, posters, caps, among others for the broadcast of advertising. It is worth mentioning that, in March 2019, a national electoral process was carried out for various authorities, where the use of strategies similar to President Moreno can be observed.

4. Preparation and Structuring of the Strategy in Stages

The following authors were considered in the development of this work: Norris (1997), Martín-Llaguno (2001), Quesada-A (2005), Franco-Marcos & Dader-García (2009), Ralph F & James B (2010), Pérez-Múnera (2016), Hassan Salamah (2017), Rivero-Casas & Huerta-Montiel (2017), Visuri, Hosio, & Ferreira (2017), Begoña-Gómez (2018), Hernández-Alcántara (2018), Hassan (2019), Medina-Chicaiza, García-García, & Jarrín-Arias (2019), Chaoyong, Chunhong, & Jie (2019). In that sense, the following phases are presented for the electoral advertising strategy from proximity marketing: provider search, planning, multimedia document characteristics, technological conditions, implementation, control. They are explained below:

Phase 1: Search for a supplier

A web exploration is carried out, in which a total of 20 proximity marketing providers were found, three (3) of which were contacted through emails and calls via WhatsApp, which facilitated obtaining information about their products and services.

³ Article 115 of the Constitution of Ecuador establishes that the State, through the media, will guarantee in an equitable and equal way the electoral promotion that propitiates the debate and the diffusion of the programmatic proposals of all the candidacies (Consejo Nacional Electoral, 2019).

Table 2. Proximity marketing providers

	SocialWifi Poland	Seeketing Spain	Beaconstac USA India
Coverage	Any country, city or town in the world that has internet. You only need to contact the supplier.	All countries in the world with shipping charges, taxes and international fees after hiring	All countries in the world with shipping charges, taxes and international fees, for 24 hours after purchase
Minimum requirement	Company platform and Internet	Wireless nodes provided by the company, you need internet	<i>Beacon Bluetooth</i> does not need Internet
Characteristics	Captive portal Communication with the customer Analytics Simple page design. Login in social networks. Welcome pages Opinions Advertising mail Network monitoring Remarketing	Customer identification and registration Analytics Automation and ⁴ CRM integration SMS, WhatsApp campaigns, push notifications, email Offline sales and integration cycle, online They work with batteries or 125/220 volt power. Send messages to phones by proximity with or without APP installed	Transmission of offers at the right time and the right location Informing consumers about offers when they are close to the product Proximity marketing without application Creation of own and easy to use application Analytics Using accumulated data from the application to personalize the message
Software Cost	Necessary Small businesses \$450 a year Hotels \$450 per year <input type="checkbox"/> Companies agree the price according to their need.	Necessary \$7690 per year including hardware	Necessary Basic plan (small and medium enterprises) \$490 per year Software Subscription Premium plan (for companies that require more control and advanced capabilities) \$990 per year. Reseller plan (for proximity marketing agencies) \$2990 per year
Hardware cost	It is not necessary to make the purchase of a hardware you can use a router or router that you have while it is compatible such as: Cisco, MikroTik, Ruckus Wireless, Zebra, OpenWrt, Ubiquiti Networks, Cisco Meraki, Aruba to Hewlett Packard Enterprise company, Aerohive Networks, Extreme Networks, Teltonika, Fortinet.	Pack of 10 wireless nodes.	The purchase of banks is necessary: Pocket: 3 \$69 package USB: 3 \$78 package Keychain: 3 \$69 package Outer vests: 3 \$108 package Interior squares: 3 \$78 package
Reach	It depends on the router you want to install, it may vary depending on the hardware.	15,000 square meters	Pocket: signal range 0.15-50 meters, battery up to one year. USB: range 0.15-80 meters, battery never dies. Keychain: range 0.15-25 meters, battery up to 5 months. External vests: range 0.15-80 meters, battery up to 2 years. Interior squares: range 0.15-80

⁴ CRM or customer relationships management as well, tool that manages strategies according to customer preferences and preferences (Montoya Agudelo & Boyero Saavedra, 2013)

			meters, battery up to 2 years.
Payment type	Monthly Annual (receive 15% discount for the annual payment)	Annual (Software and Hardware)	Monthly (software) Annual (software) Hardware (one purchase)
Method of payment	Credit card, PayPal, Bank transfer, payment at the bank	Credit cards	Credit cards: Visa, MasterCard, American Express
Companies that use it	RedBull, Kontigo, Innogi, McDonald among others	Carrefour, Movistar, Claro, Santander, among others	Google, KFC, Uber, Latam, among others

Source: own elaboration

Phase 2: Planning

Here, the criteria that are planned for the electoral process are established with the support of proximity marketing.

Table 3. Parameters of the planning phase

Objective	Pre-campaign: Issue party philosophy and indicate future candidates Campaign: Submit candidate profile and proposals
Strategic place	Headquarters of the political party
Content of the message	Pre-campaign: Information about the philosophy of the political party, candidate profile (images, videos, audios, text). Campaign: Proposals of the candidate, agenda of places of next visits (images, videos, audios, texts)
Time	Duration of the campaign
Responsible for monitoring	Campaign director

Source: own elaboration

Phase 3. Multimedia document features

Audio, image, video and text formats are established for sending advertising to smartphones.

Table 4. Multimedia document features

Audio	Image	Video	Text
The formats can be MP3, MP4, AAC, WAV	Jpg, png or Gif file Generic banner size of 468x60 pixels. Image size 320x 480, 300x400, 300x250 pixels Use of shocking or funny images	The formed must be MPEG-4 Duration of 30 seconds up to 1 minute.	Short messages of up to 120 characters. Sponsoring Messages.

Source: Own elaboration

Phase 4: Technological conditions

This stage shows the scenario that Ecuador has regarding the use of smartphones and internet access. On the other hand, people can exercise their vote in accordance with the provisions of the Organic Electoral Law (2018) according to Art. 11 that states that the vote will be mandatory for Ecuadorians over eighteen, optional for people between sixteen and eighteen years of age, and those over sixty-five years old.

Table 5. Technological conditions

Age range	Active cellphone holding	People that own a smartphone	Internet use	Access to the internet	%
16-24	69.3%	57.4%	85.2%	Urbana	60.4
25-34	82.9%	62.7%	73.9%	Rural	39.9
35-44	82.9%	52.0%	59.6%		
45-54	79.0%	39.3%	44.0%		
55-64	72.6%	25.4%	27.2%		

Source: (National Institute of Statistics and Censuses, 2017)

Table 5 shows the technological conditions in Ecuador: on average, 47.36% of people between 16 to 64 years of age have a mobile device. Therefore, the necessary elements for the implementation of strategies based on proximity marketing exist.

Phase 5: Implementation

Below is a step implementation model:

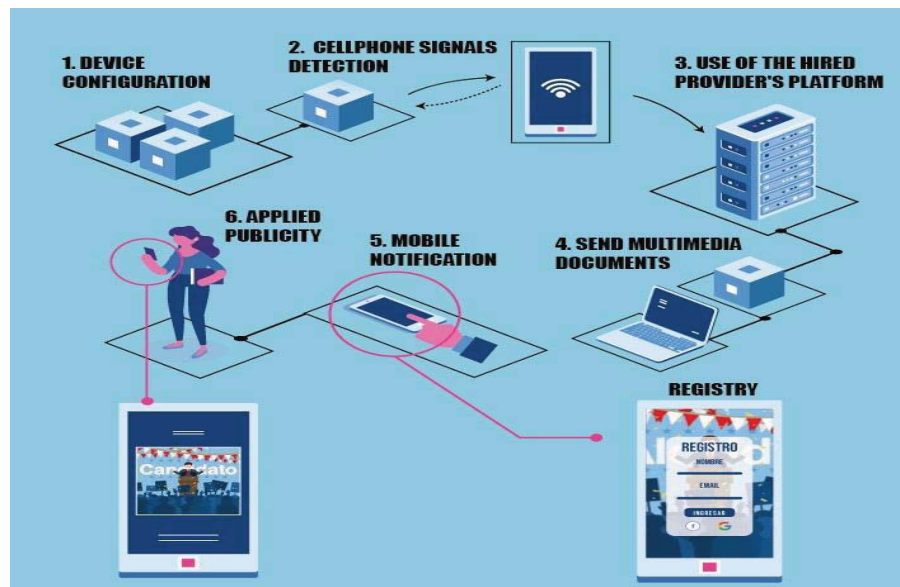


Figure 1. Steps of sending and receiving advertising

Source: Own elaboration

Step 1: Configuration of the device for sending multimedia documents (image, video, audio). Then, the place for the placement of the device in the political headquarters or another site is defined.



Figure 2. Platform configuration

Source: own elaboration

Step 2: Detects the signals, then sends the message that shows a pop-up window for registration. Thus, a database is also created that will allow segmenting, and then add advertising via email to the election campaign. Finally, the user receives the advertising on their smartphone.

Phase 6: Control

The control will be carried out throughout the electoral process: pre-campaign, campaign, and end of the campaign, through evaluation processes to verify if the publicity has the expected impact and if it adequately transmits the proposals, philosophy of the candidate among others.

The validation of the preparation of the strategy was carried out through interviews with specialists in the area. Ten (10) experts with more than five (5) years of experience in the labor and academic field were selected. Five (5) campaign directors (expert in electoral and political marketing) of different political parties in the country, three (3) multimedia designers (publicists) and two (2) ICT managers, participated, who from their experience and academic knowledge verified the applicability of the proposal with the determined conditions.

5. Conclusion

Based on the literature review found, it is concluded that in the electoral process the candidates carry a campaign model based on traditional media such as television, radio, and press. However, currently, the digital era has allowed the use of unconventional media such as social networks, forming a more direct and communicative link between the candidate and voter and favoring voter participation throughout the electoral campaign in this medium.

In short, the proposed phased strategy meets the requirements for the implementation in the electoral processes in Ecuador since it has the necessary technological conditions such as mobile telephone services, smartphones, and internet in urban and rural areas. In addition, any political party or candidate can hire the services of the different proximity marketing providers according to their needs. On the other hand, there is no restriction according to the Electoral Organic Law in the use of this type of technological tools. Therefore, it can be used before, during and after any political campaign.

References

- Alvarez, G. (2010). Principales efectos y ventajas del uso de las nuevastecnologías en campañas electorales. *Cuadernos de Información y Comunicación*, 15, 55-84.
- Begoña, G. N. (2018). *Fundamentos de la publicidad*. Bogotá: ESIC.
- Castro, M. L. (2012). El marketing político en Estados Unidos: el caso Obama. *Norteamérica*, 7(1), 209-222. Retrieved from <http://www.redalyc.org/articulo.oa?id=193724453008>
- Chaoyong, Q., Chunhong, L., & Jie, W. (2019). Study on the evaluation of multimedia. *Multimedia Tools and Applications*, 1-14.
- Consejo Nacional Electoral. (2019). *Delegación Tungurahua*. Retrieved from <https://bit.ly/2JyupU1>

- Consejo Nacional Electoral*. (2019). Obtenido de Notificación N° 00071. Retrieved from <https://bit.ly/2xTKBJb>
- Díaz Jiménez, O. F. (2015). Marketing político y profesionalización de las campañas electorales presidenciales del Partido Acción Nacional y del Partido de la Revolución Democrática, 1994-2006. *Polis*, 11(1), 119-168. Retrieved from <https://bit.ly/30bszOQ>
- Dushinski, K. (2012). *Mobile marketing handbook*. CyberAge Books. Retrieved from ebookcentral.proquest.com
- Escandell, C. (2017). Artyco, los apasionados del marketing que convierten a fans en clientes fieles. *Cinco Dias*. Retrieved from <https://bit.ly/2TGR7wX>
- Falasca, K., Dymek, M., & Grandien, C. (2019). Social media election campaigning: who is working for whom? A conceptual exploration of digital political labour. *Contemporary Social Science*, 14(1), 89-101. <https://doi.org/10.1080/21582041.2017.1400089>
- Franco, M. A. M., & Dader, G. J. L. (2009). *La campaña de las elecciones generales de España en 2008, en el marco de la "americanización" de los procesos electorales*. Madrid: Universidad Complutense de Madrid. Retrieved from <https://bit.ly/2TFmcAW>
- Galarza, M. R. A. (2014). Clase política y medios: explorando el fenómeno de la publicidad política encubierta en México. *Revista Mexicana de Ciencias Políticas y Sociales*, 59(221), 51-76. [https://doi.org/10.1016/S0185-1918\(14\)70815-3](https://doi.org/10.1016/S0185-1918(14)70815-3)
- García, B. V., & D'Adamo, O. (2006). Comunicación política y campañas electorales. Análisis de una herramienta comunicacional: el spot televisivo. *Polis*, 2(2), 81-111. Retrieved from <http://www.scielo.org.mx/pdf/polis/v2n2/1870-2333-polis-2-02-81.pdf>
- García, B. V., D'Adamo, O., & Slavinsky, G. (2013). *Comunicación Política y Campañas Electorales: Estrategias en elecciones presidenciales*. Barcelona: Gedisa, S.A. Retrieved from ebookcentral.proquest.com
- García, H. D. (2014). Las imágenes macro y los memes de internet: posibilidades de estudio desde las teorías de la comunicación. *Paakat: Revista de Tecnología y Sociedad*, 4(7).
- García, M. A., & Jaimes, L. L. (2010). Influencia del marketing electoral en la alternancia política del municipio de Toluca. *Espacios Públicos*, 13(29), 48-66.
- Hassan, A. S. (2019). Evaluating the Marketing Communication Strategy of Volkswagen in Post-Crisis Period: Application of Image Repair Theory. *International Journal of Marketing Studies*, 11(2), 87. <https://doi.org/10.5539/ijms.v11n2p87>
- Hassan, S. N. (2017). E-Marketing via Social Networking and Its Role on the Enhancement of Small Business Projects. *International Journal of Marketing Studies*, 9(1), 65. <https://doi.org/10.5539/ijms.v9n1p65>
- Hernández, A. C. (2018). Campañas electorales presidenciales pragmáticas en México 2018. *Revista Mexicana de Ciencias Políticas y Sociales*(235), 327-352.
- Jácome, S. V. L., Dueñas, E. F. X., & Mera, A. M. (2015). Comunicación Electoral: La Transición de Marketing a capital político. *San Gregorio*. Retrieved from <https://bit.ly/2YTPqSB>
- Lindon, D. (1977). *Marketing político y social*. Madrid : Tecniban.
- López, R P., & Mellado, C. (2018). Twitter as a space for interaction in political journalism. Dynamics, consequences and proposal of interactivity scale for social media. *Communication & Society*, 32(1), 1-18. <https://doi.org/10.15581/003.32.1.1-18>
- Maeshima, K. (2018). The Internet and the Americanization of Electoral Campaigning in East Asian Democracies. *Political Campaigning and Communication*, 1-25. https://doi.org/10.1007/978-3-319-63682-5_1
- Martín, L. M. (2001). Voters and Mass Media during 1996 Spanish National Election Campaign: Selective Exposure or Media Influence? *Communication & Society*, XIV(1), 51-70.
- Medina, C. R. P., García, G. J., & Jarrín, A. J. (2019). Marketing de proximidad: una herramienta de promoción de productos o servicios educativos. *3C Emresa. Investigación y pensamiento crítico* , 8(2), 44-67. <https://doi.org/10.17993/3comp.2019.080238.44-67>
- Montoya, A. C. A., & Boyero, S. M. R. (2013). El CRM como herramienta para el servicio al cliente en la organización. *Visión de futuro*, 17(1), 130-151.

- Moreno, C. (2012). Los efectos de las campañas electorales. *Revista Española de Ciencia Política*, 30, 55-74.
- Moreno, M. D. X. (2017). *Análisis de las campañas políticas a través de las redes sociales: Facebook y Twitter de Lenin Moreno, Guillermo Lasso y Cynthia Viteri candidatos a la presidencia de la república del Ecuador en los comicios del 19 de febrero de 2017*. Sevilla : Universidad de Sevilla.
- Moreno, C. (2012). Los efectos de las campañas electorales sobre el sentimiento de eficacia política. *Revista Española de Ciencia Política*, 30, 55-74.
- Norris, P. (1997). *Politics and the Press: The News Media and Their Influences*. Colorado: Lynne Rienner Publishers.
- Palencia, R. (2016). *El gran libro del comercio electrónico*. Madrid: Bubok Publishing. Retrieved from <https://ebookcentral.proquest.com/lib/utasp/detail.action?docID=5425576>
- Parra, B. A. Y. (2018). *Análisis de la estrategia de campaña de Lenin Moreno hasta su discurso de posesión (Tesis de pregrado)*. Quito: Universidad de las Américas Quito.
- Pérez, B. V. (2009). *El político en la red social*. Alicante: Editorial Club Universitario. Retrieved from ebookcentral.proquest.com
- Perez, D. A. Y. (2013). Las campañas negativas en las elecciones de 2000 y 2006 en México. *Revista Mexicana de Ciencias Políticas y Sociales*, 222, 79-104.
- Pérez, M. C. A. (2016). *Comunicación y Marketing Político*. Madrid: Centro de Análisis y Entrenamiento Político- CAEP.
- Quesada, A. J. (2005). *Marketing Político*. Madrid : Partido Popular.
- Ralph, F. W., & James, B. P. (2010). Tracking online ad campaigns: A primer. *Journal of Direct, Data and Digital Marketing Practice*, 12(1), 69-82. <https://doi.org/10.1057/dddmp.2010.19>
- Restrepo, E. N. (2015). La profesionalización de las campañas. *Revista Española de Ciencia Política*, 85-114.
- Rippetoe, D., Pitchford, T., & Zeto III, M. J. (2012). Systems and Methods for Delivering Proximity-Based Marketing Content to Mobile Devices. Patent Application No. 13/216,054.
- Rivero, C. J., & Huerta, M. R. (2017). *Breve Manual de Marketing Político*. México: Vanguardia Política Consultores S.C.
- Salas, E., & Jaramillo , A. (2018). Estudio de los factores de éxito de la campaña de marketing político de Donald Trump. *Revista Observatorio de la Economía Latinoamericana*.
- Sánchez, A. (6 de Julio de 2016). Dan promociones a medida. *Reforma*. Retrieved from <https://search.proquest.com/docview/1801884634?accountid=36765>
- Slimovich, A. (2017). La ruta digital a la presidencia argentina. Un análisis político e hipermediático de los discursos de Mauricio Macri en las redes sociales. *Dixit*(26), 24-43. <https://doi.org/10.22235/d.v0i26.1321>
- Turban, E., King, D., Kyu Lee, J., Liang, T. P., & Turban, D. C. (2015). *Marketing and Advertising in E-Commerce*. Suiza: Springer Texts in Business and Economics. Springer, Cham. https://doi.org/10.1007/978-3-319-10091-3_9
- Valdez, Z. A., & Huerta, F. D. (2009). Estrategias de comunicación en campañas electorales: El caso de la contienda presidencial de Estados Unidos. *Contratexto*, 17, 21-32. <https://doi.org/10.26439/contratexto2009.n017.792>
- Visuri, A., Hosio, S., & Ferreira, D. (2017). Exploring mobile ad formats to increase brand recollection and enhance user experience. *MUM '17 Proceedings of the 16th International Conference on Mobile and Ubiquitous Multimedia*, 311-319. <https://doi.org/10.1145/3152832.3152834>
- Wahab, S., Wati Osman, S., & Che Rose, R. (2012). Defining the Concepts of Technology and Technology Transfer: A Literature Analysis. *International Business Research*, 5(1). <https://doi.org/10.5539/ibr.v5n1p61>

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).

The Effect of Using Mobile Banking Services Applications on Electronic Word of Mouth: The Mediating Role of Perceived Trust

Lama Zalloum¹, Hamad Alghadeer¹, Nawras Nusairat¹

¹ Faculty of Business, Applied Science University, Amman, Jordan

Correspondence: Hamad Alghadeer, Faculty of Business, Applied Science University, Amman, Jordan.

Received: July 8, 2019

Accepted: August 12, 2019

Online Published: August 27, 2019

doi:10.5539/ibr.v12n9p62

URL: <https://doi.org/10.5539/ibr.v12n9p62>

Abstract

The objective of this study is to examine selected dimensions of mobile banking, (such as Ease of Navigation, Personalization Level, Information Quality, Rewards) on e-wom through the mediating role of perceived trust. Self-structured questionnaire is used to collect data which is then shared via Google forms online and targeted only to the users of mobile banking services application in Jordan. Quantitative and analytical methods were used to analyze the data. 499 questioners were returned, 30 of which were rejected as they were not using mobile banking service applications. 469 of the questionnaires were accepted and analyzed using reliability test analysis, descriptive statistics and regression process.

The findings of the study indicate that there is a statistically significant effect of mobile banking (Ease of Navigation, Personalization Level, Information quality, Rewards) through the mediation role of perceived trust on relationships between using mobile banking services and e-wom. It is recommended that banks pay more attention to mobile banking and build powerful and good E-WOM in order to spread the use of mobile banking rapidly.

Keywords: mobile banking, e-wom, Banks, perceived trust, Jordan

1. Introduction

The world is changing and how work is done in business has changed. Internet, smart phones, applications and social media have given organizations the opportunity to directly communicate with their customers and easily establish a close relationship with them (Yan, Shah, Zhai, Khan, Shah, 2018). Almost all banks in recent years have become interested in internet and mobile banking (E.Basci, 2014). Consumers used to perform their bank transactions through Automated Teller Machines (ATM), over the phone, or by using Internet banking. Now companies have replaced these traditional ways and introduced an easier way for their customers to complete their transaction with just one click on their mobile application (Bagudu, Khan, Roslan, 2017).

Internet banking has effectively changed bank work. It has accelerated the attaining and processing of information, displaying it to users without delay and at any time they choose (AlKailani, 2016). The idea of banks is based on the trust that a customer's money will be secure. This is an extremely sensitive issue for banks thus they are highly interested in safeguarding the security of their services and strive to improve internet and mobile banking in order to ensure customers feel safe and supported with every step they make on their account (Anton, 2014).

Most banks found that if they provided internet banking, it improved their service quality and more customers established a direct relationship with them. This resulted in an increase in revenue, higher profit, lower costs and reduced risk (Kombe and Wafula, 2015).

The use of mobile phones has greatly changed customer behavior as they are able to complete so many tasks on this one device. As such, customers have become accustomed to speedy transactions. Companies have noticed the reliability of smart phones and recognize the willingness of their customers to use this device to complete their daily tasks. This lead banks to take massive strides in expanding their internet and mobile banking services (Perdigoto and Picoto, 2014).

Mobile banking is defined as an application via wireless network connecting banks with their customers,

providing them with financial services like billing payment or non-financial services like account balance request through smart phone or tablet (Shaikh and Karjaluo, 2016). In recent years the use of mobile banking applications has increased in Jordan. Banks encourage their customer to use mobile banking as this allows them to reach more customers and gain their satisfaction and loyalty. The use of mobile banking application also minimizes labor costs (Alalwan, Dwivedi, Rana, Lal, Williams, 2015).

Customers have become familiar with e-wom on social media, posting comments, reviews and sharing personal experiences with more potential customers, assisting them in making decisions about products they may be interested in. (Saleem and Ellahi, 2017). Nowadays, when consumers need a product or service, they turn to their smart phones and search for information on websites, applications and social media in order to find the product or service that best fits their needs (Erkan and Evans, 2016).

E-wom is sharing your opinion, feelings and attitudes with groups of people on any subject matter through Internet (Ishida, Slevitch and Siamionava 2016). There is no longer any need to use traditional media or traditional word of mouth (WOM) as mobiles and social networks have created a new WOM. Online communities where people share the same interests, company pages that consumers can directly communicate with, and the ability to ask for advice to choose products or companies that meet a consumers needs are examples of this (Wattegama and Qing, 2014).

