Vol. 6, No. 9 UDK 001:65.01 JUNE 2020

IJMBS

INTERNATIONAL JOURNAL OF MULTIDISCIPLINARITY IN BUSINESS AND SCIENCE

M-SPHERE

International Journal of Multidisciplinarity in Business and Science (IJMBS) of M-Sphere
Vol. 6, No. 9, 2020 ISSN 1849-0581

Publisher/Izdavač: Accent & M-SPHERE
M-SPHERE - ASSOCIATION FOR PROMOTION OF MULTIDISCIPLINARITY IN BUSINESS AND SCIENCE
M-SFERA - UDRUGA ZA PROMICANJE MULTIDISCIPLINARNOSTI U POSLOVANJU I ZNANOSTI
Makančeva 16, 10000 ZAGREB, CROATIA, web: www.m-sphere.com.hr / e-mail: info@m-sphere.com.hr

Editorial board/Urednički odbor:
Vesna Babić Hodović, University of Sarajevo - *Muris Čičić*, University of Sarajevo - *Felicite Fairer-Wessels*, University of Pretoria - *Rainer Hasenauer*, Vienna University of Economics and Business - *A. Niyazi Özker*, Balikesir University - *Doris Perućić*, Edward Bernays University College - *Claudia Seabra*, University of Coimbra - *Otilija Sedlak*, University of Novi Sad - *Masaaki Takemura*, Meiji University Japan- *Marija Tomašević Lišanin*, University of Zagreb - *Tihomir Vranešević*, University of Zagreb – *Irena Pandža Bajs*, University of Zagreb - *Slavica Manić*, University of Belgrade – *Miroslav Mandić*, University of Zagreb - *Sunčana Piri Rajh*, University of Zagreb - *Ivona Vrdoljak Raguž*, University of Dubrovnik - *Drago Ružić*, University of Osijek - *Davor Vašiček*, University of Rijeka - *KalyanI Menon*, *Wilfred Laurier* University Toronto - *Włodzimierz Sroka*, WSB University Poland - *Mila Gadžić*, University of Mostar - *Danijela Martinović*, University of Sarajevo - *Vedad Silajdžić*, University of Sarajevo - *Marija Bečić*, University of Dubrovnik - *Marija Dragičević*, University of Dubrovnik - *Sandra Janković*, University of Rijeka - *Marina Dabić*, University of Zagreb - *Nikola Živlak*, Donghua University Shanghai

Editor in Chief/Glavni urednik: Tihomir Vranešević

Editors/Urednici: Doris Perućić - Irena Pandža Bajs - Miroslav Mandić - Sunčana Piri Rajh

Graphic design and layout/Grafički dizajn: Tvrtko Zelić, www.tvrtkozelic.com

SADRŽAJ/CONTENTS

DO BUSINESS STUDENTS HAVE MORE EFFECTIVE LEARNING STRATEGIES THAN STUDENTS FROM OTHER ACADEMIC FIELDS?

ORIGINAL SCIENTIFIC PAPER / IZVORNI ZNANSTVENI RAD **UDK: 658-057.875(497.5)** **JEL: A23; M20**

Author / Autor:

CHRISTIAN KROGH
ASSISTANT PROFESSOR
INLAND NORWAY UNIVERSITY OF APPLIED SCIENCES
LILLEHAMMER, NORWAY
christian.krogh@inn.no

ABSTRACT

The aim of this paper is to compare the learning strategies of students in different academic fields in higher education. Previous research has limited its focus to comparing students on topics such as the degree of social responsibility, personal values, academic dishonesty/integrity, and emotional intelligence. In contrast, this study addresses the issue of whether the learning strategies of business students are better than those of students from other academic fields. To date, our knowledge and understanding of this issue are limited even though the topic of learning strategies has gained considerable attention in educational research. This research applied the Learning and Study Strategies Inventory (LASSI) to elucidate the differences in study strategies between groups of students. Findings from the statistical analysis indicate that business students have more effective learning strategies than the non-business students included in this study. Potential reasons for these findings are discussed and based on these findings theoretical and practical implications are viewed.

KEY WORDS: learning, business students, higher education, the learning and study strategies inventory (LASSI).

1. INTRODUCTION

A large body of literature has established the importance of the need for students to emphasize learning strategies and study skills (Alkhateeb & Nasser, 2014; Capenter et al., 2015; Karasakaloglu, 2012).

The original version of the Learning and Study Strategies Inventory (LASSI) was developed over 30 years ago and has its roots in cognitive psychology (Weinstein et al.; 1987). The LASSI has proven reliable in both research and as a tool for academic staff in universities and colleges around the world (Carpenter et al., 2015; Downing et al., 2009) As a tool for academic staff, it provides evidence of the impact of their courses on students' learning strategies (Schutz et al., 2011). As a tool for students (Schutz et al., 2013; West et al., 2014) it contributes to students' awareness of how learning strategies can improve their expectations of mastering and fostering better self-control of the learning process.

