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The impact of shopping centre development on informal and small businesses in Lagos, Nigeria

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Keywords

Retailing, shopping mall, informal traders, formal businesses, small businesses, Nigeria

Abstract

Purpose of the research: This study investigated the impact of formal shopping centre development on informal and small businesses in Lagos, Nigeria.

Methodology: Semi-structured interviews with the business owners as well as shoppers were conducted. The population size included 15 informal and 15 small business equally distributed between five different shopping areas including the areas around the two major shopping centres in Lagos. Interviews were also done with a hundred shoppers around these two centres. The collected data were analysed using content analysis method.

Findings: Most of the informal and small businesses are struggling to survive. Different strategies have, however, been developed for competing against the giant retailers in the shopping malls. The different types of goods sold in shopping centres and in informal traders were characterised and the reasons for the support of these respective businesses were identified.

Practical implications and Conclusions: While the development of shopping centres may be of benefit to the community it serves, the valuable role of informal trading in developing countries should not be ignored.

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Introduction

Prior to 2005, there were only a handful of shopping centres in Nigeria, all smaller than 3048m² (10,000 ft²). In 2019 Nigeria boasted of more than 18 shopping centres larger than 3048m² (10,000 ft²). This development has changed the landscape of several cities in Nigeria. The retail market in Nigeria is gradually moving towards a more formal and organised arrangement. The development of formal shopping centres in Nigeria had a major impact on existing small and informal businesses. The informal business is a popular part of the Nigerian economy and is thoroughly embedded in the trading and retailing activities of the Nigerian economy. Most of the Nigerian cities are characterised by these informal businesses and trading activities. The informal markets and small businesses are very lucrative in Nigeria and this has contributed socially and economically to the livelihood of those that are involved in it.

The objectives of this research were to determine the effect of formal shopping centre development on informal and small businesses in Nigeria. This was done by, firstly, investigating how formal retailing has affected the income and livelihood of informal and small businesses in the areas where shopping centres had been developed and, secondly, how the informal and small businesses responded to the pressure being exerted by the big retailers.

Literature review

Nigeria has one of the largest informal sectors in Africa (CBN 2009). Salisu (2001) estimated the informal economy to be about 9.64 percent to 65.43 percent of the GDP in the period from 1960 to 1997. He concluded that the size of the informal sector in 1997 was about 58.76% of the GDP. Schneider (2002:18)

estimated the size of Nigeria's informal sector to be 57% of its gross national product (GNP) which is equivalent to US\$212, 6 billion. Oduh *et al.* (2008:8) stated that "the informal economy in Nigeria remains a thing of wonder, as it has never been comprehensively analysed and evaluated. Many questions remain unanswered about the dynamics, cause and size of the informal sector in Nigeria". It is generally accepted that the informal sector refers to activities which are outside the domain of regulated economic activities (Koto 2015; Amin 1992). The informal sector develops in parallel with modern formal markets and is central to rural and urban food security, livelihood generation, and job creation (Vorley 2013). The typical characteristics of the formal and informal sectors have been compared by Cole and Fayissa (1991:780).

Schneider (2007) conducted estimates of the informal economies of 146 countries around the world. The study revealed that the size of the informal economy from 2004 to 2005 in Nigeria was around 59.5% of the "official" GDP. Oduh *et al.* (2008:10) calculated the size and the cause of informal sector in Nigeria from 1970 to 2005. Data from 4,455 informal sector enterprises revealed that the size of the informal sector has fluctuated between 44 and 73% of the GDP during that period. It also showed that the drivers of the informal sector in Nigeria are declining income, a high tax burden, a high black-market premium and a high regulation of the economy.

The Nigerian economy is still developing, with small-scale retail trades forming the bulk of the economic activity for the majority of the populace. Therefore, markets are especially important and essential and as such cannot be ignored. Vagale (1972:8) states that "the relevance of the market is not only for its role in the economic life of rural and urban communities, but also as a social entity. Through the years, markets acquired this distinctive social-cultural value".

When unemployment is on the rise, many people turn to informal retail activities as a source of income (Terblanche, 1998). Retailing activities seem to be the most attractive among different types of occupational patterns available, retailing has an easy entry point for the immigrant group, and it provides an opportunity of self-employment with minimal capital investment and minimal technical constraints (Paddison, *et al.*, 1990).

Most of these factors contribute to the growth of informal hawking activities around the urban centres. The spatial changes in the formal sector reflects the penetration of western consumer values; whilst the informal sector represents a potential solution to unemployment in developing countries.

The relationship between formal and informal traders is summarised by Paddison (1990): "...less developed countries retail outlets with western characteristics seem to coexist uneasily alongside informal traders. Generally, 'place specific' retail development in different developing context appears to be more integrated with their urban context by accommodating formal and informal retail functions within a shopping development; meanwhile, the imported ideas from the west fails to ensure an interactive retail environment as they tend to accommodate a specific economic class of retailers and consumer, hence, physically isolate themselves from a specific urban context".

Formal retailing activity in Nigeria has flourished recently, especially from the second decade of the twenty-first century. The main player in the formal retailing in Nigeria is the South African retail giant Shoprite. The entry of this large formal retail chain and the development of ultra-modern shopping malls has changed the landscape of retailing in Nigeria forever.

Research methodology

The study adopted qualitative analysis and data was collected from informal business owners, small business owners, and shoppers.

The interviews were conducted face to face using structured interview guideline with open-ended questions. The purpose of the research is to analyse and understand the impact of shopping mall development on informal retailing and small businesses, their response to the competition, their decision-making behaviours, and the probable co-existence of formal and informal retailing.

The study area chosen for this study is Lagos. Lagos, with a population of about 17 million people, is the most populous city in Nigeria and has one of the largest and most dynamic informal economies in the world (Neuwirth 2009: 409). It has been estimated that around 50%-75% of the workforce of Lagos are employed informally (LSG 2004). The informal economy in Lagos therefore provides livelihoods for some millions of people. However, in an attempt to modernise the city, the state government adopted a zero-

tolerance policy to street trading in 2008, which led to the displacement of street traders located around the inner-city market in Lagos.

Since Lagos is divided into the mainland and the island, the study area was chosen to be the area around the Ikeja City mall on the mainland and the area around the Palms Shopping Mall in Lekki Peninsula to the east of the city, thereby covering the two major axis of Lagos. The Palms Shopping Mall (19,520m²) was opened on 6 March 2006 with 69 stores. It was the first of its kind in the state and was celebrated throughout the state. The shopping mall introduced the populace to organised and formal retailing, shopping for products and services under one roof. Ikeja City Mall, opened on 14 December 2011 with about 90 stores and service points, is a two-floor development spanning 23,000 m².

The population size includes 15 informal and 15 small business distributed equally between the areas Opebi, Toyin Street, Allen Avenue, Lekki, and Ajah (three of each type). These included the areas around The Palms (Lekki) and Ikeja City Mall. The research followed a semi-structured approach. This approach provided flexibility in making sure that when relevant comments were made through the interview, they could be noted under general comments. Open-ended questions were asked since the research was qualitative in nature. The questions had been pre-tested by interviewing three informal traders and three small business owners who provided meaningful feedback and that was used to update the final version of the interview guideline.

The shopper respondents were chosen around the major areas close to the malls. Fifty questionnaires were administered in Ikeja and 50 questionnaires were also administered in Lekki. There will not be an in-depth analysis of this data as this is not the focus of the study. Quota sampling was used in this research because of a lack of a comprehensive list of all formal and small businesses around the study area. By using this method, the different subgroups in the selected population would be represented on pertinent sample characteristics to the extent that the researcher deemed suitable (Zikmund 2003). The data-gathering tool used was an in-depth, semi-structured interview guideline with open-ended questions. All the informal traders and the small business owners were interviewed face-to-face. An arrangement was made before the interview date for convenience.

The interview duration was less than one hour on average. Data were recorded during interviews using a note pad or questionnaire forms. Some of the major concepts were read back to the interviewee to ensure accurate data were recorded. The collected data were analysed using content analysis method (Welman and Kruger, 2001) and are presented in a tabular format. The interview responses were analysed so as to identify components for each interview question. The components that were the same were grouped together. The number of times the component occurs was therefore counted and recorded.

Findings

Ownership of the businesses were split more or less equally between men and women. Seventy percent of the owners were between 31 and 50 years old and sixty to seventy percent of businesses have been in operation for longer than 5 years.

The purpose of the first interview question was to understand the impact of shopping mall on business owners.

The shopping malls were perceived to have had both positive and negative impact on the small businesses and the informal businesses. Nevertheless, findings show that more than 65% of the businesses suffered negative impact since the development and the subsequent opening of the shopping malls. Most businesses that perceived a negative impact from the opening of the shopping mall, cited cheaper products in the shops in the mall and the newness of the mall as one of the factors of attraction. The novelty factor may fade, but with several other malls springing up every year, this may persist for a long time.

In conclusion, most of the small business and informal business around Ikeja City Mall and the Palms Mall in Lekki have a perception that these malls impact their business negatively.

Table 1: The impact of the malls on both informal and small businesses

Answer	Frequency	Percentage
Positively impacted	3	5
Negatively impacted	20	80
Not affected	7	15
Reasons for Positive Impact		
Profit increased since the mall opened	8	70
Improvement in social facilities, e.g. road	7	30
Reasons for Negative Impact		
Products are cheaper at the mall	12	35
The attraction of promotions and sales	7	25
The popularity of the mall	1	5
The newness of the mall	4	15
Wider range of merchandise at the mall	3	10
Easy access to the mall	3	10
Reason for not being affected		
No drop in patronage	5	20
Only sell daily needs products	2	10
Profit margin did not drop or increase	3	15
The location is not close to the mall	5	20

The impact of the malls on both informal and small businesses is indicated in table 1, while the effects of the development of the shopping mall on the profitability of the business are summarised in table 2.

Table 2. Impact of shopping centre on profitability of business

	Small Business		Informal Business	
	Frequency	Percentage	Frequency	Percentage
Decreased	10	70	8	70
Increased	5	30	3	20
Remained unchanged	0	0	4	10
Answer - Increase in Profit				
% Increase interval	Frequency	Percentage	Frequency	Percentage
20-40	0	0	0	0
41-60	1	10	1	10
61-80	1	10	1	10
81-100	1	10	1	10
>100	0	0	0	10
Answer - Decrease in Profit				
% Decrease interval	Frequency	Percentage	Frequency	Percentage
20 -40	3	30	3	30
41-60	2	20	3	30
61-80	3	30	2	20
81-100	2	20	2	20

Seventy percent of the respondents of the small business group reported a decrease in monthly profit while 30% reported an increase in profit level of the business. However, 80 percent of the informal business reported a decline in profit while 10% reported an increase in profit level of the business. It is apparent that the informal businesses are more negatively affected by the shopping malls.

The small businesses offer a larger and wider variety of products than the informal businesses and also have the capacity to sell in bulk, while the informal businesses sell mostly loose products (figure 1). It was also observed during the research that most of the informal businesses sell mostly non-food items and this contributed to a greater percentage of the business turnover. The respondents were also requested to indicate the products that were affected the most as a result of the opening of the shopping malls. About 75% of informal business owners indicated that since the opening of the malls, a noticeable decrease was experienced in the sale of juice, soaps and detergent and beverages, while 70% of the small business owners indicated that the sales of rice, fresh chicken and beverages were lower than before (figure 2).

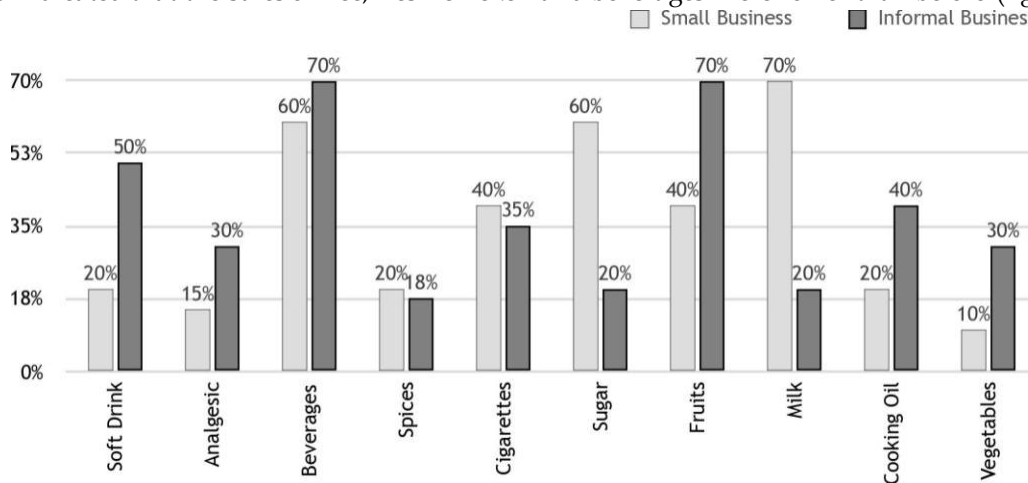


Figure 1. Products contributing most to the turnover of informal and small businesses.

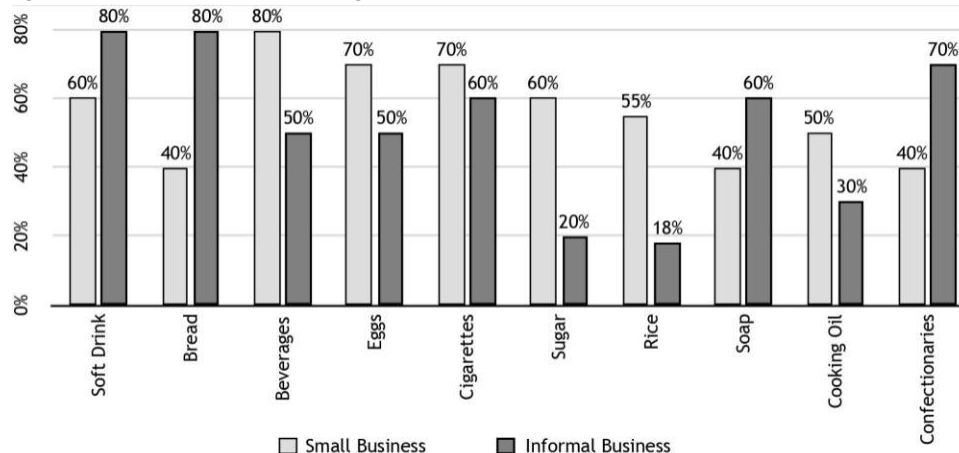


Figure 2. Products Experiencing Decline in Sale

The perception of the business owners regarding the survival of businesses was also analysed. Seventy percent of the business owners reported that there was a decrease in other businesses in the area, 20% of the business owners reported an increase while 10% reported that the businesses in their area has not changed (table 3).

The reasons offered were varied. More than 60% of the respondents reported a decrease due to the opening of the Ikeja City Mall and the Palms Mall. The contribution of poor business management to the decrease was reported by 10% of the group and 20% of the respondents reported a lack of confidence to

compete with the larger retailing shops in the malls. However, 10% of the respondents reported an increase. This was attributed to the high unemployment level in the country.

Table 3. Impact of shopping centre on survival of businesses

Answer	Frequency	Percentage
Decreased	18	70
Increased	2	20
Unchanged	1	10
Reasons for Decrease	Frequency	Percentage
Due to opening of Ikeja City Mall and the Palms Mall	4	40
Shops at the malls sell cheaper	3	30
Poor management	1	10
More people go to the malls because of novelty	1	10

The small businesses and the informal retailers responded somewhat differently to competition from the large retailers in the shopping malls (table 4).

More than 50% of the respondents reacted to the pressure by opening for longer hours and selling household essentials, as most of the customers may need just a bar of soap or milk for which purchase, they cannot go to the mall. Most of the businesses are competing in one way or the other to the pressure from the larger retailers, but it was also noted that despite this most of the businesses are still struggling.

Responses	Frequency	Percentage
<i>From Small Businesses</i>		
Open for longer hours	4	40
More bulk buying and selling at a cheaper rate	2	20
Product customisation	1	10
Introduction of credit buying to the customer	1	10
Improving the presentation and merchandise mix	3	30
<i>From informal businesses</i>		
Better customer service	6	60
Introduction of music and movies on the television	3	30
More household daily needs are sold	6	60
Sell more ethnic products like palm oil, cassava blend (garri)	3	30
Introducing printing and photocopying in the shop	4	40
Maintaining a cleaner environment and better lighting	2	20
Selling more confectionary products for children's demand	4	40
Allowing customers to buy on credit	3	30
Seasonal products are sold	3	30

Table 4. Defensive responses by informal retailers

The last question was what informal traders regarded as the probability for the co-existence of the informal retailers and the formal retailers. The significance of this question is to have a perception of level of pressure that is being exerted on the small and informal retailers by the giant retailers in the shopping malls. Sixty percent of the informal retailers were of the opinion that informal retailers and the formal retailers could co-exist, but only 40% of the small businesses shared that opinion.

The responses from the 100 shoppers who had been interviewed, indicated their shopping frequency (figure 3), the grocery items purchased more frequently from the shopping centres and from informal and small businesses (figure 4 and 5, respectively), the relative support for the shopping centres and the informal and small traders, as well as reasons for that support (figure 6) and whether and why shopping centres had impacted on their lifestyle (figure 7). The most important reasons for purchasing the indicated items from the malls were given as the availability of international brands and a wide range of varieties.

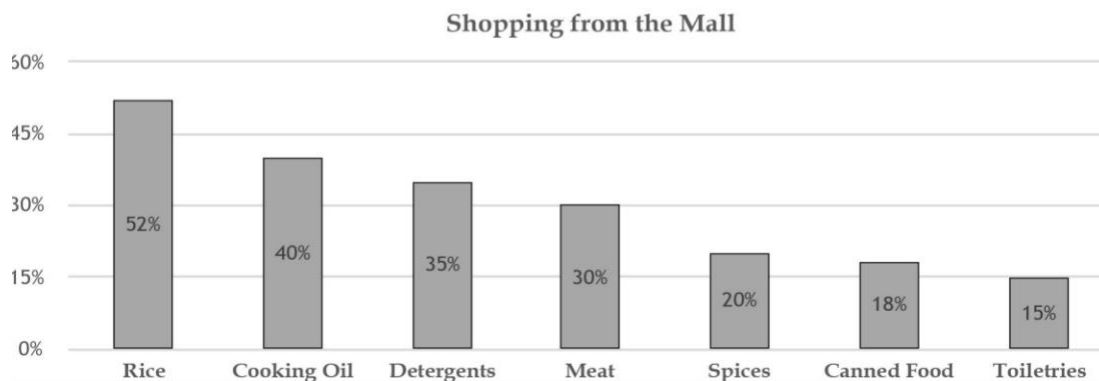


Figure 3. Frequency of shopping

Figure 4. Items purchased more frequently from the mall

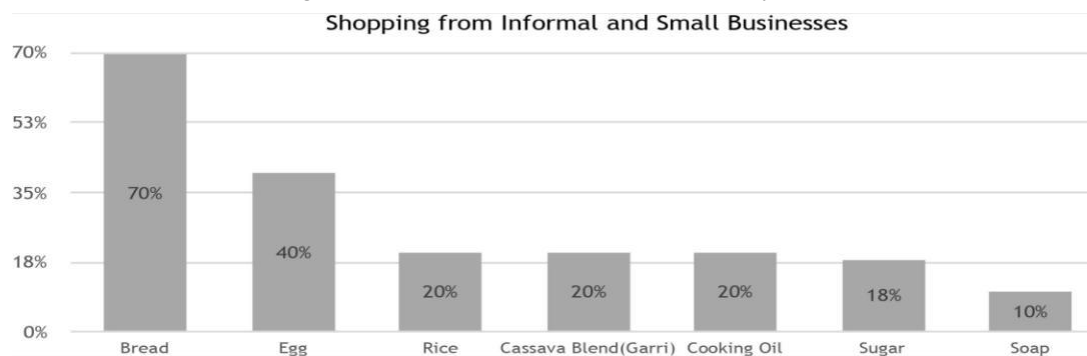


Figure 5. Items purchased more frequently from the small and informal traders

The major reason given for buying the specific items from the informal traders is proximity, as most of these informal retailers are closer to residential location than the malls. In addition to proximity, most of the respondents that shop more at informal retailers do so because of the long-time relationship that has been established with the owners of the informal retailing shops.

On the other hand, the group of respondents that shop more at a mall claimed that there are more international brands available at the shops in the mall, well-organised merchandise, and a wider variety of product.

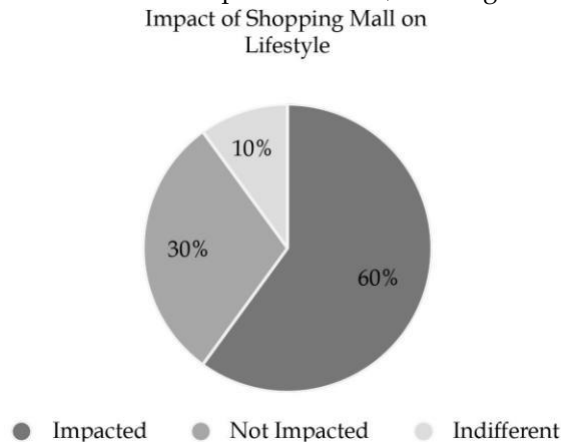


Figure 6. Relative popularity of shopping malls and informal traders



Figure 7. Impact of opening of shopping malls on lifestyle

Most of the respondents reported that the mall has an impact because it has a variety of products and it is convenient to shop there because of parking and kids and adult entertainment area. Some of the respondents also reported cleanliness and proper organisation as a pull factor to the mall. The common denominator is the fact that the mall is a one-stop shop.

Conclusions

The objective of this study was to analyse the impact of the shopping mall development on the informal and small businesses in Nigeria, and also to evaluate some of the responses of these informal businesses to the pressure that is being exerted by the formal retailers in the shopping malls.

The findings show that more than 65% of the businesses were impacted negatively since the development and the subsequent opening of the shopping malls. This is in agreement with, among others, Shanmuganandavadivel (2016), who also found an adverse impact on the growth and progress of informal traders in few types of business activities.

The responses of the informal businesses and the small businesses to the threat of shopping centres varied. Peterson & McGee (2000) recommended that small businesses or retailers should engage in activities like increasing promotional efforts, pruning products, and adding new products to lower the competition from the larger retailers. The present research indicated that a number of these strategies were also employed by the informal businesses and the small businesses. The strategies that were employed included opening for longer hours, bulk buying and discounts for large purchases, product

customisation, introduction of credit to customers, improving presentation and the merchandise mix, adding new products, maintaining a cleaner environment and providing better customer service

It is clear that the informal and small businesses are an integral part of the Nigerian economy and as such cannot be relegated to the background. It is equally clear that development of shopping malls is normally of great benefit to the economic landscape of any community. The ease of shopping and the fact that shopping and other services are located under one roof are factors that cannot be overlooked. Nevertheless, this should not erode the traditional way of shopping that fosters great relationship and that is a source of livelihood to a large percentage of the country's population.

Government should therefore create an environment that will allow the informal retailers to compete favourably with the larger retailers. Red tape should be minimised to enable informal business owners and small business owners to carry out their businesses without undue restrictions. This recommendation is in agreement with that of Koto (2015), who investigated the determinants of the probability that an informal enterprise will have linkages with formal sector. He concluded that the challenge to policy makers in Ghana is to find the right balance between policies that reduces the costs of participating in the informal sector, while increasing the benefits for participating in the formal economy. A similar recommendation was made by Peprah et al, (2019), who recommend the incorporation of activities of informal sector workers into spatial planning, and by Shanmuganandavadivel (2016), who suggests that policy makers should give adequate importance to the views of small retailers while taking the policy decision.

Limitations and directions for future research

The study focused on Lagos. It is likely that the conclusions are valid in other cities in developing countries as well. This study focused only on fast moving products. There are therefore still a lot of areas to be explored by researchers. Products like clothing and textile, electronics which are locally produced and imported by local merchants should also be researched, so as to evaluate the effect that the entry of clothing giants like Mr. Price, Pep and Game will have on them.

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Requirements for applying the concept of social entrepreneurship in the branch of Taibah University in the Khyber Governorate A field studies

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Keywords

Social entrepreneurship, Initiative ,innovation, acceptance of risk, voluntary participation, application of the concept of entrepreneurship.

Abstract

This study aimed to investigate the availability of the requirements for applying the concept of social entrepreneurship in the branch of Taibah University in the Khyber region in Saudi Arabia. To achieve this aim of the study, three basic hypotheses were formulated and tested using preliminary data collected through the survey, Data was collected by a convenience sample, the sample of study consisted of (307) students and faculty members, Data analysis and hypothesis testing have been depended on use methods of a structural equation modelling, path analysis, and direct and indirect analysis by using the Bootstrap method, The study found a significant effect of the dimensions of social entrepreneurship in the application of the concept of social entrepreneurship in Taibah University branch, And the relative importance of the requirements for applying the concept of social entrepreneurship , it's arranged as follows: (innovation - voluntary participation - acceptance of risk - Initiative) ,The importance of the requirements for applying the concept of social entrepreneurship in the branch of Taibah University varies according to gender, specialization and function with regard to the dimensions of (acceptance of risk and voluntary participation) while it does not differ with regard to the dimensions of Initiative and innovation.

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1. Introduction

Entrepreneurship has become one of the important topics that is presented in the current on the local and international scene due to its effective role in the economies of countries, and it is considered one of the most important growth engines through the establishment of effective organizations that to contribute of development by reducing unemployment, employing young people and increasing revenue (Zina and Al-Habib, 2014). The concept of social entrepreneurship is not considered a modern concept as some belief, but it has appeared in the past under many names and has witnessed a remarkable development since its emerged as a method that has a positive social or environmental impact, and the development of new management practices that take into account the social and environmental aspects and every job in the organization focuses on social impact more From increasing profit, such as green and environmentally friendly energy projects and providing job opportunities for youth (Abdo, Fahmy, Greenwald, and Nelson, 2010).

Social entrepreneurship as a new mechanism aims to maximize optimization and create social value and represents a continuous challenge to the survival of organizations in the markets and contributes to community development and the provision of services to citizens, in addition to attention to human development and social or environmental issues in the long term, such as poverty, and unemployment (offer, 2006). This concept is expected to spread in the coming years to confront social or environmental issues such as clean and alternative energy, women's empowerment, education, health, etc., and achieving social welfare for future generations (Mari and Marti, 2006). Dees (2007) emphasize

that there is a necessary need to establish, Organizing social projects. Dees (2001); Dees, Anderson and Wei-Skillern (2004); Austin, Stevenson and Wei-Skillern (2006) addressed Social entrepreneurship as a phenomenon and as an initiative.

The present study attempts to identify the requirements for applying the concept of social entrepreneurship and its most important dimensions in the branch of Taibah University in the Khyber Governorate, Saudi Arabia. So, this study attempts to answer the following research question, what are the requirements for applying the concept of social entrepreneurship in the branch of Taibah University in the Khyber Governorate?

2. Literature review

2.1 Concept of social entrepreneurship

The concept of social entrepreneurship is a relatively new concept and a new field of research (Dacin, P., Dacin, M. and Matear, 2010), the process of studying social entrepreneurship is a multi-dimensional and complex phenomenon that differs at the individual, organizational and group level (Mari and Marti, 2004; Wee-liang and Teck-Meng, 2005), therefore there is no agreement yet between writers and researchers on the existence of a common and agreed definition of it (Bornstein and Davis, 2010; Hartigan, 2006).so There is a difference between researchers in their view of this concept as follows: Sagawa and Segal (2000) consider it a practice of social responsibility for business in the common sectors. Alvord, Brown, and Letts (2004) refer to it as finding solutions to social problems and creating new ideas, capabilities, resources, and organizations to support the process of social transformation. While Austin, et al. (2006) see it as non-profit initiatives and strategies to create value or social benefit. Mort, Weerawardena and Carnegie (2003) define it as a multi-dimensional concept that includes many behaviours of entrepreneurship to achieve the social mission, cohesion and unity of purpose, behaviour, implementation, facing complexity, creating opportunities and social benefit. Robinson (2006) define it as containing social investment and social enterprise in for-profit and not-for-profit organizations with the aim of achieving an environmental or social impact, and hence financial returns. Mari and Marti (2006) see it as a process that includes: creating social added value by collecting resources in a new way, new ways of working, managing creativity, social innovation, creative demolition, exploring and exploiting opportunities, satisfying changing social needs, providing products and services by creating new projects, Social entrepreneurship, social self-entrepreneurship, acceptance of risk, and social change.

According to Helm (2007) define it as a process that represents the spirit of initiative in social organizations to generate social benefit, facilitate social change in society and the social or industrial sector through the use of a mixture of innovation, risk, initiative, a discover and exploit new opportunities to create a positive social impact. And Adetu (2014) sees it as a method to treatment problems social and environmental by integrating innovation and opportunity in a pioneering way, thus generating revenue from the process of social transformation.

2.2 The requirements for applying the concept of social entrepreneurship

The results of a study (Dees, 2002) indicate that to ensure the survival and success of social organizations in the market at present requires the following requirements: achieving initiative at work, building and management skills, and organizing social projects through practical and applied training programs, and social participation. While the results of the (Weerawardena and Mort, 2006) study indicates that the concept of social entrepreneurship is multidimensional and includes the following application requirements and dimensions to maximize social benefit: innovation, initiative, risk management, and that there is increase a spread the importance of this concept in recent years. (Abdo et al. 2010) also indicates that there is a possibility for growth and spread of the application of the concept of social entrepreneurship in the Arab countries as result: an increase in the proportion of voluntary work, interest in private work, decrease in dependence on government work to achieve freedom, independence at work, and increased participation in new and innovative projects useful to society. The results of the study (Luke and Chu, 2013) reveal that social entrepreneurship is a creative and unique non-profit initiative, and it is a best practice for managing social projects and achieving change, social transformation, and acceptance of risks.

While the results of the study (Haider, 2014) indicate that there is a relationship between youth initiatives and social leadership in Jordanian civil society organizations, and among the most important of these initiatives are: social initiatives, community service, and voluntary work initiatives. Helm (2007) believes that social entrepreneurship is a unique and creative initiative, not-for-profit, and is one of the best management practices for managing social projects and achieving high performance by combining the dimensions of innovation, risk, and initiative. According to study (Jiao, 2011) found a relationship between social entrepreneurship, human and social capital, and decision-making process considering a set of environmental and institutional factors and contributes positively to achieving a positive social impact. And the Social Investment Report of Shell International in the Sultanate of Oman (2011) indicates that social investment contributes positively to achieving social goals and giving them social value, and this positively affects the company's performance, by focusing on four areas called 3E's rule and RS, it: recruitment, development, creativity and innovation, promoting, supporting and promoting entrepreneurship, environmental management practices, reducing road accidents.

The results of the study (Al-Wafi, 2012) indicate Nokia's achievement of environmental or community leadership through its achievement of initiative and excellence in the field of friendship with the environment, maximizing the positive impacts of its environmental and social aspects, achieving leadership in the field of its environmental performance, and applying environmental management systems. While a study (El-Ebrashi, 2013) indicates that social entrepreneurship contributes positively to achieving a positive social impact through three factors: personal, social, or behavioural factors, and attitude. Study (Sullivan, Weerawardena and Carnegie, 2003) developed a conceptual framework for applying social entrepreneurship in non-profit social organizations, consisting of six components: social mission, the balance of judgments, an exploration and exploitation of opportunities to find value for clients, innovation, initiative, and risk. Kavanagh, Murphy, and Dwyer (2012) believe that a culture of free and entrepreneurial social work can be developed among youth by teaching initiative, independence, risk-taking and learning from mistakes or failures.