Companies have become aware of the importance of e-wom and increased their use of it for advertising as it is cheaper than traditional methods of advertisement and enables them to reach anyone, anywhere (Nair, Pinto, Chandran, Satheesh, 2017). Research shows that e-wom is considered important for organizations in marketing their products and services (Majali and Bohari, 2016).

The importance of this study lies in how people live in this fast changing world and adapt to the new, rapidly evolving, technology.

- This research may be useful for banks that have not yet activated mobile banking services to encourage them to embrace this technology and make plans for conducting mobile banking applications.
- Banks will be more interested to utilize apps in the future as everyone owns smart phones and prefer to make their transactions via applications. Long working hours and a desire to avoid long waiting period in banks, especially on days before holidays, drives customers to adopt mobile banking as a convenient alternative.
- The study will investigate how mobile banking applications affect e-wom and help companies retain their customers as well as increase their loyalty. Subsequently it will investigate the resulting good reputation and increase positive e-wom given by customers who want to be more involved in dealings with the bank.

2. Problem Statement

The banking sector has always been interested in using effective and new technology to provide the best services to their customers. After acceptance of internet banking, mobile banking has been utilized to complete numerous operations that customers need (Asfour and Haddad, 2014). The more that banks improve their services, the more people will talk about them on social media via e-wom. Discussions, media, and experiences are shared on online communities or pages on various social network sites where potential customers are able to see what others like (Phua, Jin, Kim, 2016). Mobile Characteristics have helped to expand the use of applications due to enhancement in transaction speed, decreasing costs and better service (Adewoye 2013)

This study investigates how customers use mobile banking applications and explores other factors such as ease of navigation, personalization, information quality, rewards (independent variables), and electronic word of mouth (dependent variables). It will study how these factors impact a customer's view of a company and how these services encourage customers to maintain a long relationship with banks, leaving them satisfied and wanting to talk about their experience with other potential customers. This study investigates how users accept mobile banking applications for performing transactions and how mobile banking applications effect e-wom when customers tell other people about the different kinds of services offered by the bank.

This study will attempt to answer the following questions:

1. Is there an effect of using mobile banking services on e-wom?

The following sub-questions will be considered:

- a) Is there an effect of ease of navigation on e-wom?
- b) Is there an effect of personalization on e-wom?
- c) Is there an effect of information quality on e-wom?
- d) Is there an effect of rewards on e-wom?

3. Research Objectives

Purpose of this study is to reach the following objectives:

1. Test the effect of using mobile banking e-wom to:
 - a) Find the effect of ease of navigation in mobile banking applications on electronic word of mouth.
 - b) Test effect of personalization level in mobile banking application on e-wom.
 - c) Find out the effect of information quality in mobile banking applications on e-wom.
 - d) Test the effect of rewards in mobile banking applications on e-wom.
2. Test the effect of the mediating variable trust on the relationship between using mobile banking services on e-wom.

4. Operational Definition

Ease of Navigation: In brief, includes both good formatting of the content layout as well as ease of use. And this variable can be measured by website accessibility, fast download, and language options (Hamid and McGrath's, 2005).

Personalization level: Adaptation of a service to fit the individual demands of a customer (Ball, Coelho, Vilares, 2006). The definitions found in a number of studies concur that personalization is the offer by a business to provide services that are adapted to the customer's needs. This variable can be measured by determining customer wants, attracting customers to services (Ball et al., 2006).

Information quality: is attaining information in a timely, clear, and easy manner and to keep the information correct (Jun and Cai, 2001).

Rewards: Are what you get for using a service or a prize you win for completing an action (Colin Pitts, 1995, p. 11.). This variable can be measured by reward quality and motivated rewards (Kirk & Miller, 1986).

Perceived Trust: According to Mayer, Davis, and Schoorman (1995) as well as Rousseau, Sitkin, Burt, and Camerer (1998) is defined as a customer's ability to easily make bank transactions online and knowing that the customers need to believe in bank security will be met. This variable is measured by a customer's trust that the bank site will keep their information confidential (Ringle, Henseler, Sarstedt, 2014) (Kassim, 2017).

E-wom: is the use of internet to share experiences with other people through communities who are interested in a particular subject (Litvin, Goldsmith, Pan, 2008). Zikmund, Babin and Carr, (2010) state that this variable is measured by review recommendation, positive reviews and trusted e-wom.

5. Literature Review

Theoretical Background

This section will discuss the theoretical framework and investigate previous studies. It will highlight the definitions of information and communication technology (ICT), social media, electronic banking, mobile banking, e-wom and display related research studies. The main focus will be on the effect of using mobile banking applications on e-wom by the mediating role of perceived trust.

Information and communication technology (ICT) has become an important asset of managerial life in recent years. These kinds of technologies are being used in communication, decision support/production and office work (Al-Azzawi and Altmimi, 2015). Banks usually provide money into ICT applications for automating front and back offices. Despite the challenges of ICT, it remains an important matter in the banking sector with a rising need for the mutual benefit of banks and customers (Muhammad, Gatawa and Kebbi, 2014). According to Grigorian, Manole, (2002) Okereke and Nzotta, (2009) Thiel (2001) globalization has showed strong competition around the world within the banking sector. The world is now viewed as a global village which has lead to markets and economies being viewed in the same light.

According to Alawneh and Hattab (2009) research study where data was collected from 140 employees in seven major banks, using multiple liner regression, to estimate value of e-business at the bank scale in Jordan, e-banking had a positive effect on bank performance. According to Awamleh, Evans, Mahae, (2003) in the

early days, only two banks conducted e-banking in Jordan, providing very few services online. Their websites were used to display the organization information, promotional information, branch locations, manager information, contact details and special news (Migdadi, 2008).

According to the researchers knowledge, there are not many studies on mobile banking service application variables (navigation, information quality, personalization level, rewards), particularly in Jordan. This study will investigate the effect of these variables on e-wom.

Electronic banking

Electronic banking (e-banking) is doing a bank transition such as you would perform in person within a branch, via the internet (Tavallaei, Shokouhyar, Pour, 2015). In order to make internet banking successful, the aim was to ensure efficacy and value of transactions. With the internet becoming a technology that everybody uses, big banks have created an internet banking system that is ready for companies to use and begin building a customer database (Salamah, 2017). E-banking has many advantages such as lower costs and ease of use via mobile and other electronic devices (Bello, 2010). To enhance customer loyalty, banks had to investigate new ways to retain their customer base and attract new customers (Al-Hawary, Hussien, 2017).

Alternative products have been created for customers due to increased competition in banking sector. Banks used different electronic channels to transfer their products and services for customer convenience and decreased cost. E-banking makes it easier for customers to get banking services at any time and place. E-banking is classified into three channels; Automatic teller machine (ATM), Internet banking (IB) and teller banking (George, Kumar, 2013). The banking sector in Jordan has been developed and treated as an essential aspect of the advanced economy, delivering electronic banking services to the customer, utilizing fast communication and cultivated information network security and comprehensiveness (Al-Hawary, et. al, 2017). Advantages of using e-banking include cost reduction, time saving, expansive customer reach, higher bank prestige through efficiency and services that meet customer gratification (Al-Fahim, 2013). According to Kujur, Shah (2015) e-banking introduced quicker, simpler and dependable services for customers, despite their uncertainty in security and inexperience in using e-banking application services.

Mobile banking

Banks have given attention to financial applications as a means of gaining a competitive advantage, creating effective customer relationship management (CRM) and facilitating decisions making in a timely, convenient way (Shaikh and Karjaluto, 2013). When mobile banking was launched, customer usage rates were low, prompting managerial changes aimed at encouraging customers to switch to this technology. Efforts to enhance transactions along with the development of mobile devices as well as international economical strain were factors that lead to a speedy adoption of this technology (Asfour and Haddad, 2014).

According to Mwangi (2011) mobile banking can enhance bank performance which raises market share and customer satisfaction. Mobile banking allows banks to extend products and services, personalize products and quickly respond to customer queries leading to improved customer retention as well as increase profit and decreased operational costs. According to Adewoye (2013) when banks provide new services through mobile banking, they are able to attract new customers as well as retain existing customers. The ability to promptly deal with customers helps to resolve and reduce complaints overall.

Four factors play a vital role when it comes to mobile banking; ease of navigation, personalization level, information quality and rewards. In 1992, Finland launched the first mobile banking application service, empowering customers by allowing them to do their financial activities on their mobile devices. Banks that intend to use m-banking services through mobile devices are required to follow the wireless service instructions (Al-Tarawneh, 2016).

Customers are increasingly able to rely on their bank association with services such as text alerts that notify a customer when they make a deposit, withdrawal or use credit cards and ATM cards. More advanced mobile banking services allow users to log into their accounts from mobile devices to make payments, check their account balance, transfer money between accounts, alert the bank of robbed credit cards, turn off payments on checks, change their security pin, display monthly statement and more (Jose, Kumar, Varghese, 2017).

Customers now expect to easily get service on demand through their mobile devices (Maroofi, Kahrarian, Dehghani, 2013). Studies show that 30% of customers in United Kingdom use mobile banking (Agwu and Carter, 2014). Mobile banking is distinguished by its easy accessibility and user friendly interface, allowing customers to execute a variety of actions such as scanning invoices through their mobile camera or connecting to the stock market. Geo-location also helps to improve offers recommendation (Bondeson, Lindbom, 2018).

According to Nicoletti (2014) it's a good opportunity for mobile banking to help customers perform their transactions in-front office application as they do in branches, ATMs, phone financial services, online financial services and more. There are numerous advantages with using mobile banking for small business, two of which being that it helps them give better services to old customers and reach new customers. Banks have been able to pass on their costs saving to customers by offering decreased monthly interest rates (Ammar, Ahmed, 2016).

Ease of navigation

Ease of use is the most fundamental aspect of using internet and mobile banking. It relates to how customers interact with a system and their willingness to accept it. It also alerts customers to new services (Al-Ghamdi, 2009). Research links ease of navigation to a customer's willingness to accept a new technology. Customer satisfaction depends on a website's or application's design fitting their desires (Fawzy and Esawai, 2017).

According to Amin, Onyeukwu and Osuagwu (2008), who tested the factors that result in an intention to use mobile banking through BIM bank, included that ease of navigation lead to the adoption of mobile banking. Ease of use is an important element to adjusting customers to use mobile banking applications and positively impacts customer intention to adopt it (Mashhour, Saleh, 2015). To avoid complications, it is important that it be easy to learn how to use mobile banking applications. Ease of navigation is considered one of driving elements for use of mobile banking (Alsamydai, Yassen, Alnaimi, Dajani, Qirem, 2014).

According to Islam, Salma (2016) ease of navigation effects the development and use of mobile banking application services. Ease of navigation can be measured by "internal control" (computer self-efficacy) and external control (facilitating conditions) into TAM (Kesharwani, Bisht, 2011). A complex interface that is difficult to navigate can delay customer adaptation, and result in customers being less willing to use the technology (Cudjoe, Anim, 2015).

Personalization level

According to Wessel and Thies (2015) the use of personalization features helps to provide products and services that are of particular value to individuals. Technological advances have allowed businesses to more accurately provide these individualized products and services, better meeting the needs and preferences of customers. The success of many website models has been largely dependent on personalization features due to the resulting customer satisfaction that comes with it (Wessel and Thies, 2015).

Attention to personalization is achieved by the method of collecting and analyzing data. Organizations can analyze every call and extract information in a systematic way (Berg, 2015, Tong, Australia, 2012). Using mobile banking application, banks can observe the preferences of their online customers in relation to a variety of subjects like weather, investments and hobbies. Customer will be able to control their finances by the use of personalized online financial planning tools (Nso, 2018). Personalized mobile banking application services can raise the capability and efficacy of active actions with mobile banking. Personalization level can help in evaluating the degree of customer satisfaction (Albashrawi, Motiwalla, 2015).

Information quality

According to English (1996), information quality is "consistently meeting customers' expectations, and through information and information services, enabling them to perform their job effectively". Information is the most important resource and because of that, different organizations depend on the quality of information. It allows organizations to make prediction which aid decision making.

Adopting of e-banking services has revolutionized the way banks interact with customer. The increased use of the internet has created a more informed population and this has heightened the expectations of customers (Ayyash, 2015).

Baskarada 2006; Ballou, Godwin, Shortridge., 2003 have found that through the use of the internet, information is easily accessible, abundant and reliable. Poor information quality causes problems and an unwanted crisis for businesses (Karagül and özdemir, 2012). To achieve customer satisfaction banks should consider providing information quality (Eshlaghy, Bayanati, 2013). When a business has a quality information system it increases the reliability of the system and encourages customers to use it (Ayyash, 2017). Customers select systems with high quality information to obtain value (Eshlaghy, Bayanati, 2013).

Types of information must be accredited and valid. Customers have a fear that banks may conceal relevant content from them, so it is important to eliminate inconsistency in information in order to gain customer confidence (Huili, Shanzhi, Yinghui, 2013). According to Al-Mamary, Shamsuddin and Aziati (2014)

information should be relevant, understandable, accurate, brief, complete, on time and usable. Evaluating information quality demands a powerful base of information control including auditing, checking the state of information traits and constant enhancement to introduce acceptable active information systems (Alrayes, 2015). According to Chiguvi (2016), information quality effects customer loyalty, authenticity, sympathy, receptivity and positive certainty.

Rewards

“Reward is the benefits that arise from performing a task, rendering a service or discharging a responsibility.” (Colin Pitts, 1995, p. 11.). Loyalty programs provide customers with a sensation of involvement and connection to the organization, leading to customer loyalty and satisfaction (Carvajal, Ruzzi, Nogales, Moreno, 2011). A reward program is when customers collect points, purchases or activity that allows them to earn free gifts, such as vouchers, discounts or gaining special memberships (Hamid, Cheng, Akhir, 2011). Rewards can be tangible (such as vouchers or discounts) or intangible (such as preferential treatment, elevated customer status) (Waarden, 2015).

Perceived trust

According to Mayer et al (1995) and Rousseau et al (1998) customer trust is a customer's willingness to do a banking transaction through the internet knowing that the bank will get it done, despite the customer's incapability to control or observe bank procedures. According to Fawzy and Esawai (2017), in Egypt, e-banking has not been fully adopted because of the perceived risk, thus customers are not confident to share their personal information and card details over internet.

Intention to trust means that customers accept to trust. Previous studies proved a positive relationship between intention to trust and trust (McKnight and Chervany, 2000; Kim and Benbasat, 2003). A customer's trust in the internet system has a significant impact in their desire to be involved in e-banking, online shopping, currency exchange and sharing their personal information (Mahad, Mohtar, Othman, 2015).

Trust in a bank and a customer's willingness to use e-banking is dependent on factors like a bank's reputation, web protection and smooth operation (Friedman, Kahn, & Howe, 2000), (Munoz-Leiva, Luque-Martinez, & Sanchez-Fernandez, 2010). The primary reason for using mobile banking services is to make customers secure and relaxed. Viruses that effect mobile devices increase customer anxiety about the safety of online payments, reducing their confidence in e-banking, affecting their behavior (Lafraxo, Hadri, Amhal, Rossafi, 2018).

Customers who recall a specific bank that provides mobile banking can affect how customers use mobile banking for the same bank (Wang and Chu Shan, 2013). Perceived trust is an essential element in order for customers to adjust to online banking (Sarfaraz, 2017).

E-wom

E-wom refers to customer expression in the past, present or future, which highlights favorable or unfavorable characteristics of products and services through an online community (Almana and Mirza, 2013). E-wom shares many similarities with traditional wom but its distinctive feature is that it is able to reach a vast audience (Almana and Mirza, 2013).

E-wom appears on social media in a variety of ways. Customers can intentionally share information about brands, products and services without being paid. Or their interest in a brand can be displayed by them simply 'liking', commenting or being a member of a brand's page. Ad marketers also use social media, websites and accounts to post advertisements (Erkan and Evans, 2016).

Social networks including Facebook, LinkedIn, Twitter, Google, YouTube also provide different types of formats, like chat rooms, review sites and blogs that help spread e-wom (Senthilkumar, Ramachandran, 2013). E-wom is not limited by time or place which enhances its effectiveness and makes it the strongest path for marketing. However e-wom does not substitute traditional wom completely (Chen, 2011).

There are two types of online customers; customers who are diligent in posting their thoughts and opinions, and silent customer who read feedback from other customers (Alcocer, 2017). Information shared online is often written and can be published indefinitely, unlike traditional WOM. However, one of the downfalls of e-wom is that you can't always know who is sharing their opinion (Tantrabundit, 2018).

Banking sector

The banking sector in Jordan has been very stable with only a small number of banks exiting the market. There is good opportunity for growth, good capital and opportunities for external investors to enter the market (Ababneh, Wadi, Ismail, 2013). Jordan Ahli bank was the first bank to open in Jordan. It was established in

1955 in Amman, with a starting capital of 350.000 Jordanian dinars (Taha, 2013). Since 2002, the banking sector in Jordan has sought to improve transactions on internet and mobile banking services (El-Qirem, 2013). Banks realized that in order to excel above others, it was necessary to provide e-banking services and encourage customers to use it in order to improve their transactions (Masoud, AbuTaqa, 2017).

Previous studies:

Study of Dineshwar and Steven (2013): the aim was to examine the acceptance of m-banking in Mauritius and how many people would use it, as well as factors that prevent or stimulate people in Mauritius to use it. Factors like suitability and time helped to encourage people to accept this technology. Lack of trust in mobile banking inhibited its spread. Results also showed that gender, age and salary did not impact mobile banking usage, however education did have an impact. This study recommended that local banks introduce mobile banking services in Mauritius.

Study of Al-Rfou, (2013) "The Usage of Internet Banking Evidence from Jordan" examined use of internet banking for commercial banks in Jordan from an e-service employee point of view. The finding was that there was a notable relationship between ease of use, security and privacy and quality of internet connection with usage of internet banking.

Study of Mohammad, Al-Tarawneh, (2014): "The Intermediate Effect of the Adoption of Electronic Banking Services between the Word of Mouth and the Quality of Banking Services" examined the effect of the use of word of mouth on the quality of banking services with intermediate variable adoption of e-banking services in commercial banks in Jordan. The finding was that there was a moderate degree of customers using word of mouth which showed that e-banking services in commercial banks in Jordan were average. Overall, word of mouth and adoption to e-banking services has had a good effect on quality of banking services.

Study of Burtch and Hong (2014): focused on the behavior of customers who used and did not use mobile banking as well as mobile features such as connection due to mobility. The research aim was to draw attention to location- based advertising and its relation to customer practice and gained content. They displayed a set of valuable dissimilarity of comments that are sent by mobile devices. It showed diversity in star rating. It also includes factual and impassioned text, which is considered useful. Association was directed to both service providers and online platforms management.

Study of Alsamydai et.,al, (2014): "The Factors Influencing Customer Usage Of Mobile Banking Services In Jordan" investigated aspects of the acceptance of the use of mobile banking services from customer opinion. The results showed that provided data demonstrated support of the conducted model.

Study of Alfina, Ero, Hidayanto, Shihab, (2014): "The Impact Of Cognitive Trust And e-wom On Purchase Intention In C2C E-Commerce Site" developed a model to define the C2C e-commerce environment, to determine what builds customer trust. The study used perceived trust and acceptance of e-wom information as well as an online questionnaire in kaskus format directed at the biggest online shopping community in Indonesia. The findings showed that trust positively effects purchase intention, and linked competency and transparency of the seller in relation to e-wom with an increase in customer trust.

Study of Alsheikh, Bojei, (2014): Aimed to detect elements that effect customer intention to accept mobile banking services in commercial banks in Saudi Arabia. The findings displayed that to understand technology functions and advantages depended on mobile experience and perceived attention. The recommendation was that if banks wanted to improve acceptance of mobile banking they needed to provide creative services that were unique to e-banking in order to compete with other banking services.

Study of Kachembere and Choga (2015): The aim was is to study the impact of e-marketing on commercial banks for a period of 20 years. The study examined the acceptance of e-marketing services in commercial banks. The variables that are measured in the study were ease of use, usefulness, perceived cost and trust. The findings of the study indicated that useful, ease of use and acceptance rate of e-marketing services were high. The aspects that caused customer fear included uncertainty of extent reliability, electronic channels, the banks themselves, network providers and infrastructure. The recommendation of the researcher was to increase interaction with customers as well as to increase involvement in customer account needs.

Study of ElAziz, ElBadrawy and Hussien (2015): "ATM, Internet Banking and Mobile Banking Services in a Digital Environment: The Egyptian Banking Industry" aimed to discover the factors that affect customer intention to use self-service banking technologies in Egypt. The findings showed there was a significant difference between the three groups in relation to usage, value, risk, tradition and image.

Study of Mehrad and Mohammadi (2016): examined the effect of e-wom on acceptance of mobile banking in

Iran. It presents how some factors effect adjustment to mobile banking services. Results showed that the primary factor that effected user attitude toward mobile banking is word of mouth. They agree that positive affect of WOM influences other factors on the acceptance of mobile banking. Most of the research gave attention to a number of factors working on the acceptance of mobile banking, but not many of them gave any attention to word of mouth in iran.

The study of Zhao, Liu, Lai, Zhang. H. and Zhang, Y., (2016): Showed that with all new technologies, social networking sites enabled people to contact others easily and gave them the ability to share information through wireless connection and smart-phones. Social network sites have evolved with the evolution of mobile devices, creating many new applications and attracting an increase in the number of users. The findings displayed how mobile sensor computing industry aid to establish powerful strategies and form sustainable user relationship.

Research model

Based on thorough literature review related to electronic word of mouth theories and practices through social networking sites; the researcher suggested this conceptual model to define and establish the relationships between the research variable:

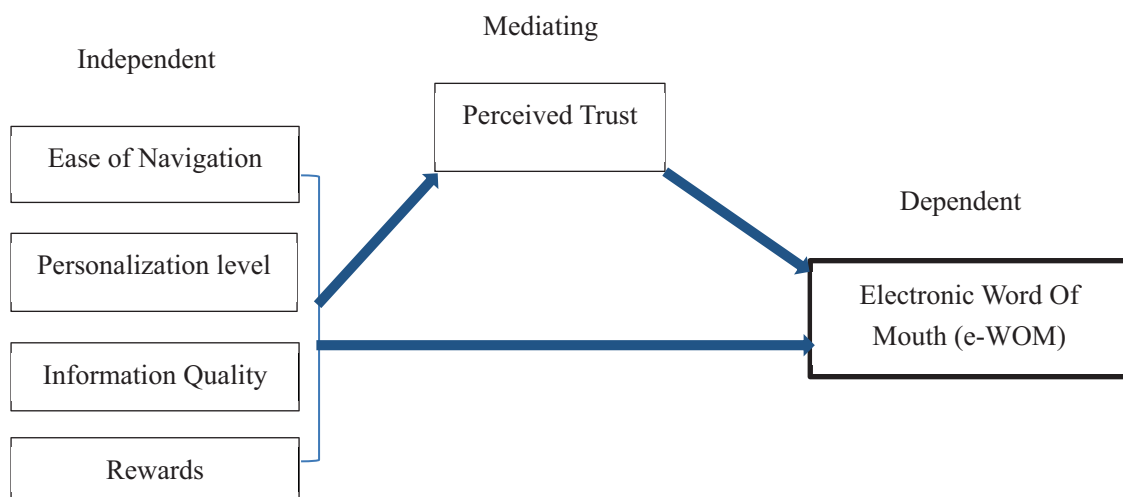


Figure 1. Proposed Research Model

Adapted from (Senthilkumar et al., 2013, Hamid et al 2011; Montazemi, Saremi, 2014)

Research hypotheses:

- H01: there is no effect of ease of navigation on electronic word of mouth at a $\leq (0.05)$.
- H02: There is no effect of personalization level on electronic word of mouth at a $\leq (0.05)$.
- H03: There is no effect of information quality on electronic word of mouth at a $\leq (0.05)$.
- H04: There is no effect of rewards on electronic word of mouth at a $\leq (0.05)$.
- H05: There is no effect of ease of navigation, personalization level, information quality, and rewards on electronic word of mouth through perceived trust at a $\leq (0.05)$.