We conclude from the previous presentation that the requirements for applying the concept of social entrepreneurship in this study include: (initiative - innovation - acceptance of risk - voluntary participation) (see Figure 1). Therefore, in this study, it is hypothesized that:

H1: There is a statistically significant effect of the dimensions of social entrepreneurship under study: (initiative - innovation - acceptance of risk - voluntary participation) in applying the concept of social entrepreneurship in the branch of Taibah University in the Khyber Governorate.

H2: varies the relative importance of the requirements for applying the concept of social entrepreneurship under study: (initiative - innovation - acceptance of risk - voluntary participation) in the branch of Taibah University in the Khyber Governorate.

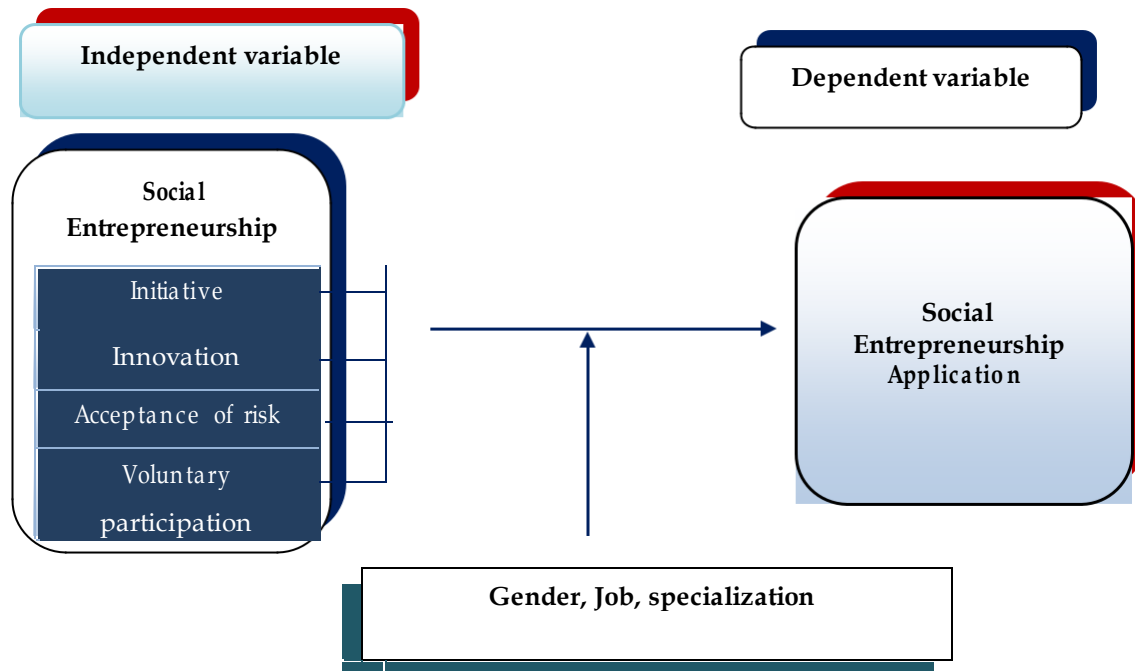
H3: The importance of the requirements of applying the concept of social entrepreneurship (initiative - innovation - acceptance of risk - voluntary participation) in the branch of Taibah University in the Khyber Governorate varies according to gender, specialization, and job.

3. Research methodology

3.1 methodology

This research uses structural equation modelling (SEM) to measure the variables of the study. Based on the descriptive analytical approach is used in its survey method, which depends on data collection, organization, and analysis through relying on theoretical and field study method to achieve the objectives of the research. Figure 1 illustrates The Proposed research framework.

Figure (1) the proposed model for the study



3.1.1 Measuring variables

First, a measurement model is designed to determine the significance of path coefficients (factor loadings) between multiple variables (observed variables) and (latent variables), It allows making sure the validity of the model. Next, a structural model is designed to verify the significance of statistical influences or regression weights, enabling testing of the causal relationships between the variables that were hypothesized in the proposed conceptual model.

3.1.2 The questionnaire design and data collection

A Questionnaire was designed to collect primary data from the different research categories, and the survey list includes a set of questions about the dimensions and requirements of applying the concept of social entrepreneurship under study (independent and dependent variables) based on a scale (Justin, 2012; Helm, 2007), with making some required adjustments on phrases to match the objectives of the current study. As well as an open question about the proposals of research groups regarding the extent to which the requirements of applying the concept of social entrepreneurship under study contribute to the success of its application in the university branch, and a set of questions related to general data to identify the characteristics of the research sample. The five-point Likert scale was used. A questionnaire was used to collect data, is divided into three parts, the first part: demographic data (age, gender, level of education, job). The second part deals with information about the dimensions of social entrepreneurship (initiative - innovation - acceptance of risk - voluntary participation) under study (independent variables), the third part deals with information about the applying concept of social entrepreneurship.

3.1.3 Research population and Sampling

The research population is represented in the students of the Taibah University branch in the Khyber Governorate in the Kingdom of Saudi Arabia to research the extent of their attitudes towards the requirements of applying the concept of social entrepreneurship at the university, and their number reached (1554) students during the second semester 1438/1439 H, and it is clear the heterogeneity of the research community vocabulary according to the speciality And gender, and a stratified random sample was withdrawn, its total size according to the sample size determination tables (322) single (Sekaran, 2003), and the number of valid lists reached 277 lists, and the rate of correct responses reached %86,02, which is a high and acceptable rate for scientific research purposes, In addition to 30 lists for faculty members.

4. Data analysis

4.1 Measurement model

The researcher used The Social Sciences Statistical Package (SPSS / PC +, v. 22), (AMOS, v. 22), Use the SEM model equations to test the suitability or conformity of the model to the data. The following statistical methods due to their compatibility with the nature of the study data:

The Alpha Cronbach's Reliability Coefficient to assess the reliability of the set of phrases that measure study variables, the Confirmatory Factor Analysis (CFA) to verify structural validity of the scale, exploratory factor analysis (EFA) to test the validity and veracity of study variables, Composite Reliability (CR), and Average Variance Extracted (AVE), (see table 1). Path analysis and determination of Critical Ratio for Regression Weight to test the hypotheses of the study and verify the existence of a significant relationship between the dimensions of the independent and dependent variable. Standardized Direct Effect, Standard Indirect and Mediation testing using the bootstrap method to determine direct and indirect impact relationships between independent, dependent, and intermediate variables.

Table (1) exploratory factor analysis, Confirmed Factor Analysis, Composite Reliability, Cronbach's Alpha Average Variance Extracted

	EFA	CFA	CR	Cronbach's alpha	AVE
Initiative1	.79	.79			
Initiative2	.77	.78			
initiative 3	.80	.83			
initiative 4	.87	.96			
initiative			83.	2.8	.64
Innovation1	.81	.78			
Innovation2	.81	.79			
Innovation3	.82	.79			
Innovation4	.79	.74			
Innovation			83.	.82	.67
Risk1	.85	.83			
Risk2	.86	.83			
Risk3	.84	.81			
Risk4	.83	.78			
Risk			.87	.86	.70
Participate1	.80	.76			
Participate2	.82	.79			
Participate 3	.76	.70			
Participate 4	.86	.84			
Participate5	.81	.95			
Participate			.90	.89	.68
Classi1	.75	.74			
Classi2	.75	.72			
Classi3	.72	.79			
classification			76.	.75	.65
Application1	.70	.68			
Application2	.71	.68			
Application3	.69	.66			
Application4	.68	.63			
Application			.72	.71	.55

It is clear from the previous table that the values of the alpha coefficient range between (71%, 89%), the values of confirmatory factor analysis are between (63%, 95%), Composite Reliability values are between (72%, 90%), and the values of the Average Variance Extracted Between (55%, 70%), exploratory factor Analysis between (68%, 87%), This means an acceptable increase in the reliability of each variable, where all values exceed 50% and the height of the dependency coefficients reflects the high degree of

internal consistency and honesty between the contents of each of the previous variables, and also means the ability to rely on these variables in practice, and the validity of the model to measure variables studying. The survey is accepted if the Alpha Cronbach’s coefficient or persistence ratio is greater than 60% (Sekaran, 2003; Mcclave, Benson and Sincich, 2001).

5. Testing of hypotheses

Figure (2) path analysis of the proposed structural equations model for the study variables

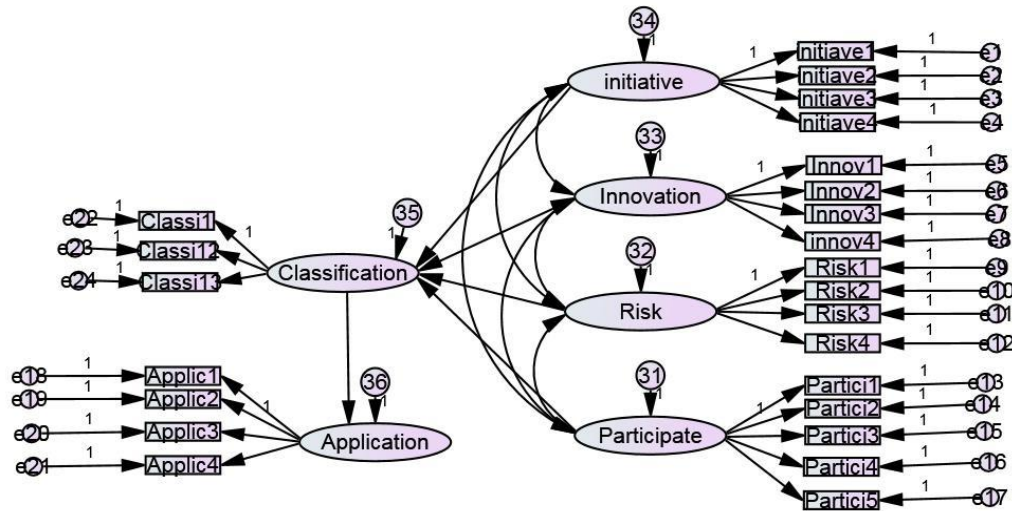


Table (2) Conformity quality indicators for the proposed SEM structural model for the study (Model fit)

Measures	Fit Indices	Threshold Values
CMIN/DF	1.5	Less than 3
GFI	0.99	0.90 and above
AGFI	0.97	0.90 and above
CFI	0.98	0.90 and above
TLI	0.96	0.90 and above
NFI	0.96	0.90 and above
RMSEA	0.03	Less than 0.08

It is clear from the previous table that all the values of indicators of conformity or suitability of the model are high and exceed the ideal limits, which means acceptance and validity of the model to measure the relationship between the study variables. To test the study hypotheses and verify that there is a significant relationship between the dimensions of the dependent and independent variable, the following table displays a summary of the results of the regression coefficients between the study variables:

Table (3) Regression Weights: (Group number 1 - Default model)

		Estimate	S.E.	C.R.	P	Label
initiative	<--- Application	.842	.151	5.567	***	
Innovation	<--- Application	1.245	.178	6.981	***	
Risk	<--- Application	1.025	.155	6.609	***	
Participate	<--- Application	1.094	.165	6.632	***	

It is clear from the previous table that the proposed model of the study included good values for indicators, and this is shown by the table of indicators of conformity quality, and all estimates of the model are significant at the level of significance 0.05. The calculated value is greater than the tabular value of CR 1.96, and values this indicates that the expressions for each dimension are able to measure and

accept the values of the structural validity coefficients for the scale, and therefore can be relied upon to estimate the relationship between the independent variable and the dependent variable.

Through the results shown in the previous table, the following hypothesis can be tested as follows:

The hypothesis (H1/1) was accepted, a value of CR = 5.567 (i.e., more than 1.96) that indicate to the effect of an independent variable on the dependent variable is significant, and (Estimate = .842) with a positive sign indicating that there is a positive relationship between Entrepreneurial spirit and applying the concept of social entrepreneurship, and significant, the value of P = .000 (i.e., less than 0.05) This indicates the relationship is significant.

The hypothesis (H1/2) was accepted, a value of CR = 6.981 (i.e., more than 1.96) that indicate to the effect of an independent variable on the dependent variable is significant, and (Estimate = 1.245) with a positive sign indicating that there is a positive relationship between innovation and applying the concept of social entrepreneurship, and significant, the value of P = .000 (i.e., less than 0.05) This indicates the relationship is significant.

The hypothesis (H1/3) was accepted, a value of CR = 6.609 (i.e., more than 1.96) that indicate to the effect of an independent variable on the dependent variable is significant, and (Estimate = 1.025) with a positive sign indicating that there is a positive relationship between acceptance of risk and applying the concept of social entrepreneurship, and significant, the value of P = .000 (i.e., less than 0.05) This indicates the relationship is significant.

The hypothesis (H1/4) was accepted, a value of CR = 6.632 (i.e., more than 1.96) that indicate to the effect of an independent variable on the dependent variable is significant, and (Estimate = 1.094) with a positive sign indicating that there is a positive relationship between voluntary participation and applying the concept of social entrepreneurship, and significant, the value of P = .000 (i.e., less than 0.05) This indicates the relationship is significant.

The most influential the dimensions of social entrepreneurship in applying the concept of social entrepreneurship in this study are innovation, followed by voluntary participation, then acceptance of risk, and finally initiative.

As a result of proving the validity of the hypotheses, the main hypothesis is validated, which states that there is a significant influence relationship between the dimensions of social entrepreneurship and applying the concept of social entrepreneurship. Thus, the first main hypothesis H1 is fulfilled, there is a statistically significant effect relationship of the social entrepreneurship dimensions on applying the concept of social entrepreneurship.

The hypothesis H2: was accepted, it is clear from the proof of the first hypothesis that the most influential dimensions social entrepreneurship in applying the concept of social entrepreneurship are: innovation, followed by voluntary participation, then acceptance of risk, and finally initiative.

Thus, the order of the independent variables in terms of their effect on the dependent variable is as follows: (innovation - voluntary participation - acceptance of risk - initiative). Then accept the second hypothesis.

The hypothesis H3: Standardized Direct Effect and Standardized Indirect Effect by Using the the bootstrap method, to test hypothesis H3, Mediator variable test through Bootstrap method, the following table shows that:

Table (4) Results of the direct, indirect, and total effects of the study variables

Variables			Direct path coefficient value	Significant	Indirect path coefficient value	significant	Total path coefficient value
Independent	Mediator	dependent					
initiative	classification	Application	.445	***	.373	***	.818
Innovation	classification	Application	.641	***	.561	***	1.202
Risk	classification	Application	.221	***	.355	***	.576
Participate	classification	Application	.433	***	.541	***	.974
classification	-	Application	.346	-	.000	-	.346

The previous table shows the following:

- (A) The study included the following functional and personal variables (Intermediate variables): The sample is divided by gender: male (56.6%), female (43.4%). according to Job: (30) faculty

members, (277) students, and according to specialization: business administration (28.9%), accounting (31.6%), computers (20.6%), other specialities (18.9%).

- (B) There is a direct and indirect a significant effect of the dimensions of social entrepreneurship (initiative and innovation) on the application of social entrepreneurship, and the value of the level of significance was less than (0.05).
- (C) The direct impact of the dimensions of social entrepreneurship (initiative and innovation) on the application of social entrepreneurship is greater than the indirect effect, which indicates that the dimensions of social entrepreneurship (initiative and innovation) directly affect the application, and personal and functional variables do not affect this relationship and it does not play a mediating role in influencing the relationship between the dimensions of social entrepreneurship and the application of social entrepreneurship, and therefore the importance of the requirements for applying the concept of social entrepreneurship (initiative and innovation) in the branch of Taibah University in the Khyber Governorate does not differ according to the gender, Specialization and job, and then rejected the third hypothesis with respect to the dimensions of (initiative and innovation). Although students realize the importance of social entrepreneurship, it may be due to the nature of entrepreneurship as a free work characterized by creativity and initiative, the weakness of the individual initiative among youth and the lack of an environment that encourages creativity and initiative. Abu Qarn (2015) indicates that there is an average role for creativity and innovation about the Entrepreneurial orientation in the Islamic University, while their role is few in Al-Azhar University.

Thus, the hypothesis H3/1 was rejected, the importance of the requirements of applying the concept of social entrepreneurship (initiative - innovation)(in the branch of Taibah University in the Khyber Governorate varies according to gender, specialization, and job.

- (D) There is a direct and indirect a significant effect of the dimensions of social entrepreneurship (risk acceptance and voluntary participation) on the application of social entrepreneurship, and the value of the level of significance was less than (0.05).
- (E) The indirect impact of the dimensions of social entrepreneurship (acceptance of risk and voluntary participation) on the application of social entrepreneurship is greater than the direct impact, which indicates that personal and functional variables play a mediating role in influencing the relationship between the dimensions of social entrepreneurship (acceptance of risk and voluntary participation) Apply social entrepreneurship, and thus accept the third hypothesis regarding the impact of personal and functional variables on the relationship between the dimensions of social entrepreneurship (acceptance of risk and voluntary participation) and the application of social entrepreneurship. Students' interest in positive community and volunteer participation, acceptance of perceived risk and their search for job opportunities, wealth, and social independence. Al-Farra (2018) indicates that youth in the university have positive attitudes towards social work and voluntary participation. While Abu Qarn (2015) indicates that there is an average role for the calculated risk of the Entrepreneurial orientation in the Islamic University, while its role is minimal in Al-Azhar University.

Thus, the hypothesis H3/2 was accepted, the importance of the requirements of applying the concept of social entrepreneurship (acceptance of risk - voluntary participation) in the branch of Taibah University in the Khyber Governorate varies according to gender, specialization and job.

6. Discussions

This study has found that there is a positive relationship between social entrepreneurship dimensions and applying the concept of social entrepreneurship. The main contribution of the research is social entrepreneurship effects on applying the concept of social entrepreneurship, the relationship between social social entrepreneurship and applying the concept of social entrepreneurship needs to increase applying the concept of social entrepreneurship to its importance and benefits for organizations and societies. The other contribution is that the study found that there is a statistically significant relationship between the social entrepreneurship dimensions and applying the concept of social entrepreneurship. The results of this study are consistent with the results of previous studies in this field, such as the study of Abdo et al. (2010) indicates that there is a possibility for growth and spread of the application of the

concept of social entrepreneurship. The study Luke and Chu (2013) reveal that social entrepreneurship is a creative and unique non-profit initiative. The results of the study Haider (2014) indicate that there is a relationship between youth initiatives and social leadership. Jiao (2011) found a relationship between social entrepreneurship and human and social capital and the decision-making process. The results of the study El-Ebrashi (2013) indicate that social entrepreneurship contributes positively to achieving a positive social impact.

Another contribution is that the study found that there is the order of the independent variables or the dimensions of social entrepreneurship in terms of their effect on the dependent variables or the applying the concept of social entrepreneurship is as follows: (innovation - voluntary participation - acceptance of risk - initiative).

The study also found that there is the importance of the requirements of applying the concept of social entrepreneurship varies according to gender, specialization and job .The first and second hypotheses were validated, while the third hypothesis was partially rejected.

7. Conclusion

This study provides additional evidence to the literature concerning the impact of social entrepreneurship dimensions on applying the concept of social entrepreneurship. This study contributes by highlighting some factors that have not been widely examined in literature such as : (initiative - innovation - acceptance of risk - voluntary participation). Although this study has proved that social entrepreneurship dimensions effects on increased applying the concept of social entrepreneurship. the relationship between social entrepreneurship dimensions and applying the concept of social entrepreneurship. Abdo et al. (2010) indicates that there is a possibility for growth and spread of the application of the concept of social entrepreneurship as a result: an increase in the proportion of voluntary work, interest in private work and a decrease in dependence on government work to achieve freedom and independence at work, and increased participation in new and innovative projects. The results of the study Luke and Chu (2013) reveal that social entrepreneurship is a creative and unique non-profit initiative, and it is a best practice for managing social projects and achieving change, social transformation, and acceptance of risks. the study Haider (2014) indicate that there is a relationship between youth initiatives and social leadership and among the most important of these initiatives are: social initiatives, community service, and voluntary work initiative Jiao (2011) study found a relationship between social entrepreneurship and human and social capital and the decision-making process in light of a set of environmental and institutional factors and contributes positively to achieving a positive social impact.

8. Managerial implications

According to the results of this research, it is clear that in the branch of Taibah University in the Khyber Governorate, management attention should be given to the concept of social entrepreneurship, which is one of the modern topics and is a modern trend in the twenty-first century, especially with the increase in unemployment rates and the employment crisis among graduates at present and relationship between the dimensions of social entrepreneurship in this study in applying the concept of social entrepreneurship. the order of the independent variables in terms of their effect on the dependent variable is as follows: (innovation - voluntary participation - acceptance of risk - initiative). This study contributes to increasing the understanding of managers of the needs of term social entrepreneurship and managers are advised to focus on providing Application requirements to increase and applying the concept of social entrepreneurship , Where social entrepreneurship is the cornerstone that complements academic institutions, especially universities, for carrying out social studies that focus on the basic needs and issues of society, and the need to develop and improve the level of university performance in community service.

This study provides a set of recommendations as follows: build and spread the culture of free and voluntary work among graduates, and motivate students in the community and voluntary participation, provide them with entrepreneurial skills, prepare an action plan, organizing conferences and workshops to spread the concepts and theories of social entrepreneurship, and finding long-term solutions to social problems.

9. Limitations and future research

The model of the study was tested in the branch of Taibah University in the Khyber Governorate in Saudi Arabia. This study has found a strong positive relationship and statistically significant effect of the dimensions of social entrepreneurship in applying the concept of social entrepreneurship. Research in the field of social entrepreneurship is still receiving the attention of many writers and researchers because it is an emerging and fertile field for study.

The researcher recommends conducting more studies in this field dealing with the following issues: the impact of social entrepreneurship on financial performance, the concept of corporate social governance, measuring return on investment in social entrepreneurship.

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Customer brand engagement impact on brand satisfaction, loyalty, and trust in the online context. Egyptian Banking Sector

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Keywords

Brand Engagement, Online Brand Experience, Satisfaction, Loyalty, Trust, Egypt.

Abstract

This study measures the impact of customer brand engagement (CBE) on brand satisfaction, loyalty, and trust through the online brand experience in the Egyptian banking sector based on the customers' perspective. Electronic questionnaires were developed to collect data. Data collected from 392 questionnaires was analyzed by means of Structural Equation Modelling (SEM). Findings indicated that CBE has a significant positive impact on brand satisfaction, trust, and loyalty respectively via the online brand experience. This study contributes to knowledge development by focusing on the importance of CBE and its consequences in the online service sector, which is still uncovered. Besides, this study offers guidelines to the service providers with valuable meanings for CBE to enhance brand's satisfaction, trust, and loyalty via developing a unique online brand experience particularly in the Egyptian banking sector, which is witnessing now a new era of digital transformation.

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Introduction

In the current competitive business environment, brands have been vital in strengthening relationships with customers to achieve a great success of businesses (Hollebeek et al., 2016). It has become essential to the organizations to provide brand value and superior services in the hope of engaging their customers more (Potdar et al., 2018). The customer's role in the interaction with the brand is at the center of the engagement concept (Patterson et al., 2006). Engagement with the brand is vital for the long-lasting brand-customer relationship, particularly for service brands (Chang and Fan, 2017; Potdar et al., 2018; Algharabat et al., 2020).

CBE is an emotional state that includes a customer's passion and desire for the brand (Brodie et al., 2011). This concept depends on the significance of participating customers in cooperative and co-creative experiences (Bijmolt et al., 2010; Brodie et al., 2011). Thus, CBE can provide both unique and memorable brand experiences, which will help in developing brand trust, satisfying customers, and promoting brand loyalty (Brodie et al., 2013; Hollebeek et al., 2016; Hollebeek et al., 2018; Iglesias et al., 2019). Currently, the advancement of the internet and the shift toward digital transformation have contributed to the progress of CBE and brand experience (Wirtz et al., 2010; Algharabat et al., 2020). Keeping an effective engagement with the user via frequent online interactions remains a vital issue for developing a unique and creative brand experience (Iglesias et al., 2019).

Despite the importance of this topic, previous studies such as Mollen and Wilson (2010); Hollebeek et al. (2014); Dessart et al. (2015); Dwivedi (2015); Zhang et al. (2017) and Iglesias et al. (2019) mentioned the need to provide a clear understanding of CBE and its consequences in a specific sector. Thus, this paper focuses specifically on the banking sector in Egypt due to its great importance and its vital role in the economy. Egypt has the biggest banking sector in North Africa (Oxford, 2019). The banking sector in Egypt is one of the oldest and largest in the region. It is one of the key pillars of the Egyptian economy. Since it plays a crucial role in the development process in Egypt (El Essawi and Abd El Aziz, 2012).

Egyptian banks keep evolving and adapting new technologies because today, customers are more influential. Customers can switch from one bank to another if they were not satisfied with the service. In Egypt, 75% of banks offer internet banking services. And investing in technology is the future for the banking sector (Brussels Research Groups, 2019). Consequently, the severe competition and technological advancement have led the Egyptian banks to change their focus from service-oriented services to customer-oriented ones, which highlighted the need to focus more on CBE in the online banking context.

Besides, the previous studies were conducted in the European context and did not take into consideration the CBE, the online brand experience, and its consequences, namely brand satisfaction, loyalty, and trust in a single study. The purpose of this paper is to provide a better interpretation and to fill the gaps found in the previous studies by focusing on the role of CBE on building brand satisfaction, loyalty, and trust via the online brand experience in one research model in the Egyptian banking sector. This study is organized as follows: First, the literature review of CBE, online brand experience, and their consequences. Second, the research methodology. Third, the results and analyses. Fourth, the discussion of the results followed by theoretical and practical implications. Sixth, the conclusion and finally limitations and future directions are presented.

Literature review

Customer Brand Engagement

Customer engagement is a recurring interaction that takes place between a customer and an organization; this interaction reinforces the emotional, physical and or psychological relation the customer has with the organization (Phang et al., 2013; Hollebeek et al., 2014). Based on the above, customer engagement has been linked to improving corporate performance (Jaakkola and Alexander, 2014), gaining better competitive positions (Kumar and Pansari, 2016; Gong, 2018), creating new markets (Storbacka et al., 2016) and, boosting satisfaction of the customer and increasing loyalty and trust in the brand (So et al., 2014). Customer engagement is also linked to brand performance indicators such as sales development, customer participation and customer feedback (Sawhney et al., 2005; Bowden, 2009; Kumar et al., 2010; Van Doorn et al., 2010) other factors can also be attributed to engagement among them are cost reductions, superior profitability, brand recommendations and improved co-creative experiences (Bijmolt et al., 2010).

It has been proven that a customer engagement with a brand is not just the process of interaction between the customers and brands rather it is a fundamental tool in developing deeper customer-brand relationships. (Van Doorn et al., 2010; Hollebeek, 2011; Pratomo and Magetsari, 2018). Co-creation is what happens when the customer shows impulsive, unrestricted and flexible behaviors that exclusively customize the customer brand experience (Lusch and Vargo, 2006; Sprott et al., 2009). To develop customer engagement with a brand, it is also crucial for the brand organization to make marketing efforts (Ong et al., 2018; Prentice et al., 2019). Particularly in the service sector, as service companies provide intangible products that are hard for customers to realize before purchase. Consequently, studies recommend engaging customers in actions other than exchange, boosting a wider and more positive brand experience (Solem and Perderson, 2016). Currently, due to the internet companies can easily establish an ongoing dialogue with customers and develop an online experience toward the brand (Sawhney et al., 2005).

Most of the earlier studies viewed the brand experience as a consequence of CBE (Vivek, 2009; Ramaswamy and Gouillart, 2010; Brodie et al., 2011; Hollebeek, 2011; Hollebeek et al., 2014). Therefore, the company needs to enhance CBE to create a unique online brand experience (Pratomo and Magetsari, 2018). In the online banking sector, Nysveen and Pedersen (2014) suggested that building unique and favorable brand experiences and co-creation involvement should help to engage customers with the brand. Thus, a bank can create a positive and constructive online banking experience by improving the CBE of the bank's brand (France et al., 2016). Thus, based on the above arguments, the researchers assume that CBE impacts online brand experience and thus propose the following hypothesis:

H1. CBE has a significant positive direct impact on customer's online brand experience.

Online Brand Experience

Brand experience can be described as the view of the customers, at every contact they perform with the brand, it can be through advertising, during the first face to face interaction, or shown in the level of quality and personal care they receive (Alloza, 2008). Brand experience is shown in the customer's spontaneous feelings of the brand (Kabadayi and Alan, 2012). Studies suggest that from the customer's point of view brand experience is essential for a holistic evaluation of the brand (Nysveen et al., 2013, Khan and Rahman, 2015). When a brand can deliver unique and favorable brand experiences, it can distinguish itself apart from competitors and attain its objectives (Brakus et al., 2009).

The brand experience differs in its power and can be either positive or negative, with extensive influence on customer behavior (Brakus et al., 2009). Rapid action and timed reply to negative commentaries as well kind attitude to customer complaints generate sincere effect on the customer's mind. This helps companies achieve promising insights of their brand and enriches their customer understanding. The company can attempt to more impact customers by offering a superior experience, consequently generating customer confidence, which will lead to customer loyalty (Potdar et al., 2018).

Brand experience doesn't stop at products and services in the marketplace; it is also originated from the online searching of products or services (Brakus et al., 2009). The development of communication technologies has resulted in online brands that bring online brand experiences to customers (Ha and Perks, 2005; Morgan-Thomas and Veloutsou, 2013; Lee and Jeong, 2014). Providing an exceptional brand experience in an online context is critical due to the energetic flow of information describing this distinctive electronic environment (Morgan-Thomas and Veloutsou, 2013; Lee and Jeong, 2014; Bleier et al., 2019).

Morgan-Thomas and Veloutsou (2013) described the online brand experience as a customer's personal response to the interaction with the online brand. Online brand experience is a quicker way to grasp the quality of experience and improve the interaction with the brand customers (Helm, 2007). Thus, online brand experience has originated from the idea of customer experience (Arnold et al., 2005). Ha and Perks (2005) defined web site-based brand experience as a customer's affirmative navigations (using web-based groups and taking part in events) and opinions (the assortment, and uniqueness of optical displays and value for money) with a precise website.

Online Brand Experience Consequences

Based on the literature, we can identify three main behavioral outcomes of brand experience: 1- brand satisfaction, 2- brand loyalty, and 3- brand trust (Khan and Fatma, 2017). First of all, Grace and O'Cass (2004) and Ha and Perks (2005) suggested that brand experience has an influence on brand satisfaction. Besides, Brakus et al. (2009) showed that brand experiences deliver value to customers, which boosts their satisfaction with the brand. Based on Suh and Youjae (2006), customer satisfaction toward the brand is defined as an evaluation to direct consumption experience, between previous anticipation and the real performance noticed after consumption. Accordingly, when customers obtain positive brand experiences, this increases their satisfaction with the brand (Khan and Rahman, 2015). Studies in various fields like banking sector (Nysveen et al., 2013; Nysveen and Pedersen, 2014), retail sector (Khan and Rahman, 2015), online marketing (Ha and Perks, 2005) and online brands (Morgan-Thomas and Veloutsou, 2013; Lee and Jeong, 2014) have focused on customer satisfaction as an important consequence of brand experience.

A lot of studies have clarified the influence of brand experiences on brand satisfaction as well (Brakus et al., 2009; Nysveen et al., 2013; Khan and Rahman, 2015). Satisfaction is the psychological assessment of the brand by the customer, causing a touching and an emotional bond with the brand (Potdar et al., 2018). Good brand experience creates an emotional customer bond toward the brand and lastly, it will lead to brand satisfaction (Gentile et al., 2007; Chinomona, 2013; Kusuma, 2014). Thus, satisfaction is a consequence of online brand experiences (Janda and Ybarra, 2005; Flavián et al., 2006). Customers are expected to be satisfied with the brand via the pervasive and supported online brand experiences (Brakus et al., 2009). Hence, based on aforementioned arguments, the present study proposes that:

H2. Online brand experience has a significant positive direct impact on brand satisfaction.

Second, many studies have recognized brand loyalty as a main result of brand experience in the setting of retail sector (Khan and Rahman, 2015), service sector (Nysveen et al., 2013) and banking sector (Nysveen and Pedersen, 2014). Brand loyalty by definition is a profoundly held guarantee to rebuy or support a favorite product/service constantly, so generating recurring same-brand, nevertheless situational effects that can cause switching behavior (Oliver, 1999).

Therefore, when customers make repeated visits and attain one of a kind brand experiences, they tend to build brand loyalty (Brakus et al., 2009). It was said by Morrison and Crane (2007) that developing and attaining distinctive brand experiences are vital to building service brand loyalty. Moreover, in the context of banking sector, Sikdar et al. (2015) showed that if the experience is constructive it produces a need for repeated usage. So, brand loyalty is suggested to be another outcome of brand experience. Previous studies also find that valuable brand experience has a very significant impact on brand loyalty (Brakus et al., 2009; Ramaseshan and Stein, 2014).

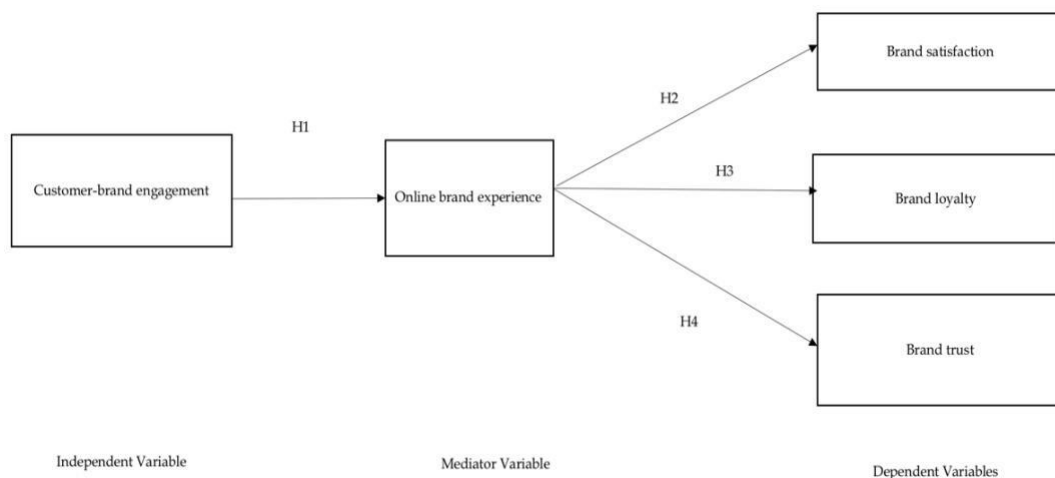
Gentile et al. (2007) explained that customers who experience a good brand can promote the creation of a solid relationship between the brand and the customer, which will then increase brand loyalty. Establishing customer brand relationships through a valuable brand experience will lead to brand loyalty (Kusuma, 2014; Cleff et al., 2018). Customers are expected have a solid relationship with the brand through the pervasive and strengthened online brand experiences (Brakus et al., 2009). Consequently, the more a customer feels a suitable brand experience, the more possible the customer will repurchase the brand, which will lead to brand loyalty (Pratomo and Magetsari, 2018). Based on the above arguments, the following hypothesis is presented:

H3: Online brand experience has a significant positive direct impact on brand loyalty.

Third, customers' experience with a brand acts as an important resource for individual input that develops trust toward the brand (Ha and Perks, 2005). Brand trust is defined as a sentiment of safety detained by the customer based on his/her connection with the brand, it is derived from the perceptions that the brand is dependable for the benefits of the customer (Ha and Perks, 2005). Based on the above, customers build trust toward a brand based on their experience with this brand (Ramaseshan and Stein, 2014). When the customer experience something that is extremely related to him, he feels safe about the capability of the brand to meet guarantees, which in turn creates trust toward this brand (Delgado-Ballester and Munuera-Aleman, 2001). Studies showed that brand trust is an outcome of brand experience (Ramaseshan and Stein, 2014). Consequently, brand trust is the outcome of customers' positive brand experiences (Ha and Perks, 2005; Brakus et al., 2009). Thus, this study suggests the following hypothesis.

H4: Online Brand experience has a significant positive direct impact on brand trust.

Based on the previous studies, the subsequent conceptual model has been shown in figure (1). Figure (1): Conceptual Framework



Methodology

A quantitative approach was developed to test the research hypotheses, the sampling technique used in this study was convenience sampling technique and the sample consisted of online banking customers. Those customers were selected according to the standards recommended by Parasuraman et al. (2005) that propose that customers must have a minimum of 1 online bank account, 4 months of online bank experience, and 2 transactions/month. The electronic questionnaire was chosen for many reasons, for example, the fast sharing of the questionnaire without time or geographic limitations, the familiarity today with new technologies, the lack of monetary cost to complete the research, the easy input of responses to an online spreadsheet, making it simple to store responses and monitor the flow of results while only fully answered questionnaires are accepted and avoiding possible missing values which confuse the statistical analysis of results. The researchers distributed the questionnaire electronically by using Google forms. This was achieved by sending messages with the survey link to respondents through WhatsApp and Facebook.

Respondents were asked to select one bank to answer the questionnaire based on his/her choice. The questionnaire consists of five sections in addition to the demographic section. Every section presents a research variable. The items of all research variables were adopted from prior studies and amended to the banking sector. Ten items from Hollebeek et al. (2014) to measure CBE. Five items from the study of Morgan-Thomas and Veloutsou's (2013) to measure online brand experience. Three items from Fornell (1992) and Oliver (1980) to measure brand satisfaction. Three items from the work of Nysveen and Pedersen (2014) to measure brand loyalty, thirteen items from Dimitriadis and Kyrezis (2008) to measure brand trust.

First, a pilot study has been conducted with a total number of 51 bank customers to check the convergent validity and reliability of the questionnaire. Based on the pilot study, it has been found that all methods used to assess the convergent validity showed good values, and all indicators have good factor loadings with reliability that exceeds the threshold of 0.6, which is satisfactory for the reliability of scales (Hair et al., 2010). Moreover, the average variance extracted for the research constructs showed values over 0.5 which is considered adequate for confirming convergent validity based on Hair et al. (2010) as shown in the next part in table (1).

Convergent Validity and Reliability

Factor analysis (FA) was examined to evaluate the convergent validity of research variables. Kaiser-Meyer-Olkin (KMO) and Bartlett's Test were measured in this study. Based on Hair et al. (2010), KMO returns values are between 0 and 1 and the values closer to 1 are better. Moreover, a significant Bartlett's test of sphericity is needed while p is less than 0.001 (Bartlett, 1951). Confirmatory factor analysis (CFA) was used to evaluate the convergent validity of the items of the variables. For researchers using CFA, the loadings of 0.30 or more for sample sizes of 350 or superior will be appropriate (Hair et al., 2010). Additionally, the average variance extracted (AVE) for the research variables were examined for confirming the convergent validity that should be 0.5 or greater based on Hair et al. (2010). Cronbach's alpha was used to examine the reliability of the research variables. For researchers using Cronbach's alpha, Cronbach's alphas values should exceed 0.6 (Nunnally and Bernstein, 1994).

Table (1) summarizes the results of KMO, Bartlett's Test, minimum factor loadings, AVE, and Cronbach's alpha of the research variables

Research Variables	KMO	Bartlett's Test	(Minimum factor loadings)	AVE	Cronbach's alpha
Customer brand engagement (CBE)	0.926	702.751 (0.000)	0.869	83.840%	0.978
Online brand experience	0.912	268.5 (0.000)	0.914	86.078%	0.959
Brand satisfaction	0.764	153.0	0.941	91.374%	0.951
Brand loyalty	0.739	158.9	0.944	91.572%	0.953
Brand trust	0.932	969.6	0.882	83.589%	0.998

From table (1), the findings showed that KMO values between 0.7 and 1, which indicate that the sampling is adequate. All the values of Bartlett's are significant at 0.000. Additionally, all indicators have good factor loadings ranging between 0.882 till 0.944 with reliability that exceeds the threshold of 0.6 (Hair et al., 2010) ranging from 0.951 to 0.998, which indicates a good level of reliability (Nunnally and Bernstein, 1994). Moreover, AVE for the research constructs showed values over 50% ranging between 83.589% till 91.572% which is considered adequate for confirming convergent validity-based Hair et al. (2010).

Results and analysis

The AMOS 22 was used to conduct the SEM. First of all, the descriptive statistics for the research sample have been conducted. Then, the goodness-of-fit of the measurement model should be checked. Therefore, the model fit indices were conducted before testing the research hypotheses as presented in table (2).

Descriptive Statistics for the Research Sample

The sample size of the research was 392 bank customers. From the public sector, there were 90 customers that constitute (22%) of the total sample from different banks such as National Bank of Egypt, Bank Misr and, Banque du Caire. From the private sector, there were 302 customers that constitute (78%) of the total sample from different banks such as Arab African International Bank, CIB, Credit Agricole, HSBC and QNB.

Model Fit Indices

In order to analyze the hypothesized relationships through the means of the SEM. The goodness-of-fit of the measurement model should be checked. Therefore, the following model fit indices were conducted before testing the research hypotheses as presented in table (2).

Table (2): Model fit Indices

	CMIN/DF	RMR	CFI	NFI	RMSEA
Measurement model	3.7	0.033	0.948	0.931	0.083
SEM model	3.1	0.029	0.961	0.943	0.073
The best result according to Hair <i>et al.</i> , (2010)	Greater than 1 & less than 3(best result) 3-5 (acceptable level)	Less than 10%	Greater than 0.9	Greater than 0.9	Less than 0.08 is acceptable and Less than 0.05 is good

From table (2), it has been shown that all model fit indices have been improved after adding the relationships to the model, for example the CMIN/DF, RMR, CFI, NFI and RMSEA of the measurement model were 3.7, 0.033, 0.948, 0.931 and 0.083, respectively. After adding the relationships, it has been found that the CMIN/DF, RMR, CFI, NFI and RMSEA have been improved to be 3.1, 0.029, 0.961, 0.943 and 0.073 correspondingly, which indicates an acceptable level of the good fit of the model based on Hair et al., (2010).

Testing the Research Hypotheses

The AMOS output for the model parameter estimates is reflected in table (3). Based on Hair et al. (2010), any number of a critical ratio (CR) over 1.96 or p-value less than 0.05 is significant in the model. Table (3): The standardized estimate, CR and P Value

Hypotheses Numbers	Research hypotheses	Estimate	S.E.	C.R.	P-Value	Standardized Regression Weights	Results
H1	BE. <--- CBE.	.958	.030	31.425	***	.970	Supported at 5% significance level
H2	BS. <--- BE.	1.021	.029	35.390	***	.973	Supported at 5% significance level
H3	BL. <--- BE.	1.016	.030	33.902	***	.956	Supported at 5% significance level
H4	BT. <--- BE.	1.012	.031	33.168	***	.970	Supported at 5% significance level

Note: BE: online brand experience, CBE: customer-brand engagement, BT: brand trust, BL: brand loyalty, BS: brand satisfaction.

The statistics show that all the path coefficient results seemed to be significant at 5% significance level, which means that all research hypotheses were supported with p-values less than 0.05 (as showed in table 3). For the first research hypothesis, it has been shown that CBE has a significant positive direct impact on online brand experience with a standardized estimate of 0.970. This means that when the customer is well engaged with the bank, this will create a unique and favorable online brand experience. For the second research hypothesis, it has been shown that online brand experience has the greatest positive direct impact on brand satisfaction with a standardized estimate of 0.973. This means that when the customer has a strong, unique and favorable online brand experience, this will boost the customer’s happiness and pleasure toward the bank. For the third research hypothesis, it has been found that the online brand experience has a significant positive direct impact on brand loyalty with a standardized estimate of 0.956. This means that when the customer has a strong, positive and unique online brand experience, this will help the customer to have strong bond with the bank, which will build strong customer’s loyalty toward the bank. For the fourth research hypothesis, it has been found that the online brand experience has a significant positive direct impact on brand trust with a standardized estimate of 0.970. This means that when a customer has a respectable and a satisfactory online brand experience, this will increase and develop the customer’s trust toward the bank.

Indirect Effect

Direct effects have been examined previously in the above section in table (3). This part will focus on the indirect effects. As shown in table (4), there are indirect effects from CBE to brand trust, brand loyalty and brand satisfaction through online brand experience. Table (4) illustrates these indirect effects.

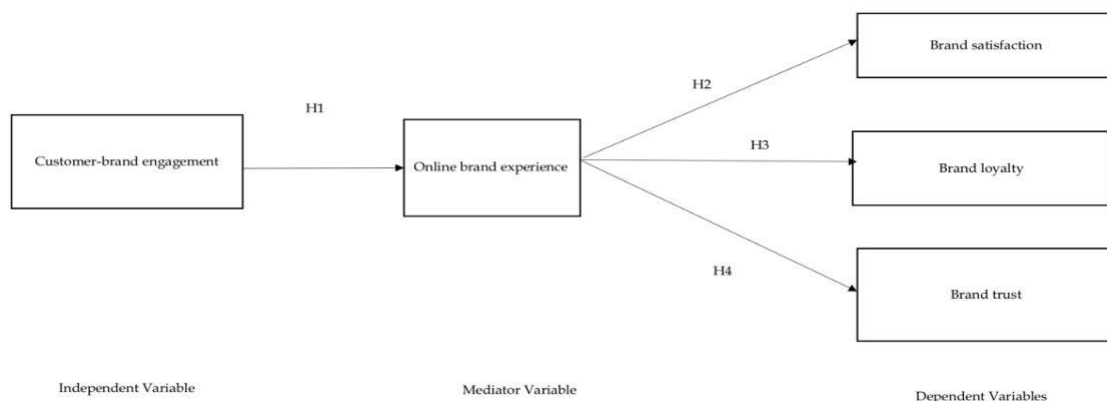
Table (4): Standardized indirect effects

Standardized Indirect Effects Bias-corrected percentile method			Estimate	Lower Bounds	Upper Bounds	Two Tailed Significance
BT	<---BE	<---CBE	0.941	0.917	0.958	0.003
BL	<---BE	<---CBE	0.927	0.899	0.946	0.003
BS	<---BE	<---CBE	0.943	0.921	0.96	0.003

Note: BE: online brand experience, CBE: customer-brand engagement, BT: brand trust, BL: brand loyalty, BS: brand satisfaction

From table (4), the indirect effects are significant at 0.05 significance level. The CBE shows the strongest indirect effect on the brand satisfaction (standardized estimate = 0.943) via the online brand experience, while the CBE shows the weakest indirect effect on the brand loyalty (standardized estimate = 0.927) via the online brand experience. Based on this table, it has been found that online brand experience acts as a mediator between CBE and brand satisfaction, loyalty and trust, which indicates the crucial role of online brand experience in leading to high customer’s satisfaction, loyalty and trust toward the bank. And also, it highlights the importance of customer’s participation and engagement in order to have a unique and favorable online brand experience.

Figure (2): Final Model



Note: All research hypotheses were supported at 5% significance level

Discussion

The research findings showed that CBE has a significant positive direct impact on online brand experience. Besides, it has been shown that online brand experience has a significant positive direct impact on consumer behavioral outcomes: brand satisfaction, trust, and loyalty, respectively. In other words, by increasing the level of CBE the bank can enhance the degree of satisfaction, build trust, and foster loyalty toward the bank more successfully via creating a unique online brand experience.

Concerning the significant positive direct impact of CBE on online brand experience in the Egyptian banking sector, this study finding matches with the previous studies of Khan et al. (2016) and Pratomo and Magetsari (2018) who mentioned that companies must capitalize on brand engagement in fostering a unique online brand experience. CBE in the banking industry helps customers to interact directly with banks through the use of online banking such as internet banking and mobile applications and hence improve customers' online brand experience. Additionally, this finding matches with Mollen and Wilson (2010) who focused on the great impact of CBE on online brand experiences in the online branding literature. Other studies such as Hollebeek et al. (2014), Nysveen and Pedersen (2014), and France et al. (2016) affirmed that brand experience is considered as a consequence of CBE. They mentioned that a bank can create a positive and constructive online banking experience by improving the CBE of the bank's brand.

Moreover, it has been showed that the online brand experience has a significant positive direct impact on brand satisfaction in the Egyptian banking sector. This finding was supported by the prior studies of Pratomo and Magetsari (2018) who mentioned that the higher the brand experience achieved by the customer, the higher the level of satisfaction in the banking industry. Besides, other studies such as Chinomona (2013), Kusuma (2014) and Khan et al. (2016) stated that the higher the brand experience of a brand, the higher the brand's satisfaction in the eyes of customers. In more detail, good brand experience creates an emotional customer bond toward the brand and lastly, it will lead to brand satisfaction. Consequently, customers having a superior online brand experience will lead to improved customer satisfaction with the brand.

Likewise, it has been demonstrated in this study that it exists a significant positive direct impact of online brand experience on brand loyalty in the Egyptian banking sector, which is in line with the previous studies of Klaus et al. (2013), Francisco-Maffezzolli et al. (2014), Ramaseshan and Stein (2014), Khan and Rahman (2015), and Pratomo and Magetsari (2018) who found that online brand experience has a significant positive direct impact on brand loyalty. This means that when the online brand experience is superior, loyalty towards the brand increases. The higher the customer experience, the more likely that they will repeat the same experience and generate loyalty toward the brand. Thus, the more a customer feels a good and suitable brand experience, the more possible the customer will repurchase, which will lead to brand loyalty. As well, this study finding matches the findings of the research conducted by Khan and Rahman (2016) and Khan et al. (2016) about banking customers in Delhi, India, which presented that brand experience has a positive influence on brand loyalty.

For the significant positive direct impact of online brand experience on brand trust, it was reinforced by the earlier studies of Pratomo and Magetsari (2018) who found that the higher the brand experience felt by the customer, the higher the level of trust towards the brand. Previous studies carried out by Ramaseshan and Stein (2014), and Lee and Jeong (2014) showed that brand trust is an outcome of brand experience. Additionally, Khan and Fatma (2017) mentioned that positive online brand experiences will increase customers' trust. Finally, the rationality of this study is that CBE can develop online brand experience, and subsequently, the developing online brand experience will influence brand satisfaction, brand loyalty, and brand trust.

Implications

This study builds on the body of knowledge by focusing on the crucial role of CBE in a new context, which is the Egyptian online banking sector. These findings provide valuable understandings into what contributes to the development of unique and favorable online brand experience to achieve high brand satisfaction, loyalty, and trust to be able to win the competition and to stand high in the cloud. This study provides theoretical and practical implications. For the theoretical implications, this study addresses several theoretical contributions. First, previous studies (such as Hollebeek et al., 2014; Wang et al., 2018)

explained that the notion of CBE is still uncovered. Hence, we react to the call of the previous studies to develop more research in other sectors and dissimilar cultures to understand more the concept of CBE by focusing on one of the most crucial sectors that play a crucial role in North Africa, which is the Egyptian banking sector. Second, this study tests the main consequences of the online brand experience proposed in the present study by combining brand satisfaction, loyalty, and trust. Thus, this study gives more complete picture than the other previously developed by integrating the CBE, online brand experience, and its main consequences in one research model.

For the practical implications, this study showed the crucial role of CBE and its power to allow brand managers particularly, bank managers to provide customers with a more favorable brand experience using online banking services, which will lead to high brand satisfaction, loyalty, and trust. Thus, this study offers valuable insights to bank managers that should be taken into consideration. First, banks need to capitalize on online settings including their websites and social media which are the exceptional tools that assist in increasing engagement among their customers. Second, the online brand experience can be enriched through developing user-friendly applications, websites, and other social media platforms. Third, more attention should be devoted to the service providers through developing advanced training programs to improve their skills and capabilities to delight their customers. Fourth, managers should consider planning a marketing strategy to participate the customers with the brand, which will motivate customers' brand experiences in an online setting. Bank managers should successfully design their online banking medium and integrate it into their marketing strategies. This will be done through sharing feedback, reviews, and comments to maintain cooperative and collaborative conversations with customers. Particularly, in the online experience, companies need to act fast and share information to build better relationships with customers, keep their promises, and develop loyalty programs to achieve customer satisfaction, trust, and loyalty.

Conclusion

The dynamic competition in the banking industry and the significant role of branding supports the concept of online brand experience specifically for the service providers. Therefore, the crucial idea of this study was to examine the impact of CBE on customer behavioral outcomes, namely brand satisfaction, brand loyalty, and brand trust through online brand experience within the banking sector in Egypt. To conclude, it has been shown that CBE has a significant positive impact on brand satisfaction, trust, and loyalty respectively via the online brand experience, which highlights the importance of the mediation effect of online brand experience between CBE and consumers' behavioral outcome that offers valuable insights to financial institutions, particularly bankers. Hence, banks need to capitalize on online settings including their websites and social media which are the exceptional tools that assist in increasing engagement among their customers to be able to satisfy their customers, build their trust, and gain their loyalty in today's competitive business environment.

Limitations and future research

This study was conducted in the Egyptian banking sector. Future research can test the proposed model in other sectors (such as the online hotel booking, retailing, and telecommunication sector) and other countries as well. This study only examined the CBE as an antecedent of online brand experience as well as its consequences. Further research should consider other antecedents of online brand experience such as brand perceived quality as well as the antecedents of CBE such as brand involvement. This study focused on CBE as a single construct. Future research may examine CBE as a multi-dimensional construct, taking into consideration several dimensions as cognitive processing, affection, and activation, as well as considering the level of customer engagement to better explain why some banks and other sectors are successful in engaging customers than others. This study used a convenience sampling technique due to the difficulty of obtaining a sampling frame of bank customers. However, the researchers attempted to decrease bias by distributing an electronic questionnaire to reach more respondents. Future research needs to use a probability sampling technique to be able to generalize the research findings.

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Hoteliers' human resource strategies for business sustainability during Covid-19 pandemic in Ghana

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Keywords

COVID-19, HR strategies, hoteliers, business sustainability, Ghana

Abstract

The main objective underlying the study is to assess human resource strategies adopted by hoteliers in Ghana during the COVID-19 pandemic period and their sustainability. The target population of the study was 725 and this comprises of 471 and 254 hotels from Greater Accra and Ashanti regions, respectively. Using Guilford and Fruchter (1973) formula, a total sample size of 371 representing both regions was used for the study. The study shows that employees' lay off is considered as the main Human Resource (HR) strategy hoteliers in Ghana adopted during the COVID-19 pandemic period to salvage their businesses in terms of meeting employees wage bill though there were other HR strategies that could have been adopted. Among other HR strategies include operationalizing established pandemic fund, reducing employees working hours, temporary converting employees' full-time jobs to part time and re-training employees to use alternative means of doing business.

The study revealed that, the lack of interest for majority of hoteliers to pursue other HR strategies other than laying off their employees, was due to the absence of policies developed by the central government to support the implementation of the other HR strategies as pertains in countries such as Japan, Australia, Ireland, Canada, United States of America and France.

The originality of the study was based on the novel nature of the COVID-19 and the fact that, research has not been conducted on how hoteliers in Ghana are surviving through the use of HR strategies to salvage their businesses. The main limitation of the study was based on restrictive selection of only hotels in Ghana for the study though, there are different segments such as food and beverage, travel and tourism and recreation that completes the hospitality industry in Ghana.

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1.0 Introduction

The survival of companies depends on several factors and these can be either internal or external. External factors such as pandemics need drastic measures to be put in place in order to mitigate its negative effects since organizations have no control over them. Literature in Shuaib et al (2014) shows that pandemics can produce both psychological distress as well as debt burdens for owners of businesses. To the writers, the viability of businesses can be affected as a result of natural disasters. Forbes in 2014 reported the negative effects some past pandemics namely Ebola and H1N1 influenza had on businesses especially in the hospitality industry. Most planned holiday travellers had to cancel their trip and had to remain in their home countries because of the recommendations from the World Health Organization (WHO).

The recent pandemic which many scholars believed originated from China popularly known as COVID-19 has brought restrictions and how businesses should be conducted. WHO recommendations coupled with the Government of Ghana directives on social distancing, staying at home, avoiding crowded places and using cashless system of payment had impacted negatively on the customer base of businesses especially in the Ghana hospitality industry because of the temporal ban on inbound and

outbound flights. In addition to this, non-critical industries within the two major cities in Ghana namely Kumasi and Accra were also suspended temporarily from operating. In the hospitality industry, businesses were asked to operate but only under strict hygienic conditions. According to Novak (2017), though there are many services offered by the hospitality industry, conferences play a major role as they contribute significantly to the revenue this industry generates. All the services which include food and beverage, accommodation, travel, and recreation are all embedded in conferences and as such hotels need to pay much attention to this service.

Talking a clue from this literature, one will find it difficult to comprehend how the hospitality industry especially hotels are surviving vis-à-vis maintaining their human resource taking into consideration the suspensions of conferences at physical locations due to the COVID-19 pandemic. For instance, literature available at emarketer.com reported on March 14, 2020 shows that many high-profile conferences to be organized by Facebook, Google and IBM had to be cancelled because of this pandemic and this has negatively affected the revenue of many businesses in the hospitality industry. This negative effect on the industry according to Voykto (2020) has forced many businesses in the industry to lay off workers because of the burden of meeting the wage bill of their workers. Some of the companies reported by the writer who have decided to use layoff as a strategy to salvage their businesses include hotels such as Camel Valley Ranch, Carlyle and Plaza Hotels, Claremont Hotel Properties, Four Seasons Hotel, Eden Roc Hotel, The Palace Hotel, Pebblebrook Hotel Trust and Sage Hospitality Trust all operating within the United States of America.

In Ghana, the situation is not different as according to the Minister of Finance, which was reported on myjoyonline.com April 3, 2020 there is no doubt that the COVID-19 is affecting the hospitality industry. To him, the occupancy rate of hotels in Ghana is 5% to 20% and there is major layoff in this industry as many hotels and other businesses within the industry cannot afford the remuneration of their employees. In citing an example, Kempinski Hotel which is one of the few 5-star hotels in Ghana had to lay off about 85% of their staff whilst Accra City Hotel decided to completely shut down their operations to the public due to unsustainability of compensation to be paid to their staff.

Apart from laying off employees as a key strategy by the players within the hospitality industry to salvage their businesses, many of these firms also expect governments to provide them with financial assistance if they are to remain in business. Countries such as Ghana, Canada, Nigeria, South Africa, and United States of America have made some funds available which businesses including those in the hospitality can access and pay back after some years. In the Republic of Ireland, support for businesses during this pandemic is even greater as the Government introduced a wage subsidy scheme to support employers by paying up to 70% of employees' wage. This support is to enable employers meet the wage bill of their employees and avoid layoffs.

With pandemics such as COVID-19 having strong correlation with employee's layoff based on the above literature, one is tempted to ask many questions which some may include whether layoff is the only viable strategy firms in the hospitality industry can adopt to sustain their businesses during the Pandemic period? Are there equally viable human resource planning strategies firms in the hospitality industry are adopting? During period of pandemics, should firms within the industry look up to governments for support as the only means by which they can salvage their employees from been laid off? These are questions that this paper seeks to provide answers and as such looks at other human resource planning strategies and their adaptation by hoteliers within the hospitality industry with particular reference to Ghana.

2.0 Literature review

The hospitality industry is one of the oldest industries in the world and continue to be relevant to the economies of countries (Ottenbacher, Harrington and Persa, 2009). According to Jones (2002), hospitality industry dates to the earliest times of inn keeping that provided accommodation, food, and beverage services to travellers. The industry has close relationship with the tourism industry as its main focus has been to serve tourist and make them feel away from home. The industry is estimated to employ about 10 per cent of the global workforce both directly and indirectly. In the United Kingdom, for example, the industry contributes about £36.1 billion to the economy and employs 2.4 million people directly (Partington, 2016). In Ghana, the tourism and hospitality sector are seen as a major potential

engine of growth and development. The ability of this industry to generate employment and reduce poverty has never been underestimated. It is said to be the fastest growing sector in the Ghanaian economy and the fourth major contributor, injecting over 6 per cent of the Gross Domestic Product. (Mensah-Ansah et al. 2014; Mensah 2011; Sarkodie and Adom 2015). Mensah-Ansah et al (2014) indicated that the hospitality and tourism industry increased the number of direct and indirect jobs from 234,679 to 330,514, especially with international tourist arrivals increasing from 698,069 in 2008 to 1,080,220 in 2011, with a corresponding increase from US\$1.4 Billion to US\$2.1 Billion.

In recent years, the aggressive move by governments to boost tourism activities in Ghana, has invariably increased the activities of the hospitality industry. The increase in tourism, has created more businesses in the hospitality industry in Ghana and therefore has generated income through wages to many people (Adu-Ampong, 2019). The relationship between pandemic and countries hospitality sector can be described as detrimental. According to Kongoley (2015), the 2014- 2015 Ebola virus outbreak in countries such as Guinea, Liberia and Sierra Leone have had a negative impact on the tourism and hospitality industry, particularly in Sierra Leone. Again, the outbreak of SARS virus in 2003, created an unbearable impact on the growth of tourism in China (Zeng, et al., 2005). Also, when WHO declared Zika virus as public health emergency of international concerns in 2016, many countries especially Brazil and other South American countries felt the impact in their hospitality industry (Jamil, et al., 2016). In 2018, Nipah virus spread widely in Kerala, one of the states of India, a well-known for tourist friendly region. This negatively affected the hospitality industry in India (Sirajudeen, et al. 2020).

In Ghana, the rise in tourism has greatly influenced the economic growth of the hospitality industry but recently this trend is affected by the COVID-19. COVID-19 with its associated health protocols, have impeded human movement, and the cancellation of domestic and international flights in Ghana. According to Asiamah (2018), 80% of the clientele of Ghana hospitality industry are predominately from Europe and United States of America. Therefore, the cancellation of flights and the called by WHO to observe health protocols, especially social distancing, have negatively affected the economic fortune with the hospitality industry in Ghana been forced to lay workers off.

The partial lockdown imposed in some cities in Ghana and the restriction of human movement, have created a precarious business climate for restaurants, bars, cafes, and other businesses dependent on guests. These are making it difficult for restaurants, hotels, and bars to breakeven, hence job losses (Agyeman, Laar and Ofori-Asenso, 2020). With the impact of social distancing, the hospitality industry will have to learn to function in a way not seen before. This invariably breaks the relationship between the industry and its clients. The more gap in relationship between the industry and its client, the more the industry loses money and cannot breakeven. This new practice of service delivery in hospitality industry affects the wages of employees. The cash flow within the hospitality industry has dropped significantly and has made it difficult for sustainable wage (Agyeman, Laar, and Ofori-Asenso, 2020). According to Barua (2020), the United States of America (USA) is estimated to have 8.3 million Americans employed by the hotel industry, with 85% being paid hourly. The COVID-19 pandemic has caused a drastic drop of 71% in hours worked over the first two weeks. Meanwhile, the volume of employee layoffs over the same period has increased by nearly 470%. In Ghana however, most hotels have closed down within the period of the lockdown, whilst others have strategically maintained skeletal staff due to the inability to sustain the wages of staff. Those on skeletal staff have resorted to home ('take away') delivery services, which is not popular among Ghanaians (Barua, 2020).