Research Methodology

Research methodology contains the research design, approach and methods that are used in the study. Collection of data, data processing and analyzing techniques that help to examine the effect of using mobile banking application services on electronic word of mouth.

The research used quantitative technique and both descriptive and analytical method. A research questionnaire was used and distributed to 551, of which 469 were returned and accepted.

6. Results and Discussions

Table 1a. the mean standard deviation and level of significance of the research variables

<i>Descriptive Statistics</i>	<i>Mean</i>	<i>Std. Deviation</i>	<i>Analysis N</i>	<i>level</i>
<i>Independent Variables</i>				
<i>Ease of Navigation</i>				
<i>Q1</i>	4.73	0.566	469	high
<i>Q2</i>	4.62	0.586	469	high
<i>Q3</i>	4.58	0.614	469	high
<i>Q4</i>	4.54	0.661	469	high
<i>Q5</i>	4.49	0.694	469	high
<i>Q6</i>	4.60	0.628	469	high
All	4.5928	0.50553	469	high
<i>Information Quality</i>				
<i>Q7</i>	4.33	0.695	469	high
<i>Q8</i>	4.25	0.899	469	high
<i>Q9</i>	4.50	0.665	469	high
<i>Q10</i>	4.56	0.679	469	high
<i>Q11</i>	4.55	0.725	469	high
<i>Q12</i>	4.53	0.807	469	high
All	4.4542	0.56831	469	high
<i>Personalization Level</i>				
<i>Q13</i>	4.32	0.663	469	high
<i>Q14</i>	4.20	0.889	469	high
<i>Q15</i>	2.30	1.267	469	Low
<i>Q16</i>	2.89	1.395	469	Moderate
<i>Q17</i>	2.27	1.229	469	Low
All	3.1962	0.68941	469	Moderate
<i>Rewards</i>				
<i>Q18</i>	2.77	1.323	469	V.Low
<i>Q19</i>	2.10	1.176	469	Low
<i>Q20</i>	1.89	1.054	469	Low
<i>Q21</i>	2.42	1.280	469	Low
<i>Q22</i>	2.06	1.152	469	Low
All	2.2486	0.92535	469	Low
<i>Mediator Variable</i>				
<i>Perceived Trust</i>				
<i>Q23</i>	3.93	0.932	469	high
<i>Q24</i>	4.12	1.055	469	high
<i>Q25</i>	4.23	1.035	469	V,high
<i>Q26</i>	4.47	0.888	469	V.high
<i>Q27</i>	4.28	1.094	469	V.high
All	4.2055	0.86975	469	V.high
<i>Dependent Variable</i>				
<i>e-wom</i>				
<i>Q28</i>	4.18	0.890	469	high
<i>Q29</i>	4.38	0.890	469	high
<i>Q30</i>	4.27	0.955	469	V,high
<i>Q31</i>	4.39	0.938	469	V.high
<i>Q32</i>	4.37	0.954	469	V.high
All	4.3190	0.74197	469	V.high

Table 1a shows the following:

- There is a statistically significant effect for ease of navigation on electronic word of mouth through perceived trust.
- There is a statistically significant effect for personalization level on electronic word of mouth through perceived trust.
- There is a statistically significant effect for information Quality on electronic word of mouth through perceived trust.
- There is a significant mediation role for Perceived Trust in the effect of Rewards on e-wom.

The results of the study showed that there was a significant effect mediation role in the ease of navigation, personalization level, information quality, rewards on e-wom through perceived trust for users of mobile banking

in Jordan. It showed that there is a necessity to increase the comfort zone of the user of mobile banking services applications in order to gain more value in completing their transactions as quickly as possible with less effort and cost.

In comparing the results of the study with other similar studies such as (Harelimana,2017) study which showed that mobile banking had a positive effect on financial performance of Unguka Bank Ltd. Mobile banking products like bill payment increased profit through the commissions gained from customers, showing that using mobile banking is more effective than traditional banking services. However some services such as account transfer, account statement, mobile money and book check order are not yet active enough. In the study of (Javabdeh, Ahmad, 2014) they examined two important aspects in mobile banking security in relation to customer trust, loyalty and positive WOM. Results showed a direct and significant relationship between trust and WOM finding a direct and significant relationship between trust and loyalty.

Data Analysis

To analyze the data collected from the respondents who answered the questionnaire, SPSS application is used, applying the following tests: reliability analysis and descriptive statistics and regression process.

Reliability Analysis:

Table 1b shows the Cronbach's alpha test value is equal to 0.853. That means that the items have relatively high internal consistency. The reliability coefficient of 0.70 or higher is considered "acceptable" in the majority social science research.

Table 1b. Cronbach Alpha Results

	Ease of Navigation	Information Quality	Personalization Level	Rewards	Perceived Trust	e-wom	All Variables
No. of items	6	6	5	5	5	5	32
Cronbach's Alpha	0.893	0.852	0.752	0.829	0.917	0.861	0.853

Descriptive statistics

Table 2. Cross Tabulation Statistics for demographic questions

Using mobile banking application services	Variables				
	Age				
	Less than 21	21 to less than 30	30 to less than 40	40 and above	
Count	35	146	189	99	
Percent	7.5%	31.1%	40.3%	21.1%	
	Gender				
	Male		Female		
Count	225		244		
Percent	48%		52%		
	Education Level				
	High school or less	2 years Diploma	Bachelor	Graduate Studies	
Count	40	62	295	72	
Percent	8.5%	13.2%	62.9%	15.4%	
	Marital Status				
	Single	Married		Other	
Count	182	187		100	
Percent	38.8%	39.9%		21.3%	
	Employment status				
	Full-time employment	Part-time employment	Self-employed	Unemployed	Others
Count	284	55	94	14	22
Percent	60.6%	11.7%	20%	3%	4.7%
	Monthly Income in JD				
	500 or less	501 to 100	1001 to 1500	1501 to 2000	More than 2000
Count	125	131	86	60	67
Percent	26.7%	27.9%	18.3%	12.8%	14.3%

Table 2 shows:

79% of the respondents are less than 40 years old, 52% are females, 63% are bachelor degree holders, 40% are married, 61% have full time employment and 73% have an income of less than 1500JD.

1) Descriptive statistics for Q1 to Q32:

Table 3. Descriptive Statistics for Q1 to Q50

<i>Descriptive Statistics</i>			
	<i>Mean</i>	<i>Std. Deviation</i>	<i>Analysis N</i>
<i>Independent Variables</i>			
<i>Ease of Navigation</i>			
<i>Q1</i>	4.73	0.566	<i>High</i>
<i>Q2</i>	4.62	0.586	<i>High</i>
<i>Q3</i>	4.58	0.614	<i>High</i>
<i>Q4</i>	4.54	0.661	<i>High</i>
<i>Q5</i>	4.49	0.694	<i>High</i>
<i>Q6</i>	4.60	0.628	<i>High</i>
All	4.5928	0.50553	<i>High</i>
<i>Information Quality</i>			
<i>Q7</i>	4.33	0.695	<i>High</i>
<i>Q8</i>	4.25	0.899	<i>High</i>
<i>Q9</i>	4.50	0.665	<i>High</i>
<i>Q10</i>	4.56	0.679	<i>High</i>
<i>Q11</i>	4.55	0.725	<i>High</i>
<i>Q12</i>	4.53	0.807	<i>High</i>
All	4.4542	0.56831	<i>High</i>
<i>Personalization Level</i>			
<i>Q13</i>	4.32	0.663	<i>High</i>
<i>Q14</i>	4.20	0.889	<i>High</i>
<i>Q15</i>	2.30	1.267	<i>Low</i>
<i>Q16</i>	2.89	1.395	<i>Low</i>
<i>Q17</i>	2.27	1.229	<i>Low</i>
All	3.1962	0.68941	<i>Medium</i>
<i>Rewards</i>			
<i>Q18</i>	2.77	1.323	<i>Low</i>
<i>Q19</i>	2.10	1.176	<i>Low</i>
<i>Q20</i>	1.89	1.054	<i>Low</i>
<i>Q21</i>	2.42	1.280	<i>Low</i>
<i>Q22</i>	2.06	1.152	<i>Low</i>
All	2.2486	0.92535	Low
<i>Mediator Variable</i>			
<i>Perceived Trust</i>			
<i>Q23</i>	3.93	0.932	<i>Medium</i>
<i>Q24</i>	4.12	1.055	<i>High</i>
<i>Q25</i>	4.23	1.035	<i>High</i>
<i>Q26</i>	4.47	0.888	<i>High</i>
<i>Q27</i>	4.28	1.094	<i>High</i>
All	4.2055	0.86975	High
<i>Dependent Variable</i>			
<i>e-wom</i>			
<i>Q28</i>	4.18	0.890	<i>High</i>
<i>Q29</i>	4.38	0.890	<i>High</i>
<i>Q30</i>	4.27	0.955	<i>High</i>
<i>Q31</i>	4.39	0.938	<i>High</i>
<i>Q32</i>	4.37	0.954	<i>High</i>
All	4.3190	0.74197	High

For the purpose of the analysis, 4.0 and above is considered high, 3.0-3.99 is considered medium, and below 3.0 is low. Table 3 indicates that respondents answer for ease of navigation, information quality, perceived trust and e-wom are high, while personalization level is moderate and rewards is low.

Testing of validity

The questionnaire was given to a group of experts to investigate the set of questions and show their remarks on their relevancy to the researcher problem. All notices are taken in account and the questionnaire reproduced accordingly.

Test of multicollinearity

Table 4. shows the results of multicollinearity using the variance inflation factor (VIF)

Test of Multicollinearity

	Variance Inflation Factors(VIF)
Ease of Navigation	1.549
Information Quality	1.666
Personalization Level	2.380
Rewards	1.089
Perceived Trust	1.671

The obtained VIF values in Table 4 test the severity of the multicollinearity problem, is between 1 and 10, meaning that there is no multicollinearity which indicates that there is no correlation between predictors (independent variables) in the model, so the model is valid to use regression process test.

Testing Hypothesis

a- First Hypothesis:

H₀₁: There is no statistically significant effect of ease of navigation on e-wom through perceived trust at $\alpha \leq (0.05)$.

Table 5. Test of H01 results

Model	Independent Variable	Correlation (R)	(β) Value	t value	Sig. t	F value	p-value Sig. F	Hypothesis Support
Model1	Ease of Navigation	0.3972 Sig. = 0.000	0.5830	9.3529	0.000	87.4768	0.000	
Model2	Ease of Navigation	0.6497 Sig. = 0.000	0.3789	7.0760	0.000	170.187	0.000	Reject H ₀₁
	Mediator Perceived Trust		0.4544	14.5999	0.000			
Model1 (R ² =0.1578), Model2 (R ² =0.4221, R ² changed=0.2643)								

Table 5 shows that the direct relationship between the independent variable Ease of Navigation and the dependent variable e-wom in the model is a medium positive significant relationship where the value of person correlation was equal to (0.397), but the relationship between the two variables through the existing of the mediator variable Perceived Trust increased in Model 2 to 0.6497, indicating to a strong positive significant relationship.

There is a significant mediation role for Perceived Trust in the effect of Ease of Navigation on e-wom.

H₀₂: There is no statistically significant effect of Personalization Level on e-wom through perceived trust at $\alpha \leq (0.05)$.

Table 6. Test of H02 results

Model	Independent Variable	Correlation (R)	(β) Value	t value	Sig. t	F value	p-value Sig. F	Hypothesis Support
Model1	Personalization Level	0.0487 Sig. = 0.2923	-0.0524	-1.0543	0.292	1.1116	0.2923	
Model2	Personalization Level	0.6070 Sig. = 0.000	-0.0993	-2.4994	0.012	135.950	0.000	Reject H ₀₂
	Mediating variable Perceived Trust		0.5175	16.4362	0.000			
Model1 (R ² =0.0024), Model2 (R ² =0.3685, R ² changed=0.3661)								

Table 6 shows that the direct relationship between the independent variable Personalization Level and the dependent variable e-wom in Model 1 was a very weak, insignificant relationship where the value of person correlation was equal to (0.0487), but the relationship between the two variables through the existing of the mediating variable Perceived Trust increased in Model 2 to 0.6070, indicating to a strong positive significant relationship.

There is a significant mediation role for Perceived Trust in the effect of Personalization Level on e-wom.

H₀₃: There is no statistically significant effect of Information Quality on e-wom through perceived trust at $\alpha \leq (0.05)$.

Table 7. Test of H03 results

Model	Independent Variable	Correlation (R)	(β) Value	t value	Sig. t	F value	p-value Sig. F	Hypothesis Support
Model1	Information Quality	0.3876 Sig. = 0.2923	0.5061	9.0867	0.292	82.5683	0.000	
Model2	Information Quality	0.6472 Sig. = 0.000	0.3275	6.8684	0.000	167.926	0.000	Reject H ₀₃
	Mediator Perceived Trust		0.4573	14.6758	0.000			
Model1 (R ² =0.1502), Model2 (R ² =0.4188, R ² changed=0.2686)								

Table 7 shows that the direct relationship between the independent variable Information Quality and the dependent variable e-wom in Model 1 was a medium positive significant relationship where the value of person correlation was equal to (0.3876), but the relationship between the two variables through the existing of the mediator variable Perceived Trust increased in Model2 to 0.6472, indicating to a strong positive significant relationship.

There is a significant mediation role for Perceived Trust in the effect of Information Quality on e-wom.

H₀₄: There is no statistically significant effect of Rewards on e-wom through perceived trust at $\alpha \leq (0.05)$.

Table 8. Test of H04 results

Model	Independent Variable	Correlation (R)	(β) Value	t value	Sig. t	F value	p-value Sig. F	Hypothesis Support
Model1	Rewards	0.0094 Sig. = 0.8385	-0.0076	-0.2040	0.838	0.0416	0.8385	
Model2	Rewards	0.6070 Sig. = 0.000	-0.0572	-1.9226	0.012	133.957	0.000	Reject H ₀₄
	Mediator Perceived Trust		0.5181	16.3661	0.000			
Model1 (R ² =0.0001), Model2 (R ² =0.3650, R ² changed=0.3649)								

Table 8 shows that the direct relationship between the independent variable Rewards and the dependent variable e-wom in Model 1 was a very weak, insignificant relationship where the value of person correlation was equal to (0.0094), but the relationship between the two variables through the existing of the mediator variable Perceived Trust increased in Model2 to 0.6042, indicating to a strong positive significant relationship.

There is a significant mediation role for Perceived Trust in the effect of Rewards on e-wom.

7. Conclusion and Recommendation

The research shows that there is a statistically significant effect of ease of navigation, personalization, information quality and rewards on e-wom. Perceived trust as a mediating variable was found to be significant in the impact of relationship between independent variables (ease of navigation, personalization, information quality and rewards) on the dependant variable (e-wom).

It is recommended that banks need to increase the comfort zone for the users of mobile banking service applications in order to gain more value in completing their transactions as quickly as possible with less effort and cost. More attention must be given to personalization level and rewards in e-banking in order to improve them and become more involved with customers so as to encourage them to use this technology. These factors can be adopted in future research in other countries to assist them in measuring their impact in other environments.

References

- Ab Hamid, N., & McGrath, M. (2005). *The Diffusion of Internet Interactivity on Retail Web Sites: A Customer Relationship Model*. Retrieved from <https://scholarworks.lib.csusb.edu/ciima/vol5/iss2/4>
- Ab Hamid, N., Cheng, A., & Akhir, R. (2011). *Dimensions of E-CRM: An Empirical Study on Hotels' Web Site*. <https://doi.org/10.5171/2011.820820>
- Ababneh, F., Al Wadi, S., & Ismail, M. (2013). *Haar and Daubechies Wavelet Methods in Modeling Banking Sector*. <https://doi.org/10.12988/imf.2013.13056>
- Adewoye, J. O. (2013). Impact of Mobile Banking on Service Delivery in the Nigerian Commercial Banks. *International Review of Management and Business Research*, 2. Retrieved from <http://irmbrjournal.com/papers/1371450683.pdf>
- Agwu, E., & Carter, A. (2014). Mobile Phone Banking In Nigeria: Benefits, Problems and Prospects. *International Journal of Business and Commerce*. Retrieved from <http://ijbcnet.com/3-6/IJBC-14-3608.pdf>
- Alalwan, A., Dwivedi, Y., Rana, N., Lal, B., & Williams, M. (2015). *Consumer adoption of Internet banking in Jordan: Examining the role of hedonic motivation, habit, self-efficacy and trust*. <https://doi.org/10.1057/fsm.2015.5>
- Alawneh, A., & Hattab, E. (2009). An Empirical Study of Sources Affecting E-Business Value Creation in Jordanian Banking Services Sector. *International Arab Journal of e-Technology*, 1(2). <https://doi.org/10.4018/jantti.2009040104>
- Al-Azzawi, A., & Altmimi, L. (2015). Effect of Information and Communication Technology Investment on the Profitability of the Jordanian Commercial Banks. *European Journal of Business and Management*, 7. Retrieved from <https://www.iiste.org/Journals/index.php/EJBM/article/view/26829>
- Albashrawi, M., & Motiwalla, L. (2015). *The Moderating Effect of Privacy and Personalization in Mobile Banking: A Structural Equation Modeling Analysis*. Twenty-first Americas Conference on Information Systems, Puerto Rico. Retrieved from <https://aisel.aisnet.org/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1509&context=amcis2015>
- Alcocer, N. (2017). *A Literature Review of Word of Mouth and Electronic Word of Mouth: Implications for Consumer Behavior*.
- Al-Fahim, N. (2013). An Exploratory Study of Factors Affecting the Internet Banking Adoption: A Qualitative Study among Postgraduate Students. *Global Journal of Management and Business Research Finance*, 13(8). Retrieved from https://globaljournals.org/GJMBr_Volume13/3-An-Exploratory-Study-of-Factors.pdf
- Alfina, I., Ero, J., Hidayanto, A., & Shihab, M. (2014). *The Impact Of Cognitive Trust And E-Wom On Purchase Intention In C2c E-Commerce Site*. <https://doi.org/10.3844/jcssp.2014.2518.2524>
- Al-Ghamdi, A. (2009). *Investigating Factors Affecting Customers of Using Internet Banking: A Comparison study between Saudi Arabia and the UK*. Brunel Business School, Doctoral Symposium. Retrieved from https://www.brunel.ac.uk/_data/assets/file/0005/90635/phdSimp2009AbdullahALGhamdi.pdf
- Al-Hawary, S., & Hussien, A. (2017). The Impact of Electronic Banking Services on the Customers Loyalty of Commercial Banks in Jordan. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 7(1). <https://doi.org/10.6007/IJARAFMS/v7-i1/2539>
- AlKailani, M. (2016). *Factors Affecting the Adoption of Internet Banking in Jordan: An Extended TAM Model*.

- <https://doi.org/10.1108/IJBM-03-2014-0043>
- Al-Mamary, Y., Shamsuddin, A., & Aziati, N. (2014). The Relationship between System Quality, Information Quality, and Organizational Performance. *International Journal of Knowledge and Research in Management & E-Commerce*, 4(3), July, 2014. Retrieved from <https://pdfs.semanticscholar.org/3518/55bbdaf7c5ee5aed18a92fb8a91beca39d1e.pdf>
- Almana, A., & Mirza, A. (2013). *The Effect of Electronic Word of Mouth on Consumers' Purchasing Decisions*.
- Al-Rfou, A. (2013). The Usage of Internet Banking Evidence from Jordan. *Asian Economic and Financial Review*. Retrieved from https://www.researchgate.net/publication/299597666_The_Usage_of_Internet_Banking_-_Evidence_from_Jordan
- Alsamydai, M., Yassen, S., Alnaimi, H., Dajani, D., & Qirem, I. (2014). The Factors Influencing Customer Usage Of Mobile Banking Services In Jordan. *International Journal of Business Management & Research*. Retrieved from <https://www.zuj.edu.jo/wp-content/staff-research/economic/dr.saad-yaseen/7.pdf>
- Alsheikh, L., & Bojei, J. (2014). Determinants Affecting Customer's Intention to Adopt Mobile Banking in Saudi Arabia. *International Arab Journal of e-Technology*, 3(4), June 2014.
- Al-Tarawneh, J. (2016). Factors influencing the adoption of Mobile banking services in Jordan from the perspective of customers: Overview and Pilot study. *International Journal of Scientific and Research Publications*, 6(9). Retrieved from <http://www.ijsrp.org/research-paper-0916/ijsrp-p5727.pdf>
- Amin, H., Onyeukwu, P., & Osuagwu, H. (2018). *E - Banking, Service Quality and Customer Satisfaction in Selected Nigerian Banks*. <https://doi.org/10.18775/ijied.1849-7551-7020.2015.42.2004>
- Ammar, A., & Ahmed, E. (2016). *Factors influencing Sudanese microfinance intention to adopt mobile banking*. <https://doi.org/10.1080/23311975.2016.1154257>
- Anton, G. (2014). *The Effect of Internet Banking On The Use Of Banking Services*. <http://www.kse.org.ua/download.php?downloadid=390>
- Asfour, H., & Haddad, S. (2014). *The Effect of Mobile Banking on Enhancing Customers' E-Satisfaction: An Empirical Study on Commercial Banks in Jordan*. <https://doi.org/10.5539/ibr.v7n10p145>
- Awamleh, R., Evans, J., & Mahae, A. (2003). Internet Banking in Emergency Markets The Case of Jordan. *Journal of Internet Banking and Commerce*, 8(1). Retrieved from <http://www.icommercecentral.com/open-access/internet-banking-in-emergency-markets-the-case-of-jordon-a-note.pdf>
- Ayyash, M. (2015). Identifying Information Quality Dimensions That Affect Customers Satisfaction of Ebanking Services. *Journal of Theoretical and Applied Information Technology*. Retrieved from https://www.researchgate.net/publication/288436876_Identifying_information_quality_dimensions_that_affect_customers_satisfaction_of_e-banking_services
- Ayyash, M. (2017). *Scrutiny of Relationship between E-Banking Information Quality Dimensions and Customer Satisfaction*. <https://doi.org/10.3844/jcssp.2017.78.90>
- Bagudu, H., Khan, S., & Roslan, A. (2017). *The Effect of Mobile Banking on the Performance of Commercial Banks in Nigeria*.
- Ball, D., Coelho, P., & Vilares, M. (2006). *Service personalization and loyalty*. <https://doi.org/10.1108/08876040610691284>
- Ballou, B., Godwin, N., & Shortridge, R. (2003). *Firm Value and Employee Attitudes on Workplace Quality*. <https://doi.org/10.2308/acch.2003.17.4.329>
- Basci, E. (2014). *Which Types Of Internet Banking Service Effects Bank's Income Statement? An Empirical Study For Turkey Between 2006 – 2013*. The Macrotheme Review a multidisciplinary journal of global macro trends.
- Baskarada, S. (2014). Qualitative Case Study Guidelines. *The Qualitative Report*, 19(40), 1-18. Retrieved from <https://nsuworks.nova.edu/tqr/vol19/iss40/3/>
- Bello, D. (2010). *The Effect of E-banking on Customer Satisfaction in Nigeria*. Munich Personal RePEc Archive. Retrieved from <https://mpira.ub.uni-muenchen.de/23200/>
- Berg, A. (2015) *Improving customer satisfaction through personalization*. University of Twelve. Retrieved from

- https://essay.utwente.nl/68785/1/Van%20den%20Berg_MA_EEMCS.pdf
- Bondeson, F., & Lindbom, I. (2018). *Customer Loyalty in Mobile Banking - findings from the millennial generation*. Uppsala University. Retrieved from <http://uu.diva-portal.org/smash/record.jsf?pid=diva2%3A1220425&dswid=3527>
- Burtch, G., & Hong, Y. (2014). *What Happens When Word of Mouth Goes Mobile?* Retrieved from Association for Information Systems.
- Carvajal, S., Ruzzi, A., Nogales, F., & Moreno, V. (2011). *The effect of personalization and complaint handling on customer loyalty*.
- Chen, S. (2011). Understanding The Effects Of Technology Readiness, Satisfaction And Electronic Word-Of-Mouth On Loyalty In 3c Products. *Australian Journal of Business and Management Research*, 1. Retrieved from <http://www.ajbmr.com/articlepdf/ajbmr01n0301.pdf>
- Chiguvi, D. (2016). *Effectiveness of Cell phone Banking on Service Quality in Commercial Banks in Botswana*.
- Cudjoe, A., & Anim, P. (2015). *Determinants of Mobile Banking Adoption in the Ghanaian Banking Industry: A Case of Access Bank Ghana Limited*. <https://doi.org/10.4236/jcc.2015.32001>
- Dineshwar, R., & Steven, M. (2013). An Investigation on Mobile Banking Adoption and Usage: A Case Study of Mauritius. *Proceedings of 3rd Asia-Pacific Business Research*. Retrieved from https://pdfs.semanticscholar.org/214a/6fd937404db17c8c0a5e6a414d8a8f6fad86.pdf?_ga=2.220161305.1460547332.1564692052-1704551483.1564259992
- ElAziz, R., ElBadrawy, R., & Hussien, M. (2014). *ATM, Internet Banking and Mobile Banking Services in a Digital Environment: The Egyptian Banking Industry*.
- El-Qirem, I. (2013). *Critical Factors Influencing E-Banking Service Adoption in Jordanian Commercial Banks: A Proposed Model*. <https://doi.org/10.5539/ibr.v6n3p229>
- English, L. P. (1996). Information Quality: Meeting the Customer Needs. *Information Impact Newsletter*, 2i.
- Erkan, I., & Evans, C. (2016). *The influence of eWOM in social media on consumers' purchase intentions: An extended approach to information adoption*. <https://doi.org/10.1016/j.chb.2016.03.003>
- Eshlaghy, A., & Bayanati, M. (2013). *Ranking Information System Success Factors in Mobile Banking Systems with VIKOR*.
- Fawzy, S., & Esawai, N. (2017). *Internet banking adoption in Egypt: Extending technology acceptance model*. <https://doi.org/10.24052/JBRMR/V12IS01/IBAIETAM>
- Friedman, B., Kahn, P., & Howe, D. (2000). *Trust online – communications of the ACM*. <https://doi.org/10.1145/355112.355120>
- George, A., & Kumar, G. (2013). *Antecedents of Customer Satisfaction In Internet Banking: Technology Acceptance Model (TAM) Redefined*. <https://doi.org/10.1177/0972150913501602>
- Grigorian, D. A., & Manole, V. (2002). *Determinants of Commercial Bank Performance in Transition: An Application of Data Envelopment Analysis*. <https://doi.org/10.1596/1813-9450-2850>
- Harelimana, J. (2017). *Impact of Mobile Banking on Financial Performance of Unguka Microfinance Bank Ltd, Rwanda*. <https://doi.org/10.30876/JOHR.4.1.2018.26-40>
- Huili, Y., Shanzhi, L., & Yinghui, Y. (2013). *A Study of User Adoption Factors of Mobile Banking Services Based on the Trust and Distrust Perspective*.
- Ishida, K., Slevitch, L., & Siamionava, K. (2016). *The Effects of Traditional and Electronic Word-of-Mouth on Destination Image: A Case of Vacation Tourists Visiting Branson, Missouri*. <https://doi.org/10.3390/admsci6040012>
- Islam, A., & Salma, U. (2016). *Mobile Banking Operations and Banking Facilities to Rural People in Bangladesh*.
- Javabdeh, T., & Ahmad, N. (2014). Developing Customer Positive Word-of-Mouth and Loyalty in Mobile Banking Services by Considering the Role of Trust and Security. *Journal of Information Systems Research and Innovation*. Retrieved from <https://seminar.utmspace.edu.my/jisri/download/vol8/85.pdf>
- Jose, A., Kumar, G., & Varghese, R. (2017). *Factors Influencing Customer Adoption of Mobile Banking Services With Special Reference To Ernakulam District*.

- Jun, M., & Cai, S. (2001). *The key determinants of internet banking service quality: a content analysis*. <https://doi.org/10.1108/02652320110409825>
- Kachembere, R., & Choga, F. (2015). *The Impact of E-marketing on Commercial Banks in Harare, Zimbabwe (1994 -2014)*.
- Karagül, A., & Özdemir, A. (2012). Evaluation of Financial Information Quality Attributes: A Comparison from Turkey. *International Journal of Business and Social Science*, 3. Retrieved from http://www.ijbssnet.com/journals/Vol_3_No_23_December_2012/5.pdf
- Kassim, N. (2017). Effect of Perceived Security and Perceived Privacy towards Trust and the Influence on Internet Banking Usage among Malaysians. *International Academic Journal of Social Sciences*, 4.
- Kesharwani, A., & Bisht, S. (2011). *The impact of trust and perceived risk on internet banking adoption in India: An extension of technology acceptance model*.
- Kim, D., & Benbasat, I. (2003). Trust- related arguments in internet stores: A framework for evaluation. *Journal of Electronic Commerce Research*. Retrieved from <http://web.csulb.edu/journals/jecr/issues/20032/paper1.pdf>
- Kirk, J., & Miller, M. (1986). *Reliability and Validity in Qualitative Research SAGE*. <https://doi.org/10.4135/9781412985659>
- Kombe, S., & Wafula, M. (2015). Effects of Internet Banking on the Financial Performance of Commercial Banks in Kenya a Case of Kenya Commercial Bank. *International Journal of Scientific and Research Publications*, 5. Retrieved from <http://www.ijsrp.org/research-paper-0515/ijsrp-p4185.pdf>
- Kujur, T., & Shah, M. (2015). Electronic Banking: Impact, Risk and Security Issues. *International Journal of Engineering and Management Research*, 55. Retrieved from [http://www.ijemr.net/DOC/ElectronicBankingImpactRiskAndSecurityIssues\(207-212\).pdf](http://www.ijemr.net/DOC/ElectronicBankingImpactRiskAndSecurityIssues(207-212).pdf)
- Lafraxo, Y., Hadri, F., Amhal, H., & Rossafi, A. (2018). *The Effect of Trust, Perceived Risk and Security on the Adoption of Mobile Banking in Morocco*. <https://doi.org/10.5220/0006675604970502>
- Litvin, S. W., Goldsmith, R. E., & Pan, B. (2008). *Electronic word-of-mouth in hospitality and tourism management*. <https://doi.org/10.1016/j.tourman.2007.05.011>
- Mahad, M., Mohtar, S., & Othman, A. (2015). The Effect of Perceived Trust of Mobile Banking Services in Malaysia. *International Academic Research Journal of Business and Technology*. Retrieved from <http://www.iarjournal.com/wp-content/uploads/IBTC2015-p1-7.pdf>
- Majali, T., & Bohari, A. (2016). A Conceptual Model of Electronic Word of Mouth Communication through Social Network Sites: The Moderating Effect of Personality Traits. *International Review of Management and Marketing*. Retrieved from <https://dergipark.org.tr/download/article-file/367361>
- Maroofi, F., Kahrarian, F., & Dehghani, M. (2013). An Investigation of Initial Trust in Mobile Banking. *International Journal of Academic Research in Business and Social Sciences*. <https://doi.org/10.6007/IJARBSS/v3-i9/228>
- Mashhour, A., & Saleh, Z. (2015). *Community Perception of the Security and Acceptance of Mobile Banking Services in Bahrain: An Empirical Study*.
- Masoud, E., & AbuTaqa, H. (2017). *Factors Affecting Customers' Adoption of E-Banking Services in Jordan*. <https://doi.org/10.4018/IRMJ.2017040103>
- Mayer, R. C., Davis, J. H., & Schoorman, F. D. (1995). *An integrative model of organizational trust*. <https://doi.org/10.5465/amr.1995.9508080335>
- Mcknight, H., & Chervany, N (2000). *Trust and Distrust Definitions: One Bite at a Time*. https://doi.org/10.1007/3-540-45547-7_3
- Mehrad, D., & Mohammadi, S. (2016). *Word of Mouth effect on the adoption of mobile banking in Iran*. <https://doi.org/10.1016/j.tele.2016.08.009>
- Migdadi, Y. (2008). The Quality of Internet Banking Service Encounter in Jordan. *Journal of Internet Banking and Commerce*. Retrieved from <http://citeseerx.ist.psu.edu/viewdoc/summary?doi=10.1.1.180.4094>
- Mohammad, A., & Al-Tarawneh, K. (2014). *The Intermediate Effect of the Adoption of Electronic Banking Services between the Word of Mouth and the Quality of Banking Services*.

- Montazemi, A., & Saremi, H. (2014). *The Effectiveness of Electronic Word of Mouth on Consumers' Perceptions of Adopting Products/Services - A Literature Review*.
- Muhammad, A., Gatawa, N., & Kebbi, H. (2014). *Impact of Information and Communication Technology on Bank Performance: A Study Of Selected Commercial Banks In Nigeria (2001 –2011)*.
- Munoz-leiva, F., Luque-Martinez, T., & Sanchez-Fernandez, J. (2010). How to improve trust towards electronic banking. <https://doi.org/10.1108/14684521011099405>
- Mwange, J. (2011). *The Impact of Mobile Banking on Financial Performance of Commercial Banks in Kenya*. University of Niarobi. Retrieved from <https://chss.uonbi.ac.ke/sites/default/files/chss/JOHNSON%20AMUGONGO%20MWANGE%20D61-67830-2011.pdf>
- Nair, V., Pinto, A., Chandran, L., & Satheesh, S. (2017). *Effect of Social Media on Management Students for Social Service and Sustainability. Recent Trends in Sustainability and Management*.
- Nicoletti, B. (2014). *Mobile Banking: Evolution Or Revolution*. Palgrave-MacMilland. <https://doi.org/10.1057/9781137386564>
- Nso, M. (2018). *Impact of Technology on E-Banking: Cameroon Perspectives*. Int. J. Advanced Networking and Applications. Retrieved from <http://oaji.net/articles/2017/2698-1528117916.pdf>
- Okereke, E., & Nzotta, S. M. (2009). Financial Deepening and Economic Development of Nigeria: An Empirical Investigation. *African Journal of Accounting, Economics, Finance and Banking Research*, 5(5). Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1534212
- Perdigoto, M., & Picoto, W. (2012). Analysing Intention And Action In Mobile Banking Services. *Portuguese Journal of Management Studies*, Xvii. Retrieved from https://ejms.iseg.ulisboa.pt/files/9.PJMS.Vol17.Issue2_Analysing_intention_and_action_in%20mobile_banking_services.pdf
- Phua, J., Jin, S., & Kim, J. (2016). *Gratifications of Using Facebook, Twitter, Instagram, or Snapchat to Follow Brands: The Moderating Effect of Social Comparison, Trust, Tie Strength, and Network Homophily on Brand Identification, Brand Engagement, Brand Commitment, and Membership Intention*". <https://doi.org/10.1016/j.tele.2016.06.004>
- Pitts, C. (1995). *Motivating Your Organization: Achieving Business Success through Reward and Recognition*. McGraw-Hill Education Europe Imprint McGraw-Hill Publishing Co.
- Ringle, C., Henseler, J., & Sarstedt, M. (2015). A new criterion for assessing discriminate validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science*. Retrieved from <https://link.springer.com/article/10.1007%2Fs11747-014-0403-8>
- Rousseau, D. M., Sitkin, S. B., Burt, R. S., & Camerer, C. (1998). *Not So Different after All: A Cross-Discipline View of Trust*. Academy. <https://doi.org/10.5465/amr.1998.926617>
- Salamah, N. (2017). Effect of Electronic Banking Services on Bank Transactions. *International Journal of Economics and Finance*, 9. <https://doi.org/10.5539/ijef.v9n2p111>
- Saleem, A., & Ellahi, A. (2017). Influence of Electronic Word of Mouth on Purchase Intention of Fashion Products on Social Networking Websites. *Pakistan Journal of Commerce and Social Sciences*, 11.
- Sarfraz, J. (2017). Unified Theory Of Acceptance And Use Of Technology (Utaut) Model-Mobile Banking. *Journal of Internet Banking and Commerce*, 22(3). Retrieved from <http://www.icommercecentral.com/open-access/unified-theory-of-acceptance-and-use-of-technology-utaut-modelmobile-banking.php?aid=86597>
- Senthilkumar, S., Ramachandran, T., & Anand, S. (2013). The Influence of Electronic Word-Of-Mouth over Facebook on Consumer Purchase Decisions. *International Journal of Management*, 4. Retrieved from: https://www.researchgate.net/publication/256492963_THE_INFLUENCE_OF_ELECTRONIC_WORD-OF-MOUTH_OVER_FACEBOOK_ON_CONSUMER_PURCHASE_DECISIONS
- Shaikh, A., & Karjaluo, H. (2016). *Mobile banking services continuous usage – Case study of Finland*. <https://doi.org/10.1109/HICSS.2016.189>
- Taha, A. (2013). *Profitability of the Jordan Banking Sector: Panel Evidence on Bank Specific and Macroeconomics Determinants*. Eastern Mediterranean University. Retrieved from

- <http://i-rep.emu.edu.tr:8080/jspui/bitstream/11129/613/1/Taha.pdf>
- Tantrabundit, P., Phothong, L., & Chanprasitchai, O. (2018). *The Effects of Negative Electronic Word-of-Mouth and Webcare on Thai Online Consumer Behavior*.
- Tavallaei, R., Shokouhyar, S., & Pour, F. (2015). Effects of Electronic Banking Services Adoption on Banks' Performance via Balanced Scorecard Approach Using Fuzzy TOPSIS. *International Journal of Social Sciences and Humanities Research*, 3. Retrieved from http://ijsshrjournal.com/img/download/katalog/Paper_15.13.5.pdf
- Thiel, M. (2015). *Finance and economic growth - a review of theory and the available evidence*. Directorate General Economic and Financial Affairs (DGECFIN), European Commission. Retrieved from <https://econpapers.repec.org/paper/eufecopap/0158.htm>
- Tong, C., & Australia, A. (2012). *The Influences of Service Personalization, Customer Satisfaction and Switching Costs on E-Loyalty*. <https://doi.org/10.5539/ijef.v4n3p105>
- Waarden, L. (2015). *Effects of loyalty program rewards on store loyalty*. <https://doi.org/10.1016/j.jretconser.2015.01.001>
- Wang, B., & Shan, C. (2013). *The Effect of Online-to-Mobile Trust Transfer on the Foundation of Mobile Banking Trust*. <https://doi.org/10.4236/cn.2013.51B025>
- Wattegama, E., & Qing, P. (2014). Impact of Electronic Word of Mouth on Brand Evaluation in Times of Negative Publicity: A Conceptual Framework. *European Journal of Business and Management*, 6. Retrieved from <https://www.iiste.org/Journals/index.php/EJBM/article/view/17367>
- Wessel, M., & Thies, F. (2015). *The Effects of Personalization on Purchase Intentions for Online News: An Experimental Study of Different Personalization Increments*. <https://doi.org/10.18151/7217524>
- Yan, X., Shah, A., Zhai, L., Khan, S., & Shah, S. (2018). *Effect of Mobile Electronic Word of Mouth (EWOM) on Consumers Purchase Intentions in the Fast-Causal Restaurant Industry in Indonesia*. <https://doi.org/10.24251/HICSS.2018.479>
- Zhao, Y., Liu, Y., Lai, I., Zhang, H., & Zhang, Y. (2016). *The Effects of Attitudes and Engagement on Electronic Word of Mouth (eWOM) of Mobile Sensor Computing Application*. <https://dx.doi.org/10.3390%2Fs16030391>
- Zikmund, W. G., Babin, B. J., & Carr, J. C. (2013). *Business research methods*. South-Western College Pub; 9 edition Mason, Ohio.

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).

The Brand Value in a New Concept of Hotel: The Albergo Diffuso Sextantio Case

Barbara Iannone¹, & Liliana Marcella²

¹ Department of Philosophical, Pedagogical and Economic-Quantitative Sciences, University “G. d’Annunzio” of Chieti, Pescara, Italy

² Accountant, Managing Director Carlo Maresca Group S.p.A., Italy

Correspondence: Barbara Iannone, Department of Philosophical, Pedagogical and Economic-Quantitative Sciences, University “G. d’Annunzio” of Chieti-Pescara Viale Pindaro, 42 Pescara, Italy.

Received: July 25, 2019

Accepted: August 8, 2019

Online Published: August 29, 2019

doi:10.5539/ibr.v12n9p81

URL: <https://doi.org/10.5539/ibr.v12n9p81>

Abstract

The phenomenon of Albergo Diffuso (AD) represents an important development in the competitiveness between destinations and concerns the way in which historical and cultural heritage is used. The concept of AD is a new and innovative meaning of tourism which promotes the sustainable future through the recovery of ancient towns and, in the same time, develops further ways to create entrepreneurship.

The goal of this work consists of the economic valuation model and conceptual defining of brand value referred to one case study of AD, Sextantio. It is made up of two parts: the first consists of a contextualization of one of the traditional formulas of Financial-Standard Method of Brand Value, because of the features of brand value in an economic content; the second part consists of a first classification of elements which are tangible and intangible to a brand of AD, related to the specific elements and based on different key performance indicators (KPI), deriving from elements generally relevant in hospitality tourism, and far more in this new concept than against the traditional concept of tourism.

Keywords: Albergo Diffuso (AD), intangibles, brand value, sextantio

1. Introduction

The concept of brand in literature is characterized by different approaches, thus, brand is defined by different researchers and authors in different ways.

Starting from one of the first definition of brand was referred to a name, a logo, a trademark, or a symbol (Aaker, 1991). Later, *brand equity* was defined as “a set of assets and liabilities linked to a brand, its name and symbol, which adds to or subtracts from the value provided by a product or service to a firm and/or to that firm’s customers”(Giovannini et al., 2017: p. 18). The “assets” and “liabilities” are closely linked to the context and they can be synthesized in brand loyalty, reputation, perceived quality, other values associated with the brand and other unique resources belonging to the brand.

Branding as “*endowing products and services with the power of a brand*”, thus a brand is a “*perceptual entity that is rooted in reality but reflects the perception and perhaps even the idiosyncrasies of consumers*” (Kotler and Keller, 2006:275). Researchers generally agree that brands are endowed with personalities and that consumers have the tendency to choose brands whose personality fit their own. Generally, brand positioning refers to how the brand is placed in the minds of the consumers and compares to other competing products or services (Chacko, 1997).

Once the brand was assigned to consumer goods but, in the last decades, it is applicable to places and/or attractions (Hankinson, 2004). In this vein, the destination branding (Nickerson & Moisey, 1999; Brent et al., 1998; Henderson, 2007) and lastly the phenomenon of AD have introduced a new winde concept of Brand: in the field of tourism, often refers to the traditional notion of hotel and it is not considered the place where the attractions and hospitality are found (Cooper et al, 2005). One of the last best definition od Destanation brand was the following: “*a set of marketing activities that support the creation of a name, symbol, logo, word, mark or the other graphic that readily identifies and differentiates a destination consistently conveys the expectations of a memorable experience that is uniquely associated with the destination, that serve to consolidate and*

reinforce the emotional connection between the visitor and the destination and that reduces consumers search costs and perceived risk. Collectively these serve to create a destination image that positively influences consumer destination choice” (Blain et al., 2005:337).

The formula of AD are tourists' attractions which transform historical towns and villages into "destinations with hotel included". In this vein, AD has been gaining importance because it allows opportunities for regeneration related to these sites. This is the reason why that traditional concept of hotel's brand is limited to the only tangible or a few elements of intangible assets.

The present study attempts to identify, in a first step of research into the AD, which factors should be considered in building a process of brand value and subsequently for a future economic evaluation model referring to the specific formula of AD.

2. Theoretical Background

2.1 Towards a New Concept of Hotel: The AD (Albergo Diffuso)

The hotel attributes thought to appeal to customers, are generally studied from three perspectives: 1) before the actual booking, 2) during the stay at the hotel, and 3) after the hotel experience (Dolnicar & Otter, 2003). They are tangible and intangible. Including in the tangible category, are hotel facilities such as the bar/lounge, swimming pool, SPA area, wellness area and so on; intangible attributes include cleanliness, comfort, and security (Atkinson, 1988; Cadotte & Turgeon, 1988; Callan & Bowman, 2000; Dube & Renaghan, 2000; Lockyer, 2005; Poon & Low, 2005; Wilkins, et al., 2007; Haghkhalah et al., 2011; Lin, 2012). Furthermore they are futures to increase customer loyalty such as meal quality, staff attitude, hotel decoration, convenient parking, service customization and reasonable price. Finally, the enhancement of a hotel's web services (i.e., providing an online reservation system and travel information) can make travel arrangements more convenient for customers, and thus build competitive advantages (Chung et al., 2004; Poon & Low, 2005).

If an hotel can let perceive its intangible value, as, referring to a store: *“those attributes projected by the product's (store's) image which lead to the choice of the product (store) may be called determinant, since they determine preference and purchase”* (Alpert, 1971:184). The meaning is that if the hotel's characteristics or features that appeal to customers include these determinant attributes, then the business has already obtained some of the key factors for business success. These key factors may include cleanliness, location, price, security, service quality, hotel reputation, and value for money (Lewis & Chambers, 2000; Gonçalves et al., 2018; Jerman & Janković, 2018). Absolutely, hotel service quality, staff attitude and professional knowledge are very important for customers during their stay at a hotel (Cadotte & Turgeon, 1988). Thus, in a traditional approach, the service customization, hotel image and value for money should be the focus of hotel managers. Furthermore, people from different cultures may have different preferences (Poon & Low, 2005).

It is widely known, that more and more mass industrial tourism has been strongly criticised as unsustainable. In contrast to this, new forms of tourism have emerged as sustainable tourism, that have been of interest to various categories of stakeholders (Ioppolo et al., 2013; Jamal et al., 2013; Moscardo & Murphy, 2014; Giampiccoli & Saayman, 2014). Tourists themselves have evolved over the years (Kastenholz, 2004) they want a personalised tourist experience (Buonincontri et al., 2017), look for authenticity (Peterson, 2005), they have a great interest in the environment and territory (Lanfranchi et al., 2014; Simone et al., 2018), and view their holiday as an opportunity to improve their knowledge of cultures and places (Villani & Dall'Ara, 2015). These new aspects are reflected in the hotel's strategies based on a co-evolutionary approach from-territory in experiential perspective (Cucari et al., 2019). The Albergo Difuso is one of the best example of this evolution: a new way through old or historic structures. Albergo Diffuso (AD) is “a sustainable and innovative form of hotel that originates in enhancing historical and cultural real estate heritage, characterized by original structures, places (rural areas or small urban centres) and persons involved (both residents and tourists) in the production-distribution process and with experiential authenticity” (Paniccia & Leoni, 2017, p.6). The model of hospitality AD, rigorously a Made in Italy, could be summarised as a solution that respects the environment and the cultural identity of a place (Confalonieri, 2011; Dall'Ara, 2010).