On a business level, the impact of the COVID-19 pandemic has reached every industry in the world, with the hospitality industry especially the tourism, taking a massive hit. According to OAG Aviation Worldwide, the travel restrictions on international flights have caused the global airline industry to lose huge sums of money amounting up to \$880 billion (Barua, 2020). Many hotels are empty and finding it difficult to attract clientele. Nevertheless, the grave situation has given space for worldwide solidarity with many hotels around the world providing their premises to house medical staff, first responders, or hospital patients not suffering from coronavirus. Literature from Koh (2020) shows that the hospitality industry is among the hardest hit due to fears of community spread through travel and group environments. The postponement and cancelation of events, conferences, conventions, and sports leagues has affected travel and tourism for business and pleasure. People who would have

hitherto traveled for business conferences or pleasure are limited in movement, and therefore cannot go. The effect of the COVID-19 pandemic on the income of employees of the hospitality industry, has been grievous. In Ghana, the hotel association has called for some form of financial assistance from the government to help pay staff salaries as there are limited activities to make money. The association would even welcome the government decision to meet hotels halfway (<https://www.myjoyonline.com/business/economy>).

Though many researchers have argued strongly about the relationship between pandemics and firms in the hospitality industry adopting layoff as a key strategy to salvage their businesses, in the opinion of Naktiyok and Halis (2002) supported by Zehir and Savi (2004), finding ways of reducing cost has been with organizations over the years and businesses do not wait for pandemics to occur before layoff is considered as antidote to salvage businesses. In their argument, pandemics also have their good side and depending on the strategy adopted by firms, it may be considered as a booming period for firms especially in the information technology industry to employ more workers to meet the demand of their customers. Preko (2020) in adding to the literature of pandemics and employee's layoff also supported the argument that even in the hospitality industry, pandemics such as the COVID-19 can be an opportunity for hoteliers to turn their businesses around. According to the author, when pandemics occur, firms that can find ways of reaching out to their customers to provide service receives their loyalty and even get more referrals from customers and that can increase the demand of their services. The above literature points out that there are different views on how scholars see pandemics and its effect on employees in terms of layoff. Based on these divergent views and the related literature reviewed on the relationship between pandemics and employee's layoff, we can propose that:

Ho: There is no association between pandemics and layoff in the hospitality industry

Ha: There is association between pandemics and layoff in the hospitality industry

3.0 Research methodology

The main objective underlying this study is to examine the various human resource strategies adopted by hoteliers for business sustainability during the period of COVID-19 pandemic with particular reference to Ghana. The study was conducted between early January to late April 2020 when COVID-19 became an issue globally and Ghana realized the need to pay more attention to this pandemic. Though there are sixteen regions in Ghana, the researchers purposively selected Ashanti and Greater Accra Regions for the study since they were the regions with the most confirmed cases of the Coronavirus pandemic as of March 2020 when data was collected. The researchers adopted survey and case studies methodologies for the study and these two are not mutually exclusive since the study used structured questionnaire with telephone interviews to obtain data from respondents in different organizations.

The researchers used the whole month of March 2020 to collect data from hoteliers in relation to the COVID-19 and its effect on their businesses and employees. The respondents' response together with reviewed related literature, provided the bases for the researchers to arrive at their findings from which conclusions were drawn to contribute to the existing literature.

3.1 Population and determination of sample size

The study used only hotels in Greater Accra and Ashanti Regions since as already indicated, they were the regions with most confirmed cases of the pandemic at the time of the study. The target population was 725 and this comprises of 471 hotels in Greater Accra (GA) and 254 in Ashanti (AS) regions of Ghana ranging from 1 star to 5 stars. The researchers obtained the Population by surfing the internet to know the hotels in these two regions through travel.jumia.com/gh which is a very popular website that hosts hotels in the country.

In determining the sample size (n) out of the population (N), the researchers adopted Guilford and Fruchter (1973) formula as can be seen below:

$$n = \frac{N}{1 + \mu^2 N}$$

Where: N is the size of the population, μ is alpha = 0.05.

Therefore, Sample size (n) for GA:

$$= \frac{471}{1+0.05 \times 471}$$

Based on the formula, the sample size for hotels in Greater Accra Region is n = 216

Sample size (n) for AS:

$$= \frac{254}{1+0.05 \times 254}$$

Based on the formula the sample size for hotels in Ashanti Region is n = 155

Total sample size: (n: GA) + (n: AS) = 371

3.2 Sampling techniques and instruments

In getting respondents for the study based on the calculated sample size (n) for both regions, the names of the hotels extracted from the Jumia travel Ghana website were coded using numbers after which simple random sampling technique in the form of lottery method was used randomly to select the 371 hotels for the study. The researchers gave themselves a month for data collection and in order to achieve this, one of the researchers focused on collecting data from hotels in Ashanti Region whilst the other researcher concentrated on hotels in the Greater Accra Region. Estimated target of data collection from 14 hotels a day, for 27 days was agreed by the researchers to cover for all the 371 hotels.

Since the researchers envisaged that data collection at this period of pandemic will be difficult, the researchers adopted the mystery customer strategy to establish good relationship with the sampled hotels. With this strategy, the researchers with hidden motive pretended that they were looking for accommodation for some guests they were expecting, and this paved the way for the sampled hotels to share information including the effect of the coronavirus pandemic on their businesses and employees as well. In most cases, indirect questions were asked and through the research experience of the authors, answers were deduced from the responses provided by the respondents.

The main data collection instrument used was questionnaires and using purposive sampling technique, these questionnaires were directed to the managers or assistant managers of the hotels where appropriate. The questionnaires were completed by the researchers based on the answers given by the respondents through telephone interviews which lasted averagely for about 13 minutes. Adopting this method of data collection helped in avoiding physical contact between the researchers and the respondents. The adoption of this strategy apart from the Ghana Government's directive for everyone to observe social distancing was also seen as the simplest way to collect data during the period of COVID-19. The questions asked centred on the various human resource strategies adopted by hoteliers in sustaining their business, their perception of government support during the pandemic and lastly whether their preferred or chosen human resource strategy during the pandemic has helped them to achieve their objective in terms of business sustainability. Data was also collected from the respondents to solicit their views on whether during past and current pandemics, specifically Ebola virus outbreak in 2013 and Coronavirus in 2019, employees were laid off. The researchers used statistical technique in the form of chi square to test if there is any relationship between pandemics and employee's layoff in the hospitality industry, specifically hotels and this was at 5% significance level. Data extracted from the questionnaires were represented by tables. The calculated chi square together with other findings of the study were used to arrive at conclusions and also contribute to the existing literature.

4.0 Analysis of data and discussions

The main objective underlying the study is to assess human resource strategies adopted by hoteliers in sustaining their businesses during pandemics, specifically the COVID-19. All businesses irrespective of their strength and size tend to be affected by the coronavirus pandemic and as Thunstrom et al (2020) pointed out, firms that are able to put measures in place tend to gain more from such pandemics through innovative ways of reaching out to their customers. Pandemics do not only affect businesses performance in terms of profit, sales, and growth but employees who provide the service as well. The hospitality industry though is considered as one of the largest industries in Ghana and one of the most perceived affected by the coronavirus pandemic, it is prudent to assess how the industry particularly hoteliers are managing their human resource to ensure business sustainability since greater

part of the cost incurred by them goes into the payment of wages and salaries. The researchers in determining the various human resource strategies adopted by firms in the industry during the period of COVID-19, conducted a telephone interview to ascertain the various strategies used by hoteliers to salvage their businesses during the pandemic. Data extracted from the interview which were collated can be presented in the table below:

Table 1: Prime human resource strategies for business sustainability

Strategy	Frequency	Percentage
Compulsory annual leave	23	6.2
Operationalizing established pandemic fund	0	0.0
Re-training employees to use alternative source of doing business	2	0.54
Reducing working hours	15	4.04
Encouraging early voluntary retirements	0	0.0
Laying off employees	292	78.71
Suspension of contract service providers and assigning their services that are not technical to permanent staff	5	1.35
Converting employees' full-time job to part-time	3	0.81
Expecting financial support from government	25	6.74
Temporal closure of business	6	1.62
Total	371	100

Source: Researchers fieldwork, 2020

From table 1, it can be seen that the top three HR strategies adopted by hoteliers to salvage their businesses during the period of COVID-19 includes employees' layoff, getting the government to support their businesses and lastly asking employees to go on compulsory annual leave. Among all of these, laying off employees was considered as the major HR strategy hoteliers in Ghana adopted in order to ensure that they stay in business as can be witness in the table above. To the surprise of the researchers, two important strategies which were encouraging employees to go on early retirement and operationalizing established pandemic fund during the period of COVID-19 did not receive any support from all the respondents as none of the respondents claimed to be adopting these HR strategies. These findings clearly support the literature by Investor's Business Daily (2020) that, employees' layoff has become the language that most businesses are using in order to enable them meet statutory expenditures such as the payment of employees' wages and salaries.

In the case of establishing pandemic fund, despite the awareness created by the World Bank in 2017 about the need for countries to adopt this strategy during periods of pandemics, countries such as Ghana have failed to develop relevant policies that will encourage firms to establish such fund. It is therefore not surprising that hoteliers have not adopted this strategy as a way of salvaging their businesses during such period of COVID-19. The literature by the World Health Organization (2018) actually contradicts this research findings as the writer claims this fund which normally takes the form of insurance is now becoming popular in the advance countries and many businesses in Europe and America are now appreciating the need to insure their businesses against pandemics. Looking at this contradiction, one can attribute it to the lack of knowledge and the importance organizations in developing countries such as Ghana attribute to insurance products as a way of safeguarding their businesses. The need to buy insurance products is still at the infancy stage in Ghana and it will not be surprise if hoteliers do not see the need to insure their businesses against pandemics.

With regard to hoteliers encouraging employees to go on voluntary retirements not receiving any support from the respondents as an HR strategy to be adopted by hoteliers during the period of COVID-19, the literature provided by Shultz et al (1999) supports this finding. According to them, the hotel industry provides services and because there is high customer/employee contact, most hoteliers prefer engaging young but well cultured employees between the ages of 18 to 35 that can meet the expectations of diverse customers that patronize in the services of these hotels. In light of this, adopting this strategy to reduce the number of organization's workforce will not be appropriate. Again, this strategy normally

works best as HR strategy when a significant number of the workforce are nearly towards their retirement age with the organization.

Since there are vast literature on the relationship between layoff of organizations employees and pandemic, the researchers wanted to test this available literature and its applicability in the hotel industry in Ghana. In doing this, the researchers extracted data obtained from telephone interviews with the respondents used for the study. The data centered on pandemics using COVID-19 and the Ebola virus outbreak as the basis and its relationship with employees' layoff by hoteliers who participated in the study. The results of the study based on the calculated chi square to determine the relationship between the two variables can be shown on the table below:

Table 2: Relationship between pandemics and employee's layoff

External factor	Employee layoff	No Employee layoff	<i>Marginal Row Totals</i>
Pandemic	200	171	371
No Pandemic	150	221	371
<i>Marginal Column Totals</i>	350	392	742 (Grand Total)

Source: Researchers fieldwork, 2020

$\chi^2 = 13.52, p < .05$

The calculated χ^2 with 5% level of significance and at 1 degree of freedom shows that a relationship exists between pandemics and employee's layoff in the hotel industry in Ghana. This buttresses the many existing literature such as Dewitt (2017) and Davidson (2016) where studies conducted in different countries revealed similar relationship between pandemics and employees' layoff. This again supports the findings in table 1 where hoteliers were asked the main HR strategies adopted by their firms to salvage their businesses during the period of COVID-19. Since the outbreak of the coronavirus pandemic, literature provided by Roughan (2020) suggests that many countries such as Australia, New Zealand, United Kingdom, Republic of Ireland, Germany, Ghana and Canada have provided support to businesses especially the small and medium enterprises in view of salvaging their businesses so that employers will consider laying off their employees as the last option.

In Ghana, taking into consideration the policy by the Government to promote and support micro, small and medium scale enterprises during the pandemic period, there was the need for the researchers to seek the opinion of the respondents, government's support for firms in the hotel industry during the period of COVID-19. The perception of the respondents on government's support to businesses in the hotel industry can be presented in the table below:

Table 3: Perception of government support

Perception of support	1*	2*	3*	4*	5*	Mean	Overall ranking
Excellent	8.0%	11.0%	30.0%	16.0%	35.0%	3.612	5
Very good	10.0%	5.1%	33.0%	14.0%	37.9%	3.814	2
Good	2.0%	20.5%	13.0%	12.0%	52.5%	4.012	1
Average	13.1%	15.0%	31.9	1.5%	36.5%	3.732	3
Poor	16.0%	20.1%	21.2%	7.6%	35.1%	3.635	4

*1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly

Agree Source: Researchers fieldwork, 2020

The overall ranking of the respondents' perception on government support to businesses in the hotel industry shows that, hoteliers are satisfied with the support provided by the government but believes that more can be done. In the view of the respondents, the provision of water, electricity subsidies and tax reliefs by the Ghana Government for a four-month period and the provision of loan facilities for businesses in Ghana are not enough for firms in the hotel industry to survive during the turbulent period of COVID-19. Looking at the respondent's perception on Ghana government support for businesses in the hotel industry and the report by the Organization for Economic Co-operation and

Development (OECD) in 2020, the researchers believe that for any of the HR strategies adopted by hoteliers in Ghana to achieve its goal, government support to aid firms in the industry to successfully implement these strategies is critical. For instance, in Japan, the government is supporting businesses through financial assistance up to JPY 1 million for firms to procure equipment and install telework facilities. From this financial assistance, it is believed that it will motivate firms to adopt the HR strategy of using information technology as alternative way of doing businesses during the period of COVID-19.

Apart from this, for hoteliers to successfully adopt HR Strategy of encouraging employees to proceed on annual leave during COVID-19, provision of financial assistance by the Government is also necessary in order for hoteliers to meet the financial obligation of paying their employees wage during the period they are on leave. Report by OECD in 2020 suggests that, many countries such as Japan, Korea, Portugal and Denmark have policies to motivate businesses to encourage their employees to proceed on annual leave during the period of COVID-19 in order to reduce employers' burden on meeting their employees wage bill. For instance, the Japanese Government through the Ministry of Health, Labour and Welfare provides financial support of up to JPY 8,330 per day to support employers pay their workers who are on annual leave. This means that in Ghana, hoteliers will be motivated to adopt the HR Strategy of encouraging their employees to proceed on annual leave if such financial assistance to businesses is provided.

In Germany, France, Belgium and Netherlands, the provision of Short Time Work (STW) policies by the governments have helped businesses to adopt the HR Strategy of reducing hours of workers in order to mitigate the financial burden on employees in terms of meeting their financial obligations. For instance, OCED report in 2020 shows that employees in Germany are given 60% of the difference in their monthly net earnings due to the employer reducing the working hours of their employees during periods of pandemic such as the COVID-19. It is therefore believed that if the Ghana Government can also adopt this STW policy, it will encourage hoteliers to adopt the strategies of reducing their employees working hours or converting the jobs of their employees to part-time during the pandemic period. Most of the time, the reluctance by employers to adopt most of the HR Strategies are due to the employers ethical reasoning that they may bring financial hardships on employees.

5.0 Conclusions

The hotel industry is one of the industries that is highly affected during period of pandemics as greater part of customers that patronized in the services of these hotels are international travelers. Industries that are affected during such pandemics tend to draw up HR strategies that will assist them meet their employees wage bill and also sustain their businesses. The study therefore had its main objective as assessing the HR strategies adopted by hoteliers in Ghana during the period of COVID-19. Though there are many strategies that are available for hoteliers to choose from during the pandemic, most firms in the hotel industry prefer laying off their employees as a key strategy to reduce their wage bill in order to survive during the turbulent period and rarely consider other HR strategies as important tool to assist them achieve their objective.

Just like any country where it is the duty of the government to provide good micro-environment for private businesses to flourish, the expectation of hoteliers in terms of government support for businesses in Ghana during the COVID-19 period needs improvement. Countries such as Australia, New Zealand, Portugal, France, Ireland, Japan, USA, and Canada have developed policies that will be enable businesses meet the wage bill of their employees during the period of pandemic. These policies provide support for businesses to implement any HR strategies in view of meeting their employees wage bill and sustaining their businesses during the period of COVID-19. Since these policies such as governments provision of short time work, financial support to workers whose working hours had been reduced, financial subsidies for employers to encourage employees go on annual leave, financial support for firms affected by drop in demand and supporting businesses to adopt information communication technology as alternative means of doing business are missing within the context of Ghana, hoteliers are constraint in terms of opting for other HR strategies and will consider laying off employees as the antidote to sustaining their businesses.

6.0 Empirical contributions and originality of the study

The study looks at HR strategies adopted by hoteliers as a way of sustaining their businesses during the period of COVID-19. The coronavirus pandemic is novel and there is no literature on the various HR strategies businesses particularly hoteliers in Ghana are adopting in order to sustain their businesses in view of the numerous government restrictions by many countries and the highly drop in demand of services provided by firms in the hospitality industry. The study therefore serves as a foundation for other researchers to contribute to knowledge in the area.

Many governments as a way of protecting their citizens consider employees layoff as a rare option that businesses should adopt during pandemics to salvage their businesses, but the study has revealed that if governments do not provide the necessary policies that will support the various HR strategies that are available for businesses, firms will always consider laying off employees as the best option to reduce their employees wage bill and sustain their businesses.

7.0 Limitations and recommendations for future research

There were many industries in Ghana that were affected by the coronavirus pandemic and it was worth considering all the industries to form the target population of the study. Again, the hotel industry is very broad and according to Novak (2017), it covers four main segments namely food and beverage, travel, and tourism, lodging and recreation. The study concentrated on only one segment of the industry which is hotels that provide lodging. It is therefore necessary that future research in this area should focus on other industries in Ghana or other segments within the hospitality industry in order for one to draw a broader conclusion on the various HR strategies adopted by firms in Ghana or in the hospitality industry during the period of the coronavirus pandemic.

There are many pandemics in the past, but the study considered the most recent one which was COVID-19 and looked at the various HR strategies hoteliers are adopting to sustain their businesses during the period of the pandemic. It is believed that studies should be conducted on pandemics in general taking into consideration, the Ebola virus outbreak, Coronavirus outbreak and the H1N1 influenza and the various HR strategies firms adopted to sustain their businesses during these periods.

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Retail turnover clauses in an online world

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Keywords

Turnover rental, online shopping, rental clauses, risk sharing

Abstract

Purpose of this paper: Traditionally, lessors and lessees of especially national tenants use a risk-sharing retail rental model, which consists of a fixed rental and a risk sharing component, the so-called turnover clause. In an online retail environment, however, revenue is generated through several channels and it is not possible to assign to each store a portion of the total revenue by simply looking at individual instore turnover. The opportunity of selling online provides disincentives to tenants to generate instore revenues, thereby increasing the risk of turnover-based contracts becoming ineffective. This article investigates whether the commonly used risk-sharing clause in retail rental agreements used in South Africa is still the most relevant in this changing environment. Four alternative rental constructs: (i) fixed rental only, (ii) turnover rental only (iii) geofenced rental and (iv) alternative performance metrics are investigated.

Methodology: Role players in the South African retail real estate are interviewed and questions formulated based on the results of the literature review are discussed on a one-on-one basis. The interviews are analysed and solutions to accommodate the disruptive effects of online retailing on the calculation of turnover rentals are tested against industry knowledge of the participants.

Findings: The preliminary finding is that the existing model will continue to be the preferred model for the foreseeable future because of the underlying adversarial relationship between retail lessors and lessees and the existing model's ability to share risk while guaranteeing a minimum fixed rental.

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Introduction

As online shopping in the retailing industry evolves, the distinction between bricks-and-mortar and online retailing is fading (Brynjolfsson, Hu and Rahman, 2013:1). Because of this blurring of roles, bricks-and-mortar stores are becoming only one of a set of channels where retailers must simultaneously accommodate and anticipate consumer demand and meet varying lead times (Hubner; Holzapfel and Kuhn, 2016:257). It is a major misconception that internet sales are made primarily by online retailers. Research from the United States shows that pure online retailers account for less than 4% of all retail sales, while bricks-and-mortar retailers are investing heavily in online platforms to meet rising consumer demand for omnichannel shopping (CBRE, 2017:4). Within the South African context, a slower, but similar trend is observed (Groover, 2017:4). By the end of 2017, South African annual retail sales reached R 1 trillion (\$22 trillion), with online sales increasing to 1.8% of the total retail spend - up from 1.2% in 2016. This represented a 22% annual increase since 2016 (Prinsloo, 2018:2).

Amid this digital innovation and growth in online retailing, traditional retail leasing and rental models have remained largely unaltered and as a result, retail real estate professionals in developed countries are beginning to re-evaluate the existing retail leasing models and rent metrics to question whether traditional approaches are still fit for purpose (O'Roarty and Billings, 2015:4). In the current model, turnover rental is collected from stores and other retail operations within a shopping centre, on the assumption that sales can be attributed to a specific site and are easily audited (Williams, 2014:794). Thus, within the retail real estate industry, the most important economic underlying factor is represented by the

number of physical sales performed in a store (the turnover), and rent negotiation focuses on the level of sales achieved (trading density) by the retailer in a specific store (Gallosti, 2015:19).

In an online retail environment, revenue is generated through several channels (some non-trackable purchases) and it is not possible to assign to each store a portion of the total revenue by simply looking at individual instore turnover. The existing approach to turnover based calculations may therefore no longer be an efficient method to assess store trading performance. The opportunity of selling online provides disincentives to tenants to generate instore revenues, thereby increasing the risk of current turnover based contracts becoming ineffective (Gallosti, 2015:20-32). This study will form part of the first steps to formulate an appropriate online based turnover approach.

The current standard construct of the retail turnover clauses in the South African shopping centre environment makes provision for the sharing of risk through the inclusion of turnover rental. Turnover rent is calculated on a tenant's retail sales. Turnover rent is often assessed as an amount on top of the base rent. Once the store's sales reach the turnover threshold in a period, a fixed percentage will then be applied to the revenue.

This paper investigated whether South African retail role players agree that the realities of the growth of online retailing will necessitate a relook at the formulation of retail rental clause in retail lease agreements, and, if so, to what extent? Qualitative research was conducted with a sample of major role players within the South African retailing environment on approaches to online turnover rental capturing.

Literature review

Omnichannel retailing refers to the simultaneous use of a variety of distribution channels to interact and fulfil consumers' orders. Four alternative interaction patterns are identified for omnichannel retailing (Bell, Gallino and Moreno, 2014:47): (1) Traditional retail, where the consumer has a face-to-face interaction with the product and sales staff and departs the store with the product; (2) Shopping and delivery hybrid, where the consumer gathers information online, buys online and collect the item at the store ("click-and-collect"); (3) Online retail plus showrooms ("showrooming"), where the consumer can touch and feel the product at the store, the product is purchased at the store or online and then delivered to the consumer's home and (4) Pure-play eCommerce, where the consumer gathers information online, the product is ordered online and delivered directly to the consumer's home from a distribution centre or local store that acts as a fulfilment centre ("click-and-deliver").

Online channels complement rather than replace bricks-and-mortar channels (Herhause *et al.*, 2015:319). Given the emerging complexities in capturing store rent in an online environment, the question arises if the traditional turnover calculation method is still effective in capturing the rental value of the store. A wider spectrum of approaches to capturing rental will potentially have to be used in future, with a possible range of approaches in selecting and devising rental models (O'Roarty and Billings, 2015:38-42).

In future successful retailers will have a presence in shopping centres either as a traditional store, a showroom or as a shopping-and-delivery hybrid. The bricks-and-mortar stores will remain important, allowing retailers to engage with consumers. (Wright, Lim, McCaster, Okino, Lee, Aguirre, Tanja, Pattaloong, Siow, and Simpson, 2017:24). Retailers are increasingly introducing click-and-collect, click-and-deliver and showrooming as strategic responses to online retailing but, although retailers continue to expand their stores, they are reducing their size requirements for them (Jones and Livingstone, 2015:235). Historically, sharecropping was a form of turnover rental where a landowner permitted a tenant to use his land in return for either money, labour, or a share of the crops (Allen and Lueck, 1992:401). The modern origin of turnover rent agreements in retail dates to the Depression Era, during which many retailers went bankrupt due to high levels of fixed rent (Moussawi-Haidar and Çömez-Dolgan, 2017:912).

Currently, revenue sharing is an exception to other commercial real estate leasing transactions, which generally provide for a fixed rental payment independent of the tenant's business success and where lessors bear little, if any, of their tenant's business risk. This exception occurs almost universally in shopping centres, where retail tenants pay a percentage of their gross income as rent in addition to a minimum fixed base rent. (Wheaton, 2000:185). These retail leases do not merely involve rental contracts, but collaborative commitments by both parties to share gains and risks and jointly contribute to the proper functioning and promotion of the shopping centre and can be configured as a partnership or

alliance between shopping centres and their tenants (Gomes, Paula and Macedo-Soares, 2017:172). Lessors and retailers are being challenged to better understand the value of store space, given that the traditional metric, turnover, will no longer necessarily be such an accurate representation of a location's productivity, as consumers increasingly use multiple touch points in their shopping journey and sales occur across channels. (O'Roarty and Billingsse, 2015:31). Current turnover rent calculations typically include sales "made from the store," and exclude internet sales except for those "made from the store". Considering the various permutations involved in online shopping, defining what constitutes a sale being "made from the store", can be difficult (Jenny and West, 2013):

Items ordered instore online on behalf of a consumer by retail staff for delivery directly to the consumer's home because, for example, the item is out of stock or unavailable at the store.

Purchases made by the consumer instore online, to be delivered directly to the consumer's home.

Purchases made online on the retailer's website, to be picked up instore and fulfilled from the store's existing inventory; and

Purchases made online on the retailer's website, to be shipped directly to the consumer's home and fulfilled from the store's existing inventory without the consumer ever setting foot in the store.

Although online shopping is creating abundant opportunities for logistics firms and warehouse operators, it is irrefutable that it has disrupted the traditional retail model, calling into question whether turnover clauses can survive this market upheaval (Mason and Rawlence, 2017:21). The evolution of online retailing might increasingly place stress on the existing rental model, as retailers will have to determine the rent that a space justifies based on understanding the store's overall contribution to profitability in terms of both instore sales and the contribution of the store to online sales. Conversely, lessors do not have access to lessees' information regarding store contribution to non-store sales, which would help lessors assess the true value of a retail space (O'Roarty and Billingsse, 2015:32).

By 2023 online shopping in SA will reach ±R43 billion (±\$95 billion), which represents 3.3% of the total annual retail spend of R 1.3 trillion (±R29 trillion) (Prinsloo, 2018:18-19). Historically, external factors influencing the store rent value included the shopping centre's return on investment, the centre's life cycle stage, locality, size and accessibility, the tenant's anchor status and externality generating abilities regardless of location (Duvenhage and Kruger, 2017:360). Internal factors influencing store rent value are controlled by either the tenant or the lessor, can benefit either one or both parties involved and include premiums for location prominence and convenience, accessibility to public transport accessibility, store size in relation to the centre, and the actual size of the store (Duvenhage and Kruger, 2017:361).

The growth of online retailing and retailers' digital platforms will eventually fundamentally change the traditional shopping centre store's rental value by empowering consumers and resulting in a much more complex consumer journey. The future retail store is one of several sales platforms through which the retailer can engage, entice, and transact with consumers. Achieving the sale in the most appropriate way is what matters and requires a dynamic approach to store rental composition, with the store as the cornerstone (O'Roarty and Billingsse, 2015:35). Trends introduced in the store's rental rent determination by online retailing include click-and-collect, returns, showrooming, geofencing and the halo effect.

Click-and-collect

Defined as a sale that is transacted online and guaranteed to be in the store for consumer collection, click-and-collect sales are generally not deemed store turnover within the terms of a traditional lease agreement, although items that are reserved online and transacted instore normally are accounted for within the store. (O'Roarty and Billingsse, 2015:35).

Returns

Generally, sales transacted online but returned to store is not reported as a subtraction instore turnover data (O'Roarty and Billingsse, 2015:36). Returns typically generate additional sales with 23% after instore returns when consumers returned items instore, either by click-and-collect or returns. Once in store, consumers are more likely to impulse buy or exchange the returned goods (Wright et al., 2017:24). The rate of return is also higher when consumers shop online, and the cost of these returns is much higher when returns are shipped back to a centralised distribution centre rather than returning to a store (Copra, 2015:142).

Geofencing

Geofencing technology enables users to set electronic boundaries around physical locations, and to track the foot traffic going in and out of these boundaries (Carmodi, 2017). Retailers or shopping centre owners can keep track of a consumer's location in the shopping centre via the consumers' cellular telephone and send offers to them in real time when they are in the shopping centre or close to the retailer's store, to entice them into the shopping centre or store (Carmodi, 2017). Subsequently, increased customer visits to the store and conversion to sales can be achieved through tailored interactions that are more relevant to consumers. Retailers can create highly targeted offers which enables them to compete more efficiently, not only by setting perimeters around their own physical locations, but also by setting a geofence around their competitors' locations to intercept consumers with offers and promotions (Carmodi, 2017).

The Halo effects

The halo effect refers to the tendency for an impression created in one area to influence another, or how a store location can increase brand awareness for consumers, even those shopping exclusively online (O'Roarty and Billingsse, 2015:36). One way to measure the halo effect within the retail environment is to measure the influence of physical stores on consumers and their brand awareness by examining the increase or decrease of web traffic and online sales. Latest research has found that the performance of retailers in the digital world is intricately linked to a presence or absence in physical stores (Brown, Busch, Chen, Muskin and Telsey., 2018:9-10).

Lessors should be able to protect themselves from the risks of online shopping by negotiating a share of revenue generated by online sales that have an interaction with the physical retail store (Mason and Rawlence, 2017:23). Approaches to capture rental value within an online environment can be summarised as follows:

Fixed rent models

This model bypasses the need to account for instore and online sales, but with a long-term risk of a lack of transparency once the existing lease gets reviewed (O'Roarty and Billingsse, 2015:39).

Conventional turnover models

This model has a base rental accompanied by a variable income calculated as a percentage of sales achieved above a threshold (O'Roarty and Billingsse, 2015:39). The inclusion of click-and-collect services and consumer orders through online instore terminals in the definition of the tenant's turnover at the premises is a prerequisite for this model (Mason and Rawlence, 2017:23).

Turnover rent only models without security of tenure

In this model the lessor retains the right to terminate the lease if a store consistently fails to reach an agreed sales target. Also referred to as "European Factory Outlet-Style Leasing Models" the value of the store's contribution to the retailer's wider online strategy (and equally the value of the retailer to the lessor's wider asset strategy) will be embedded implicitly in the rent (O'Roarty and Billingsse, 2015:41).

Geofenced turnover models

Online sales are geo-coded and attributed to a shopping centre based on location in this model. Different turnover rates will have to be applied to different types of transactions, reflecting the variable contribution of the store (O'Roarty and Billingsse, 2015:42). Consequently, lessors can negotiate a share of revenue generated by online sales within a specified geographical radius of the shopping centre, as seen in the Australian retail market (Mason and Rawlence, 2017:23); and

Alternative performance metrics

Based on information shared because of collaborative relationships between lessors and retailers, this model rewards lessors who have transformed shopping centres into places that attract, entice, and engage consumers by delivering on experience, convenience, and exceptional consumer service. These new performance metrics could include: Net shopping hours which measure both the volume of consumers and their dwell time, thereby providing a measure of the consumer opportunity afforded (O'Roarty and Billingsse, 2015:44); Volume of agreed-target consumers where lessors and retailers agree

upon the characteristics of a store's target consumer – their consumer – and agree on appropriate hurdle rates (Gallosti, 2015:39; O'Roarty and Billings, 2015:44); and Conversion rates and basket size that link footfall, or potential consumer volume, to sales by measuring both the number of consumers that transact and the average basket size of transactions (Gallosti, 2015:45).