It was born in the Friuli Region, in 1982, in order to create policies that will prevent the depopulation of rural areas and safeguard the landscape and with the intention of restoring houses and small villages with post-earthquake funds. It consists of rooms dispersed throughout different buildings across a town, with each room generally no more than 200-300 mt. away from the central hub, and offers a reception, orientation area and service centre of tourism. More and more, this model of hotel has increased year by year, as a new concept of territorial development, by enhancing the peculiarities of the Italian scenario through the reuse of small historical towns and villages. The goal of these different revitalization tactics is to eliminate the risk of permanently losing

notable heritage including buildings, spaces, culture, history and identities. It also prevents the depopulation of small villages, by enhancing public assets such as history, culture, natural resources, infrastructures and private assets such as private homes, enterprises and manufactures (Confalonieri, 2011). In this model, AD represents a form of integration in the territory, where the community is the main element of the hospitality services being provided (Villani & Dall'Ara, 2015). It has the following features: joint enterprise, a single management hospitality services and related activities; basic services for residents and tourists such as accommodation, breakfast, housekeeping, restaurants, and other similar such as shuttle buses to reach main local tourist attractions, knowledge of local tradition including culture and cuisine that can be reimagined, special events and initiatives organised for the improvement and preservation of the area; residential dwellings located in separate pre-existing buildings, within the inhabited old town centre; limited distance between residential dwellings, rooms and common areas: at most 200-300 meters between them; presence of reception desks in central positions; presence of residents who welcome relationships with tourists and at the same time preserve traditional culture due to their sense of belonging; safeguarding of an authentic environment, characterized by the interaction with the social milieu and local culture; "recognizability" of a place, due to its well defined and homogenous identity, the brand of a territory.

Thus, the AD, according to this conception, is in line with needs related to emerging sustainable tourism, which is increasingly responsive to the environment and local communities (Cater & Lownam, 1994): in order to limit the various impacts on the environment (Vallone & Veglio, 2014). Lastly, another relevant effect of this formula is the promotion of the economic development of the territory: in this way, it can help the economic and community development in areas where often the only valuable resource is just the landscape with its historic heritage and traditions. The first definition of "Albergo Diffuso" appeared in the Regional Law of Sardinia L.R.S. n. 22/1984. It was defined here as facilities characterised "by the concentration in a single building of reception, common areas and possibly a restaurant and kitchen, and by the distribution of the residential units in one or more separate buildings, provided that they be located in the old town centre of the municipality and are not more than 200 metres away from the building where main services are located" (Trombino, 2009). A further contribution from Sardinia came with the law "12.08.1998, n. 27, Article 25" which confers an independent form of accommodation facility to the AD (Vignali, 2010).

This model is interesting as in Italy, where it was born, as also in the many other countries throughout the world where it has been reproduced (Avram & Zarrilli, 2012; Di Clemente et al., 2014; Liçaj, 2014; Durkin & Kolarić, 2016; Giampiccoli & Saayman, 2016). In this vein, it has changed the concept of Brand referring to the Hotel according to this new solution of tourism hospitality: the AD. This research propose a study focused on a case study: Sextantio. The research questions that guide this paper are:

RQ1: What is the brand value of Sextantio according to the financial perspective?

RQ2: What are the new tangible and intangible elements related to the new concept of hospitality tourism of Albergo Diffuso?

3. Method

The aim of the paper is twofold. The first aim is to illustrate the "traditional" method of evaluating the brand referring to a case study selected in this research. The second aim is to identify the elements linked to a concept of AD, beyond the elements of "traditional" hotels that result in the high quality of tourist hospitality. In order to reach these results, we following first of all, the theoretical model of Esposito De Falco (2012): a firm develops with the territory according to a path that promotes, through a dynamic relationship, both the survival of the firm over time, and the enhancement of local capital. It is also adopted the rating coined by Droli (2013): he creates an analytical model that help select the most attractive and competitive rural hamlets where a business for hospitality duffed could be successfully set up. In order to obtain the goals of the study, this research adopts a case study methodology (Einsenhardt, 1989; Yin, 1994, 2009), as the best method to study this field of research in agreement with other researchers in this vein (Panicia et al., 2007; Panicia et al., 2010; Vallone & Veglio, 2014; Presenza et al., 2019; Valeri & Paoloni, 2017). However, the lack of an established theoretical model of AD and the exploratory nature of this research also suggest the use of a qualitative approach.

Therefore, the starting point is to adopt a quantitative approach through the evaluation model of Brand using the most common method: a method based on the cash flow. This study then adopts a qualitative method in order to identify the first element involved in brand definition, in particular reference to the Sextantio case, company, which was among the first to create a model of AD in Italy, starting to the experience of Santo Stefano di Sessanio (province of L'Aquila) and then in Matera, precisely in Grotte della Civita. Exploratory case study is useful when preliminary propositions and hypotheses are absent and it has been used in other studies to describe

the development or management of other Ads, i.e. Borgo Tuf (Del Gatto, 2015); Borgo of Sempronio (Fissi et al., 2014), Sextantio (e.g. Paniccchia et al., 2007, 2010; Tani & Papaluca, 2015; Gorgo & Riggi, 2017).

The analysis was conducted in two major stages. In the first stage, the method of royalties was adopted to evaluate the current brand value of Sextantio company. In the second stage a new framework is proposed to include the other factors (tangible and intangible) affecting the tourist perception in a Brand of AD, in a Brand Reputation value related to this innovative formula of hotel born by the regeneration of small villages.

3.1 The Case Study – Sextantio

Sextantio is one of the first AD born in Italy, initially in Santo Stefano di Sessanio in the Abruzzo Region. It consists of a fortified medieval village on top of the hill of Gran Sasso, 1250 mt, surrounded by mountains, within the National Park of Gran Sasso and the mountains of Laga.

At the end of the 1990's, Daniele Kihlgren, an Italian-Swedish entrepreneur, bought part of this village in order to recover its historic, cultural and artistic heritage. He adopted a humanistic and philosophical culture centered on anthropology, architecture and economy, molding the philosophy of this model of AD.

Sextantio was defined as a supreme example of regeneration of historic value together with the revitalization of small historical towns. Kihlgren affirmed that surrounding Santo Stefano di Sessanio there exists more than 20,000 historical small villages and municipalities that have a rich social capital, understood as the set of relation and, above all as underlined by scholars (Putmann et al., 1993), widespread civicness and trust, which facilitates cooperation between individuals. The starting point is the conservation of the original cubing, of the typological implants, destination of use and holes. It is involved the local economies thorough the use of the recyclable materials were taken from the surrounding areas. The various buildings are used to different uses: rooms, areas for conferences, restaurants, shops, areas for free time, etc., all within the same village.

More later, thanks to Kihlgren it was born another site: Matera, the resilient city. Matera can be proud of his historic center designated as UNESCO World Site in 1993 (the first in Southern Italy) an improved and enhanced tourism that has contributed to designated as the European Capital of Culture 2019. Furthermore, the site of Sassi of Matera is among the oldest in the world and proves the continued presence of humans from the Palaeolithic to the present. According to the philosophy of Rural Tourism, the design of tourist accommodation in this area uses traditional building methods and the original types of houses and materials: in this vein, the results is a saving of cultural goods in an innovative way.

Sextantio Albergo Diffuso Le Grotte della Civita was defined by the international press, as one of the most extraordinary touristic destination in the world and this place is among the ten most beautiful hotels in the world (e.g., The New York Times, The Guardian, National Geographic Traveler). In technical terms, the goal of this "hotel formula" of AD is to save any elements of the territorial identity: the architecture and local materials cultures from the craft tradition to the cuisine of the areas in a few words, the history and the entire landscape. Guests will live an atmosphere totally immersed in the cultural and human history of the Sassi of Matera, as confirmed by the comments of tourists. A major online booking platform claims that it is an "incredible opportunity to stay in highly unusual space", "*special experience in staying at caves, going back in time machine*", "*luxurious stay in a unique cave environment*" and "*one of the most memorable places we ever stayed*", with reference to a touristic personalized experience above mentioned (Gonçalves et al., 2018).

Daniele Kihlgren began, with his model of "special AD" has been recognised as an example of Italian excellence. As Kihlgren proudly shares, "*finally, the administrators have understood that in order to protect the integrity of the villages, respecting the existing, using only local materials, not building anything, not adding anything, not changing anything, not increasing the volume, not changing the furniture, at most repairing and to adapting is the only way*" (Cucari et al., 2019, p. 110).

4. Results

The importance of the "Sextantio" brand as an independent asset value in the field of tourism activities, thanks to the high level of differentiation and innovation, as described above, is quite evident. Sextantio identifies a new model of tourist destination, which has become a reference for international quality tourism that is recognizable compared to the others for the added value given to the village territory relationship and to the exclusive recovery and conservation of the existing heritage.

To obtain these goals, Daniele Kihlgren established the following Group:

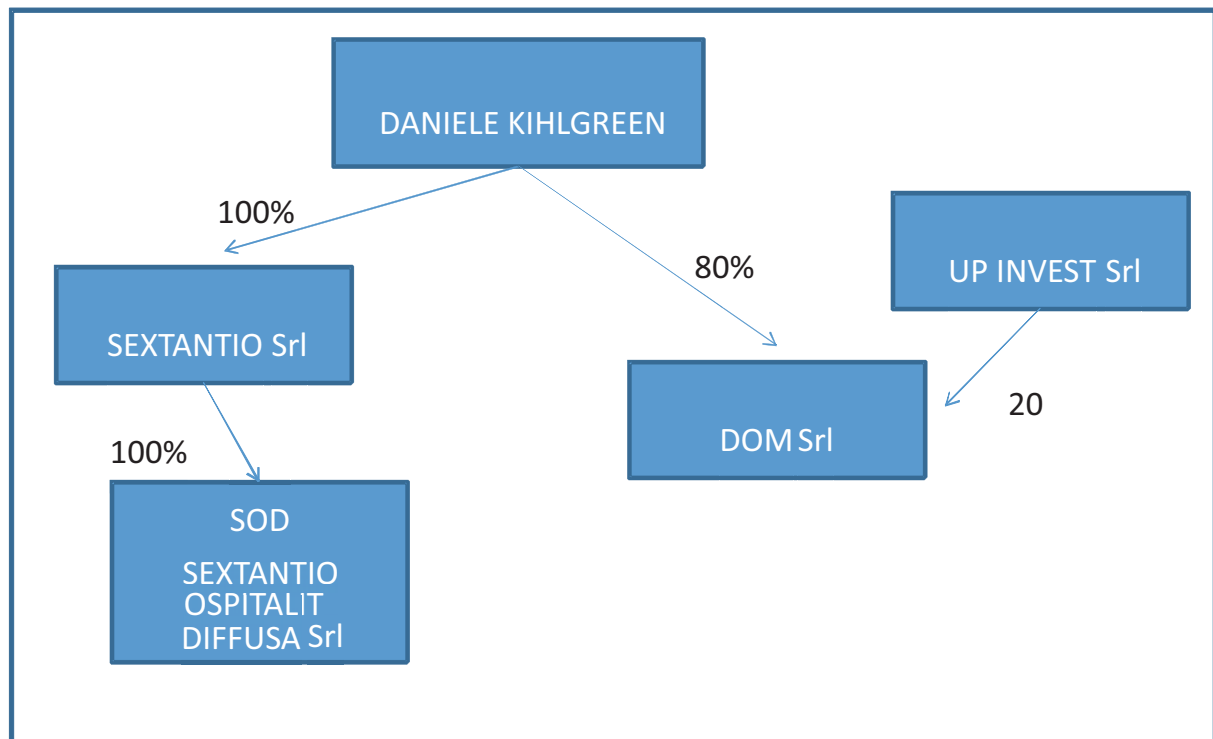


Figure 1. The Daniele Kihlgren Group

4.1 The Process of Brand Evaluation in Sextantio

The literature about the criteria of brand value is divided into two macro-groups: the criteria c.d. "analytical", whose logical construction is supported by documented information; the criteria c.d. "empirical", based on analyses and formulas derived from market trends, percentages or multipliers of given economic quantities, considered basic for the purposes of estimating certain intangibles (Guatri & Bini, 2011).

The most used methods of brand value are following (Zanda et al., 2005):

- the *methods based on empirical indicators* (by the application of a percentage or a multiplier to one variable considered qualifying for the element to be evaluated).
- the *methods based on economic-financial approach* (by the contribution of the brand to profitability by discounting for several years, the differential income made by the brand itself;
- the *cost-based methods* (it considers the historical cost, the revaluated historic cost compared to a ISTAT index, the replacement or reproduction cost, the cost of the loss);
- the *financial methods* (considering the value of the cash flows generated by the brand available in the future years);
- the *methods based on royalties* (the most used in practice of various firms).

The Sextantio brand certainly represents a luxury hotel in hospitality tourism, sharing a completely new perspective: the guest enjoys not just a simple stay, but a complete experience enriched with tastings of products prepared according to recipes and ingredients of the past, cultural routes, the possibility to buy and learn about local handicrafts, etc. In a constantly changing market, and with the emergence of new technologies that will revolutionize the hospitality sector, luxury hotels must move their strategy not only into the traditional tangible and intangible assets, but towards these new values. In this vein, they must offer and provide new exclusive services, supplementing the need to preserve the heritage, as Sextantio has been offering for several years.

For these reasons, considering the activity performed and the availability of data, it was decided to apply the methods based on royalties, as a correct price that anyone would pay to manage an hotel business, making use of the original and particular experience of the Sextantio Group and adapting to already tested standards, relying on the marketing of services for a well-known brand.

The referring formula of this methods is:

$$W_m = \sum_{t=1}^n \frac{[(F_t * r - C_t) * (1 - tax)]}{(1 + i)^t}$$

where:

W_m: current value of the Brand

n: time period considered

F_t: sales expected on a time period corresponding to the residual life of the brand

r: royalty rate;

C: average annual maintenance costs

tax: tax rate

i: discounted rate.

The further steps for application of the royalty-rate method are as follows:

- a) assessment of the royalty rate;
- b) assessment of the useful life of the brand;
- c) assessment of expected sales and turnover growth rate;
- d) assessment of the discounted rate;
- e) final evaluation of Sextantio Brand Value.

a. assessment of the royalty rate

For the esteem of the royalty rate, reference is made to a study made by the HVS in 2013 “Hotel Franchise Fee Guide” where different hotel chains are compared which have adopted the franchising structure based on the royalty rate applied. Analyzing 33 hotel chains belonging to the luxury sector and assuming that the royalties were quantified in the Uniform Franchise Offering Circulars (UFOC) or in the Franchise Disclosure Document (FDD) prepared by each franchisor, it is noted that the royalty percentage applied is between 1.93% and 15.86% with a higher concentration in the range between 8% and 10%. For this reason, it was decided to use the 10% as the percentage higher between the most applied rate by the analyzed hotels.

b) assessment of the useful life of the brand

With reference to the current protection system referred to the brand in Italy and in the European Community, the residual life guaranteed by legal protection is 9 years except for the renewals that occur every ten years. Furthermore, literature and the reference practice suggest a particularly prudent approach in estimating the useful life of the brands given their intrinsic volatility. In particular, a time horizon of 5-20 years with a strong concentration over 5-15 years is identified (Guatri & Bini, 2011; Zanda et al., 2005).

In the Sextantio case, with the peculiarity of the activity that distinguishes it, it is prudent that the esteem of residual useful life of the brand is established in ten years.

c) assessment of expected sales and turnover growth rate

The basis on which the royalty is calculated is represented by the average turnovers estimated over the time period considered by the sale of the services identified by SOD and DOM brands.

Furthermore, the following historical data available and which is reported below, is considered the most significant period for the last five years.

Consolidated data SOD + DOM (in €)	Year 2013	Year 2014	Year 2015	Year 2016	Year 2017
Total Revenues	1.879.189	1.984.151	2.449.934	2.503.562	2.662.938

It must be considered that DOM has obtained another sub-concession from the Municipality of Matera for the management of another 14 rooms in the Sassi Area in addition to the 18 already existing and they should be operational by 2021.

Therefore, making reference to the income components of the previous years, to the current market conditions

and to the growth forecasts of the activity related to the Brand, the base of an average fair flow of revenues is Euro 2.296.000. It is revalued by five percent per year, except for the year 2021 in which a revaluation of revenues of 30% is applied thanks to the increased accommodation structure of Matera.

Following the expected sales for the years 2019-2028 (in Euro):

2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2.296.000	2.410.000	3.133.000	3.290.000	3.454.000	3.627.000	3.808.000	3.998.000	4.198000	4.400.000

d) assessment of the discounted rate.

For the process of Brand evaluation, it is considered appropriate, as the literature and practice suggested, in the case of intangibles with a definite useful life, to use a rate that represents the average cost of the capital invested in the company. This rate is called the Weighted Average Cost of Capital (WACC), defined as follows:

$$WACC = W_e \cdot I_c + W_u \cdot I_u \cdot (1-t)$$

where:

W_e : weight attributed to own capital;

I_c : cost of own capital;

W_u : weight attributed to third-party capital;

I_u : cost of third-party capital;

T: average tax rate of the company.

e) final report of Brand Value.

This is an estimate of the "Sextantio" brand through the following parameters:

Parameter	Value
Royalty rate	10%
Average Revenues per year	€ 2.296.000
Annual Growth rate	5% per year ¹
Duration of residual useful life	10 years
Maintenance costs	1% of turnover
Tax charge ²	27,9%
Discounted rate	1,5%

As a result of these parameters identified, the evaluation of the Sextantio Brand is therefore shown in the following table:

	Expected Revenues (in €)	Royalty rate	Royalty 1 (in €)	Maintenance costs (in €)	Royalty 2 (in €)	Tax Rate	Net Royalty	Wacc	Discounted Royalty
2019	2.296.000	10%	229.600	22.960	206.640	27,9%	148.987	5,70	140.953
2020	2.410.000	10%	241.000	24.100	216.900	27,9%	156.385	5,70	139.973
2021	3.133.000	10%	313.300	31.330	281.970	27,9%	203.300	5,70	172.152
2022	3.290.000	10%	329.000	32.900	296.100	27,9%	213.488	5,70	171.030
2023	3.454.000	10%	345.400	34.540	310.860	27,9%	224.130	5,70	169.873
2024	3.627.000	10%	362.700	36.270	326.430	27,9%	235.356	5,70	168.762
2025	3.808.000	10%	380.800	38.080	342.720	27,9%	247.100	5,70	167.628
2026	3.998.000	10%	399.800	39.980	359.820	27,9%	259.430	5,70	166.502
2027	4.198.000	10%	419.800	41.980	377.820	27,9%	272.400	5,70	165.399
2028	4.400.000	10%	440.000	44.000	396.000	27,9%	285.500	5,70	164.005
Total									1.626.277

The economic evaluation of the Sextantio brand, as previously identified, corresponds to Euro 1,626,277 which is mindfully rounded to Euro 1,500,000.00.

¹ With the exception of the 2021 financial year in which revenue growth is estimated at 30%.

² The IRES and IRAP rates currently in force were taken into account for the calculation of the tax burden, as current situation in Italy.

5. Discussion

This study is started with the process of evaluation related to the value of a brand of the Sextantio brand. The process of financial perspective of evaluation of the brand has just been carried out.

But this is not sufficient, as in this sector, throughout the last decades, various concepts of hospitality tourism have appeared against the traditional concept of tourism and hotellerie.

Starting from the RBV theory (resource based theory) which concentrates the development of a company and underlines the need to focus on resources in order to obtain the continuity of the company (Penrose, 1959; Wernerfelt, 1984; Barney, 1991), the development is moved towards the creation of competitive advantage (Porter, 1980), using resources and implementing strategies that cannot be replicated by competitors. The AD develops a unique and inimitable formula, as well as sustainably, socially, and ethically responsible. The competitive advantage that develops with the AD therefore becomes absolute, of a defensible type (Barney, 1991) thanks to resources:

- with value for the market;
- rare, unique or present only with reference the territorial context;
- impossibility of imitability by competitors;
- not replaceable by other resources.

The competitive advantage of an AD will be more developed by the presence and ability to feed the development, as well as by the existence of local capacities, history, knowledge handed down, wealth no longer realizable or reproducible and goods to be recovered and enhanced, from new trades. Based on these elements, an AD can become in operational terms a stock of tangible and intangible resources that characterize a territory and capable of creating a defensible competitive advantage (Lev, 2001). The challenge in this sense is therefore to work towards the implementation of management policies based on the development of exclusivity, as a threat that ADs can boast compared to traditional hotels in rural areas or urban areas.

On the basis of these premises, the results coming from the case of Sextantio.

Its on these lines, that the initial study was inspired by what was observed in Drolì's study, which has identified some typical indicators in his research focalised in other territory, but in refer to AD, at 24 different municipalities. In Sextantio case, there are two municipalities: Santo Stefano di Sessanio in Abruzzo Region and Matera in Basilicata Region.

In this study there are different factors identified as:

1. tourist attractiveness elements of the AD;
2. internal elements of the AD;
3. external factors of the AD.

Following, the first elaboration referring to each of these elements, specifically with characteristic, description and KPI (key performance indicators).

Table 1. Tourist attractiveness elements of the AD Sextantio

Characteristics	Description	KPI
Social tranquility	Low number of crimes against people and against things	<ul style="list-style-type: none"> • No. of crimes against people (malicious injuries, violence, attacks etc.) • Muggings • Thefts
Social relationships	Low population density, passing of knowledge	<ul style="list-style-type: none"> • Inhabitants / km²
Agricultural, artisanal and productive system	Presence of agricultural enterprises, artisans, "ancient" or traditional jobs	<ul style="list-style-type: none"> • No. of agricultural enterprises • No. of artisans • No. of traditional jobs
Animal life	Presence of farm animals, at home, protected species	<ul style="list-style-type: none"> • No. of protected animal species • No. of breeding for repopulation of the fauna • No. of accommodation facilities on education and knowledge of animals • Presence of national parks

Table 2. Internal Elements of the AD Sextantio

Characteristics	Description (presence of)	KPI
Available resources	Historical, naturalistic, environmental and cultural resources	<ul style="list-style-type: none"> • No. of historical resources (monuments, buildings, churches, etc.) • No. of natural resources (types of natural wealth present) • No. of type and variety of natural capital present in the territory (quality of the air, presence of water with high purifying components, presence of land particularly rich in minerals, etc.) • No. of cultural events
Accessibility	Connections to the main cities	<ul style="list-style-type: none"> • No. of connections with buses, trains, other types of connection services • No. of medical-hospital facilities to ensure the first intervention in case of need
Basic health services	Health facilities and / or referral medical services for emergency response	<ul style="list-style-type: none"> • No. of medical-hospital facilities to ensure the first intervention in case of need
Public institutions	Public service to citizens	<ul style="list-style-type: none"> • Type of public services provided by the State
Restaurant	Restaurants and food services	<ul style="list-style-type: none"> • No. of restaurants, trattorias, taverns, pizzerias, wine bars, bars, pubs, ...
Typical local products	Products strictly referred to the territory recipes	<ul style="list-style-type: none"> • No. of typical products • No. of DOP wines • No. of recipes and culinary traditions

Table 3. External Elements of the AD Sextantio

Characteristics	Description	KPI
Human resources	Presence of experienced employee in the development and expansion of the CEO	<ul style="list-style-type: none"> • No. of employees in the AD • No. of other workers that are outside the AD, but functional to the AD's activity
Training	Possibility to train employee outside the CEO	<ul style="list-style-type: none"> • No. of possibilities to adopt public resources to improve the reception of local people • No. of schools that have seen the best advantage of the tourist destination • No. of internships operated with Italian and foreign schools and universities
Further widespread and development of AD	Possibility to recover other areas and / or to expand the accommodation capacity of the place with other neighboring villages	<ul style="list-style-type: none"> • No. of rooms (variations from year to year if there are) • No. of agreements with the families of the village to expand the AD company • No. of recoveries made over the years
Reputation	Possibility of expressing judgment towards the AD	<ul style="list-style-type: none"> • No. of total face-to-face comments • No. of total reviews online • No. of other comments (suggestions, guest tips, etc.) • No. of negative comments on the CEO • eWom support
Networking	Real possibility to create networking with other competitors or with other sectors	<ul style="list-style-type: none"> • No. of agreements in place with other competitors • No. of working agreements with others (visits to educational farms, guided tours with guides, ...) • No. of possible agreements with others

The elements of brand value showed in the above tables through a first classification studied on the Sextantio case, consists of a new way to consider the unique concept of economic value of brand related to an AD.