Methodology

Interviews were undertaken to obtain views prevalent in the South African retail real estate industry on the different approaches to capturing rental value within an online environment. These interviews were conducted through scheduled face-to-face sessions. The format was conversation-based with an interview guide used to facilitate the discussion to acquire as many insights as possible from participants (Gallosti, 2015:36).

Initially the plan was to approach lawyers, retailers, and owners of shopping centres with the questionnaire to gain insights on the different approaches to capturing rental value within an online environment. Due to the adversarial relationship between landlords and tenants it quickly became apparent that retailers were not prepared to allow their staff members to give their views on capturing rental value within an online environment (of the five national retailers that were approached, only one agreed to a scheduled interview). This necessitated the identification of participants who had previously worked for national retailers and who also had knowledge of and experience in online trading. In addition, a retail researcher with 30-year retail experience was also identified and interviewed. During the interviews it became apparent that IFRS-16 accounting standards will play an important role in retail lease design and a specialist was identified for an interview. Contrary to the initial interview design it became quickly apparent that the legal drafting of capturing rental value within an online environment is not the core of the problem, but rather the inherent adversarial relationship between retailers and landlords.

The above selection resulted in a total of ten participants who were involved in leasing processes within an online trading environment. The participants had a combined experience of 124 years in the retail lease environment (Table 1).

Table 1: Characterisation of participants

Participant number	Industry role player type	Position and number of years' experience in retail lease negotiations	Contribution of participant
1	Listed Real Estate Investment Trust (Reit)	National Leasing Manager 12 years total leasing exposure, 5 years retail lessee exposure	In depth interview on 15 February 2019 on the various approaches to capturing online rental value
2	Listed Real Estate Investment Trust (Reit)	Asset Manager 15 years exposure as lessor	In depth interview on 15 February 2019 on the various approaches to capturing online rental value
3	National Property Management Company (Property Manager)	Key Account Manager (CAM) 6 years retail lessor exposure, 3 years retail lessee exposure	In depth interview on 22 February 2019 on the various approaches to capturing online rental value
4	Listed Real Estate Investment Trust (Reit)	Asset Manager 19 years retail industry exposure as lessor	In depth interview on 26 February 2019 on the various approaches to capturing online rental value
5	National Property Management Company (Property Manager)	Key Account Manager (CAM) 15 years retail lessor exposure	In depth interview on 27 February 2019 on the various approaches to capturing online rental value

6	National Property Development Company and lessor of a portfolio of retail properties	Leasing Director 10 years retail lessor exposure	In depth interview on 28 February 2019 on the various approaches to capturing online rental value
7	National Property Management Company (Property Manager)	Divisional Director Research 30 years retail leasing exposure	In depth interview on 8 March 2019 on the various approaches to capturing online rental value
8	National Retailer with additional African footprint	Real Estate Director 6 years retail leasing exposure	In depth interview on 13 March 2019 on the various approaches to capturing online rental value
9	Listed Real Estate Investment Trust	Senior Financial Manager 5 years retail exposure	In depth interview on 15 March 2019 on the long-term implications of IFRS 16 accounting standards for retail leasing
10	Commercial attorney specialising in drafting of lease agreements between shopping centre lessors and lessees	Attorney 6 years drafting experience 6 years litigation experience	In depth interview on 18 March 2019 on the various approaches to drafting turnover rental clauses within an online environment

Results

The future of online retailing in South Africa

Online retailing has become a permanent feature of the South African retailing landscape and all 10 participants expect it to continue growing, albeit at a slower pace than in the developed world. Currently, it constitutes an exceedingly small portion of South Africa retailers' turnover. This confirms the research done by Prinsloo (2018). Responses also confirmed that online shopping complements, rather than replaces, brick-and-mortar stores (Herhause, 2015). Click-and-collect, showrooming and additional revenue generated by consumers returning goods to shopping centres are the main influences on online shopping for South African shopping centres (O'Roarty and Billings, 2015). Online retailing will remain a reality within the South African retail market, but it will not replace traditional bricks-and-mortar stores.

Traditional turnover calculation in an online world.

Most participants confirmed that, where online sales are included in turnover calculations, the traditional method of calculating a base rent plus a percentage turnover rent is still being used to address online sales (Mason and Rawlence, 2017). It is apparent from the respondents' feedback that the various types of retailers disagree on the inclusion of online shopping in turnover rental. Participants working on the lessor side generally expressed a reluctance in decreasing the fixed portion of fixed rent and increasing the variable portion, while participants employed by the lessee side support an increase in variable rental and a reduction in fixed rental. These findings support the research of Gallosti (2015), who also found that the root of this reluctance is the financial constraints imposed by the valuation methodology used within the property sector and the resultant access to financing by lessors.

Potential alternative approaches to turnover calculation in an online world.

Fixed rent models.

While participants confirm that, in practice, most retailers fail to reach their breakpoints to pay turnover, the consensus is that risk-sharing still forms the basis of the relationship between shopping centre owners and retailers. Therefore, the introduction of turnover clauses as mentioned by Moussawi-Haidar and Çömez-Dolgan (2017) remains valid today within South Africa.

Turnover rent only models without security of tenure

The participants agree that security of tenure is critical for the financial viability of most lessors' mortgage commitments. The variable income model is not currently an option within the South African

context unless a major change in the method of financing shopping centres occurs. The feedback does not support the potential model as proposed by O'Roarty and Billings (2015).

Geofenced turnover models

Although most of the participants express support for the philosophy behind geofenced turnover models as set out by Carmodi (2017), the consensus is that the current lack of technological infrastructure and the high cost of data in South Africa will impede the implementation of this model, especially in the lower income areas.

Alternative performance metrics

The current viability of the alternative performance metrics as proposed by O'Roarty and Billings (2015) and Gallosti (2015) is generally disputed by the participants and does not seem to occur in South Africa. The research by Gallosti (2015), suggesting that a visitor-based contract can be used to form the basis of a rental agreement between lessors and lessees and that such an agreement could satisfy both parties, could not be confirmed.

Future opportunities of consumer information sharing

Participants agree that the current basis of the relationship between lessors and retailers is adversarial, with both parties trying to "win" during negotiations. Most participants do however agree that the sharing of consumer information will become critical in the future, confirming the research of Wulf and Butel (2017) that states that collaborative relationships are seen in the long term as a key capability which is essential for building competitive advantage.

Recommendations

Although the feedback from participants shows that the existing turnover rental construct will remain the most used for the foreseeable future, further studies on retail turnover clauses within an online environment should focus on the following questions:

Is it possible to change the current adversarial approach in retail lease negotiation to a collaboration approach?

It might be possible to introduce a more collaborative approach in the negotiation process if both parties could experience a higher return by engaging on a collaborative, rather than adversarial, basis. This would enable lessors and lessees to spend less time on maximising their own negotiation positions and more time on extracting the most value, whether income or property growth related. It would also enable the parties to share each other's consumer data to the benefit of both parties. Most of the participants in this study expressed a desire to have a more collaborative contractual relationship between lessors and lessees and this should be explored further.

Would an alternative performance metrics contract ever be viable as a substitute to the current preferred model of fixed and variable rental contracts?

The viability of the alternative performance metrics contracts could be tested with historical feet count, spend per head and shopping densities used on a comparative basis against actual turnover rental paid; and

Would the introduction of Wi-Fi in shopping centres and the resultant ability to introduce geofencing around shopping centres strengthen the argument to include online shopping within geofenced areas in shopping centres' turnover calculations?

Wi-Fi is currently rolled out at several South African shopping centres. As the data collected on the use of Wi-Fi becomes available, it should be possible to measure and analyse the impact of the introduction of Wi-Fi services in shopping centres. The resultant increase in accuracy of current measurement of actual visits to a shopping centre, can lead to the development of a rental model that will enable lessors to geofence their shopping centres and share data with lessees within this geofenced area.

Research limitations

South African commercial law has its basis in English commercial law, but no reported case law involving turnover rental and online shopping could be found within English Law Reports or the South African Law Reports. Another limitation is the lack of access to real online sales data from retailers due to confidentiality concerns. In addition, where South African retailers (mainly stores) also have online sales,

both store and online sales are captured together but purely online retailers are captured separately under “all other retailers”, thus making it impossible to use the *StatsSA Retail Trade Industry Report* to ascertain the growth of online shopping in South Africa.

Contribution and Practical implications

Online selling may lead to the risk that traditional turnover-based contracts based upon the sales in a brick-and-mortar stores do not provide a fair and appropriate mechanism for profit-sharing between the lessor and the lessee. This paper contributes to the formulation of an appropriate risk sharing lease agreement between lessors and lessees within an online retail environment.

Conclusions

The increasing prevalence of online shopping provides new challenges for the drafting of leases that will result in an equitable allocation of profit between the lessor and the lessee. While traditional retail leases incorporating turnover clauses are based upon the measurement of turnover in the store itself, some or even most of the sales may occur online in an online environment.

Although it is expected that existing turnover rental agreements will remain the most used for the foreseeable future, a desire was also expressed to have a more collaborative contractual relationship between lessors and lessees instead of the present adversarial relationship.

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The Moderating Effect of Entrepreneurial Leadership and Competitive Advantage on the Relationship Between Business Model Innovation and Startup Performance

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Key Words

Business model, innovation, competitive advantage, entrepreneurial leadership, and startup performance.

Abstract

The primary purpose of this study is to study the moderating effect of entrepreneurial leadership and competitive advantage in the relationship between the business model innovation and the performance of the start-up business. We hypothesized that business model innovation has a significant association with the performance of the start-up, and entrepreneurial leadership or competitive advantage connects substantially to the business model innovation and start-up. Fifty-one respondents participate in this study. The partial least square statistical technique is used to analyse the data, which is appropriate for parametric analysis for such a sample size. The analysis shows a significant relationship between business model innovation and start-up performance. Also, there are significant relationships of entrepreneurial leadership and competitive advantage to business model innovation. However, it shows no direct relationship between entrepreneurial leadership and start-up; the association is not direct but indirect. The null hypothesis that there is no direct association between competitive advantage and start-up performance is rejected. There is a negative association between competitive advantage and start-up. Both entrepreneurial leadership and competitive advantage improve the relationship between business model innovation and start-up. However, they must be interpreted with caution

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Introduction

Startup is a project of individual or team intended to change their environment through the creation of economic value, usually through innovation (Baregheh, Rowley and Sambrook, 2009). Start-up is the early stage in an entrepreneurial venture where entrepreneurs are still searching for its replicable and scalable business model (Blank, 2013; Bruyat and Julien, 2001). Previous studies showed that entrepreneur ventures in this stage were facing extreme uncertainty and a high failure rate (Haddad, et al., 2020). The probability of a startup to fail is very high (Cambridge Associates, 2017; Griffin, 2017). The failure rate is estimated between 50% to 80% and may reach up to 90% (Laitinen, 1992; Wetter and Wennberg, 2009; Krishna, Agrawal, and Choudhary, 2016). In other studies, they found that 92% of the start-up venture fail within the first three years of operation (Marmer, Hermann, Dogruttan and Berman, 2012b; Start-up Genome LLC, 2018). This percentage rate was a large percentage number of failures. Until recently, we still do not know the specific reasons why startup failed (Griffi, 2017). The question of why most start-ups failed, while some other succeeded remain central questions that attract most researchers in this field (Cooper, 1993; Spiegel et al., 2016).

Review of literature

Business model innovation

The business model is described as how an organization creates, delivers, and capture value and was introduced by Osterwalder, Pigneur, and Clark (2010); it enables a firm to successfully implement its strategy (Romero, Sánchez, and Villalobos, 2017). The business model canvas comprises nine basic building blocks, namely; the customer segment, value proposition, channel distribution, customer relationships, key resources, key activities, key partnerships, revenue streams, and cost structure. According to Haddad et al. (2020), there are existed business model patterns that can represent the aspects of the business model innovation. These business model patterns are subscription, advertising, pay per use, freemium, add-on, premium, contractor, long tail, data as a service, cross-selling, e-shop, crowd-sourcing, multi-sided platform, ultimate luxury, and customer lock-in. All of these business model patterns can be grouped into three dimensions (revenue streams and payment/pricing models, value proposition, and channels and relations to external actors). However, another business model concept that had a growing interest was the business model innovation (Aspara et al. 2010; Spieth et al. 2014). It is about developing new ways to capture, create, and deliver value (Preuss, 2011; Claus, 2016; Wells, 2008).

Previous studies show that the business model innovation has a significant relationship with business performance (Zott and Amit, 2010; George and Bock, 2011; Afuah and Tucci, 2001). Scholars find that the business model innovation can represent powerful competitive tools that cause companies to gain competitive advantage (Zott, Amit and Massa, 2011; Amit and Zott, 2012; Porter, 1990; Weking et al., 2018). Studies showed that business model innovation, in particular, became the success and a valuable capability of a firm (Aspara et al. 2010; Lindgardt et al. 2009; Chesbrough 2010; Amit and Zott 2012). In terms of the start-up, some business model patterns found to outperform others on different performance measures to the success of start-up (Haddad, et al., 2020). The contractor pattern seems to enhance revenue and cash flow, while add-on patterns influence growth. Since the lock-in pattern imposes switching costs, then it is highly correlated with start-up valuation (Gassmann, Frankenberger, Csik, 2017; Zauberman, 2003). It was apparent that the business model innovation affects start-up performance. However, most studies in the business model are qualitative method (Lambert and Davidson, 2013; Spiegel, et al., 2016). We feel that more research on the quantitative approach is needed.

Entrepreneurial Leadership

Entrepreneurial leadership is a person who can restructure their organization that enables them to seize new opportunities and to improve the ability to invent ways wherein they can compete in a highly unpredictable environment (Huang et al., 2014). The characteristics of the entrepreneurial leadership are described as follow, having the aptitude to visualize for the firm future success, forward-thinking, ability to acknowledge opportunities, ability to inspire and influence their team members in implementing progressive entrepreneurial actions (Sawaeen, Ali, 2020), solving problems through creative methods, and reinforce a culture of organizational innovation (Rae, 2017). Gupta, MacMillan, and Surie (2004) conceptualized entrepreneurial leadership in three dimensions, Innovation (nurturing creativity among team members and create novel products and services), proactiveness (motivating individuals to continually compete with other organizations, and risk-taking (willingness to face uncertainty and take responsibility). There seems that entrepreneurial leadership has a relationship to firm growth as it creates a competitive advantage and ensuring sustainability (Palalic, 2017). However, the study on the relationship between entrepreneurial leadership and business model is still limited; thus, an investigation on the relationship needs to be conducted.

Competitive Advantage

Competitive advantage is essential since business sustainability is achieved through competitive advantage, which, upon the formulation of the strategy, is created in value to customers. This value may be in cost leadership, product or service differentiation, or the speed of customer service in the niche market. Indeed, competitive advantage is defined as the firm's capability to differentiate itself compare to the other competitor (Sultan and Mason, 2010). Jones (2003) described the competitive advantage strategy into three generic strategies that cover cost leadership, differentiation, and focus. These strategies are commonly used by firms and able to respond to business objectives efficiently.

Startups must look for strategies and ways to create innovations to gain new competitive advantages (Potjanajaruwit, 2018). It is necessary to create economic values for customers (Barney and Hesterly, 2010) and reducing business operating costs (Zhang and Hartley, 2018). Although its essential for the company to deploy its resources to gain a competitive advantage in all the activities of the company's value chain, the creation of the competitive advantage varies with the business environment. The ability of each company to create competitive advantage will differ; therefore, the competitive advantage is a significant problem for start-ups because it leads to business survival and sustainability (Zaridis, 2009).

The Research Framework

Many start-ups fail in their very early stage of operation, but the reason behind these are still unclear (Griffin, 2017). Thus, the study needs to be conducted. Studies recently have been done on the relationship between business model innovation and start-up success. However, only a few studies that check the moderating effect of the entrepreneur leadership and competitive advantage in the relationships between business innovation and startup performance. The research framework of this study is shown in Figure 1.

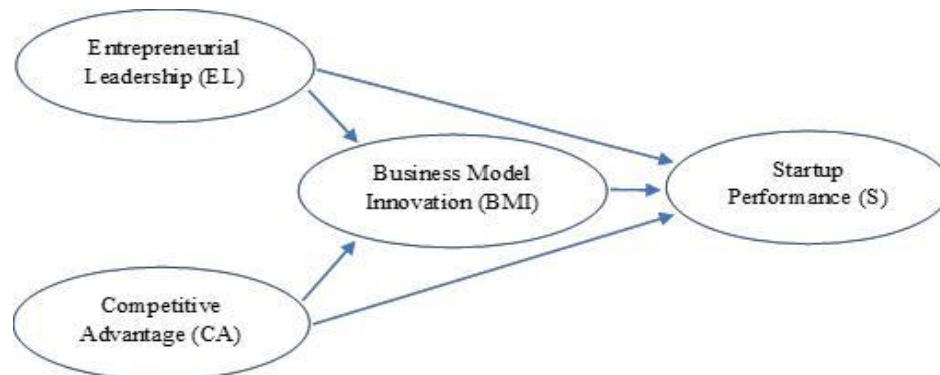


Figure 1. *The Research Framework.*

The Hypotheses

$H_{\alpha 1}$: Business model significantly relates to start-up.

$H_{\alpha 2}$: Entrepreneurial leadership significantly relates to the business model and start-up.

$H_{\alpha 3}$: Competitive advantage significantly relates to business model and start-up.

Methodology

Participants

Startup firms, as the participants of this study, are firms that just established recently, which are the firms established in the last five years. Participants are selected using a purposive sampling technique. Only entrepreneurs that have started their business within a maximum of the past five years will be chosen. Participants may reside anywhere; however, most of the participants will be taken from Indonesia. No limit of ages and gender as long as they are considered an entrepreneur. Seventy-one participants return the questionnaires; however, nine were found to have incomplete information and were considered as outliers. They are removed and left 51 participants.

Instrument

In collecting data, a questionnaire will be used. Each of the latent variables will have reflective items as observable variables to indicate their construct. Not all of the questions are expressed in affirmative sentences; some are shown in negative sentences.

As measurements of firm performance, financial indicators are taken as the most important measure of firm performance, as stated by Wiklund and Shepherd (2005); Turulja and Bajgoric (2018); and Chen, Tsou and Huang (2009). For measurements of start-up performance, the two recommended financial indicators are total revenue, and the total amount of funds available (Haddad et al., 2020). Another factor that may indicate start-up success is the number of employees. Thus, we are using revenue, funds received, and the number of employees to measure start-up performances.

In measuring business model innovation, we use ten reflective items based on the concept of business model innovation, as presented by Claus (2016) and Pedersen, Gwozdz and Hvass (2016). The entrepreneurial leadership is measured by the six items from Renko et al. (2015). Finally, six reflective items are used to measure competitive advantage (Pereira-Moliner et al. 2016). All measures consisted of items with five-point Likert scales ranging from 1=strongly disagree to 5=strongly agree unless otherwise indicated. The measurement items are showed in the appendices.

The items taken are based on sound theoretical background; thus, we may consider the items are valid contently. It is also essential to know if the items can build a sturdy construct. We will test the construct validity of the items by using the *convergent* and *discriminant validity* test. The loading factor of convergent validity as the minimal requirement is 0.7, and we will use the *average variance extracted* (AVE) to test the discriminant validity. The AVE for the construct must be higher than the correlation of that construct with other constructs for the items to be valid. To test the reliability of the instrument, we used the *composite reliability* of internal consistency. Acceptance valid reliability score is a score higher than 0.7.

	BMI	CA	EL	S
BMI4	0.767			
BMI7	0.889			
BMI8	0.862			
CA3		0.800		
CA4		0.817		
CA5		0.823		
EL3			0.921	
EL4			0.925	
S1				0.930
S2				0.775
S3				0.763

Table 1. *The outer loading of items in measuring business model innovation (BMI), competitive advantage (CA), entrepreneurial leadership (EL), and start-up performance (S).*

The result of discriminant analysis is shown in Table 2. It appeared that the items of the construct were able to discriminate among different constructs. As the square root of AVE of the construct is the highest among another construct. For example, the AVE of BMI (business model innovation) is 0.842 higher than the rest of the square root of AVE value in the same column (in other cases on the same row).

	BMI	CA	EL	S
BMI	0.842			
CA	0.587	0.813		
EL	0.695	0.461	0.923	
S	0.246	-0.127	0.129	0.826

Table 2. *The discriminant test results.*

For the reliability of the instrument, the *composite reliability* of internal consistency was used. The reliability score of higher than 0.7 is accepted. As shown in Table 3, the composite reliability of the four constructs is higher than the required reliability score. We also show the reliability score of Cronbach's Alpha to have a comparison, which also indicates higher than 0.7. We can be sure that the measurement of the construct is reliable.

Construct	Cronbach's Alpha	Composite Reliability
BMI (business model innovation)	0.792	0.879
CA (competitive advantage)	0.745	0.854
EL (entrepreneurial leadership)	0.826	0.920
S (start-up)	0.849	0.865

Table 3. *The Cronbach's Alpha and Composite Reliability test results.*

Procedure

Data will be collected by questionnaire. The questionnaires were distributed to the selected respondents online, and google form will be used to develop the questionnaire. The survey was sent through email or WhatsApp. Later, the followup calls to the participants to have a higher survey return rate.

Statistical Analysis

Partial Least Square analysis is the statistical technique that is used in analysing the data with the help of SmartPLS statistical software. The strength of the inner model will be determined by the R^2 , while the significant of the hypotheses will be tested with the significant of the beta coefficient.

Result

The Partial-Least Square statistical technique was used to test the null hypothesis. The null hypothesis that business model innovation cannot predict start-up was rejected ($\beta_{std} = 0.490$, $r^2 = 0.240$, $P < 0.05$), the business model innovation can predict the success of a start-up, see Table 4. About 24% ($r^2 = 0.240$) variance in start-up is explained by business model innovation. As business model innovation improve, the start-up success will also increase.

	$\beta_{standardized}$	r-square	P-Values
BMI -> S	0.490	0.240	0.002
CA -> BMI	0.338	0.114	0.002
CA->S	-0.414	0.171	0.008
EL -> BMI	0.539	0.155	0.000
EL -> S*	-0.039	0.001	0.807

* Initial run since it was not significant then was removed in the second run.

Table 4. *The significant value of the variables. BMI (business model innovation), S (start-up performance), CA (competitive advantage, EL (entrepreneurial leadership).*

The null hypothesis that entrepreneurial leadership cannot directly predict start-up was accepted ($\beta_{std} = -0.039$, $r^2 = 0.001$, $p > 0.05$). There was no direct correlation between entrepreneurial leadership and start-up. However, the null hypothesis that entrepreneurial leadership cannot predict business model innovation was rejected ($\beta_{std} = 0.539$, $r^2 = 0.155$, $P < 0.05$). The entrepreneurial leadership can be used to predict business model innovation. There is a direct effect of entrepreneurial leadership to business model innovation. About 15.5% ($r^2 = 0.155$) change in business model innovation can be explained by entrepreneurial leadership. Although there was no direct effect of entrepreneurial leadership to start-up, however, there was an indirect effect of entrepreneurial leadership to start-up ($\beta_{std} = 0.264$), as shown in Table 5. Therefore, entrepreneurial leadership was a pure moderator between business model innovation and start-up. With the existence of entrepreneurial leadership, the effect of business model innovation to start-up increases by about 6.3% ($r^2 = 0.063$).

	Indirect Effect	Total Effect	
	S	BMI	S
BMI			0.490 ($r^2 = 0.240$)
CA	0.165 ($r^2 = 0.027$)	0.338 ($r^2 = 0.114$)	-0.249 ($r^2 = 0.062$)
EL	0.264 ($r^2 = 0.069$)	0.539 ($r^2 = 0.290$)	0.264 ($r^2 = 0.063$)
S			

Table 5. *The standardized beta of indirect and direct effects*

The null hypothesis that competitive advantage cannot directly predict start-up was rejected ($\beta_{std} = -0.414$, $r^2 = 0.171$, $p < 0.05$). There is a direct negative correlation between competitive advantage and start-up. Since the beta coefficient is negative, indicating that as a competitive advantage getting stronger, the success of start-up reduces, see Table 4. About 17.1% change in a start-up was due directly to

competitive advantage. Further, the null hypothesis that competitive advantage cannot predict business model innovation was rejected ($\beta_{std} = 0.338, r_2 = 0.114, P < 0.05$). Competitive advantage can be used to predict business model innovation. There is a direct positive effect of competitive advantage to business model innovation. About 11.4% ($r_2 = 0.114$) change in business model innovation can be explained by competitive advantage. There is a positive indirect, and negative direct effect of competitive advantage on start-up. When business model innovation is the mediating variable, about 6.2% ($r_2 = 0.062$) of the total change in a start-up is due to competitive advantage, see Table 5. The effect is smaller since competitive advantage positively relates to start-up through business model innovation and negatively related to start-up directly. Therefore, the competitive advantage was a quasi-moderator between business model innovation and start-up. With the existence of competitive advantage, the effect of business model innovation to start-up reduces by 6.2% ($r_2 = 0.062$), which was very small.

Both entrepreneurial leadership and comparative advantage predict business model innovation. About 55.5% change in business model innovation was due to entrepreneurial leadership and comparative advantage, as seen in Table 6. There is a 13.9% change in start-up due to entrepreneurial leadership, competitive advantage, and business model innovation. There is no direct effect of entrepreneurial leadership on start-up, but it has an indirect impact through business model innovation, as seen in Figure 2. Competitive advantage has both a direct and indirect effect on the success of start-up through business model innovation.

Construct	R Square	Adjusted R Square
BMI (business model innovation)	0.573	0.555
S (start-up)	0.173	0.139

Table 6. The R square of BMI (business model innovation), and S (start-up performance).

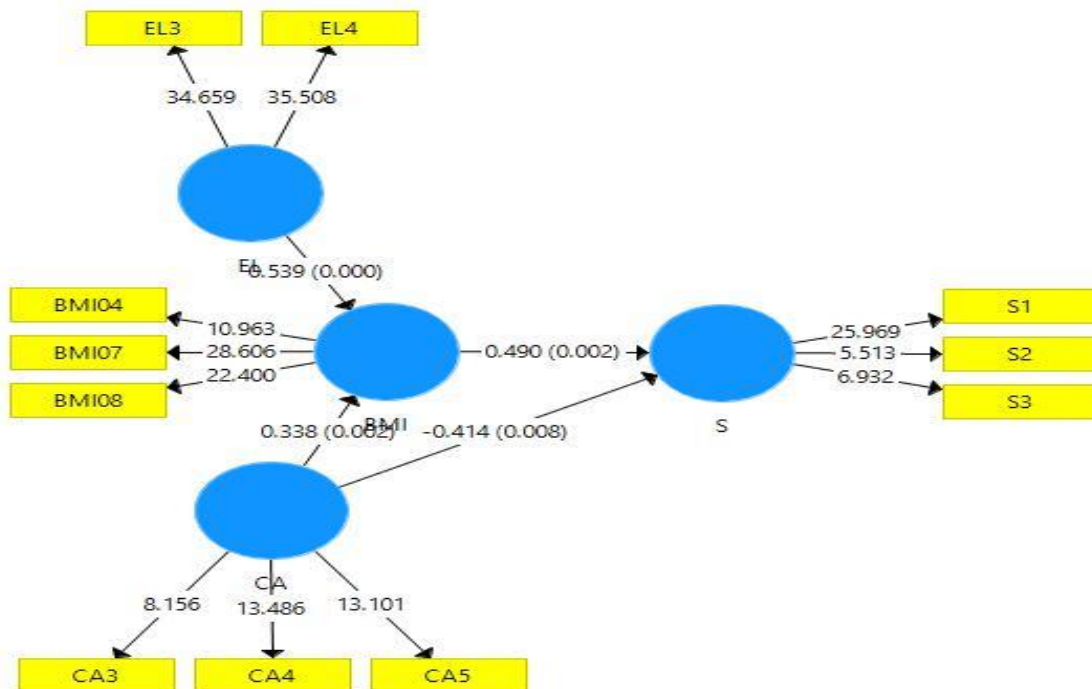


Figure 2. The final model of the start-up; the moderating effect of entrepreneurial leadership and competitive advantage in the relationship between business model innovation and start-up.

Discussion and Conclusion

The finding of this study shows that there is a positive correlation between business model innovation and start-up performance. It is supported by the previous studies, which also found that the business model significantly relates to business performance (Afuah and Tucci, 2001; George and Bock,

2011; Zott and Amit, 2010). When entrepreneurial leadership and competitive advantage improve, the effect of business model innovation to start-ups getting stronger. However, it is not advisable to use competitive advantage alone without business model innovation since the direct association between competitive advantage and start-up is negative. Competitive advantage can only improve start-up when business model innovation is there since a positive correlation was found between competitive advantage and business model innovation.

Studies show that entrepreneurial leadership has an association with small firm growth (Gupta, MacMillan, and Surie, 2004; Huang et al., 2014; Palalic, 2017). Our study shows that no direct association between entrepreneurial leadership and start-up but indirectly through business model innovation. It implies that in the development of the business model for a start-up, entrepreneurial leadership needs to be considered. It is the business model innovation that has a direct association with start-up and not entrepreneurial leadership. However, entrepreneurial leadership enhances business model innovation.

Our study found that competitive advantage has a positive direct association with business model innovation. It is consistent with previous studies that strategy work through business model (DaSilva and Trikman, 2014), and it integrates the capacity to innovate (Nelson and Winter, 1982; Teece, 2014; Teece et al., 1997). However, competitive advantage has a negative association with a start-up. It implies that for a start-up, competitive advantage cannot be used without the business model innovation. It is recommended for a start-up to put more resources into business model innovation than to competitive advantage.

Some variables, such as networking and competitive strategy, cannot be used alone for a start-up business – other variables need to be there as an intervening variable. Business model innovation seems to be the appropriate intervening variable. The role of networking and competitive advantage is the moderating variable.

This study has a managerial impact on start-ups by taking into account important factors in building their business models, so as to increase success in achieving the company's growth and survival goals more effectively.

Limitations and Direction for Future Research

This study is not without limitation; the model has R^2 that is quite small. Therefore, we suggest further research to involve a variety of variables, either as moderating or mediating variables. The small sample size of this study had been handled by the use of bootstrapping in data analysis.

Appendix A.

Business model innovation measurement items (Claus et al. 2016):

My employees' knowledge is more updated than competitors

I continue to use the company's existing technical resources until its obsolete, and then they are replaced

I still use the traditional process in making out the products

My product or service can meet customer needs compared to competitors

I failed to seize the opportunities that appeared in the market

Changes to the new distribution channel can improve the efficiency of the company's channel functions

I emphasize innovative actions to increase customer retention

I develop new income opportunities

I depend on the current source of income

I am always looking for opportunities to save on production costs.

Entrepreneurial leadership measurement items (Renko et al. 2013):

Looking for opportunities is easy for me

It is difficult for me to get a new idea

I am among those who easily influence my teamwork

I can see how my business will look like in the future

Handling problems creatively is difficult for me, and

I am among those who like to avoid the risk

Competitive advantage measurement items (Pereira-Moliner et al. 2016):

My business has NOT had a brand image yet

The quality of the products offered is standard

There are additional services for each product/service provided

Our costs are far below competitors
 Our production system is more efficient than competitors
 Achieving economies of scale is NOT important to us

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Examining drivers of green appliance adoption using two theories among middle class consumers

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Key words

Green appliances; theory of consumption values; theory of planned behaviour; black middle class; attitudes; adoption behaviour.