It is a broader definition compared to the traditional methods, however it is difficult to predict the best way to identify a prudent method in evaluating this intangible asset, in the new formula of entrepreneurship, as AD.

6. Conclusions

The results of the paper are the definitions of the specific elements of the AD concept, and consequently, AD

brand that differs from the traditional hotel brand; this study aims first to create awareness and to contribute to identifying the impact of these elements on traditional economic valuation models and how they can be incorporated. Because of the complexity of the topic, the hypothesis has been to build a model of synthesis, consisting of two parts: the first for the economic brand evaluation for Sextantio in the traditional formulas, and the second part to a first classifying of elements in the new perspective of wide brand in AD.

The originality of the work is in the definitions of the basic assumptions with which to build an economic evaluation model of the "special brand" referred to an AD, beyond the traditional elements.

6.1 Limitation of the Study

The main limit of the research is that this study is still at an early stage of the building of the framework.

This study, as indeed every exploratory study, presents numerous limitations given by the uniqueness of the case study which, if on the one hand is helpful through its contribution to similar cases, on the other it presents the limits of a possible failure of generalization, despite being, at least in this first phase of research, maintained in a very generic phase and referable also to other cases of AD, in this second part.

The limits are also contained in the quantitative part, since being the first process started in the determination of the financial value of the brand, it is understood that it must undergo successive revisions and modifications.

6.2 Future Research

This study is a starting point in the identification of tangible and intangible elements linked to this new hotel formula of AD, referred to Sextantio, which will have to be further developed and "customized" with reference to this case and "aggregate" the elements of the hotel in Santo Stefano di Sessanio and those of Matera, referred to a unique brand: Sextantio.

It is for this reason that this pioneering study could give rise to new scenarios and new methods of evaluation that will be based on these new identified elements that will have to be quantified on the basis of the determinations of the KPIs that certainly must also be completed and improved.

Further research, referred to other cases of AD, may potentially provide other elements to be included in the above classification about the elements referred to a wide concept of AD brand in order to evolve this framework.

References

- Aaker, D. A. (1991). *Managing Brand Equity*. The Free Press, New York, NY.
- Alpert, M. I. (1971). Identification of determinant attributes: A comparison of models. *Journal of Marketing Research*, 8(2), 184-191. <https://doi.org/10.1177/002224377100800205>
- Atkinson, A. (1988). Answering the eternal question: What does the customer want? *The Cornell Hotel and Restaurant Administration Quarterly*, 29(2), 12-14. <https://doi.org/10.1177/001088048802900209>
- Avram, M., & Zarrilli, L. (2012). The Italian model of "albergo diffuso": a possible way to preserve the traditional heritage and to encourage the sustainable development of the Apuseni Nature Park. *GeoJournal of Tourism and Geosites*, 9(1), 32-42.
- Barney, J. (1991). Firm Resources and Sustained Competitive Advantage, *Journal of Management*, 17(1), 99-120. <https://doi.org/10.1177/014920639101700108>
- Blain, C., Levy, S. E., & Brent Ritchie, J. R. (2005). Destination branding insights and practices from destination management organization. *Journal of Travel Research*, 43(May), 328-338. <https://doi.org/10.1177/0047287505274646>
- Brent Ritchie, J. R., & Brant Ritchie, J. B. (1998). The branding of tourist destination: past achievement and future challenges. *Proceeding of the 1998 annual Congress of International Association of Scientific Experts in Tourism Destination Marketing*; Scopes and Limitations, Marrakechi, 89-116.
- Buonincontri, P., Morvillo, A., Okumus, F., & van Niekerk, M. (2017). Managing the experience co-creation process in tourism destinations: Empirical findings from Naples. *Tourism Management*, 62, 264-277. <https://doi.org/10.1016/j.tourman.2017.04.014>
- Cadotte, E. R., & Turgeon, N. (1988). Key factors in guest satisfaction. *The Cornell Hotel and Restaurant Administration Quarterly*, 28(4), 45-51. <https://doi.org/10.1177/001088048802800415>
- Callan, R. J., & Bowman, L. (2000). Selecting a hotel and determining salient quality attributes: A preliminary study of mature British travelers. *The International Journal of Tourism Research*, 2(2), 97-118.

- [https://doi.org/10.1002/\(SICI\)1522-1970\(200003/04\)2:2<97::AID-JTR190>3.0.CO;2-1](https://doi.org/10.1002/(SICI)1522-1970(200003/04)2:2<97::AID-JTR190>3.0.CO;2-1)
- Cater, E., & Lowman, G. (1994). *Ecotourism: A sustainable Option?*, London: Wiley.
- Chacko, H. E. (1997). Positioning a tourism destination to gain a competitive edge. *Asia Pacific Journal of Tourism Research*, 1(2), 69-75. <https://doi.org/10.1080/10941669708721976>
- Chung, K. Y., Oh, S. Y., Kim, S. S., Seung, S. Y., & Han, Y. (2004). Three representative market segmentation methodologies for hotel guest room customers. *Tourism Management*, 25(4), 429-441. [https://doi.org/10.1016/S0261-5177\(03\)00115-8](https://doi.org/10.1016/S0261-5177(03)00115-8)
- Confalonieri, M. (2011). A typical Italian phenomenon: The “albergo diffuso”. *Tourism Management*, 32, 685-687. <https://doi.org/10.1016/j.tourman.2010.05.022>
- Cooper, C., Fletcher, J., Fyall, A., Gilbert, D., & Wanhill, S. (2005). *Tourism: Principles and practice* (3th Edi). Madrid: Prentice Hall.
- Cucari, N., Wankowicz, E., & Salvatore, E. D. F. S. (2019). Rural tourism and Albergo Difuso: A case study for sustainable land-use planning, *Land Use Policy*, 82, 105-119. <https://doi.org/10.1016/j.landusepol.2018.11.050>
- Dall’Ara, G. (2010). *Manuale dell’Albergo Diffuso, l’idea, la gestione, il marketing dell’ospitalità diffusa*. Franco Angeli, Milano.
- Del Gatto, S. (2015). Recupero del patrimonio culturale dei centri minori e sviluppo del territorio attraverso l’albergo diffuso: il caso Borgo Tuf, in: *XXVII Sinergie Annual Conference of Heritage. Management e Impresa: Quali Sinergie?*, 471-488.
- Di Clemente, E., Hernández Mogollón, J. M., & Campón Cerro, A. M. (2014). The Albergo Diffuso: an horizontal hospitality model for rural tourism destinations of extremadura. *Monográfico*, 9, 159-175.
- Dolnicar, S., & Otter, T. (2003). Which hotel attributes matter? A review of previous and a framework for future research. In T. Griffin, & R. Harris(Eds.), *Proceedings of the 9th Annual Conference of the Asia Pacific Tourism Association (APTA), University of Technology Sydney*, 1, 176-188.
- Droli, M. (2013). Rating Rural Hamlets for their Business Start-Up Potentials: Reality or Utopia? *Sabiedriba, Intergacija, Izglitiba*, 6, 21-33.
- Dube, L., & Renaghan, L. M. (2000). Creating visible customer value. *The Cornell Hotel and Restaurant Administration Quarterly*, 41(1), 62-72. <https://doi.org/10.1177/001088040004100124>
- Durkin, J., & Kolarić, M., (2016). Diffuse and Integrated Hotels As Innovative Form of Accommodation: Review of the Concept and Its Implementation in Croatia. *Tourism & Hospitality Industry, Congress Proceedings*, 26-38.
- Eisenhard, K. M. (1989). Building Theories from case study research. *Academy of Management Review*, 14(4), 532-550. <https://doi.org/10.5465/amr.1989.4308385>
- Esposito, D. F. S. (2012). *Genesi ed evoluzione dell’impresa*. Cedam, Padova.
- Fissi S., Gori, E., & Romolini, A. (2014). Il connubio tra impresa e territorio, il caso dell’albergo diffuso “il Borgo di Sempronio”, *Impresa Progetto, Electronic Journal of Management*, 1, 1-14.
- Giampiccoli, A., & Saayman, M. (2014). A conceptualisation of alternative forms of tourism in relation to community development. *Mediterranean Journal of Social Sciences*, 5, 1667-1677. <https://doi.org/10.5901/mjss.2014.v5n27p1667>
- Giampiccoli, A., & Saayman, M. (2016). Community-based tourism: From a local to a global push, *Acta Commercii*, 16(1), a372. <https://doi.org/10.4102/ac.v16i1.372>
- Giovannini, R., Sansone, M., Marsigalia, B., & Colammatteo, A. (2017). Governance of private label as strategic asset: developing a brand valuation model. *Journal of Governance and Regulation*, 6(4), 17-29. https://doi.org/10.22495/jgr_v6_i4_p2
- Gonçalves, H. M., Silva, G. M., & Martins, T. G. (2018). Motivations for posting online reviews in the hotel industry, *Psychology & Marketing*, 35, 807-817. <https://doi.org/10.1002/mar.21136>
- Gorgo, L., & Riggi, L. (2017). Urban traces: revitalization strategies for abandoned villages, 24th ISUF International City and territory in the Globalization Age, Conference proceedings, 843-849. <https://doi.org/10.4995/ISUF2017.2017.5938>

- Guatri, L., & Bini, M., (2011). *Nuovo trattato sulla valutazione delle aziende*. Milano, EGEEA.
- Haghkhah, A., Nosratpour, M., Ebrahimpour, A., & Hamid, A. B. A. (2011). The impact of service quality on tourism industry. *Proceedings of the 2nd International Conference on Business and Economic Research (2nd ICBER 2011)*, Malaysia, 13th–16th March.
- Hankinson, G. (2004). The brand images of tourism destination: a study of the saliency of organic images. *Journal of Product and Brand Management*, 13(1), 6-14. <https://doi.org/10.1108/10610420410523803>
- Henderson, J. C. (2007). Uniquely Singapore: A case study in destination branding. *Journal of Vacation Marketing*, 13(3), 261-274. <https://doi.org/10.1177/1356766707077695>
- Ioppolo, G., Saija, G., & Salomone, R. (2013). From coastal management to environmental management: the sustainable eco-tourism program for the mid-western coast of Sardinia (Italy). *Land Use Policy*, 31, 460-471. <https://doi.org/10.1016/j.landusepol.2012.08.010>
- Jamal, T., Camargo, B. A., & Wilson, E., (2013). Critical omissions and new directions for sustainable tourism: a situated macro-micro approach. *Sustainability*, 5, 4594-4613. <https://doi.org/10.3390/su5114594>
- Jerman, M., & Jankovic, S., (2018). The importance of Intangible Assets in the Hotel Industry: The case of Croatia and Slovenia, *Scientific Annals of Economics and Business*, 65(3), 333-346. <https://doi.org/10.2478/saeb-2018-0017>
- Kastenholz, E. (2004). Management of demand as a tool in sustainable tourist destination development. *Journal of Sustainable Tourism*, 12, 388-408. <https://doi.org/10.1080/09669580408667246>
- Kotler, P., & Keller, K. L. (2006). *Marketing Management*, Prentice-Hall, Upper Saddle River, NJ.
- Lanfranchi, M., Giannetto, C., & De Pascale, A. (2014). The role of nature-based tourism in generating multiplying effects for socio economic development of rural areas. *Calitatea*, 15, 96-100.
- Lev, B. (2001). *Intangibles: Management, Measurement and Reporting*, Washington, DC: Brookings Institution Press.
- Lewis, R. C., & Chambers, R. E. (2000). *Marketing leadership in hospitality: Foundations and practices*. New York: John Wiley & Sons.
- Liçaj, B. (2014). Albergo Diffuso: developing tourism through innovation and tradition: the case of Albania. *Online International Interdisciplinary Research Journal*, 4(3), 84-91.
- Lin, C. F. (2012). Exploring the Hotel Service Personnel's Cognitive Implications toward Service Attributes and Ethics. *Human Factors and Ergonomics in Manufacturing & Service Industries*, 24(1) 14-28. <https://doi.org/10.1002/hfm.20349>
- Lockyer, T. (2005). The perceived importance of price as one hotel selection dimension. *Tourism Management*, 26(4), 529-537. <https://doi.org/10.1016/j.tourman.2004.03.009>
- Moscardo, G., & Murphy, L. (2014). There is no such thing as sustainable tourism: Re-conceptualizing tourism as a tool for sustainability. *Sustainability*, 6, 2538-2561. <https://doi.org/10.3390/su6052538>
- Nickerson, N. P., & Moisey, R. N. (1999). Branding a state from features to positioning. making it simple? *Journal of Vacation Marketing*, 5(3), 217-226. <https://doi.org/10.1177/135676679900500302>
- Paniccia, P., & Leoni, L. (2017). Co-evolution in tourism: the case of Albergo Difuso. *Current Issues in Tourism*, 0, 1-28.
- Paniccia, P., Pechlaner, H., & Valeri, M. (2007). Da borgo ad albergo. Il caso Sextantio [From villages to hotel. The case of Sextantio]. *La Rivista del Turismo*, 4, 16-24.
- Paniccia, P., Pechlaner, H., & Valeri, M. (2010). *The importance of the time of experience in the innovation of tourism business. The Sextantio Albergo Diffuso*. In K. Weiermair, F. Go, P. Keller, & H. Pechlaner (Eds.), *Entrepreneurship and innovation in tourism* (pp. 97–116). Berlin: Erich Schmidt Verlag.
- Penrose, E.T. (1959). *The Theory of the Growth of the Firm*, Oxford: Oxford University Press.
- Peterson, R. A. (2005). In search of authenticity. *International Journal of Management Studies Research*, 42, 1083-1098. <https://doi.org/10.1111/j.1467-6486.2005.00533.x>
- Poon, W. C., & Low, K. L. T. (2005). Are travelers satisfied with Malaysian hotels? *International Journal of Contemporary Hospitality Management*, 17(2/3), 217-227. <https://doi.org/10.1108/09596110510591909>
- Porter, M. E. (1980). *Competitive Strategies*. New York: Free Press.

- Presenza, A., Petruzzelli, A. M., & Sheehan, L. (2019). Innovation trough tradition in hospitality. The Italian case of Albergo Diffuso. *Tourism Management*, 72, 192-201. <https://doi.org/10.1016/j.tourman.2018.11.020>
- Putnam, R. D., Leonardi, R., & Nanetti, R. Y. (1993). *Making Democracy Work: Civic Tradition in Modern Italy*, Princeton University Press. <https://doi.org/10.2307/j.ctt7s8r7>
- Simone, C., Barile, S., & Calabrese, M. (2018). Managing territory and its complexity: a decision-making model based on the viable system approach (VsA). *Land Use Policy*, 72, 493-502. <https://doi.org/10.1016/j.landusepol.2017.12.070>
- Tani, M., & Papaluca, O. (2015). Local resources to compete in the global business: The case of Sextantio hotels. *Handbook of Research on Global Hospitality and Tourism Management*, 119-141. <https://doi.org/10.4018/978-1-4666-8606-9.ch008>
- Trombino, D. (2009). L'albergo diffuso negli ordinamenti regionali: le iniziative più recenti, *Disciplina del commercio e dei servizi*, 8(2), 33-45.
- Valeri, M., & Paoloni, P. (2017). Competitiveness and sustainability in tourism industry: the Albergo Difuso case study. *International Journal of Business Management*, 12, 107-118. <https://doi.org/10.5539/ijbm.v12n12p107>
- Vallone, C., & Veglio, V. (2014). La valorizzazione del patrimonio artistico come driver per lo sviluppo del territorio: il caso dell'albergo diffuso. *Mercati & Competitività*, 4, 109-130. <https://doi.org/10.3280/MC2014-004007>
- Vignali, C. (2010). L'albergo diffuso: analisi giuridico economica di una forma non tradizionale di ospitalità, in Degressi, L., Franceschelli, V. (Eds.), *Turismo. Diritto e diritti*, Giufre', Milano, 579-626.
- Villani, T., & Dall'Ara, G. (2015). *L'Albergo Diffuso come modello di ospitalità originale e di sviluppo sostenibile dei borghi*. Firenze Univeristy Press.
- Wernerfelt, T. B. (1984). A resource-based view of the firm, *Strategic Management Journal*, 5, 171-180. <https://doi.org/10.1002/smj.4250050207>
- Wilkins, H., Merrilees, B., & Herington, C. (2007). Towards an understanding of total service quality in hotels. *International Journal of Hospitality Management*, 26(4), 840-853. <https://doi.org/10.1016/j.ijhm.2006.07.006>
- Yin, R. (2009). *Case study research: Design and methods* (4th ed.). Thousand Oaks, CA: Sage Publication.
- Yin, R. K. (1994). *Case Study Reserach - Design and Methods*. Thousand Oaks, CA: Sage Publications.
- Zanda, G., Lacchini, M., & Onesti, T. (2005). *La valutazione delle aziende*, Giappichelli Editore, Torino.

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).

An Empirical Analysis of the Link between Economic Growth and Exports in Côte d'Ivoire

Daouda Coulibaly¹, & Fulgence Zran Goueu¹

¹ Peleforo Gon Coulibaly University, Department of Economics, Korhogo, Ivory Coast, Cote D'Ivoire

Correspondence: Daouda Coulibaly, Peleforo Gon Coulibaly University, Department of Economics, Korhogo, Ivory Coast, Cote D'Ivoire.

Received: July 31, 2019

Accepted: August 16, 2019

Online Published: August 29, 2019

doi:10.5539/ibr.v12n9p94

URL: <https://doi.org/10.5539/ibr.v12n9p94>

Abstract

This paper aims to analyze the relationship between exports and economic growth in Côte d'Ivoire. In order to achieve this objective, annual data for the period 1960-2017 were tested by using the cointegration approach of Pesaran, Shin and Smith, including the causality test of Breitung and Schreiber. According to our analysis it is only exports that drive economic growth and not the opposite. Exports act positively and significantly on economic growth in the short term as well as in the long term. The causality test of Breitung and Schreiber indicates a one-way long-run causal relationship ranging from exports to gross domestic product (GDP). All those results show that exports are a source of Ivorian economic growth.

Keywords: Côte d'Ivoire, economic growth, exports, cointegration, causality, frequency band

1. Introduction

The analysis of the impacts of exports on economic growth, and vice versa, that of the effects of economic growth on exports has been debated by many studies in both theoretical and empirical economic literature. The debate that has been going on for more than thirty years concerns both developed and developing countries. One the main stakes of that debate is to allow the evaluation of the effects that an export-based strategy, and thus the openness policy can have on growth. Exports result from economic policy, which itself can influence the way exports affect economic growth (Balassa, 1985). Exports help a country to be more or less open to the outside world through many activities and a wide variety of economic policy decisions. Thus, any judgment based on economic measures likely to affect exports and therefore foreign trade (protection, exchange rate, taxation, direct control...) defines only the character of a country turned outward or inward; and this affects both the external and the internal balance of the country.

From the late 1970s to the late 1990s, many of the empirical studies conclude that there is a positive causal link between exports and economic growth. Since the late 1990s, these exports-based policies have been questioned by anti-globalization advocates because of their social impacts in developing countries. In fact, an increase in exports requires the creation of large markets and the diversification of products. It also calls for knowledge that is constantly renewed, including the possibility of exploiting increasing returns to scale and increasing human capital. Thus, exports are a real engine of economic growth, especially as productivity gains in exports sectors are spread to the entire national economy through the system of low relative prices of products. While for some authors, trade policy affects the evolution of exports, for others, the size of the country, the composition of its comparative advantages and its changes over time have a direct impact on exports growth.

Côte d'Ivoire is a free-market economy and open to the outside world. Before the independence, the growth and development of Ivorian economy was based on exports crops sector, particularly coffee and cocoa. This economic policy orientation growth was pursued by Ivorian planner after the independence. Thus, over the 1960-70 decade, economic growth depended mainly on the development of the primary product processing industry and the import-substitution industries. Between the years 1971-1980, changes were made to industrial policy by the transition from an import-substitution industry to the development of export industries. To accompany Ivorian companies to conquer foreign markets, in 1960, the World Bank, the private sector and the state of Côte d'Ivoire created the Association for the Promotion of Exports of Côte d'Ivoire (APEX-CI). In 2014, the Ivorian government created the National Exports Council (NEC), which is an adversary body working with the government and the private sector on issues related to the National Export Strategy (NES). Today, the

authorities' goal is to make Côte d'Ivoire an emerging country by 2020, and exports are a central pillar in achieving this goal. From 34.24% in 1960, the share of exports in GDP reached the value of 53.82% in 2011 before falling gradually to 34.01% in 2017. Despite all these development policies implementation and with its laudable goals, the country ranks among lower-middle-income countries and its growth remain focused on exports of low value-added primary agricultural products.

This paper aims to determine the nature of the links between economic growth and exports of Côte d'Ivoire. Do exports cause economic growth? Or it is rather economic growth that causes exports. Or is it a circular causality? What is the influence impact in the short and long-run? To do this, we use the Breitung and Schreiber (2016) causality test and the cointegration test of Pesaran, Shin and Smith (2001) to analyze the nature of the relationship between exports and Ivorian economic growth.

The rest of the article is structured as follows. Section 2 presents a brief review of the literature. In Section 3 we put forward the methodology. The results of the estimates are discussed in Section 4 and we end with the conclusion.

2. Literature Review

The degree, nature and sense of the relationship between exports and economic growth have been greatly examined in the economic literature. The results depend both on the nature of the data and the estimation methods used. In a cross-sectional analysis, Michaely (1977) uses Spearman's correlation coefficient to study the link between exports and economic growth for a number of countries over the period 1950-1973. For a group of non-developed countries, he finds a correlation coefficient of the order of 0.38 and significant at 1%; this coefficient is slightly higher (0.523) for countries with income over 300\$. As for the less developed countries, he obtains a correlation coefficient that is practically zero. Heller and Porter (1978) confirm Michaely's results by testing the correlation between the growth rate of exports and the growth rate of non-exported component of production. Indeed they obtain a Spearman's correlation coefficient of 0.57 for the richest countries and 0.09 for the others. With a sample of 55 developing countries, Tyler (1981) confirms, over the period 1960-1977, the positive role of exports on economic growth. Wei (1993) in his study of Chinese cities observes that the growth of these cities was driven by exports over the period 1980-1990 and by foreign investment during the period 1988-1990. As for Colombatto (1990), he rejects the export-led growth assumption in a sample of 70 less developed countries using the Ordinary Least Squares method.