Abstract

The rapid growth of middle-class consumers in emerging markets like South Africa is often characterised by high energy consumption, driven by demand for household appliances. As green appliances can reduce energy consumption, this study (1) examined South African black middle class consumers' attitudes and adoption behaviour of green appliances; (2) integrated the theories of consumption value and planned behaviour for a richer explanation of attitudes and behavioural intention (BI) regarding green appliances; and (3) assessed whether BI and perceived behavioural control (PBC) translate into actual adoption. Data was quantitatively gathered from 500 respondents who were aware of green appliances, displayed the intention to buy green appliances and had bought green appliances. Data was analysed using partial least squares structural equation modelling.

Findings showed that respondents hold a strong positive attitude towards green appliances ($M=5.8$), which was significantly driven by functional, emotional, and epistemic values. Attitude, social value and PBC drove BI which, with PBC, influenced adoption. The integrated model explained far greater percentage of attitude (81%) and BI (83.4%) compared to studies applying only one theory.

The original value lies in the sampling of consumers, who are working and capable of buying green appliances. Previous studies have mainly used students, who lack purchasing power.

The integrated model makes theoretical implication by providing greater explanatory power of green product adoption. Practically, from their positive attitudes towards green appliances and adoption behaviour, governmental/environmental interest groups can use the large and influential black middleclass as opinion leaders to promote green product use.

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1. Introduction

The adoption of lower energy consuming lifestyles has become imperative for resources and environmental sustainability (Pothitouetal, 2016; UNEP, 2015). This is particularly the case in emerging markets such as South Africa, where the economic aspirations of billions of people, especially the rapidly growing middle-class consumers, are often facilitated by "unprecedented levels of energy consumption" (Smil, 2013). Consequently, electricity demand in countries like South Africa is fast outstripping supply (UNEP, 2014; Sonneberg, Erasmus and Schreuder, 2014). Compounding this problem is the increased demand for household appliances by growing middle class consumers who have a "proportionally higher share in the average ecological footprint" (Sonneberg et al., 2014).

Black middle-class consumers are growing faster in size and influence in South Africa compared to other middle-class consumers. Between 2004 and 2016, this segment rose steeply from 1.74 million to 5.61 million (University of Cape Town [UCT] Unilever Institute, 2016). Also termed 'Black Diamonds', the black middle class is seen as the largest driver of South Africa's economic growth (Steyn, 2013), with nearly 65% of these consumers owning their own homes (Kroeker, 2014). This rate of home ownership comes with the demand for household goods and appliances. In terms of home appliances, the UCT Unilever Institute's 2016 Report revealed that in 2004, black middle-class consumers' ownership of dish washers, home computers, DVD players, washing machines and microwaves was 3%, 19%, 30%, 24% and 60% respectively. By 2012, with the exception of dish washers, the segment's ownership of these items doubled by 4%, 45%, 63%, 58% and 92% respectively. While these increases in demand for home appliances are attractive to the manufacturers and marketers, their strain on energy consumption is a concern.

Cognisant of energy consumption concerns and the environmental impact of home appliances, brands like Defy, LG and Samsung, which are key role players in the South African home appliance industry, are designing green appliances with lower water and energy consumption. This is in addition to the usual value-for-money, aesthetically pleasing and feature-rich appliances for consumers to choose from (Euromonitor International, 2013). The factors that drive consumers, especially the black middle class, to choose and adopt green options often perceived as being more expensive (Zhang, Xiao, and Zhou, 2020) need investigation.

The green products adoption as Yadav and Pathak (2017) report, is exhibited by the use of green/environmentally friendly products, the use of organic products, proper waste disposal management or recycling etc. In this study, it is construed in terms of the purchase and use of green appliances. Numerous studies have examined green product adoption, for example, in Asia (Biswas and Roy, 2015; Lin and Huang, 2012; Huang, Lin, Lai and Lin, 2014; Yadav and Pathak, 2017; Zhang et al., 2020), United State of America, (Matthes, Wonneberger and Schmuck, 2014; Barber, Bishop and Gruen, 2014), Europe (Kanchanapibul, Lacka, Wang and Chan, 2014; Faure and Schleich, 2020) and Australia (Tan, Johnstone and Yang, 2016). These studies have examined segments, profiles, drivers, and barriers to green products adoption. Most have either mainly and independently used the theory of planned behaviour (TPB), the diffusion of innovation theory (DOI) or the theory of consumption values (TCV) to explain the intention to adopt green products. Actual adoption has rarely been examined (Yadav and Pathak, 2017).

Given the complexity of adoption and purchase decision, especially for non-conventional items such as green products, there is a need to integrate theories for a richer explanation of decisions. Chen (2014), for example, integrated the TPB and the DOI theories. The integration explained up to 76% of variance in green products behavioural intention. This can be compared to Taylor (2015) who, by using the DOI theory alone, could only explain 26.7% of green product behavioural intention. Beyond just intention, however, the present study integrated the TPB and the TCV to explain South African black middle-class consumers' attitudes, intention, and actual adoption of green appliances (i.e., washing machines, fridges, geysers, and freezers). Specifically, three objectives were addressed: (1) to assess South African black middle class consumers' attitudes towards green appliances and the extent of their adoption; (2) to examine the explanatory power of Sheth, Newman and Gross's (1991) TCV and Ajzen's (2005) TPB with regard to green appliance attitude and behavioural intention; and (3) to test the impact of behavioural intention and perceived behavioural control on actual adoption.

2. Theoretical framework and proposed hypotheses

2.1 Theory of planned behaviour and theory of consumption values

The TPB posits that an individual's behavioral intention to perform (BI) – or not to perform – a given behaviour is the most fundamental determinant of that action occurring (Ajzen, 2005).

BI can be defined as "an indication of individual's readiness to perform a given behaviour" (Yadav and Pathak, 2017). BI is driven by attitude, social norms, and perceived behavioural control, all of which are interrelated (Ajzen, 2005). Attitude denotes an individual's overall positive or negative evaluation of engaging in a particular behaviour. It comprises three elements – affective (e.g., like/dislike), cognitive (beliefs and ideas) and conative (tendency to act in a particular way). Subjective norm refers to an

individual's perceptions of social pressure from important referents to perform a behaviour. Perceived behavioural control (PBC) refers to individuals' perceived level of control (in terms of ability and possession of resources) over performing a behaviour (Ajzen, 2005). TPB is widely considered to be one of the most influential theories for predicting both behavioural intention and actual behaviour for a wide range of products and services (Chen and Tung, 2014).

The TPB is also known as a key theoretical lens for predicting green or pro-environmental behaviour (Zhang et al., 2020). More specifically, the theory has been validated in several studies investigating recycling behaviours (Wan, Cheung and Shen, 2012), green hotels and restaurants (Chen and Tung, 2014), energy-efficient products (Ha and Janda, 2012; Zhang et al., 2020), green products (Chen and Peng, 2012) and organic food choices (Kim and Chung, 2011). However, although the robustness of the TPB has been proven in many studies, its explanatory power is limited as aforementioned. Moreover, knowledge of the drivers of the attitude, which is an important predictor of behavioural intention (Ajzen, 2005; Paul, Modi, and Patel, 2016) is lacking.

Whilst attitudes are built after favourable or unfavourable evaluations of a particular behaviour (Chen and Tung, 2014), they can also be based on the evaluation of a particular product (Liao, Shen, and Shi, 2020). Since the favourability of the attitude would depend on the perceived benefits of the product (Zhang et al., 2020), we propose that attitudes towards green appliances will be formed by the perceived benefits derived from green appliances. The TCV specifies five values which not only influence attitude, but also influence choice (see Figure 1 below). Following Sheth et al. (1991) descriptions, these five values can be described as follows:

Functional value refers to the ability of a product or service to satisfy the consumer's utilitarian needs.

Social value is the extent to which individuals sacrifice self-control as a way of enhancing behaviour congruent with a preferred social group.

Emotional value relates to the perceived utility acquired from an alternative's capacity to arouse feelings or affective states.

Epistemic value refers to the perceived utility acquired from an alternative's capacity to arouse curiosity, provide novelty and satisfy a desire for knowledge.

Conditional value is described as the consumer's satisfaction with purchase decisions that are triggered by a set of situational factors in the marketplace.

The TCV has assisted researchers and practitioners to understand why consumers behave in a certain way towards the adoption of certain products (Biswas and Roy, 2015). For example, Lin and Huang (2012) used the TCV to identify factors influencing consumers' choice of green products. They found that choice was determined by the emotional, epistemic and conditional values whereas consumption behaviour was determined by the functional and epistemic values. Given these findings, and to increase the predictive power, this study integrated the TCV and TPB to formulate the hypotheses.

2.2 Hypotheses

Functional value and attitudes

Attitude towards environmental products has been described as a sum of beliefs, impressions, affect and predispositions that a person holds about environmental issues and activities (Liao et al., 2020). This attitude, which can be either positive or negative, is formed when there is a perception of the functional value of a product. Functional value can be defined as "the consumer's perception of how well a product/brand will fulfil utilitarian needs, such as the assurance of product quality and performance" (Albrecht, Backhaus, Gurzki and Woisetschlager, 2013). In the context of green appliances, Zhang et al. (2020) define functional value in terms of the product's ability to lessen resource depletion (e.g., water and electricity), reduce harmful emissions, protect the environment and promote a lower-carbon lifestyle. Consumers who are impressed with these functional abilities develop favourable attitudes towards purchasing green appliances (Zhang et al., 2020).

Conceptualising functional value in terms of product quality and price paid for it, Biswas and Roy (2015) found that it impacted the purchase of recycled products and even the behavioural intention to pay higher prices associated with green products. Maheshwari and Malhotra (2011) and Tsay (2010) also established that functional value has a positive influence on the purchase of green products. According to

Barber et al. (2014), green consumers are typically driven by the functional value of green products, which should positively impact their attitude. Hence, the following hypothesis is proposed:

H₁: Functional value will positively influence attitudes towards green appliances

Emotional value and attitudes

Emotional value can be described as the “utility derived from the feelings or affective states that a product generates” (Sweeney and Soutar, 2001). It also includes the perceived feeling or emotion (e.g., comfort, worry, pleasure) derived from the pre-decision to buy a particular product. For example, consumers may plan to buy energy-saving appliances with the comfort of knowing that they would save on water and electricity costs. This would be particularly pertinent in South Africa, where such costs increase yearly. Other consumers may plan to buy green appliances with the pleasure that these products will be environmentally friendly. These attributes of green appliances lead to a positive attitude towards buying the green appliances (Zhang et al., 2020). Koenig-Lewis, Palmer, Dermody and Urbye (2014) also found that the intrinsic feelings of doing something good both for one’s financial and psychological wellbeing and that of the environment influence consumer attitude. Previous research has found that consumers with positive emotional values make enjoyable and receptive green purchase decisions as these strengthen their belief and feelings that they are behaving responsibly to protect the environment (Biswas and Roy, 2015; Lin and Huang, 2012). Hence, the following hypothesis is proposed:

H₂: Emotional value will positively influence attitudes towards green appliances

Conditional value and attitudes

While emotional value is triggered intrinsically, conditional value is triggered by extrinsic circumstances, which prompt the need to choose alternatives (Woo and Kim, 2019). Environmental threats can enhance the propensity of consumers to choose environmentally friendly products, develop positive attitudes and act in a pro-environmental manner (Lin and Huang, 2012). Environmental problems which may enhance conditional value include climate change, global warming, pollution, the depletion of fossil fuels as well as water and electricity shortages (Jamilah, Grigore and Stancu, 2012). When consumers understand the implications of their consumption behaviour, it is expected that a feeling of moral obligation to do something about it will emerge and trigger pro-environmental attitudes and behaviours (Gadenne, Sharma, Kerr and Smith, 2011). In South Africa, frequent blackouts and water shortages have been felt by many and should, in principle, build more positive attitudes towards green appliances. Hence, the following hypothesis is proposed:

H₃: Conditional value will positively influence attitudes towards green appliances

Epistemic value and attitudes

Teng (2019) views epistemic values as “the benefit acquired from a product’s capacity to provide novelty or arouse curiosity to meet a person’s need for novelty, knowledge, or variety seeking”. The author further report that the most important epistemic value consumers seek in products is innovativeness. Thus, beyond the functional, conditional, and emotional values that drive consumers’ attitudes, Xiao (2005) suggests that attitudes are also influenced by epistemic values. For green products, Mostafa (2009) and Suki (2013) contend that curiosity about a product’s environmental contribution has a significant impact on green consumers’ attitudes and behaviour. Lin and Huang (2012) note that the epistemic value of green products in terms of product characteristics, product design and novelty significantly influence consumers’ choice. Hence, the following hypothesis is proposed:

H₄: Epistemic value will positively influence attitudes towards green appliances

Social value, attitudes, and behavioural intention

The quest to enjoy social value in terms of social identification, approval, symbolism and belonging (Koenig-Lewis et al., 2014) can influence product attitude and consumption behaviour. In particular, social identification plays a key role in buying behaviour as it enhances approval from an esteemed reference group (Bartels and Reinders, 2010). Similarly, Dhurup (2012) uses the term ‘in-group association’ to suggest the extent to which individuals sacrifice self-control as a way of conforming with the views of a preferred social group. For instance, the surge in environmental concern among social groups and the

formation of environmental clubs confirms the importance of social values in promoting pro-environmental attitudes and behaviour (Lin and Huang, 2012). For green appliances, Zhang et al. (2020) contend that “the more consumers feel that the purchase and use of energy-saving appliances helps them to demonstrate their image and win praise”, the more they will develop favourable attitude towards the purchase of green appliances.

In addition to attitude, social value is also recognised as a predictor of consumers’ intention to purchase green products (Biswas and Roy, 2015). Wahid, Rahbar and Shyan (2011) concur, stating that social value is a proxy for subjective norm and is therefore one of the dominant factors influencing behavioural intention. Hence, the following hypotheses are proposed:

H₅: Attitude towards green appliances is positively influenced by social value.

H₆: Social value will positively influence behavioural intention towards green appliances

Attitudes and behavioural intention

The more favourable a person’s attitude towards some considered behaviour, the more likely that the person will engage in that behaviour (Cherian and Jacob, 2012). Pro-environmental behaviour is contingent on nurturing and enforcing environmental attitudes (Zabkar and Hosta, 2013). Ajzen (1991) further suggests that a consumer’s attitude towards a certain behaviour predicts that person’s intention to carry out that behaviour. However, attitude occurs not only towards a behaviour, as Ajzen (1991) suggests; it can also occur in terms of an individual’s consistent favourable or unfavourable evaluation, feeling or tendency towards a product or service (Suki, 2013). Woo and Kim (2019) found that attitudes towards green food, for example, positively impacted behavioural intention. In this context, it is expected that positive attitude towards green appliances will influence behavioural intention. Hence, the following hypothesis is proposed:

H₇: There is a positive relationship between attitudes towards green appliances and the intention to purchase them.

Perceived behavioural control (PBC), behavioural intention and adoption behaviour

The TPB posits that individuals’ perceived possession of the resources (i.e., time, money and the skill or ability) to perform a particular behaviour (i.e., PBC) will either directly influence their adoption of the behaviour, or indirectly through their intentions to perform the task (Ajzen 1991). This is particularly true for green appliances which are perceived to be expensive, unconventional and may require new skills to operate the innovative features (Zhang et al., 2020). While functional value is the perception of the product’s quality and price, PBC assesses the ability to pay the price. A number of studies have shown that PBC positively impacts intention in various green contexts, such as recycling (Yeow, Dean and Tucker, 2014), conservation (Albayrak, Aksoy and Caber, 2013), green hotels (Chen and Tung, 2014) and green products in general (Moser, 2015). However, the relationship between PBC and actual adoption has been rarely empirically tested.

Considering Ajzen’s (2005) proposition that PBC positively relates to both behavioural intention and actual behaviour, the current study tests these relationships. In terms of the direct relationship between behavioural intention and adoption behaviour as the TPB proposes, Lai and Cheng (2016) in Hong Kong and Yadav and Pathak (2017) in India have empirically proven the positive relationship. Hence, the following hypotheses are proposed:

H₈: PBC positively influences behavioural intention to purchase green appliances.

H₉: PBC positively influences the adoption of green appliances.

H₁₀: There is a positive relationship between behavioural intention and actual adoption of green appliances.

The relationships hypothesised in this study are presented in Figure 1 below.

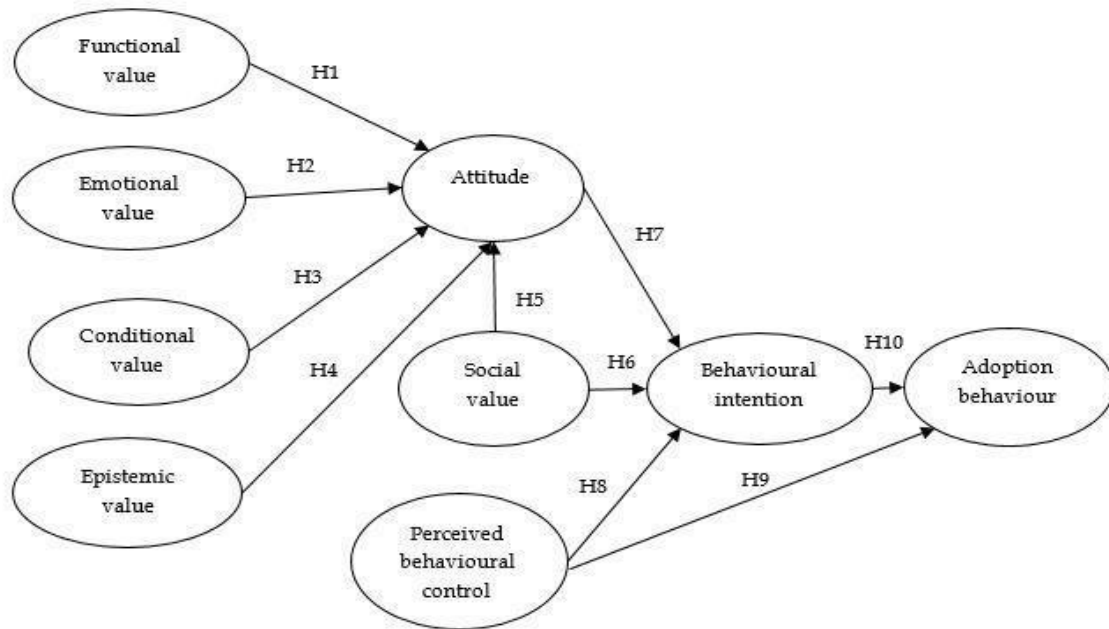


Figure 1: The Conceptual Model

3. Research methodology

3.1 Sample

Considering that the study tests a conceptual model and hypotheses, a quantitative design was appropriate. Quantitative data was collected through a face-to-face survey from black middle-class intentional users and actual users of green appliances. Intentional users are respondents who have positive attitudes and beliefs about the value of green appliances but are yet to buy them. Actual users were those who had bought appliances. These two types of users were distinguished through three screening questions which verified the respondents' awareness of green appliances, their intention to use them and their actual use of these appliances. The two user types were studied as behavioural intention was one of the constructs being investigated. The respondents who qualified were surveyed in the Gauteng Province as more than 66% of the black middle class resides in this province. The province is also regarded as the economic hub of South Africa (UCT Unilever Institute, 2016).

The data was collected by Ramsay Research Media, a professional research company with a database of middle-class consumers of all races. Ramsay has been collecting data for the UCT Unilever Institute of Strategic Marketing for numerous studies on the South African black middle class. A two-stage stratified probability sampling technique was applied. The first stage involved dividing the Gauteng list of black middle-class consumers into 12 suburbs of high-, middle- and low-income earners. Of these 12 suburbs, seven were identified as having more middle-class consumers. The second stage involved using simple random sampling to draw the sample elements from each level with the help of Hawkins and Tull's (1993) random numbers. This guarantees sampling efficiency since it increases representativeness (Saunders, Lewis, and Thornhill, 2012). Respondents were contacted to agree to either a meeting at their workplace or any other place convenient to them for a face-to-face, self-administered questionnaire. Face-to-face questionnaire administration increases the response rate as opposed the online surveys (Saunders et al., 2012).

3.2 Measures and analysis method

The scales used to measure the constructs were adapted from previous studies with reliable measures (i.e., Cronbach's alpha of ≥ 0.7). The sources of the scale and the items used to measure the constructs are shown in Table 1.

Table 1: Constructs, Items, and their Sources

Constructs	Items	Source
Functional value	FV1 Green appliances are of good quality.	Biswas and Roy (2015)
	FV2 Green appliances are well made.	
	FV3 Green appliances have an acceptable standard of quality.	Lin and Huang (2012)
	FV4 Green appliances offer value for money.	
	FV5 Green appliances perform reliably.	
	FV6 Green appliances perform their functions of saving water and electricity for a long time.	
Social value	SV1 Purchasing a green appliance causes/would cause me to be admired.	Choi and Johnson (2019)
	SV2 Purchasing green appliances makes/would make a good impression of me.	Wang, Liu, and Qi (2014)
	SV3 Purchasing green appliances improves/would improve the way I am perceived.	
	SV4 Most people who are important to me expect/would expect that I buy green appliances.	
Emotional value	EMV1 Buying green appliances feels/would feel like making a good personal contribution to something better.	Biswas and Roy (2015)
	EMV2 Buying green appliances feels/would feel like the morally right thing to do.	
	EMV3 Buying green appliances makes/would make me feel like a better person.	
	EMV4 Buying green appliances makes/would make me feel good.	
Conditional value	CV1 I buy/would buy green appliances when my financial conditions are good.	Sheth et al. (1991)
	CV2 I buy/would buy green appliances when there is a subsidy for green products.	
	CV3 I buy/would buy green appliances when there are discount prices for them.	
	CV4 I buy/would buy green appliances when they are available.	
Epistemic value	EV1 Before buying green appliances, I obtain/would obtain substantial information about the different makes and models of the products.	Suki (2013)
	EV2 I require/would require a great deal of information about the different makes and models before buying green appliances.	Sheth et al. (1991)
	EV3 I am willing to ask for new information about green appliances.	
	EV4 I like/would like to search for new and different types of green appliances.	
Attitudes	AT1 I feel that green appliances' environmental conservation claims are generally trustworthy.	Chen and Tung (2014)
	AT2 I feel that green appliances' environmental protection reputation is generally reliable.	
	AT3 Buying green appliances is/would be a good idea for me and the environment.	
	AT4 Buying green appliances is/would be a worthwhile purchase decision.	
	AT5 I have a favourable attitude towards purchasing a green version of products.	
	AT6 If I had to choose between green appliances and conventional ones, I would prefer the green version.	

Perceived behavioural control	PB1 I believe that I have the financial ability to purchase green appliances.	Laurenti and Acuna (2020)
	PB2 If it were entirely up to me, I am confident that I would purchase green appliances.	Moser (2015)
	PB3 I see myself as capable of purchasing green appliances in future.	
	PB4 I have resources to purchase green appliances.	
	PB5 I have the time to purchase green appliances.	
	PB6 Green appliances are generally available in the shops where I usually do my shopping.	
Behavioural intention	BI1 I intend to start/continue buying green appliances because of their environmental benefits.	Laurenti and Acuna (2020)
	BI2 I will consider switching to green appliances for ecological reasons.	
	BI3 I expect to start/continue purchasing green appliances in the future because of their positive environmental contribution.	
	BI4 I definitely want to purchase green appliances in my next purchase.	
Adoption behaviour	AB1 I make a special effort to buy green appliances.	Chen and Tung (2014)
	AB2 I have switched to buying green appliances because of the environmental benefits.	Ha and Janda (2012)
	AB3 When I have a choice between the same types of products, I purchase the ones that use less electricity and are less harmful to the environment.	
	AB4 I make a special effort to buy home appliances that are green or environmentally friendly.	

The respondents rated the items on a 7-point Likert scale, where 1=strongly disagree and 7=strongly agree. A 7-point scale was preferred as previous studies have used the same scale and its reliability and validity can be reasonably compared across cultures.

A pilot study involving 30 respondents was first conducted. After testing the constructs' reliability and validity, the wording of some items was adjusted, and several items were deleted to improve construct reliability for the main study. For the main study, a total of 600 questionnaires was distributed to the respondents. Five hundred questionnaires were fully completed, yielding a response rate of 83.3%. The 500 respondents fell within the minimum sample size of 200-500 to conduct structural equation modelling (Kline, 2011).

Data analysis started with descriptive statistics to obtain the constructs' and respondents' characteristics. Confirmatory factor analysis (CFA) was then conducted to assess the measurement model. We used Harman's one-factor test that Podsakoff, MacKenzie, Lee and Podsakoff (2003) propose to test common method variance (CMV). This was done by conducting exploratory factor analysis (EFA) with all of the items after specifying a one-factor model. From the one-factor solution which was unrotated, as suggested by Podsakoff et al. (2003), a variance explained of 40% was obtained. Since this figure was less than 50%, it indicated the absence of CMV (Podsakoff et al., 2003). Partial least squares structural equation modelling (PLS-SEM) was the main analysis method used to test the conceptual model and the hypotheses. This was done using SmartPLS version 3.2.7. PLS-SEM was preferred over covariance-based SEM (CB-SEM) as it has better predictive ability, especially with small sample sizes and large models (Garson, 2016). While CB-SEM is optimal for parameter accuracy, PLS-SEM is optimal for prediction accuracy (Hair, Hult, Ringle and Sarstedt, 2017).

4. Results

4.1 Profile of respondents

The respondents comprised 53.8% females and 46.2% males. About 80% of the respondents were within the working ages of 26-60 years old, compared to 10% who were within the young adults ages of

18-25 years old. Those employed constituted 93.8% while 2.6% were students and 3.6% were retired. Having up to 80% of the respondents within working age and 93.8% employed predicted their capability of buying green appliances. This was further supported by 88.4% of respondents reporting that they earned between R15,000 and R49,999+ (\$1,026 - \$3,420+). Earning this range of income qualified these consumers as middle class, which would have been made possible by the fact that up to 90.8 % held between high school and master's qualifications. With these levels of education, awareness and use of green appliances would be likely.

4.2 Measurement model

4.2.1 Mean, validity, and reliability

The reliability of the constructs was tested using Cronbach's alpha and composite reliability, while the validity was assessed with factor loadings and average variance extracted (AVE) for convergent validity and correlation matrix for discriminant validity. The results are shown in Tables 2 and 3 below.

Table 2: Test of Reliability and Convergent Validity

Constructs and items	Factor loading	Mean	Cronbach's alpha	Composite reliability	Average variance extracted
Adoption behaviour		6.09	0.984	0.987	0.926
AB1	0.964				
AB2	0.962				
AB3	0.948				
AB4	0.977				
AB5	0.963				
AB6	0.958				
Attitude		5.80	0.952	0.962	0.807
AT1	0.894				
AT2	0.914				
AT3	0.889				
AT4	0.900				
AT5	0.907				
AT6	0.884				
Behavioural intention		5.78	0.930	0.950	0.827
BI1	0.921				
BI2	0.920				
BI3	0.903				
BI4	0.893				
Conditional value		5.05	0.849	0.882	0.652
CV1	0.794				
CV2	0.732				
CV3	0.806				
CV4	0.890				
Emotional value		5.55	0.899	0.937	0.832
EMV1	0.915				
EMV2	0.932				
EMV4	0.889				
Epistemic value		5.70	0.925	0.941	0.727
EV1	0.823				

EV2	0.882				
EV3	0.872				
EV4	0.832				
EV5	0.873				
EV6	0.833				
Functional value		5.79	0.932	0.948	0.785
FV1	0.864				
FV2	0.873				
FV3	0.896				
FV4	0.900				
FV5	0.896				
Perceived behavioural control		5.73	0.928	0.943	0.736
PB1	0.854				
PB2	0.874				
PB3	0.875				
PB4	0.874				
PB5	0.887				
PB6	0.779				
Social value		5.28	0.947	0.962	0.862
SV1	0.913				
SV2	0.943				
SV3	0.940				
SV4	0.917				

Table 3: Test of Discriminant Validity

	1	2	3	4	5	6	7	8	9
Adoption behaviour	0.962								
Attitude	0.356	0.898							
Behavioural intention	0.360	0.792	0.909						
Conditional value	-0.019	0.345	0.327	0.808					
Emotional value	0.246	0.778	0.754	0.360	0.912				
Epistemic value	0.326	0.752	0.734	0.337	0.729	0.853			
Functional value	0.437	0.776	0.757	0.280	0.670	0.721	0.886		
Perceived behavioural control	0.371	0.781	0.773	0.359	0.764	0.720	0.798	0.858	
Social value	0.255	0.716	0.712	0.379	0.770	0.725	0.627	0.709	0.929

Note: Square root of AVE reflected diagonally

Table 2 shows that the respondents agreed to statements measuring the constructs with the means all above 5 on a 7-point Likert scale. The Cronbach's alpha and composite reliability scores for the constructs were all above the minimum threshold of 0.70, as recommended by Hair, Hult, Ringle and Sarstedt (2017). Composite trait reliability was therefore confirmed. Factor loadings for all 45 items varied between 0.732 and 0.945. The AVE value for each of the constructs was above the recommended 0.5 (Hair et al., 2017). Convergent validity was therefore confirmed. The discriminant validity was assessed by determining whether the square root of the AVEs exceeded the corresponding inter-construct correlations and according to Fornell-Larcker's criterion (Hair et al., 2017). It is evident from Table 3 that this was indeed the case. Therefore, discriminant validity was confirmed.

4.3 Structural model: Hypothesis testing

Table 4 below present the results of the tested hypotheses.

Table 4: Summary of Structural Model Analysis

	Path coefficient	T Statistics	P Value	Result	R ₂	f ₂
Functional value -> Attitude (H1)	0.260	6.455	0.000	Supported	81%	0.053
Emotional value -> Attitude (H2)	0.301	5.826	0.000	Supported		0.007
Conditional value -> Attitude (H3)	0.026	1.550	0.121	Not Supported		0.026
Epistemic value -> Attitude (H4)	0.491	11.450	0.000	Supported		0.170
Social value -> Attitude (H5)	-0.074	1.494	0.135	Not Supported		0.006
Social value -> Behavioural intention (H6)	0.093	2.539	0.011	Supported	83.4%	0.153
Attitude -> Behavioural intention (H7)	0.510	7.912	0.000	Supported		0.297
PBC -> Behavioural intention (H8)	0.358	5.781	0.000	Supported		0.196
PBC -> Adoption behaviour (H9)	0.242	3.344	0.001	Supported	24.3%	0.025
Behavioural intention -> Adoption behaviour (H10)	0.148	1.998	0.046	Supported		0.118

Table 4 shows that South African black middle-class consumers' attitudes toward green appliances were positively and significantly influenced by the functional value, emotional value, and epistemic value. Hence H₁, H₂ and H₄ were supported. Conditional value and social value did not significantly influence attitude. Consequently, H₃ and H₅ could not be accepted. The five values explained 81% of the variance in attitude.

Attitude, social value and PBC positively and significantly impacted behavioural intention, explaining 83.4% of it. Thus, H₆, H₇ and H₈ were accepted. Behavioural intention and PBC positively and significantly influenced the adoption of green appliances and explained 24.3% of it. Therefore, H₉ and H₁₀ were supported.

The f₂ effect size (also known as R-square change effect) is a measure that calculates changes in the R₂ should a specific exogenous construct be omitted from the model (Garson, 2016). f₂ values of 0.02, 0.15 and 0.35 respectively were used as guidelines for small, medium, and large effect sizes of the predictive variables (Cohen, 1988). As shown in Table 4, we found a small effect of functional value and conditional value and a very small effect of emotional value and social value on attitudes. Epistemic value was found to have a medium effect on attitudes. Attitudes, social value, and perceived behavioural control were found to also have a medium effect on behavioural intention. Lastly, the results showed that perceived behavioural control and behavioural intention had a small effect on adoption behaviour.