Using quarterly data from 1976 to 2003, Al Mamun and Nath (2005) found a positive and significant long-run relationship between exports and industrial production in Bangladesh. Kpemoua (2016) also finds a positive and significant correlation at 1% level in long-run between exports and economic growth in Togo over the period 1960-2014. Similar results were obtained by Saminirina and Adamson (2013), Mohsen (2015), Fatemah and Qayyum (2018). Indeed, Saminirina and Adamson show that a 10% increase in exports leads to an economic growth of 0.95% in Madagascar. Mohsen notes that in Syria over the period 1975-2010, exports as a whole (oil exports and non-oil exports) have a positive and significant impact on long-run economic growth with a larger effect of non-oil exports. Fatemah and Qayyum conclude that exports are an important and significant determinant of economic growth in Pakistan using the cointegration test of Johansen (1988, 1991) and the estimation of an Error Correction Model. Ee (2016) uses a cointegrated panel data to test the validity of the export-led growth hypothesis in three African countries over the period 1985-2014. The estimation made according to the methods Fully Modified Ordinary Least Squares (FMOLS) and Dynamic Ordinary Least Squares (DOLS) reveals that exports act positively and significantly on economic growth. Kalaitzi and Cleeve (2018) show that the exports of manufactured goods and primary products have a positive and significant impact on long-run economic growth with a greater impact of manufacturing exports. However, in the case of five Asian countries, Vohra (2001) specifies that the positive and significant impact of exports on economic growth depends on the level of economic development achieved by the country. Subasat (2002) demonstrates that exports promotion has no significant impact on economic growth in low-income and high-income countries. He also shows that countries which are more open to exports and middle-income countries are growing faster than countries relatively less open to exports.

The existence of a correlation relationship between the gross domestic product and exports does not give any precision as to the meaning of the causality. Several studies support the hypothesis of export-led economic growth, that is to say a causality that goes from exports to economic growth. This is the case, for example, of Lee and Huang (2002), Shirazi and Manap (2004), Al Mamun and Nath (2005), Kpemoua (2016), and Bakari and Mabrouki (2017). Contrary to the assumption of export-led economic growth, growth can be a source of increased exports. Causality ranges from economic growth to exports. This assertion is supported by many works

such as those of Oxley (1993), Mishra (2011), Abbas (2012), Shihab and Abdul-Khaliq (2014), Mehta (2015), Gokmenoglu and Taspınara (2015), and Kalaitzi and Cleeve (2018). However, instead of a single causal relationship, other writers have rather found a circular relationship between exports and economic growth. Thus, when analyzing the relationship between the expansion of exports and economic growth in Côte d'Ivoire, N'Zué (2003) results in a lack of cointegration; but he finds a double causality in the sense of Granger between exports and economic growth. Bhat (1995), Johnson (2006), Elbeydi, Hamuda and Gazda (2010), Hye (2012), Mohsen (2015), and Ajmi, Aye, Balcilar and Gupta (2015) find similar results.

3. Method

3.1 The Approach of Pesaran, Shin and Smith

In this study we use the estimation and test method of Pesaran et al. (2001) and Pesaran and Shin (1999) to study the relationship between economic growth and exports. This method called Autoregressive Distributed Lag (ARDL) has several advantages over traditional cointegration methods. First, the ARDL approach can be applied with I (1) and/or I (0) variables and that approach make it possible to avoid the classification of the variables into I (1) or I (0). The use of this method therefore does not necessarily require testing the order of integration of the series. Testing the order of series integration may result in an additional degree of uncertainty in the analysis as unit root tests are typically low power (Pesaran, 2015, p526). Secondly, the ARDL approach is more flexible in determining the optimal lag in that the latter may vary from variable to variable; which is not the case in the Johansen (1988, 1991) procedure. Third, in the case of small samples, the ARDL method of determining cointegration is relatively more efficient (Acaravci & Ozturk, 2008). Fourth, the ARDL estimation technique results in unbiased long-run estimators (Harris & Sollis, 2003). The disadvantage of this test is that it assumes the existence of a single cointegrating relation.

The Pesaran et al. (2001) approach, which assumes a single cointegrating relation, consists in estimating an Error Correction form of an autoregressive model with distributed lags, that is to say

$$\Delta y_t = \alpha + \sum_{i=1}^p \phi_i \Delta y_{t-i} + \sum_{i=0}^p \beta_i \Delta x_{t-i} + \delta_1 y_{t-1} + \delta_2 x_{t-1} + u_t \quad (1)$$

with Δ the first difference operator, u_t the error term and p the maximum number of lags. The choice of the appropriate number of lags can be made according to the Akaike Information Criterion or Schwarz Bayesian Criterion. Testing the existence of the long-run relationship between the variables Y and X is to test the joint hypothesis $H_0: \delta_1 = \delta_2 = 0$ against the alternative hypothesis $H_1: \delta_1 \neq 0, \delta_2 \neq 0$. The critical values of this test are tabulated by Pesaran et al. (2001). The decision rule consists in comparing the Wald statistic denoted W with the upper (W_U) and lower (W_L) critical values. The upper critical value corresponds to the I (1) series and the lower critical value refers to the I (0) variables. Thus, if $W > W_U$, we reject the null hypothesis at the indicated significance level and conclude that there is a long-run relationship between the variables under consideration. If $W < W_L$, we cannot reject the null hypothesis of no cointegration. Finally, if $W_L < W < W_U$, we are in a zone of indecision.

If we assume that there is only one cointegrating vector, the long-run and short-run equations can be estimated respectively as follows:

$$y_t = \alpha + \sum_{i=1}^p \phi_i y_{t-i} + \sum_{i=0}^p \beta_i x_{t-i} + v_t \quad (2)$$

$$\Delta y_t = \alpha + \sum_{i=1}^p \phi_i \Delta y_{t-i} + \sum_{i=0}^p \beta_i \Delta x_{t-i} + \lambda ECM_{t-1} + \varepsilon_t \quad (3)$$

where λ is the coefficient of the error correction mechanism (ECM).

3.2. The causality test of Breitung and Schreiber

The analysis of the causality is made thanks to the test of Breitung and Schreiber (2016) denominated BS. This test is an extension of the Breitung and Candelon (2006) test called BC. Based on the works of Geweke (1982) and Hosoya (1991), Breitung and Candelon construct a frequency band causality test both in the short-run and the long-run. Assuming that the variable y_t is caused in the Granger sense by the variable x_t under the alternative hypothesis:

$$y_t = a + \sum_{j=1}^p \alpha_j y_{t-j} + \sum_{k=1}^p \beta_k x_{t-k} + u_t \quad (4)$$

Breitung and Candelon (2006) show that the null hypothesis of no causality at the frequency ω , or

$M_{x \rightarrow y}(\omega) = 0$, is equivalent to the following linear restriction:

$$H_0: R(\omega)\beta = 0, \quad (5)$$

with $\beta = [\beta_1, \dots, \beta_p]'$ and $R(\omega) = \begin{bmatrix} \cos(\omega) & \cos(2\omega) & \dots & \cos(p\omega) \\ \sin(\omega) & \sin(2\omega) & \dots & \sin(p\omega) \end{bmatrix}$, $\omega \in (0, \pi)$.

The F statistic of equation (5) roughly follows the distribution $F(2, T - 2p)$ for $\omega \in (0, \pi)$. Breitung and Candelon (2006) recommend using $p \geq 3$ as the test brings us back to the conventional Granger non-causality test for $p = 1$ or $p = 2$. The BC test provides better results compared to conventional causality tests (Mermod & Dudzevičiūtė, 2011; Krättschell & Schmidt, 2012 and Serfraz, 2017). However, as Breitung and Schreiber (2016) have pointed out, the BC test has a disadvantage in that it is formulated in terms of a single frequency point (ω_0) that should be specified a priori. Breitung and Schreiber have generalized the null hypothesis of non-causality of the BC test. Instead of testing the null hypothesis of non-causality at frequency ω_0 as in the case of the BC test, Breitung and Schreiber test it in a frequency range (ω_l, ω_u). According to Serfraz (2017) the BS test has three advantages. First, it results in no loss of information. Second, it gives a better overview of the short and long-run relationships. Finally the BS test treats in detail what the BC test ignored because it uses frequency intervals instead of a single frequency point.

4. Results and Discussion

4.1 Data Source

The data come from the World Bank (2019): World Development Indicators (WDI) database¹. Lpib and Lexp represent the log of GDP and exports of goods and services respectively. These two variables expressed in current dollars cover the period 1960-2017. Figure 1 shows the evolution of variables in level and in first difference. The observation of this Figure shows series with a trend in level. In first difference, the series become stationary with the elimination of the trend. Graphical analysis is completed with unit root tests.

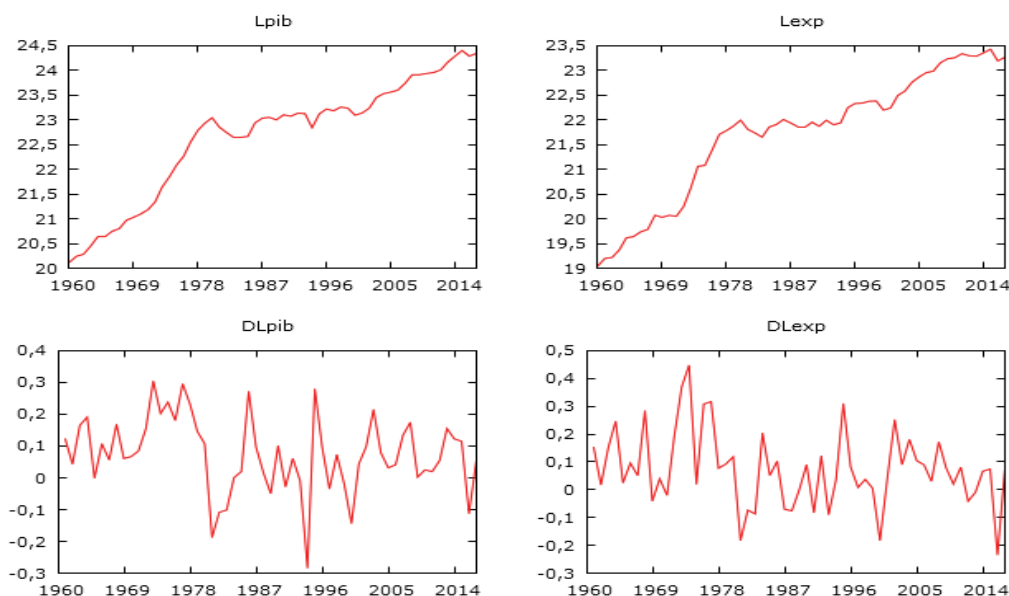


Figure 1. Evolution of variables in level and in first difference

4.2 Unit Root Tests

The order of integration of the variables is determined by the ADF and KPSS tests. The maximum lag for the ADF test is set to 10 according to the formula $12(T/100)^{0.25}$, then we chose the optimal lag according to the Schwarz Bayesian criterion. For the KPSS test the truncation is set to 3 according to the formula $4(T/100)^{0.25}$. The null hypothesis is different in the two tests: the ADF test postulates that the series have a unit root whereas

¹ We consulted the database on World Bank website in the 7th June 2019.

the KPSS test postulates that the series are stationary. The results presented in Table 1 confirm the conclusions of the graphical analysis. Indeed, the series all have a unit root in level regardless of the test and specification chosen. On the other hand, as a first difference, the two variables become stationary at the 1% significance level. We can conclude that the variables under study are integrated of order 1, that is to say I (1). Since the two variables are I (1), this requires testing the existence of a possible long term relationship between them, that is to say perform a cointegration test.

Table 1. Unit Root tests results

Variables	ADF			KPSS	
	Constant and trend	Constant	None	Constant and trend	constant
Lpib	-1.8976 (0.6557)	-2.1834 (0.2144)	2.7105 (0.9986)	0.2784	1.3918
Lexp	-1.5234 (0.8099)	-2.3770 (0.1527)	3.9602 (1.000)	0.2520	1.4077
Dlpib	-5.6056*** (0.0001)	-5.4524*** (0.0000)	-4.3888*** (0.0000)	0.0877***	0.2765***
Dlexp	-6.2830*** (0.0000)	-6.0216*** (0.0000)	-5.0111*** (0.0000)	0.0684***	0.3193***

Note. The values in parentheses are the p values. ***, means that the variable is stationary at the 1% significance level. The critical values for the KPSS test are: 0.121 (10%), 0.149 (5%) and 0.213 (1%) for the model with trend and, 0.351 (10%), 0.462 (5%) and 0.726 (1%) for the model without trend.

4.3 Analysis of Cointegration

Cointegration is performed using the Pesaran et al. (2001) test. The ARDL (1, 1) conditional model chosen according to the Schwarz Bayesian criterion for a maximum of 4 lags was estimated with the Microfit 5.0 software. This model validated diagnostic tests that indicate a lack of serial correlation of residuals and heteroscedasticity, a correct functional form and the normality of residuals. The calculated W statistics are reported in Table 2 where each variable is considered dependent variable. When GDP is considered dependent variable the statistic W is, $W(Lpib | Lexp) = 13.0584$. In the case where the exports represent the dependent variable the statistic W is, $W(Lexp | Lpib) = 4.8636$. From these results, for a 5% level the null hypothesis of no cointegration is rejected only in the equation where GDP is the dependent variable because the statistic $W(Lpib | Lexp) = 13.0584$ is greater than 11.8048 the upper critical value; this validates the use of the Pesaran et al. (2001) cointegration test. This result suggests that there exists a long-run relationship between GDP and exports in Côte d'Ivoire and exports can be treated as "long-run forcing" variable for the explanation of GDP, which implies that there is a long term unidirectional causality that goes from exports to GDP. This result is contrary to that of N'Zué (2003), but it goes in the same direction as that of Al Mamun and Nath (2005).

Table 2. Cointegration test results

Dependent variable	W_stat	Critical values at 5%		Decision
		Lower bound (W_L)	Upper bound (W_U)	
Lpib	13.0584	10.1981	11.8048	Cointegration
Lexp	4.8636	10.1981	11.8048	No cointegration

Note. Critical values are obtained by simulations after 20000 replications.

4.4 Estimation of Short Term and Long Term Relationships

Once the cointegrating relation was established, we estimated short and long-run elasticities, all obtained from the ARDL model (1, 1). We tried to take into account the effect of the 2011 political crisis by introducing a dummy variable but this coefficient proved no statistically significant; so we simply removed this dummy variable from the analysis. The results are presented in Tables 3 and 4. The diagnostic tests of the Error Correction Model in Table 4 indicate a good model specification at the 1% level. The CUSUM (a) and CUSUMSQ (b) tests are shown in Figure 2 in the Appendix. The two statistics are within the corridor defined by the critical values at the 5% level. This implies that the estimated parameters are stable over the entire period under study.

Both long-run and short-run elasticities are positive and significant at the 1% level. The long-run elasticity is close to 1 (0.9229), which shows that a 1% increase in exports causes a 0.92% increase in GDP. The adjustment

coefficient has the correct sign (- 0.2915) and is statistically significant at the 1% level; it reflects a moderate speed of convergence towards the long-run equilibrium.

Table 3. Long-run coefficients

Dependent variable : Lpib

Variable	Coefficients	t-statistic	Prob
Const	2.7250***	4.0950	0.000
Lexp	0.9229***	30.5708	0.000

Note. ***, means that the parameter is significant at the 1% level.

Table 4. Error Correction Model

Dependent variable: Dlpib

Variable	Coefficients	t-statistic	Prob
Const	0.0000	0.00021	1.000
DLEXP	0.5613***	7.1698	0.000
ECM(-1)	-0.2915***	-3.6476	0.001
R ²	0.5833		
F stat (2 ; 52)	37.7941		0.000
Diagnostic tests			
Serial correlation		LM(1) = 1.7405	0.187
Functional form		LM(1) = 0.1122	0.738
Normality test		LM(2) = 2.1996	0.333
Heteroskedasticity test		LM(1) = 0.4302	0.512

Note. ***, means that the parameter is significant at the 1% level.

4.5 Analysis of Causality

The existence of a correlation relationship between the gross domestic product and exports does not clarify the meaning of the causality. Knowledge of the causal relationship is necessary for a correct formulation of economic policy. Indeed, knowing the meaning of causality is as important as highlighting a link between economic variables (Bourbonnais, 2003).

The causality analysis can be done through the usual causality tests, for example the standard Granger non-causality test. The cointegration test presented above showed that there was only one long-run causal relationship ranging from exports to GDP. The Granger causality test (see Table 5) also indicates the presence of a one-way short-run causality that ranges from exports to economic growth. However, as Giles and Williams (1999) note, export-led growth results based on standard causality techniques are not typically robust to specification or method.

Table 5. Short-run Granger Causality Test

Null hypothesis	Lags	F-Statistics	Conclusion
DLPIB does not cause DLEXP	1	0.0118 (0.914)	Null hypothesis accepted
DLEXP does not cause DLPIB	1	4.5419** (0.038)	Rejection of the null hypothesis

Note. Lags chosen according to the Schwarz Bayesian criterion. Values in parentheses are p-values.

For this reason we focus on the Breitung and Schreiber test (2016). The result of the test is identical if the test is performed in level or in first difference. We used five frequency bands: [0.01, 0.49], [0.52, 0.62], [0.62, 1.3], [1.3, 2.1] and [2.1, 3.14], a maximum of 3 lags and 50 frequency points within the frequency range. In fact, a short band corresponds to a long period of time and a long band is a short period of time. Therefore, the first band covers approximately a period of 13 years and more, the second band is 10 to 12 years old, the third band is 5 to 10 years old and the last two cover periods of 3 to 5 years and 2 to 3 years respectively. The horizontal axis of the graphs represents the frequencies. The null hypothesis of no causality is rejected each time the line of the test statistic ("teststat") is above the critical value line ("crit.val.").

First, we present the results of the first version of this test, which is the Breitung and Candelon test (2006). The results presented in Figure 3 indicate a single causal relationship, which ranges from exports to GDP. Indeed, the null hypothesis of absence of causality is rejected for $\omega \in [0.01, 0.49]$ which corresponds to a cycle with a length of 13 periods (years) and more. The results of the Breitung and Schreiber (2016) test in Figure 4 confirm the results of the cointegration test and those of the Breitung and Candelon test but invalidate the results of the standard Granger causality test. In fact, the null hypothesis of no causality could not be rejected in the frequency bands $[0.52, 0.62]$, $[0.62, 1.3]$, $[1.3, 2.1]$ and $[2.1, 3.14]$ which represent medium-term and short-term periods. A single causal relationship ranging from exports to GDP in the frequency band $[0.01, 0.49]$, which represents a long period of time, is observed. Overall, the results show that it is exports that drive economic growth and not the opposite in Côte d'Ivoire. The export-led growth hypothesis is verified in Côte d'Ivoire in the long term. In sum, we can say that exports are an important and significant determinant of Ivorian economic growth. The policy of trade openness adopted by the country and the export promotion actions carried out by structures such as APEX-CI since its creation in 1960, can justify this result. The country would certainly gain more by improving the degree of processing of products.

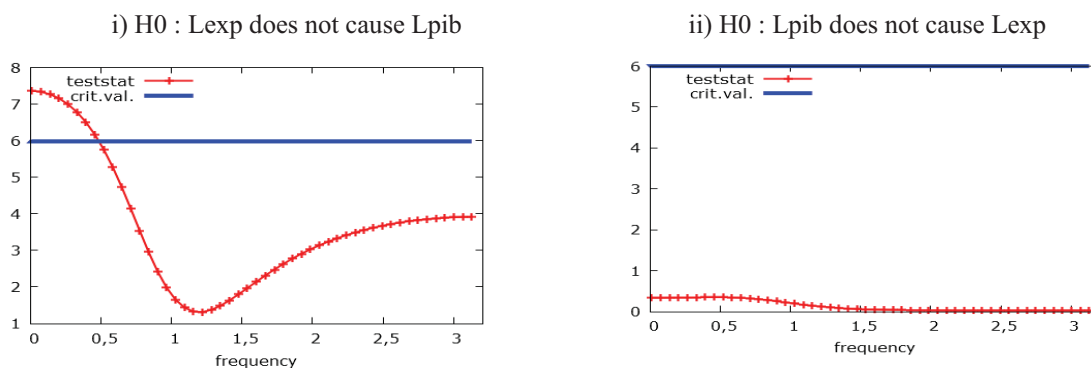
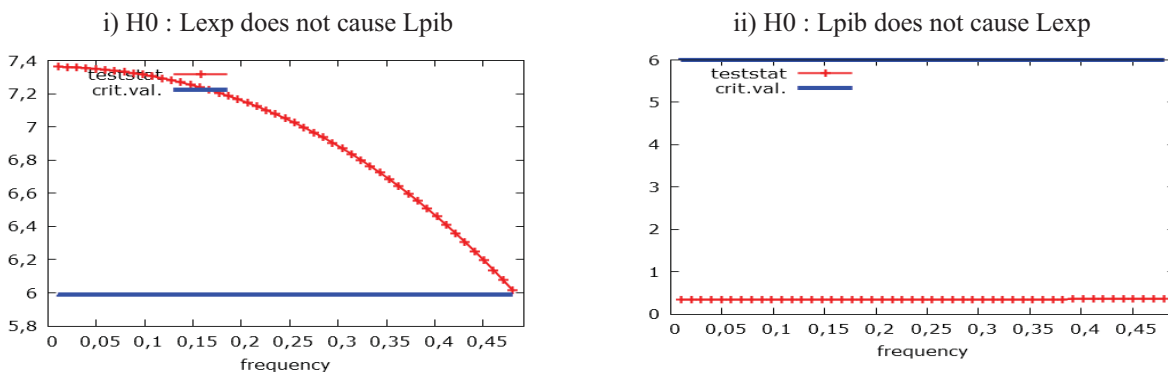
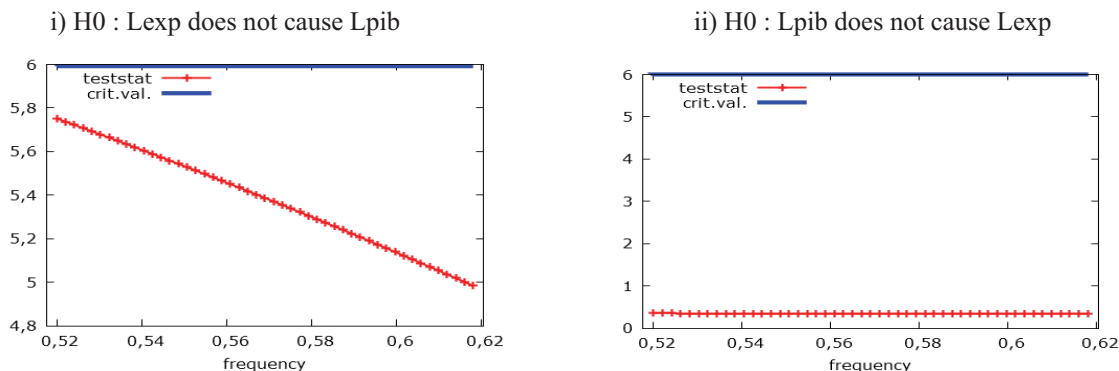


Figure 3. Breitung-Candelon causality test results²

❖ Frequency band : $[0.01, 0.49]$



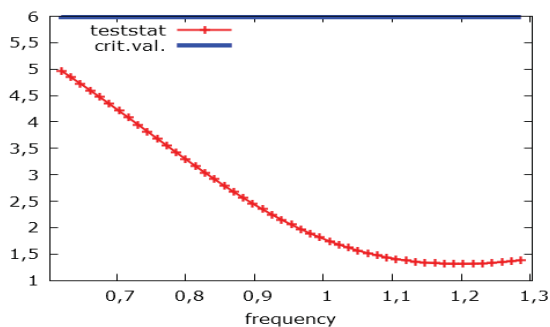
❖ Frequency band : $[0.52, 0.62]$



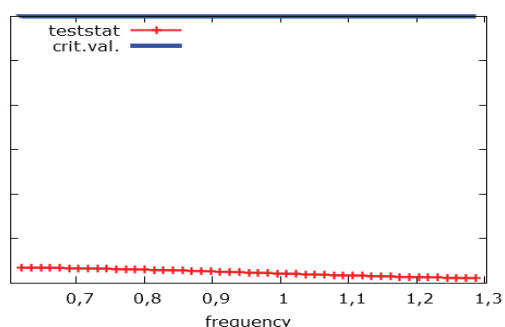
² Breitung and Candelon (2006) test and that of Breitung and Schreiber (2016) were implemented by using the Gretl package “BreitungCandelonTest 2.5” written by Schreiber (2018).

❖ Frequency band : [0.62, 1.3]

i) H0 : Lexp does not cause Lpib

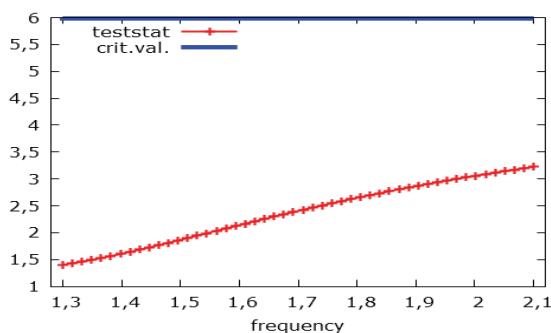


ii) H0 : Lpib does not cause Lexp

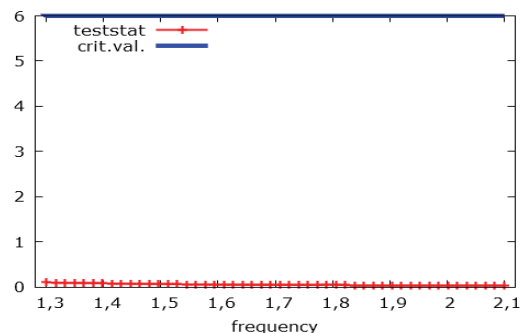


❖ Frequency band : [1.3, 2.1]

i) H0 : Lexp does not cause Lpib

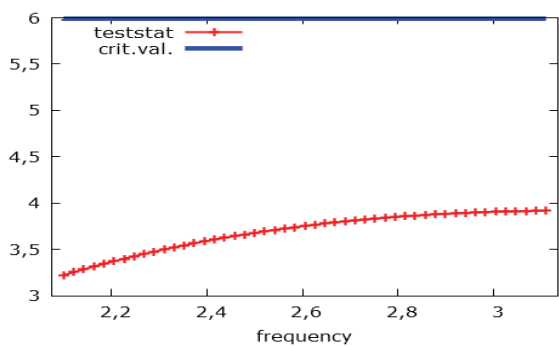


ii) H0 : Lpib does not cause Lexp



❖ Frequency band : [2.1, 3.14]

i) H0 : Lexp does not cause Lpib



ii) H0 : Lpib does not cause Lexp

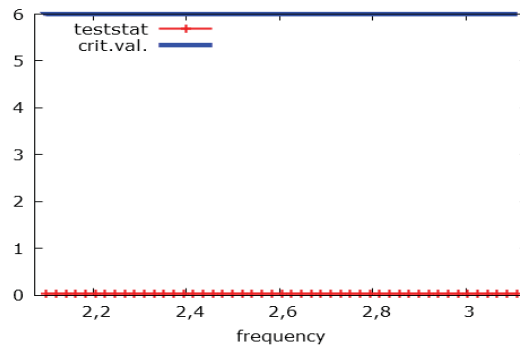


Figure 4. Breitung-Schreiber causality test results

5. Conclusion

In this paper we examined the relationship between exports and economic growth in Côte d'Ivoire from 1960 to 2017. The results indicated the existence of a cointegrating relation between economic growth and exports. The analysis of cointegration showed that there was only one long-run causal relationship ranging from exports to GDP. The estimation of an ARDL model (1, 1) reveals that exports act positively and significantly on economic growth in the short-run as well as in the long-run. The frequency band causality test of Breitung and Schreiber (2016) confirmed the existence of a long-run unidirectional causal relationship ranging from exports to GDP. It is therefore exports that drive economic growth in Côte d'Ivoire and not the opposite. The results suggest that exports are a major determinant of Ivorian economic growth. To enhance the impact of exports on economic growth, the country should increase the share of manufactured goods in exports and strengthen export promotion policies.

Acknowledgements

We would like to thank anonymous referees for useful suggestions to the improvement of the quality of this paper. We are also grateful to Sven Schreiber for making public the estimate code of the causality tests of Breitung and Candelon (2006) including that of Breitung and Schreiber (2016). The authors are responsible for any remaining errors.

References

- Abbas, S. (2012). Causality between exports and economic growth: Investigating suitable trade policy for Pakistan. *Eurasian Journal of Business and Economics*, 5(10), 91-98.
- Acaravci, A., & Ozturk, I. (2008). Twin deficits phenomenon : Empirical evidence from the ARDL bound test approach for Turkey. *Bulletin of Statistics & Economics*, 2, 56-64.
- Ajmi, N. A., Aye, C. G., Balcilar, M., & Gupta, R. (2015). Causality between exports and economic growth in South Africa : Evidence from linear and nonlinear tests. *The Journal of Developing Areas*, 49(2), 163-181. <https://doi.org/10.1353/jda.2015.0021>
- Al Mamun, A. K., & Nath, K. H. (2005). Export-led growth in Bangladesh: A time series analysis. *Applied Economics Letters*, 12, 361-364. <https://doi.org/10.1080/13504850500068194>
- Bakari, S., & Mabrouki, M. (2017). Impact of exports and imports on economic growth : New evidence from Panama. *Journal of Smart Economic Growth*, 2(1), 67-79.
- Balassa, B. (1985). Exports policy choice and economic growth in developing countries after the 1973 oil shock. *Journal of Development Economics*, 18(1), 22-35. [https://doi.org/10.1016/0304-3878\(85\)90004-5](https://doi.org/10.1016/0304-3878(85)90004-5)
- Bhat, K. S. (1995). Export and economic growth in India. *Artha Vijana*, 37(4), 350-358. <https://doi.org/10.21648/arthavij/1995/v37/i4/115968>
- Bourbonnais, R. (2003). *Econométrie : Manuel et exercices corrigés* (5^e ed.). Dunod, Paris.
- Breitung, J., & Candelon, B. (2006). Testing for short and long-run causality: A frequency-domain approach. *Journal of Econometrics*, 132, 363-378. <https://doi.org/10.1016/j.jeconom.2005.02.004>
- Breitung, J., & Schreiber, S. (2016). Assessing causality and delay within a frequency band. IMK Working Paper No. 165. Retrieved from http://www.boeckler.de/imk_5279.htm?produkt=HBS-006295
- Colombatto, E. (1990). An analysis of exports and growth in LDCs. *Kyklos*, 43(4), 579-597. <https://doi.org/10.1111/j.1467-6435.1990.tb02238.x>
- Ee, Y. C. (2016). Export-led growth hypothesis: Empirical evidence from selected Sub-saharan African countries. *Procedia Economics and Finance*, 35, 232-240. [https://doi.org/10.1016/S2212-5671\(16\)00029-0](https://doi.org/10.1016/S2212-5671(16)00029-0)
- Elbeydi, K. R. M., Hamuda, A. M., & Gazda, V. (2010). The relationship between export and economic growth in Libya Arab Jamahiriyah. *Theoretical and Applied Economics*, 1(542), 69-76.
- Fatemah, A., & Qayyum, A. (2018). Modeling the impact of exports on the economic growth of Pakistan. MPRA paper No. 83929. Retrieved from <https://mpra.ub.uni-muenchen.de/83929/>
- Geweke, J. (1982). Measurement of linear dependence and feedback between multiple time series. *Journal of the American Statistical Association*, 77, 304-313. <https://doi.org/10.1080/01621459.1982.10477803>
- Giles, A. J., & Williams, L. C. (1999). Export-led growth : A survey of the empirical literature and some noncausality results. Econometrics Working Paper EWP9901. <https://doi.org/10.2139/ssrn.146208>
- Gokmenoglu, K. K., & Taspinara, N. S. Z. (2015). The export-led growth: A case study of Costa Rica. *Procedia Economics and Finance*, 25, 471-477. [https://doi.org/10.1016/S2212-5671\(15\)00759-5](https://doi.org/10.1016/S2212-5671(15)00759-5)
- Harris, R., & Sollis, R. (2003). *Applied time series modelling and forecasting*. Wiley, Wes Sussex.
- Heller, P. S., & Porter, R. C. (1978). Exports and growth : An empirical reinvestigation. *Journal of Development Economics*, 5, 191-193. [https://doi.org/10.1016/0304-3878\(78\)90007-X](https://doi.org/10.1016/0304-3878(78)90007-X)
- Hosoya, Y. (1991). The decomposition and measurement of the interdependency between second-order stationary processes. *Probability Theory and Related Fields*, 88, 429-444. <https://doi.org/10.1007/BF01192551>
- Hye, Q. M. (2012). Exports, imports and economic growth in China: An ARDL analysis. *Journal of Chinese Economic and Foreign Trade Studies*, 4(1), 42-55. <https://doi.org/10.1108/17544401211197959>

- Johansen, S. (1988). Statistical analysis of cointegration vectors. *Journal of Economic Dynamics and Control*, 12, 231-254. [https://doi.org/10.1016/0165-1889\(88\)90041-3](https://doi.org/10.1016/0165-1889(88)90041-3)
- Johansen, S. (1991). Estimation and hypothesis testing of cointegration vectors in Gaussian vector autoregressive models. *Econometrica*, 59, 1551-1580. <https://doi.org/10.2307/2938278>
- Johnson, D. (2006). Exportations et croissance économique : Une analyse empirique sur le Togo. *Revue du CAMES*, 007(2), 267-278.
- Kalaitzi, S. A., & Cleeve, E. (2018). Export-led growth in the UAE : Multivariate causality between primary exports, manufactured exports and economic growth. *Eurasian Business Review*, 8(3), 341-365. <https://doi.org/10.1007/s40821-017-0089-1>
- Kpemoua, P. (2016). Exportations et croissance économique au Togo. Extrait de <https://halshs.archives-ouvertes.fr/halshs-01332738>
- Krätschell, K., & Schmidt, T. (2012). Long-run trends or short-run fluctuations – What establishes the correlation between oil and food prices? *Ruhr Economic Papers* #357. <https://doi.org/10.2139/ssrn.2123084>
- Lee, C. H., & Huang, B. N. (2002). The relationship between exports and economic growth in East Asian countries: A multivariate threshold autoregressive approach. *Journal of Economic Development*, 27(2), 45-68.
- Mehta, N. S. (2015). The dynamics of relationship between exports, import and economic growth in India. *International Journal of Research in Humanities & Soc. Sciences*, 3(7), 39-47.
- Mermod, A. Y., & Dudzevičiūtė, G. (2011). Frequency domain analysis of consumer confidence, industrial production and retail sales for selected European countries. *Journal of Business Economics and Management*, 4, 589-602. <https://doi.org/10.3846/16111699.2011.599406>
- Michaely, M. (1977). Export and growth: An empirical investigation. *Journal of Development Economics*, 4, 49-54. [https://doi.org/10.1016/0304-3878\(77\)90006-2](https://doi.org/10.1016/0304-3878(77)90006-2)
- Mishra, K. P. (2011). The dynamics of relationship between exports and economic growth in India. *International Journal of Economic Sciences and Applied Research*, 4(2), 53-70.
- Mohsen, S. A. (2015). Effects of oil and non-oil exports on the economic growth of Syria. *Academic Journal of Economic Studies*, 1(2), 69-78.
- N'zué, F. F. (2003). Le rôle des exportations dans le processus de croissance économique de la Côte d'Ivoire: Ses implications pour des stratégies de création d'emplois durables. *African Development Bank*, 199-217. <https://doi.org/10.1111/j.1467-8268.2003.00071.x>
- Oxley, L. (1993). Cointegration, causality and export-led growth in Portugal, 1865–1985. *Economics Letters*, 43(2), 163-166. [https://doi.org/10.1016/0165-1765\(93\)90030-G](https://doi.org/10.1016/0165-1765(93)90030-G)
- Pesaran, M. H. (2015). *Time series and panel data econometrics*. Oxford University Press. <https://doi.org/10.1093/acprof:oso/9780198736912.001.0001>
- Pesaran, M. H., & Shin, Y. (1999). An autoregressive distributed lag modelling approach to cointegration analysis. In S. Strom & P. Diamond (Eds.), *Econometrics and Economic Theory in the 20th Century: The Ragnar Frisch Centennial Symposium*. Cambridge : Cambridge University Press.
- Pesaran, M. H., Shin, Y., & Smith, R. J. (2001). Bounds testing approaches to the analysis of level relationships. *Journal of Applied Econometrics*, 16, 289-326. <https://doi.org/10.1002/jae.616>
- Saminirina, A., & Adamson, R. (2013). Exportations, croissance économique et intégration régionale : La relation entre exportations et croissance économique à Madagascar. Centre de Recherches, d'Etudes et d'Appui à l'Analyse Economique à Madagascar (CREAM), Cahier n°16.
- Schreiber, S. (2018). BreitungCandelonTest, version 2.5. Retrieved from http://ricardo.ecn.wfn.edu/gretl/cgi-bin/current_fnfiles/BreitungCandelonTest.gfn
- Serfraz, A. (2017). Analyzing short-run and long-run causality between FDI flows, labour productivity and education in Pakistan, Discussion Papers No. 61. Retrieved from <http://hdl.handle.net/10419/162068>
- Shihab, A. R., & Abdul-Khaliq, S. S. (2014). The causal relationship between exports and economic growth in Jordan. *International Journal of Business and Social Science*, 5(3), 302-308.
- Shirazi, S. N., & Manap, A. A. T. (2004). Exports and economic growth nexus: The case of Pakistan. *The*

Pakistan Development Review, 43(4), 563-581. <https://doi.org/10.30541/v43i4Ipp.563-581>

Subasat, T. (2002). Does export promotion increase economic growth? Some cross-section evidence. *Development Policy Review*, 20(3), 333-349. <https://doi.org/10.1111/1467-7679.00175>

Tyler, W. G. (1981). Growth and export expansion in developing countries: Some empirical evidence. *Journal of Development Economics*, 9, 121-130. [https://doi.org/10.1016/0304-3878\(81\)90007-9](https://doi.org/10.1016/0304-3878(81)90007-9)

Vohra, R. (2001). Export and economic growth: Further time series evidence from less developed countries. *International Advances in Economic Research*, 7(3), 345-350. <https://doi.org/10.1007/BF02295403>

Wei, S. J. (1993). Open door policy and China's rapid growth: Evidence from city level data. NBER Working Paper No. 4602. <https://doi.org/10.3386/w4602>

World Bank. (2019). World Development Indicators database. Retrieved from http://databank.worldbank.org/data/download/WDI_excel.zip

Appendix

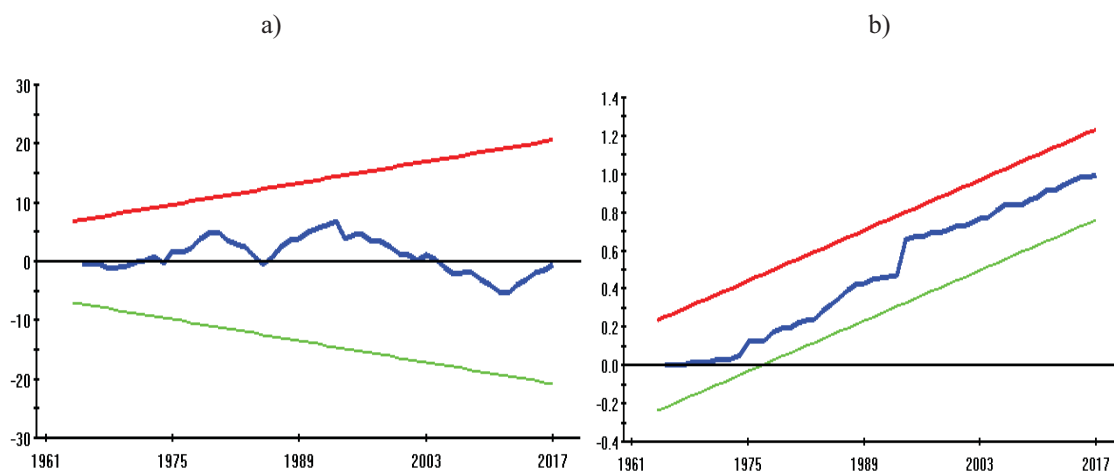


Figure 2. CUSUM and CUSUMSQ tests

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).

Reviewer Acknowledgements

International Business Research wishes to acknowledge the following individuals for their assistance with peer review of manuscripts for this issue. Their help and contributions in maintaining the quality of the journal are greatly appreciated.

International Business Research is recruiting reviewers for the journal. If you are interested in becoming a reviewer, we welcome you to join us. Please find the application form and details at <http://www.ccsenet.org/journal/index.php/ibr/editor/recruitment> and e-mail the completed application form to ibr@ccsenet.org.

Reviewers for Volume 12, Number 9

Anca Gabriela Turtureanu, “DANUBIUS” University Galati, Romania
 Anna Paola Micheli, University of Cassino and Southern Lazio, Italy
 Claudia Isac, University of Petrosani, Romania
 Dionito F. Mangao, Cavite State University – Naic Campus, Philippines
 Fawzieh Mohammed Masad, Jadara University, Jordan
 Federica De Santis, University of Pisa, Italy
 Federico de Andreis, "UNIVERSITY “GIUSTINO FORTUNATO” Benevento", Italy
 Fevzi Esen, Istanbul Medeniyet University, Jordan
 Filomena Izzo, University of Campania Luigi Vanvitelli, Italy
 Florin Ionita, The Bucharest Academy of Economic Studies, Romania
 Hanna Trojanowska, Warsaw University of Technology, Poland
 Henrique Fátima Boyol Ngan, Institute for Tourism Studies, Macao, Macao
 Ionela- Corina Chersan, “Alexandru Ioan Cuza” University from Iași, Romania
 L. Leo Franklin, Bharathidasan University, India
 Luisa Pinto, University of Porto School of Economics, Portugal
 Marcelino José Jorge, Evandro Chagas Clinical Research Institute of Oswaldo Cruz Foundation, Brazil
 Marco Valeri, Niccolò Cusano University, Italy
 Maria Teresa Bianchi, University of Rome “LA SAPIENZA”, Italy
 Maryam Ebrahimi, Azad University, Iran
 Michele Rubino, Università LUM Jean Monnet, Italy
 Modar Abdullatif, Middle East University, Jordan
 Muath Eleswed, American University of Kuwait, USA
 Nicoleta Barbuta-Misu, “Dunarea de Jos” University of Galati, Romania
 Ozgur Demirtas, Turkish Air Force Academy, Turkey
 Salah Eddine Taha, Université Privée de Marrakech (UPM), Morocco
 Sara Saggese, University of Naples Federico II, Italy
 Silvia Ferramosca, University of Pisa, Italy
 Sumathisri Bhoopalan, SASTRA Deemed to be University, India
 Tariq Tawfeeq Yousif Alabdullah, University of Basrah, Iraq
 Yasmin Tahira, Al Ain University of Science and Technology, Al Ain, UAE

➤ CALL FOR MANUSCRIPTS

International Business Research (IBR) is a peer-reviewed, open access journal, published by Canadian Center of Science and Education. It publishes original research and applied articles in all areas of business, marketing, management, finance, economics, accounting. Authors are encouraged to submit complete unpublished and original works, which are not under review in any other journals. We are seeking submissions for forthcoming issues. All manuscripts should be written in English. Manuscripts from 3000–8000 words in length are preferred. All manuscripts should be prepared in MS-Word format, and submitted online, or sent to: ibr@ccsenet.org

Paper Selection and Publishing Process

- a) Submission acknowledgement. If you submit manuscript online, you will receive a submission acknowledgement letter sent by the online system automatically. For email submission, the editor or editorial assistant sends an e-mail of confirmation to the submission's author within one to three working days. If you fail to receive this confirmation, please check your bulk email box or contact the editorial assistant.
- b) Basic review. The editor or editorial assistant determines whether the manuscript fits the journal's focus and scope. And then check the similarity rate (CrossCheck, powered by iThenticate). Any manuscripts out of the journal's scope or containing plagiarism, including self-plagiarism are rejected.
- c) Peer review. We use a double-blind system for peer review; both reviewers' and authors' identities remain anonymous. The submitted manuscript will be reviewed by at least two experts: one editorial staff member as well as one to three external reviewers. The review process may take two to four weeks.
- d) Make the decision. The decision to accept or reject an article is based on the suggestions of reviewers. If differences of opinion occur between reviewers, the editor-in-chief will weigh all comments and arrive at a balanced decision based on all comments, or a second round of peer review may be initiated.
- e) Notification of the result of review. The result of review will be sent to the corresponding author and forwarded to other authors and reviewers.
- f) Pay the publication fee. If the submission is accepted, the authors revise paper and pay the publication fee.
- g) E-journal is available. E-journal in PDF is available on the journal's webpage, free of charge for download. If you need the printed journals by post, please order at: <http://ccsenet.org/journal/index.php/ibr/store/hardCopies>
- h) Publication notice. The authors and readers will be notified and invited to visit our website for the newly published articles.

More Information

E-mail: ibr@ccsenet.org

Website: <http://ibr.ccsenet.org>

Paper Submission Guide: <http://ibr-author.ccsenet.org>

Recruitment for Reviewers: <http://www.ccsenet.org/journal/index.php/ibr/editor/recruitment>

➤ JOURNAL STORE

To order back issues, please contact the editorial assistant and ask about the availability of journals. You may pay by credit card, PayPal, and bank transfer. If you have any questions regarding payment, please do not hesitate to contact the editorial assistant.

Price: \$40.00 USD/copy Shipping fee: \$20.00 USD/copy

ABOUT CCSE

The Canadian Center of Science and Education (CCSE) is a private for-profit organization delivering support and services to educators and researchers in Canada and around the world.

The Canadian Center of Science and Education was established in 2006. In partnership with research institutions, community organizations, enterprises, and foundations, CCSE provides a variety of programs to support and promote education and research development, including educational programs for students, financial support for researchers, international education projects, and scientific publications.

CCSE publishes scholarly journals in a wide range of academic fields, including the social sciences, the humanities, the natural sciences, the biological and medical sciences, education, economics, and management. These journals deliver original, peer-reviewed research from international scholars to a worldwide audience. All our journals are available in electronic form in conjunction with their print editions. All journals are available for free download online.

Mission

To work for future generations

Values

Scientific integrity and excellence

Respect and equity in the workplace

CONTACT US

9140 Leslie St. Suite 110
Beaver Creek, Ontario, L4B 0A9
Canada
Tel: 1-416-642-2606
Fax: 1-416-642-2608
E-mail: info@ccsenet.org
Website: www.ccsenet.org

The journal is peer-reviewed
The journal is open-access to the full text
The journal is included in:

COPAC
CrossRef
EBSCOhost
EconBiz
ECONIS
EconPapers
Elektronische Zeitschriftenbibliothek (EZB)
Excellence in Research for Australia (ERA)
Genamics JournalSeek
Google Scholar
Harvard Library
IBZ Online
IDEAS
Infotrieve
LOCKSS
Open J-Gate
PKP Open Archives Harvester
Publons
RePEc
ResearchGate
ROAD
SHERPA/RoMEO
SocioRePEc
UC Riverside Library
Ulrich's
Universal Digital Library
ZBW-German National Library of Economics

International Business Research Monthly

Publisher Canadian Center of Science and Education
Address 9140 Leslie St. Suite 110, Beaver Creek, Ontario, L4B 0A9, Canada
Telephone 1-416-642-2606
Fax 1-416-642-2608
E-mail ibr@ccsenet.org
Website <http://ibr.ccsenet.org>