The final step in assessing the structural model was to assess the predictive relevance of the three endogenous constructs (attitudes, behavioural intention, and adoption behaviour) using Stone-Geisser's Q₂ statistic (Geisser, 1975; Stone, 1974). SEM-PLS requires a measure of predictive capability which uses an approach known as the 'blindfolding procedure'. A cross-validated redundancy greater than 0 shows that there is predictive relevance while a value less than 0 indicates that the model lacks predictive relevance (Chin, 1998). In this study, the model was found to have predictive relevance, as the cross-validated redundancy result (the Stone-Geisser test Q₂) was 0.653 (attitude), 0.645 (behavioural intention) and 0.165 (adoption behaviour), all of which are greater than 0.

5. Discussion and implications

The adoption of non-conventional and sustainable products such as green appliances, which are often perceived to be more expensive, requires the integration of theories to gain a richer understanding of attitudes and behaviour drivers. Considering that about 80% of South-African middle class uses appliances, this study integrated two theories (TCV and TPB) to examine the drivers of black middle-class consumers' attitudes, behavioural intention, and adoption of green appliances. It was found that black

middle-class consumers not only held strong positive attitudes towards green appliances, but 50% had in fact purchased such appliances. The positive attitude was driven by functional, emotional, and epistemic benefits (values) expected from the appliances.

Epistemic value ($\beta = 0.491$) made the greatest contribution to attitude formation. This result supports the findings of Barber et al. (2014) in the USA and Biswas and Roy (2015) in India who also found that the quest for novelty and knowledge about a product (epistemic value) were among the top drivers of green product interest. Other studies (Chen and Chang, 2012; Suki, 2013) have found that functional value was the important player in stimulating green product purchase intentions. It was encouraging to note that emotional value, which Koenig-Lewis et al. (2014) describe as the intrinsic feelings of doing something good both for one's wellbeing and that of the environment, influenced South African black middle class consumers' green appliances attitudes. This finding supports the results of Koenig-Lewis et al. (2014) which showed that Norwegian consumers' BI to buy beverages packaged with organic material was influenced by emotional value. There is a saying in South Africa that 'if you feel good about something, you do good about that thing'. If a large and influential market segment such as the South African black middle class were to develop positive attitudes about green appliances because they felt good about them, the demand for sustainable products would grow. This would greatly reduce energy and water consumption in the country, which is currently a cause for concern.

It was, however, worrying to find in this study that conditional value, which includes the well-known threat of resource depletion in South Africa – did not significantly influence the country's large middle-class consumers' attitudes towards green appliances. Considering the ongoing water and electricity shortages in South Africa, it was expected that conditional value would strongly trigger consumers' green appliance attitudes, as found by Gadenne et al. (2011) in Australia. However, in India, an emerging economy such as South Africa, Biswas, and Roy (2015) also failed to validate the relationship between conditional value and green product interest.

Even though green consumption is often viewed as an altruistic act, Arruda-Filho, Cardoso and Barboza (2019) expressed concern that pro-environmental actions (e.g., taking public transport to save fuel, car and parking costs instead of reducing carbon emission) may be done for selfish or individualistic reasons. Conditional values are more related to environmental values (Sangroya and Nayak, 2017). The extent to which emerging market consumers feel good about green products for their personal cost savings and interests (emotional and functional values) and are happy that they own a new innovation (epistemic value), may indicate that they are individualistically motivated to buy green appliances. This assumption stems from the fact that functional, emotional, and epistemic values may be related more with personal values than altruistic ones (Arruda-Filho et al., 2019). This, however, needs empirical confirmation by studying the strength of emerging market consumers' environmental and altruistic values. Nonetheless, the positive attitudes towards green appliances derived from functional, epistemic, and emotional values are good news for marketers. Zhang et al. (2020) suggest that two of these values (functional and emotional) impact willingness to pay the premium price associated with green appliances.

This study found a negative relationship between social value and attitudes, even though this relationship was not significant. This means that even though previous studies have pointed to social pressures and peer opinion as important drivers of green purchase decision-making (Dhurup, 2012; Wahid et al., 2011), for South African middle-class consumers, social pressures and opinions appear to be rather demotivating, although not significantly. This could be another indication that the consumers in this study held favourable attitudes towards green appliances for personal as opposed to social reasons.

The social pressure and opinions in our finding, together with developed attitude and PBC, significantly impacted BI. This finding is corroborated by Chekima, Wafa, Igau, Chekima and Sondoh (2016), Lorek and Fuchs (2013) and Wang et al. (2014). Our findings validate the TPB in explaining green product BI in a multicultural and socio-demographically diverse country like South Africa. It can therefore be contended that individuals who hold positive attitudes, experience social benefits, and have favourable PBC are more likely to engage in sustainable behaviour. The likelihood of performing the sustainable behaviour can be better explained if the TCV is also incorporated into the TPB, as done in the current study. Our integration of the TPB and TCV explained a greater percentage (83.4%) of BI compared to Lin and Huang (2012) and Taylor (2015), who could only explain 48% and 26.7% of BI respectively,

using a single theory. Thus, to increase the BI propensity of the large and profitable black middle class, marketers and environmental practitioners should start by promoting the consumption values to be gained from such products. This would enhance positive attitudes by 81% and BI by 83.4%, as proven in this study. Thus, while PBC, attitudes and subjective norms are important BI drivers (as posited by the TPB), we show that consumption values are also important in boosting BI. These findings not only shed light on drivers of green product consumption, but they also provide insights into the black middle class, which is a large, lucrative, and fast-growing market segment in South Africa.

The integration of the TPB and TCV explained only 24.3% of actual adoption. This suggests that in addition to BI and PBC, which significantly influenced actual adoption in this study, there are other factors that can translate BI into action. These could be marketing factors in terms of creating awareness of the benefits of green appliances, reasonable pricing and the promotion of the good price, especially since green products are perceived to be more expensive (Barber et al., 2014; Biswas and Roy, 2015) as well as the wider distribution and availability of the products. Other factors that can translate BI into actual adoption could be regular in-store training and even demonstrations of the relative advantage, lower complexity and greater compatibility of green appliances compared to conventional ones. These factors and perceived cost could – according to DOI theory – increase adoption rates. Future studies should therefore integrate the DOI for a three-theory explanation of green appliance adoption. While our two-theory model greatly explained BI and can be a good framework to explain BI for other pro-environmental products in other emerging markets, the suggested three-theory model could improve the explanation of actual adoption, which is rarely studied.

6. Research limitations and future research opportunities

Notwithstanding the contributions of this study, there are several limitations which could be addressed in future studies.

The sample used for this study was selected from only one geographical area, namely, the Gauteng Province in South Africa. Gauteng houses the country's economic capital (Johannesburg) and political capital (Pretoria). It also has the highest proportion of people classified as black middle class. However, the findings could be better generalised if black middle-class consumers were studied in other, less affluent provinces.

Even though various demographic characteristics of the black middle class were considered, future studies could use bigger samples for better generalisation.

Using structured questionnaires may have limited respondents' views on the consumption values they expected and enjoyed from green appliances. A qualitative design through in-depth interviews and focus groups could provide other insights into consumption values and drivers of attitude and green appliance behaviour.

Even though behavioural intention influenced actual adoption in the current study, further research is needed to identify factors that would better close the gap between intention and actual behaviour. Given the importance of environmental sustainability, it is necessary to understand which factors can influence consumers to purchase green appliances and to improve the variance explained in actual adoption.

7 Conclusion

Water and electricity shortages are becoming more frequent in South Africa. Such shortages could be mitigated if the country's black middle-class consumers, most of whom own appliances, were to adopt green ones. This study thus assessed attitude towards green appliances and their adoption. The study also integrated the TPB and TCV to examine drivers of attitude, BI and actual adoption. The integrated theoretical model explained high percentages of attitude and BI compared to previous studies that used only a single theory. However, the integrated model provided a weak explanation of actual adoption, thus suggesting the extension of the model to include other constructs or theories.

In addition to the theoretical contribution of this study, especially in the area of sustainable consumer behaviour, this study provides marketers, environmental interest groups and policy makers with valuable insights which could be used to tailor messages to persuade South Africa's large and

lucrative black middle class to start and continue using green appliances. Future studies could assist by identifying other factors that can translate BI into actual adoption.

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Soft skills and its impact on an organizational creativity-A field study

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Keywords

Soft skills, communication, teamwork, individual innovation, self-management, critical thinking, problem -solving, organizational creativity.

Abstract

The purpose of this study to investigate the relationship between soft skills and organizational creativity at the company Telecom Egypt in regions of Suez, South Sinai, and the Red Sea. To achieve research objectives, three basic hypotheses were formulated, and tested using primary data collected through the questionnaire, consisted of 251 questionnaires. Structural equation modelling and path analysis were performed to analyse the survey data and to test study hypotheses. The study found a strong positive relationship and significant effect of the soft skills dimensions of (communication, working in a team, individual innovation, self-management, critical thinking, problem-solving on organizational creativity, and the relative importance of the soft skills dimensions varies in their impact on organizational creativity, ranking as follow: critical thinking, self-management, problem -solving, communication, working in a team, individual innovation.

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1. Introduction

Soft Skills consider one of the concepts that are frequently mentioned in recent years, refers to the basic skills that related to an individual's ability to interact with others, communicate with them, use leadership behaviours that characterize his relationships with others, initiative, and interact with clients, Working within a team, these skills also complementary to hard skills related to knowledge, experience, specialization, professionalism, and the ability to perform job tasks (Seth and Seth, 2013). Business owners emphasize the importance need for intangible, non-technical skills and these known as the skills of 21st the century, includes of the individual and his interaction with others, shift in interest from manufacturing to interest in services, contribute to achieving a competitive advantage, and reducing unemployment, increasing employment (Quinley, 2013; Simpson, 2006).

Also called life skills, represent 75% of worker skills (Rao, 2010), Gewertz (2007) called it also applied skills, The term soft skills receive great attention, acceptance, and popularity among writers and researchers in the field of business administration at present, because it considers important a key for achieving entrepreneurial organizations, and a critical factor for achieving economic and social progress (Tobin, 2008), Glenn (2008) sees it vital and imperative concept today and one of the most important priorities for high-performance organizations to maintain a competitive advantage.

The present study attempts to identify the relationship between soft skills and organizational creativity in the company Telecom Egypt regions (Suez, South Sinai, and the Red Sea). So, this study attempts to answer the following research question, what are the affect soft skills on organizational creativity?

2. Literature review

2.1 The concept of soft skills

The results of study Seth and Seth (2013) indicate that 86% of employers agree on the importance of soft skills for success in the work environment, 60% of them see graduates in Work market do not have the skills needed to succeed in work, and 68% of them see that the ratio of soft skills to solid skills is 40:40 in favour of soft skills in public jobs, while the ratio is 50:50 in middle management jobs, and the ratio is 60:40 in favour of skills Soft in senior management positions, the results also indicate that The six most important soft skills from the employer's point of view are arranged according to their importance to them : 99% for communication skill, 90% for personal skills, 6% for teamwork skill, 5% for leadership skill, 4% for conflict management skill, 2% for time management skill.

The study conducted by Hajjaj (2014) indicates that there is a Statistical significance relationship between job-hunting processes administrative and the soft skills dimensions (networking, strategic thinking, self-presentation, professionalism, crisis management, negotiation, anger management), report Mansour (2016) indicate there are important skills required to workers it is not available in Egypt include: basic skills such as: (communication- working in a team- problem solving), technical skills, management and leadership skills. While in Morocco the basic skills such as (communication, working in a team- problem -solving- participation), management and leadership skills, Soft skills, and technical skills. And in Saudi Arabia it: management and Leadership skills, core skills such as (communication- team- work, problem-solving), marketing skills and technical skills. study Qwaider (2017) also indicate direct a statistically significant relationship between soft skills and improving the performance of workers in Palestinian ministries, and the performance is affected by the following soft skills dimensions (communication, teamwork, crisis management, decision making, planning, time management and work under pressure), Soft skills contribute to increasing productivity and efficiency in work, reducing work time and developing family life for workers.

Tang (2018) sees that soft skills are the cornerstone for achieving organizational success, as they necessary for organizations in the twenty-first century. The results of one study indicate that 75% of job success depends on dealing with others, while only 25% depends on technical knowledge (Klaus, 2010), while the results of another study indicate that 85% of success in Work is due to soft skills, and Solid skills do not contribute for only 15% success in an individual's work (John, 2009). Mahasneh's study (2016) addressed a theoretical framework for soft skills in building and construction sector using Six Sigma design, where employers in this sector face a large gap in soft skills, and the skills required in graduates are (Communication, thinking, conflict resolution, negotiation, teamwork, stress management, professionalism, productivity, work ethic, diversity, planning , organization, self-intelligence and social intelligence). Perera (2010) sees communication as soft skill consider the cornerstone to achieve success business and organization, Creativity is important problem-solving tool, Al-Farra (2016) believes that interest in developing the soft skills of workers is a means towards development, innovation, creativity and organizational renewal.

We conclude from the previous presentation the soft skills dimensions in this study include: (communication, working in a team, innovation, self-management, critical thinking, and problem solving) (see Figure 1). Therefore, in this study, it is hypothesized that:

H1: There is a statistically significant relationship between the soft skills dimensions and organizational creativity in the company Telecom Egypt.

2.2 Organizational creativity

Riyadh (2012) was measured organizational creativity in four dimensions (flexibility, originality, the spirit of risk, sensitivity to problems), the study found a strong and immediate correlation and effect between transformational leadership and organizational creativity. A study (Osama, 2014) indicates that there is a statistically significant relationship between organizational creativity and organizational and job performance, the elements of organizational creativity include: (originality, fluency, flexibility, risk, ability to analyse, sensitivity to problems and out of the ordinary). study (Koustab Ghosh, 2015) indicate that self-leadership behaviours, self-management, and self-motivation affect the level of individual and group creativity in the work environment, development of new ways to solve problems, critical and constructive

thinking. A study Amrawi (2016) concluded that there is a statistically significant effect and the relationship between organizational creativity and competitive advantage in the small and medium companies, organizational creativity was measured in four dimensions (originality, fluency, sensitivity to problems, risk).

Al-Shammari and Al-Mabrik (2012) determine the organizational creativity dimensions as follow:

- A. Fluency: An individual can generate a large number of ideas, alternatives and solutions and the focus is on the number of ideas and not on their type or quality.
- B. Flexibility: The individual can generate diverse ideas or solutions that are not traditional ideas and solutions, the focus is on the diversity of ideas, not quantity.
- C. Sensitivity to problems: The individual's ability to perceive weaknesses in a situation or problem by looking at the stimulus from different angles.
- D. Risk Tolerance: The individual can accept risks and take responsibility and accept challenge and audacity.

We conclude from the previous presentation the organizational creativity dimensions in this study include: (the ability to fluency, sensitivity to problems, risk tolerance, acceptance of change).

2.3 The relationship between soft skills and organizational creativity

Alqurashi (2012) study indicate an impact of developing soft skills for workers on customer loyalty, where developing soft skills for workers contributes to Improving the quality of customer service, customer loyalty and improving employee's performance. study (Shabir, 2016) the results indicate a statistically significant relationship between soft skills (leadership, teamwork, communication, decision making, problem -solving, negotiation, planning and time management), student leadership trends (initiative, creativity, risk tolerance) and the soft skills variables affect the entrepreneurial orientation in order: (decision-making, problem-solving, negotiation, leadership, teamwork, planning, communication, time management). Aoun, Hasnan and Al-Aaraj (2018) the results of the study indicate that simplified practices significantly affect innovation skills of workers, while soft comprehensive quality management did not mediate this relationship due to its failure to implement it appropriately, especially at the level of management centered on human resources and continuous improvement in Lebanese hospitals.

We conclude from the previous presentation in this study it is hypothesized that:

H2: There is a statistically significant effect relationship of the soft skills dimensions on the organizational creativity in Telecom Egypt.

This hypothesis is divided into the following sub- hypothesizes:

H 2-1: There is a statistically significant effect relationship between communication skill as one of the soft skills dimensions and organizational creativity in the company.

H 2-2: There is a statistically significant impact relationship between the skill of working in a team as one of the soft skills dimensions and organizational creativity in the company.

H 2-3: There is a statistically significant impact relationship between the skill of individual innovation as one of the soft skills dimensions and organizational creativity in the company.

H 2-4: There is a statistically significant impact relationship between the skill of self-management as one of the soft skills dimensions and organizational creativity in the company.

H 2-5 There is a statistically significant effect relationship between the skill of critical thinking as one of the soft skills dimensions and organizational creativity in the company.

H 2-6 There is a statistically significant impact relationship between the problem-solving skill as one of the soft skills dimensions and organizational creativity in the company.

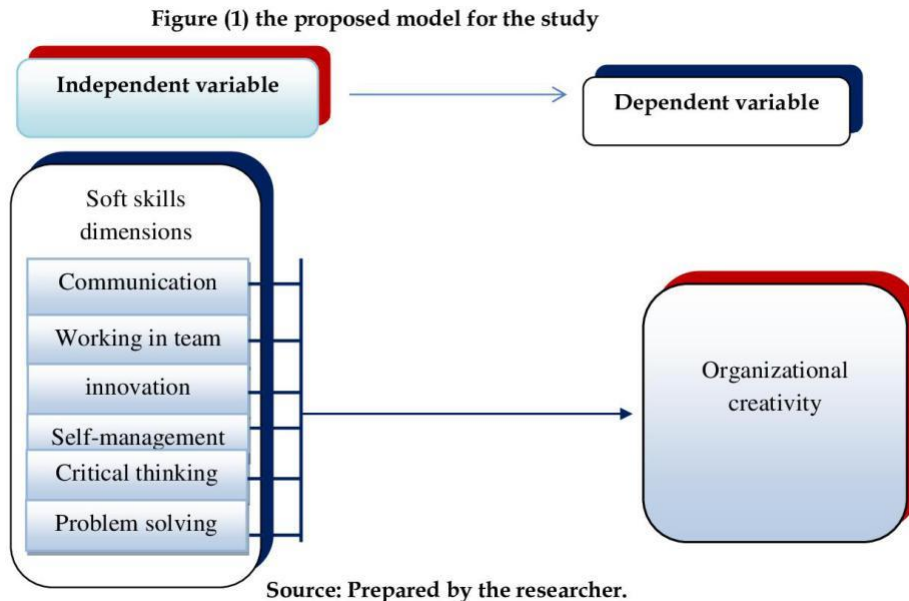
H3: The relative importance of soft skills dimensions varies in terms of influencing the level of organizational creativity.

3. Research methodology

3.1 Methodology

This research uses structural equation modelling (SEM) to measure the variables of the study. Based on the descriptive analytical approach is used in its survey method, which depends on data

collection, organization, and analysis through relying on theoretical and field study method to achieve the objectives of the research. Figure 1 illustrates The Proposed research framework.



3.1.1 Measuring variables

First, a measurement model is designed to determine the significance of path coefficients (factor loadings) between multiple variables (observed variables) and (latent variables), it allows making sure the validity of the model. Next, a structural model is designed to verify the significance of statistical influences or regression weights, enabling testing of the causal relationships between the variables that were hypothesized in the proposed conceptual model.

3.1.2 The questionnaire design and data collection

A Questionnaire was designed to measure the soft skills dimensions in this study (independent variables), and based on the scale of (Hajjaj, 2014), (Qwaider, 2017). As for the dimensions of the dependent variable, organizational creativity was measured based on the scale of (Jawwal, 2015), (Al-Harabsheh and Al-Haiti, 2006), (Al-Zoubi, 2013), (Amrawi, 2016), with some required adjustments to the phrases to suit the objectives of the current study, as well as an open question about the proposals of the research groups regarding the contribution of soft skills in developing the level of organizational creativity. And a set of questions related to general data to know the characteristics of the research sample. The five-point Likert scale was used. The questionnaire was used to collect data, is divided into three parts, the first part: demographic data (age, gender, level of education). The second part deals with information about the soft skills dimensions under study (independent variables): (communication, working in a team, innovation, self-management, critical thinking, problem-solving), the third part deals with information about the organizational creativity dimensions (dependent variable): (the ability to fluency, sensitivity to problems, risk tolerance, acceptance of change).

3.1.3 Research population and Sampling

The research population is represented in the Egyptian Telecom Company, the sectors of the regions (Suez, South Sinai and the Red Sea), and it is clear the heterogeneity of the vocabulary of the research population, and a stratified random sample was pulled out of its total size according to the sample size tables (274) single, the size of population (939) single during February 2019 (Sekaran, 2003). The number of valid lists reached 251 lists, and the rate of correct responses reached %91.6, which is a high and acceptable rate for scientific research purposes.

4. Data analysis

4.1 Measurement model

The researcher used The Social Sciences Statistical Package (SPSS / PC +, v. 22), (AMOS, v. 22), Use the SEM model equations to test the suitability or conformity of the model to the data. The following statistical methods due to their compatibility with the nature of the study data:

The Alpha Cronbach's Reliability Coefficient to assess the reliability of the set of phrases that measure study variables, the Confirmatory Factor Analysis (CFA) to verify structural validity of the scale, exploratory factor analysis (EFA) to test the validity and veracity of study variables, Composite Reliability (CR), and Average Variance Extracted (AVE), (see table 1). Path analysis and determination of Critical Ratio for Regression Weight to test the hypotheses of the study and verify the existence of a significant relationship between the dimensions of the independent and dependent variable.

Table (1) exploratory factor analysis, Confirmed Factor Analysis, Composite Reliability, Cronbach's Alpha Average Variance Extracted

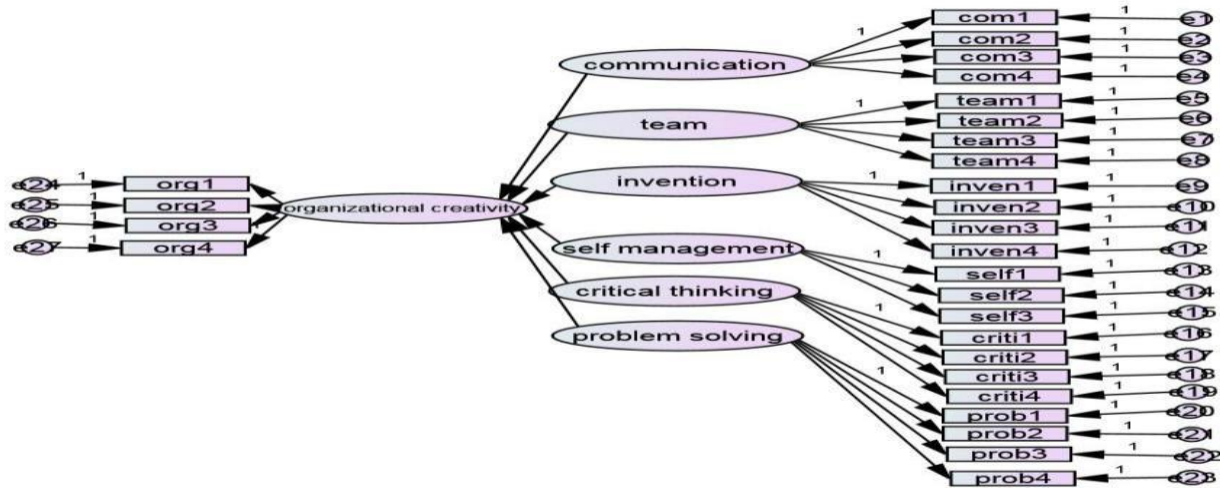
Items	EFA	CFA	R	Cronbach's alpha	VE
com1	.82	.75			
com 2	.80	.74			
com 3	.83	.80			
com 4	.90	.92			
communication			86	.85	68
Team1	.90	.87			
Team2	.90	.88			
Team3	.91	.88			
Team4	.88	.83			
Team			92	.92	76
Innov1	.85	.84			
Innov2	.86	.83			
Innov3	.84	.82			
Innov4	.84	.80			
Innovation			7.	.86	71
Self1	.80	.76			
Self-2	.81	.88			
Self-3	.76	.70			
self-management			8	.89	68
Criti1	.90	.90			
Criti2	.91	.88			
Criti3	.87	.85			
Criti4	.88	.89			
critical thinking			91	.90	80
Prob1	.80	.78			
Prob2	.81	.78			
Prob3	.79	.76			
Prob4	.78	.73			
Problem-solving			92	.91	75
Org1	.86	.69			
Org2	.84	.68			
Org3	.87	.73			
Org4	.94	.86			
organizational creativity			0.	.79	61

It is clear from the previous table that the values of the alpha coefficient range between (79%, 92%), the values of confirmatory factor analysis are between (68%, 92%), Composite Reliability values are between (80%, 92%), and the values of the Average Variance Extracted Between (61% , 80%), exploratory

factor Analysis between (76%, 94%), This means an acceptable increase in the reliability of each variable, where all values exceed 50% and the height of the dependency coefficients reflects the high degree of internal consistency and honesty between the contents of each of the previous variables, and also means the ability to rely on these variables in practice, and the validity of the model to measure variables studying. The survey is accepted if the Alpha Cronbach's coefficient or persistence ratio is greater than 60% (Sekaran, 2003; Mcclave, Benson and Sincich, 2001).

5. Testing of hypotheses

Figure (2) path analysis of the proposed structural equations model for the study variables



The following table shows indicators of conformity or suitability for the proposed structural model for the study:

Table (2) Conformity quality indicators for the proposed SEM structural model for the study (model fit)

Measures	Fit Indices	Threshold Values
CMIN/DF	2.1	Less than 3
GFI	0.98	0.90 and above
AGFI	0.97	0.90 and above
CFI	0.96	0.90 and above
TLI	0.98	0.90 and above
NFI	0.97	0.90 and above
RMSEA	0.05	Less than 0.08

It is clear from the previous table that all the values of indicators of conformity or suitability of the model are high and exceed the ideal limits, which means acceptance and validity of the model to measure the relationship between the study variables. To test the study hypotheses and verify that there is a significant relationship between the dimensions of the dependent and independent variable, the following table displays a summary of the results of the regression coefficients between the study variables:

Table (3) Regression Weights: (Group number 1 - Default model)

		Estimate	S.E.	C.R.	P	abel
communication	<--- organizational creativity	1.718	.532	3.230	.001	
team	<--- organizational creativity	.432	.198	2.181	.029	
innovation	<--- organizational creativity	.105	.051	2.070	.038	
self-management	<--- organizational creativity	.330	.092	3.596	***	
critical thinking	<--- organizational creativity	1.240	.337	3.676	***	
problem solving	<--- organizational creativity	1.394	.407	3.429	***	

It is clear from the previous table that the proposed model of the study included good values for indicators, and this is shown by the table of indicators of conformity quality, and all estimates of the

model are significant at the level of significance 0.05. The calculated value is greater than the tabular value of CR 1.96, and values this indicates that the expressions for each dimension are able to measure and accept the values of the structural validity coefficients for the scale, and therefore can be relied upon to estimate the relationship between the independent variable and the dependent variable.

Through the results shown in the previous table, the following hypothesis can be tested as follow:

The hypothesis (H1) was accepted, as all model estimates were significant at 0.05 level of significance, and calculated CR values were greater than the tabular value of 1.96, indicating that this relationship was significant.

The hypothesis (H2/1) was accepted, a value of CR = 2.230 (i.e., more than 1.96) that indicate to the effect of an independent variable on the dependent variable is significant, and (Estimate = 1.718) with a positive sign indicating that there is a positive relationship between communication skill and organizational creativity, and significant , the value of P = .001 (i.e., less than 0.05) This indicates the relationship is significant.

The hypothesis (H2/2) was accepted, a value of CR = 2.181 (i.e., more than 1.96) that indicate to the effect of an independent variable on the dependent variable is significant, and (Estimate = 0.432) with a positive sign indicating that there is a positive relationship between skill of working in team and organizational creativity, and significant, the value of P = .029 (i.e., less than 0.05) This indicates the relationship is significant.

The hypothesis (H2/3) was accepted, a value of CR = 2.070 (i.e., more than 1.96) that indicate to the effect of an independent variable on the dependent variable is significant, and (Estimate = 0.105) with a positive sign indicating that there is a positive relationship between skill of individual creativity and organizational creativity, and significant, the value of P = .038 (i.e., less than 0.05) This indicates the relationship is significant.

The hypothesis (H2/4) was accepted, a value of CR = 3.596 (i.e., more than 1.96) that indicate to the effect of an independent variable on the dependent variable is significant, and (Estimate = 0.330) with a positive sign indicating that there is a positive relationship between skill of self-management and organizational creativity, and significant, the value of P = .000 (i.e., less than 0.05) This indicates the relationship is significant.

The hypothesis (H2/5) was accepted, a value of CR = 3.676 (i.e., more than 1.96) that indicate to the effect of an independent variable on the dependent variable is significant, and (Estimate = 1.240) with a positive sign indicating that there is a positive relationship between skill of critical thinking and organizational creativity, and significant, the value of P = .000 (i.e., less than 0.05) This indicates the relationship is significant.

The hypothesis (H2/6) was accepted, a value of CR = 3.429 (i.e., more than 1.96) that indicate to the effect of an independent variable on the dependent variable is significant, and (Estimate = 1.394) with a positive sign indicating that there is a positive relationship between problem-solving skill and organizational creativity, and significant, the value of P = .000 (i.e., less than 0.05) This indicates the relationship is significant.

The most influential dimensions in organizational creativity are critical thinking, then self-management, then problem solving, followed by communication, then teamwork and finally individual innovation.

As a result of proving the validity of the hypotheses, the main hypothesis is validated, which states that there is a significant influence relationship between the soft skills dimensions and organizational creativity. Thus, the second main hypothesis H2 is fulfilled, there is a statistically significant effect relationship of the soft skills dimensions on the organizational creativity.

The hypothesis H3: was accepted, it is clear from the proof of the second hypothesis that the most influential dimensions in organizational creativity are: critical thinking, followed by self-management, then problem solving, then communication, followed by teamwork and finally individual creativity. Thus, the order of the independent variables in terms of their effect on the dependent variable is as follow: (Critical thinking, Self-management, Problem-solving, Communication, Teamwork, Individual creativity). Then accept the third hypothesis.

6. Discussions

The topic of creativity is one of the most dynamic and soft topics, and the need for it increases and it occupies great importance in previous research and studies at present, as it plays an important role in the development of organizations, success, survival, a competitive and global environment characterized by speed and complexity, consider a competitive advantage. So, this research contributes to the exploration of the factors that affect organizational creativity.

This study has found that there is a positive relationship between soft skills dimensions and organizational creativity. The main contribution of the research is soft skills effect on organizational creativity, the relationship between soft skills and organizational creativity need to increase organizational creativity by the ability to fluency, sensitivity to problems, risk tolerance and acceptance of the change. The other contribution is that the study found that there is a statistically significant relationship between the soft skills dimensions and organizational creativity. The results of this study are consistent with the results of previous studies in this field, such as the study of Shabir (2016) indicates a statistically significant relationship between soft skills and (initiative, creativity, risk tolerance), and Al-Farra (2016) interest to developing the soft skills of workers as means towards development, innovation, creativity and organizational renewal. Another contribution is that the study found that there is the order of the independent variables or the soft skills dimensions in terms of their effect on the dependent variable or the organizational creativity is as follow: (Critical thinking - Self-management - Problem solving - Communication - Teamwork - Individual creativity), This result is consistent with the results of the study of Shabir (2016). Thus, the three research hypotheses are validated.

7. Conclusion

This study provides additional evidence to the literature concerning the impact of soft skills dimensions on the organizational creativity, this study contributes by highlighting some factors that have not been widely examined in literature such as (Critical thinking, Self-management, Problem-solving, Communication, Teamwork, Individual innovation), Although this study has proved that soft skills dimensions effect on increased organizational creativity. Aoun, et al. (2018) highlights that the relationship between simplified practices, soft comprehensive quality management, and innovation skills, results indicate that simplified practices significantly affect innovation skills, Alqurashi (2012) results of study indicate an impact of developing soft skills for workers on customer loyalty, where developing soft skills for workers contributes to Improving the quality of customer service and customer loyalty and improving employee performance, and soft skills are now considered a way for organizations to retain customers and gain customer loyalty , Shabir (2016) results indicate a statistically significant relationship between soft skills and student leadership trends (initiative, creativity , risk tolerance), Al-Farra (2016) believed that interest in developing the soft skills of workers is a means towards innovation, creativity development and organizational renewal.

8. Managerial implications

According to the results of this research, it is clear that in the Telecom Egypt, the regions sector (Suez, South Sinai and the Red Sea), management attention should be given to the concept of soft skills, which is one of the modern topics, especially with the increase in unemployment rates and the employment crisis among graduates at the present time and relationship between soft skills and organizational creativity.

This study contributes to increasing the understanding of managers the need of term soft skills and managers are advised to focus on providing this skill to increase organizational creativity, where competition and sustainability in the business world today are based on skills, knowledge and information. soft skills they affect the behaviour of employees and improve their performance and harmony with others, and employers agree that soft skills are a critical and important factor for achieving success in the work environment, and is an investment in the long term, and it is one of the research priorities at the present time .

We suggest some recommendations that enable the management of the company identifying the best soft skills and their role in developing organizational creativity such as focusing on preparing workers who possess self-management enabling them to integrate into the work environment with

flexibility, ability to learn for life, and must be included soft skills in teaching, learning and evaluation processes, training, and focus on the practical side more than the theoretical side, Supporting innovation and investment in technical education for lifelong learning based on technology, prepare training programs for workers in the company in the field of soft skills to improve job performance and to achieve the highest levels of quality.

9. Limitations and Trends of Future Research

The model of the study was tested in Telecom Egypt, the region's sector (Suez, South Sinai, and the Red Sea). This study has found that a strong positive relationship and a statistically significant effect of the dimensions of the soft skills: (communication, Working in a team, individual innovation, self-management, critical thinking, problem-solving) in the level of organizational creativity, and it varies the relative importance of the soft skills dimensions in this study in their impact on organizational creativity, as following (critical thinking - self-management, problem-solving, communication, working in a team, individual innovation).

The researcher recommends conducting more studies in the field of soft skills dealing with the following issues: Study, analyse and measure ROI in soft skills, the role of creative leadership in building soft skills, measuring the impact of soft skills on financial performance, and improving the organizational performance.

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Understanding the impact of reward and recognition, work life balance, on employee retention with job satisfaction as mediating variable on millennials in Indonesia

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Keywords

Employee retention, job satisfaction, millennial, reward and recognition, structural equation model, partial least square, work life balance.

Abstract

In the current condition, Millennials have the biggest portion in the workforce composition. In the next ten or fifteen years, they will be in the top management level, replacing the current management. By retaining them in the organisation, such training and recruitment cost could be minimized and bring less efforts to the organisation in recruiting new talents. This research is aimed to examine the impact of reward and recognition, work life balance on employee retention using the job satisfaction as mediating variable. This research is expected to be able to give insights to organisations to develop programs or policies to retain their current demography of the workforce, which consist of Millennials. The samples were collected by non-probability sampling method. The statistical method used was structural equation model using partial least square software, with hypothesis testing using t-test and p value result. For validity and reliability, average variance extracted (AVE) and composite reliability (CR) were used to determine whether the tool that was used is valid and reliable. Result of this research shows that reward and recognition, work life balance and job satisfaction have significant positive effect on the employee retention.

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Introduction

In the next few years, Generation Y or also known as Millennial Generation, will be a demographical bonus in Indonesia, in which its population is estimated will reach 33.75% of the total of Indonesian population (Minister of Women and Children Empowerment, 2018). Explained by Jobstreet, it is estimated that Millennials will dominate 50% of global work force population in 2020 (Hee and Rhung, 2019). In general, productive age is in the range 15-65 years old. Millennials who were born during 1981-2000, currently is in the productive age of 18-39 years old. They are expected to give significant and their best contribution to Indonesia's economic development. With this fortunate demographical bonus, productive Millennials become really significant to business and as the main focus in Indonesia's economy gears.

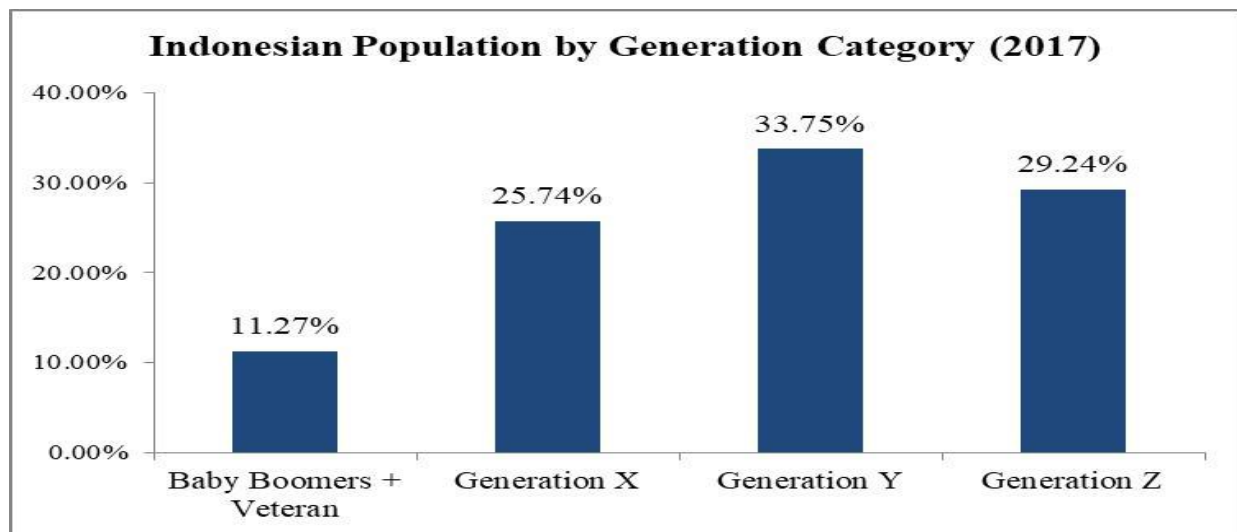


Table 1. Composition of Millennial Generation as of 2017

Source: Taken from Indonesian Survey 2017 by Minister of Women and Children Empowerment

In this current work force generation, its composition is still dominated by Generation X in management level and Millennials in junior level (Hee and Rhung, 2019). Gradually, however, the management level will be replaced by Millennials. Adjustments are required, considering different characteristics, behavior, and mindset between those two generations. Organisation should prepare mitigation strategy for this management shifting to Millennials and understand their characteristics in order to anticipate potential challenges. Related to their job, Millennials have different expectations compared to previous generations. These expectations arise due to strong willingness in learning, self-development, and give significant contributions to organisation or even the world. However, Millennials are prone to change their job in a short period of time due to many reasons.

The characteristics of Millennials are they tend to move unemployed to get advantages from working experiences, have priorities on job satisfaction, and also consider working environment rather than salary (Calk and Patrick, 2017). This research will focus specifically on Millennials domiciled in Jakarta and Tangerang who are working in the companies in Jakarta and its surrounding area, due to Jakarta being the business area of Indonesia and it is expected that this research could provide insights to employers located in the areas to retain their employees that is currently dominated by Millennials.

2. Research Problem and Objectives

2.1 Research Problem

Previous research which was conducted in several countries showed positive relationship between employee retention and reward recognition and work-life balance. Research conducted by Nasir and Mahmood (2018) focused on how supervisor's support, reward and recognition and work-life policies affect employee retention. Many researches saying the major factors that affect Millennials to stay in their jobs are recognition and relationships with their co-workers.

Research that emphasizes on relationships between factors such as work-life balance, compensation or rewards and recognition with employee retention are available. For an organisation, employee retention is one of the challenges that needs to be faced, especially for people in the human resource department (Too and Kwasira, 2017). Millennials are perceived to have high expectations on their work and on the organisation, they work for and they also have specific considerations on accepting work that is offered to them (Arora and Kshatriya, 2017). By having so many factors to be considered, Millennials easily change their job, move from one organisation to another. Hence, employee retention for this generation is a particular challenge faced by an organisation.

2.2 Research Objectives

Objectives of this research are:

1. To understand whether Millennials consider reward and recognition and work-life balance as significant factors to stay in an organisation.
2. To examine whether Millennials consider reward and recognition and work-life balance as significant factors to their job satisfaction.
3. To investigate whether job satisfaction plays a significant role in mediating reward and recognition and work-life balance with employee retention to Millennials.

2.3 Scope of Research

This research only focused on variables that will be tested, i.e., reward and recognition, work-life balance, job satisfaction and employee retention. This research was conducted in a specific period of time when the questionnaires were distributed by researchers. Additional variables might have to be added to have complete view on factors that affect employee retention.

3. Literature Review

3.1 Employee Retention

From definition, employee retention is an effort or way to encourage employees to remain in the organisation for a long period of time. By retaining the employees within the organisation, the company is more likely to achieve its long-term goals, which is its growth. Zin et al (2012) explained that employee retention becomes an important part in a company's operational activities, especially long-term activities, i.e., to grow and take over a certain market.

Kossivi, Xu and Kalgora (2016) mentioned in their research that employee is one of the important assets of a company. Hence, employee retention is not only limited on how to attract the best talents but also to keep these talents to remain in the company in the long run. Other than the above definitions, according to Putra and Rahyuda (2016), employee retention is one of the ways that is used by top management on its employees to stay within the company in certain period of time, so that the company will gain positive impacts. Much research had been done to review employee retention strategy which could be used by employers or organisations in determining the steps to be taken to retain their employees (Raj and Brinda, 2017). Employee retention becomes important to an organisation as it is the one who keeps the company runs a sustainability in its business. Employees are considered as an asset which gives contributions to organisation in order for it to gain financial advantages and sustainable organisational development (Singh, 2019). However, the process to manage and develop human is considered a complex process. This process involves on the ways of a company could increase employee's motivation. Employees who have high motivation will impact on their performance and their organisation. Employee retention could be done by creating working environment that supports employees' motivation development. Factors such as compensation, career development, work flexibility are some examples that are considered to have impact on employee retention.

3.2 Reward and Recognition

Ndungu (2017) explained that reward and recognition as an effort by organisation or company's management to appreciate employees or its member as a response for being a role model or for their certain actions. Reward is also expected to boost employees' motivation as they will obtain something in return for their achievements or contributions to organisation or company. In other theories, reward is categorized into implicit and explicit reward. Explicit reward is given in form of salary and incentives while implicit rewards are given in a manner of appreciation, recognition (e.g., best employee), and compliments. Rewards that are given should be based on fair and objective evaluation. Brun and Dugas (2008) explained that employee recognition is a common problem faced by most organisations, as recognition is one of the basic needs of an individual. In an organisation, recognition could be elaborated in certain policies or efforts, claiming that organisation wants to recognize results or efforts from its employees. Dimensions of recognition are created based on formed relationships as follows:

- Relationships with organisation: company's intention to acknowledge and listen to employees.
- Vertical relationships: relationship between employees and leaders.
- Horizontal relationships: relationship between employees and co-workers.

- External relationships: relationships with external parties, including with consultants and business partners.
- Social relationships: relationship between company and employee with certain community.

Tessema et al (2013) in their research in Vietnam, United States, and Malaysia explained that giving recognition to members/employees creates more motivation compared to giving monetary benefits (salary, money, or other benefit packages). To conclude, recognition plays a significant role in an organisation to retain its talents.

By connecting the above variables (reward and recognition) with characteristics of current workforce generation, which is dominated by Millennials that will be the top management, research by Close and Martin (2015), showed that Baby Boomers, Generation X, and Millennials consider that reward and recognition are one of the significant factors in employee retention process. The following table is the research results in the previous 5 years that evaluate on relationships between reward and recognition with job satisfaction and employee retention:

Researchers	Year	Results
Ahmad, Ali, Nisar and Ahmed	2017	In this research, the subjects were lecturers in all universities in Gujranwala, Pakistan. Based on the result, reward and recognition positively have impact and show important role on job satisfaction and are expected to be able to increase organisation's capabilities in global business competition.
Baskar and Rajkumar	2015	In this research, the subjects were employees of Aloft Hotel, India. Based on the research result, there is direct positive relationship between reward and recognition and job satisfaction. It is also concluded that the better the reward and recognition, the higher the motivation and employee's job satisfaction are in an organisation. On the other hand, the research subjects also emphasized the importance of monetary reward and the organisation was expected to consider financial incentive in order to increase the employee's job satisfaction level.
Oyoo, Mwandishi, Musiega and Douglas	2016	Research subject were employees in a hospital in Mukumu, Kenya. Based on the research result, reward, and recognition (implicit and explicit) positively gave impact and played significant role on employee retention. It is suggested that benefits and package for employees should be made clear. Organisation is also suggested to have policies and standard on the intrinsic reward. Employee package is also suggested to be realistic and reliable.

Table 2. Previous Research on the Impact of Reward and Recognition to Job Satisfaction and Employee Retention

Source: modified by author

From the above table, the research model and hypothesis are as follows:

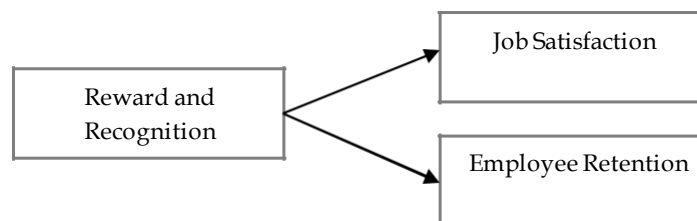


Figure 1. Relationship Model of Reward and Recognition, Work-life Balance, Employee Retention and Job Satisfaction

H1: There is significant positive effect between reward and recognition with job satisfaction

H3: There is significant positive effect between reward and recognition with employee retention

3.3 Work-life Balance

Agha et al (2017) explained that work-life balance is a process to find the right balance between work and personal life, and comfortable feelings on work commitment and family. The research result explained that work which is intervened by personal life or vice versa has negative relationship with job satisfaction. In Millennials' context, work-life balance is one of the life aspects that becomes a priority to this generation (Kumar and Velmurugan, 2018). Based on Kalliath and Brough (2008), balance attainment

between personal life and work has been a specific attention by organisation and employees. It is also supported by much research on work-life balance.

Millennial's life is generally exposed to their parent's life events that have high divorce rate and employment termination. Due to these circumstances, Millennials are prone to focus on family than their career, so there is an orientation shift compared to the previous generations. Millennials would rather have flexibilities in their workplace than working environment that has extensive regulations (Kaifi et al, 2012). Much research had been done to show the importance of work-life balance for Millennials. Buzza (2017) explained that Millennials perceives money as an important thing, but not more than work-life balance at work. In an organisation, a balanced condition between work and personal life itself will result in a good productivity for the employees and organisation itself (Garg and Yajuverdi, 2016). Kumar and Velmurugan (2018) explained that work-life balance could be facilitated by organisation through flexible working schedule, telecommuting facility, and family-friendly working environment. Employees who find that they are being facilitated properly will tend to stay in the organisation. Company image will also be formed as a company that supports its employee's welfare and attracts the future workforce as a preferable company to work for. The following table is the previous 5 years research on work-life balance with employee retention:

Researchers	Year	Results
Nasir and Mahmood	2016	The research subjects were employees in Pakistan with various profession backgrounds. The result was work-life balance has a positive relationship with employee retention. However, the research also acknowledges that not all the needs could be fulfilled by organisation. Priority scale should be made on those needs.
Garg and Yajurvedi	2016	The subject research was employees in an IT company in Noida, India. Based on the research, work-life balance has positive impact on employee retention. Success in implementing work-life balance within an organisation is believed to increase job satisfaction level, employee performance and increase best talent retention while on the same time, decrease absences. This research supports organisation to take roles actively to make policies related work-life balance.
Mas-Machuca, Berbegal-Mirabent, and Alegre	2016	Research was conducted on employees in pharmaceutical companies in Spain to discover the relationship between job autonomy as well as supervisor's support for employee work-life balance and employee's job satisfaction. This research also used organisational pride as mediating variable between employee work life balance and job satisfaction. The result showed that job autonomy makes the work be more flexible which increases the work-life balance.

Table 3. Previous Research on the Impact of Work Life Balance to Job Satisfaction and Employee Retention

Source: modified by author

From the above table, the research model and hypothesis are as follows:

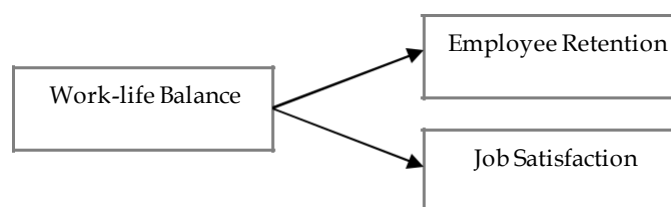


Figure 2. Relationship Model on Work-life Balance, Employee Retention and Job Satisfaction

H4: There is significant positive effect between work-life balances with employee retention

H5: There is significant positive effect between work-life balances with job satisfaction

3.4 Job Satisfaction

Based on the research conducted by Imran et al (2014), job satisfaction is the feeling or opinion of somebody within the organisation or company on his/her job. Thiagaraj and Thangaswamy (2017) defined job satisfaction as a pleasuring emotional condition resulted from the evaluation on the job done by someone and their achievements. The degree of job satisfaction comes from related factors, i.e., personal factors (age, education, and working experiences), job factor (type of work, required skills,

responsibility and job status), and also factors that are affected by the management such as salary, working environment, benefits, security and promotion opportunities.

Employees’ satisfaction on their job is one of the important aspects in an organisation. Employees who have high degree of job satisfaction tend to be more loyal to the organisation and stay within the organisation during the difficult times. In its relation to employee retention, Inda (2016) explained that job satisfaction has significant impact on employee retention in an organisation, even though with the intervention from facilitating working environment and proper and good salary, or other variables. Similar research was conducted by Javed and Balouch (2014), when employee’s job satisfaction is at its lowest point; employee will leave the organisation intentionally.

In a bigger scale, job satisfaction does not only have impact on employee retention, but other aspects such as employee productivity and organisation performance (financial and non-financial). With high degree of job satisfaction, it is expected that organisations would compete with their competitors to retain their best talents in order to minimize investment on human resource to replace departing senior employees (e.g., recruitment cost, training cost or third-party recruitment fee). The following table summarizes the previous 5 years research on relationship between job satisfaction and employee retention:

Researchers	Year	Results
Nasir and Mahmood	2016	The research subjects were employees in Pakistan with various profession backgrounds. The result was job satisfaction has a positive relationship with employee retention. However, the research also acknowledges that not all the needs could be fulfilled by organisation. Priority scale should be made on those needs.
Khan and Aleem	2014	Subject on this research is the employees from Medical Institution of Health Department in Punjab Province, India. The research result explained that variables such as salary, promotion, working environment and job characteristics are perceived to be important to job satisfaction in the department. The researchers also suggested the management of the company to consider those variables to avoid the high employee turnover.

Table 4. Previous Research on the Impact of Job Satisfaction and Employee Retention

Source: modified by author

From the above table, the research model and hypothesis are as follow:

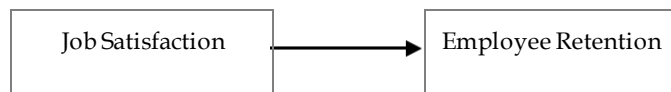


Figure 3. Relationship Model on Job Satisfaction and Employee Retention

H2: There is significant positive effect between job satisfactions with employee retention

3.5 Theoretical Framework

Based on the elaboration in Literature Review, the developed theoretical framework is as follows:

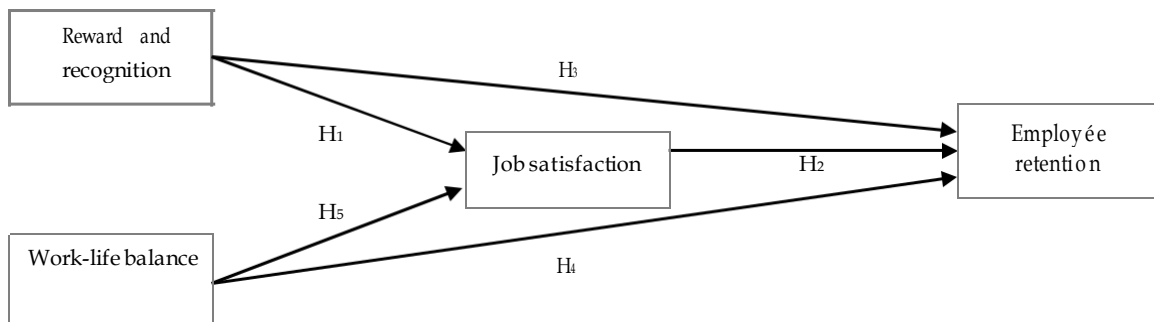


Figure 4. Proposed research model

The above theoretical framework was developed based on consideration that reward and recognition and also work-life balance are the main factors that presumed to be important to Millennials, for them to stay within an organisation. However, we perceive that these two variables may affect employee retention directly or indirectly (mediated) by other aspects. Job satisfaction is also considered to have important role to achieve employee retention, in regard to the aforementioned of the two variables.

4. Research Method

4.1 Measurement

This research was conducted with quantitative methodology, where numerical data is used and analysed with certain statistical technique to answer questions or statements. Quantitative research methodology was chosen because this method could reveal the cause and effect, test the hypothesis, and create prediction in a research. It is considered to align with the research objective which will be conducted, testing hypothesis on reward and recognition, job satisfaction, work-life balance, and employee retention. On the other hand, quantitative method also has its own advantage, where scientific data analysis could be used to generalize conclusions. Questionnaire was designed in three parts. Respondents were asked with the screening question in the first part to determine if they are in the Millennial Generation bucket. Second part is for the questions related to the demography; gender, age, and educational background. Last part is focused on the statements in Likert scale to measure identified variables.

4.2 Data Collection and Analysis

Millennial generations are people who were born during 1981 to 2000. The targeted population is Millennials who reside in Jakarta and Tangerang. This research used non-probability sampling and data were collected through online survey in Google form. Considering this research will use Partial Least Square-Structural Equation Modeling (PLS-SEM), which excel in small number of samples, we collected 50 respondents and all of the questionnaires were returned. After all the data were collected, analysis was performed in PLS-SEM. PLS-SEM is commonly used in marketing and management research to analyse causal relationship (Hair, Ringle and Sarstedt, 2011). SEM comprises two approaches: covariance-based SEM and partial least square. This research adopted PLS-SEM for hypothesis testing and measurement validation. In addition, SEM permits several relationships to be tested at once in a single model with various relationships instead of examining each relationship individually. It also has the ability to create accessible parameter estimates for the relationships between unobserved variables (Hussain et al, 2018). According to Hair et al (2018), research should use PLS-SEM when:

- the analysis is concerned with testing a theoretical framework from a prediction perspective.
- the structural model is complex and includes many constructs, indicators and or model relationships.
- the research objective is to better understand increasing complexity by exploring theoretical extensions of established theories (exploratory research for theory development).
- the path model includes one or more formatively measured constructs.
- the research consists of financial ratios or similar types of data artifacts.
- the research is based on secondary/archival data, which may lack a comprehensive substantiation on the grounds of measurement theory.
- a small population restricts the sample size (e.g., business-to-business research); but PLS-SEM also works very well with large sample sizes.
- distribution issues are a concern, such as lack of normality; and
- research requires latent variable scores for follow-up analyses.

5. Results and discussion

5.1 Results

Demography of the respondents were shown below in Table 5, in which the gender was dominated by male (56%), the age category was dominated by respondents with age range of 26-30 years old (60%) while the education background was dominated by bachelor's degree graduates (92%).

Description	Total Respondents	%
Gender		
Male	28	56%
Female	22	44%
Age category		
20-25 years old	3	6%
26-30 years old	30	60%
30-39 years old	17	34%
Education background		
Bachelor's degree	46	92%
Master's degree	4	8%

Table 5. Demographic Characteristics of Respondents
Source: modified from the respondent's questionnaire

Measurement model is to determine whether the tool that is used are valid and reliable to achieve the objectives of the research. Structural model is to determine whether the hypothesis can be accepted or rejected according to such benchmark (T-stat and p-value). The significance level was set at 5%. All outer loadings are expected to be higher than the threshold amount of 0.6 (Kwong and Wong, 2013). Table 6 summarizes the value of AVE and CR. The result showed that the factor loading, AVE and CR for each variable is above the threshold mentioned above. Hence, the tools that being used in this research have met their purpose and have been consistent in order.

Variables	Items	Factor	VE	CR
		Loading		
<i>Job satisfaction (JS)</i>	JS1	0.913	0.731	0.889
	JS2	0.710		
	JS3	0.924		
<i>Reward and recognition (RR)</i>	RR1	0.710	0.746	0.897
	RR2	0.933		
	RR3	0.929		
<i>Work life balance (WLB)</i>	WLB1	0.816	0.762	0.906
	WLB2	0.926		
	WLB3	0.874		
<i>Employee retention (ER)</i>	ER1	0.776	0.672	0.911
	ER2	0.873		
	ER3	0.788		
	ER4	0.870		
	ER5	0.788		

Table 6. Convergent Validity and Reliability

Source: PLS SEM - modified by author

Referring to Figure 2 below, noted that H1-H4 are supported because it showed positive value of beta and p-value with value of less than 5%. H5 (work-life balance) has positive effect, however its p-value is greater than 5%, hence the related hypothesis is rejected. R2 shows 0.732, indicates that reward and recognition and work-life balance can explain 73.2% the job satisfaction variable. In addition, job satisfaction contributes 84.7% to the employee retention. From the result, almost of each hypothesis is supported according to the model that has been determined earlier. Among the independent variables, the reward and recognition have the biggest effect compared to other variables with the beta value of 0.80. The variable which has the second highest influential effect is job satisfaction with beta of 0.53. On the other hand, work-life balance did not have a significant effect on the job satisfaction with beta of only 0.11. The further discussion will be discussed in the section 5.2.

In addition, Figure 2 describes the structural model that has been made with the statistical test results. Related hypothesis can be accepted if the coefficient values have positive amount and p-value is smaller than 5% or T-stat is higher than 1.96 (using Z-table with significance rate is 5%). It can be

concluded that H1-H4 are accepted due to the positive coefficient, T-stat is higher than 1.96 or p-value is lower than 5%.

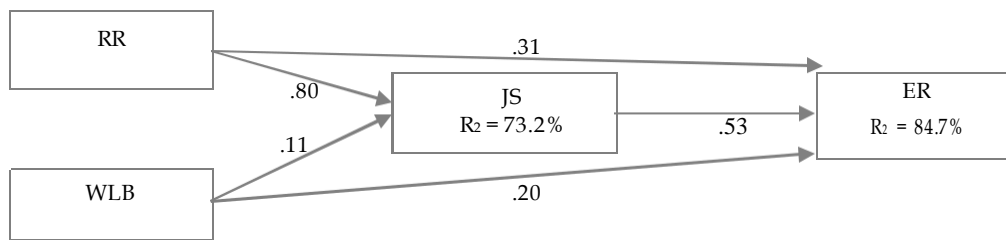


Figure 2. Structural Model

Hypothesis	Path	a	T-stat	P-value	Decision
H1	RR -> JS	0.804	11.718	0.000	Supported
H3	RR -> ER	0.311	2.619	0.009	Supported
H2	JS -> ER	0.531	4.700	0.000	Supported
H4	WLB -> ER	0.204	3.754	0.000	Supported
H5	WLB -> JS	0.113	1.215	0.225	Not supported

Table 7. Hypothesis Result
Source: PLS SEM - modified by author

5.2 Discussion

The aim of this research is to understand on what factors that can affect Millennials to stay for a longer period in their organisation. From the result of the data taken, the conclusion is that the Millennials deemed that reward and recognition, job satisfaction, and work-life balance are some factors that are to be considered in deciding to stay for a longer tenure in an organisation. This research is in line with the previous research (Nasir and Mahmood, 2016; Garg and Yajurvedi, 2016). However, the previous research did not specify Millennials as the main subject. Generally, job satisfaction has positive effect to employee retention. The specific effect resulted the tenure of the respondents has been by average 5 years working tenure in their organisation. Millennials nowadays are racing to work in the start-up company, which let them to work with flexible culture and working environment, i.e., open space area, no rule of attire, in addition to the higher pay for the sophomores.

Millennials have different work values, compared to other generations. This leads to their significant consideration on quality of life rather financial return in their work values. They may believe that there is more to life than salary (Twenge et. al., 2010). However, at the same time, they are faced with high living cost and requirement on higher level of education and its cost. Therefore, a job or employer that provides higher salary is more preferable to this generation. The research result supports this perspective. Reward and recognition have significant positive effect to job satisfaction and has indirect significant positive effect to the employee retention. This leads to the conclusion that job satisfaction is mediating the relationship between reward and recognition to the employee retention. However, on other hand, H5 was not supported in this research. The reason might be due to overtime culture that is common in the current working environment. Additional workload that needs to be done in the certain period of timeline may result in long working hour to achieve the submission target. Millennials have expectations that they can have more social life with the colleague or their family members after working hour. Hence, due to these reasons, their social time can be reduced. To understand this phenomenon, certain workforces, such as consultant firm, spend longer time in the office since they have specified deadlines that need to be met and achieved.

6. Conclusion

Initially, the study concluded that all of the dependent variables played the role towards the employee retention in our respondents. However, work-life balance does not support the increment of job satisfaction level. Current top-level management might need different approach to understand on expectations from Millennial workforce, as they have unique characteristics. Therefore, discussion

between top-level and current workforce needs to be intensified in order to have clear understanding. Once the management has clear understanding on the expectations, management needs to determine the actions to be taken to retain their Millennials best talents.

7. Implication and Suggestion for Future

7.1 Implication

These results provide the necessary implication for the readers, such as business and academic purposes. For business, it is on how the policies and strategies can be taken in order to retain their Millennials employees. Some policies, such as working from home, birthday leave and paternity leave, might be considered. While these forms of rewards are not immensely popular in Indonesia, it might need to be highlighted by the employers to attract the talents. In addition, Millennials quite glorify working in start-up companies while traditional companies are not really popular as designated workplace. Thus, the recruiters and current employers may need to think on how they can attract Millennials workforce to join the organisation and stay longer, particularly with the above-mentioned aspects. For academic purposes, these further efforts need to be identified, since in this study, work life balance did not have positive effect to job satisfaction. It might be due to the characteristics of the Millennials in Jakarta and its surrounding areas that are different from the Millennials in the other areas in Indonesia. However, it should also be noted that most of Millennials emphasize on their life quality and not only valued the monetary aspects in their life. It should also be noted that this research needs broader samples in order to provide proper conclusion if we relate it to Indonesia's population.

7.2 Suggestions for Future

This study has several limitations that can be addressed in the next research. First is to add more samples of other big cities in Indonesia, e.g., Medan, Surabaya, Jogjakarta, but not limited to the cities in Java Island. Therefore, samples can be expanded as well as to explore more variables that can affect the employee retention. By having additional variables, business owners or organisations can determine on what factors need to be highlighted when they want to retain the talents.

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