The original LASSI (Weinstein et al., 1987) was validated through the factor analysis of the composite scores generated from 10 predetermined subscales related to student success and outcomes, typically classified into the broad dimensions of cognitive, conative, and affective domains (Finch, Cassady, & Jones, 2016). The 10 subscales are (1) Anxiety, (2) Attitude, (3) Concentration, (4) Information Processing, (5) Motivation, (6) Selecting Main Ideas, (7) Self-Testing, (8) Study Aids, (9) Test Strategies, and (10) Time Management. The latent structures representing the LASSI subscales imply that Information Processing, Selecting Main Ideas, and Test Strategies are associated with skill, the subscales Anxiety, Attitude, and Motivation are associated with will, and Concentration, Self-Testing, Study Aids, and Time Management are linked to self-regulation.

Researchers have empirically tested the LASSI in different settings (Alkahateeb & Nasser, 2014; Bergey et al. 2019) and have evaluated its validity and reliability and the reported latent variables (Cano, 2006; Finch et al., 2016; Flowers et al., 2012). However, the question of whether a certain student group has better learning strategies than students from other academic fields has not been explored. In the present study this is addressed.

Learning strategies are behaviors that help recall knowledge, both previously acquired and newly learned knowledge (Chevalier et al., 2017). One approach to understanding learning strategies is to interpret them as the process of giving meaning to the knowledge that students acquire during the learning/teaching process or during individual preparation through the mental processes and efforts required to obtain that meaning (Zheng et al. 2020). Warr and Downing (2000) argue that learning strategies are one of the key elements of effective learning. In simple terms, a learning strategy is an individual approach used for completing a learning task. Accordingly, strategic learners develop metacognitive competence regarding their own learning approach and their power of thinking (Karasakaloglu, 2012).

Effective study skills and habits are essential when students aim to acquire knowledge quickly. Students tend to believe that it is not possible to achieve academic success simply by studying hard. Some evidence confirming this is offered by Karasakaloglu (2012), who argues that study time does not seem to be directly linked to academic success. Masui et al. (2014) offer a more balanced perspective on the importance of study time. They point out that previous studies report a mixed relationship between study time and academic performance, but conclude that more study time predicts higher grades and that student activities and effort matter (p. 637). On the other hand, it is widely accepted that there is a positive relationship between applying learning strategies and success (Bender & Garner, 2010; Carson, 2011; Laakkonen & Nevgi, 2014; Mireles et al., 2011; Schutz et al., 2011; West et al., 2014; Yip, 2013a).

Based on these mixed findings, further research on the link between learning strategies and students' different academic fields is warranted. The aim of this study was thus twofold: first, compare the learning strategies of business students with those of students from other academic fields; and second, identify whether there are differences in approaches to learning between the two groups.

2. THEORETICAL FRAMEWORK AND PREVIOUS RESEARCH

2.1. Research related to applying the LASSI

The LASSI has proven reliable in different cultural contexts (Alkhateeb & Nasser, 2014; Carpenter et al., 2014; Ning & Downing, 2012; Samuelstuen et al., 2007; Soares et. al 2009; Yip, 2013b). However, the subscale of Motivation has been reported to be somewhat vulnerable depending on the cultural context (Braten & Olaussen, 2000). Concern related to the applicability of the LASSI in different cultural environments was also raised by Alkhateeb and Nasser (2014). The LASSI has been tested on different student groups such as elementary school teachers (Karasakaloglu, 2012), college students studying mathematics (Mireles et al., 2011; Wadsworth et al., 2007), engineering students (Seabi, 2011), veterinary students (Laakkonen & Nevgi, 2014), and medical students (West et al., 2014).

2.2. Research related to the learning strategies of business students

Is there reason to believe that business students would obtain higher scores on LASSI subscales than the average student studying in other academic programs? Some evidence (Olaussen, 2000) suggests that business students generally invest a considerable number of study hours in their programs. Admission requirements for undergraduate courses limit the number of students based on grades, and admission to master's programs requires a relatively high average grade. Potential business employers value a high average grade compared with other sectors of the work environment where there is a constant lack of qualified staff.

Previous research that investigated business students compared with students in other academic fields has adopted an approach that focuses on ethical aspects, such as the degree of social responsibility (Burns et al., 2013; Kolodinsky et al., 2010) personal values and value systems (Coulter et al., 2007; Giacomino et al., 2013; Nordhaug et al., 2010) the degree of dishonesty (Brown et al., 2010; Iyer & Eastman, 2006; Klein et al., 2007), and psychopathic traits (Hassall et al., 2015) . Other topics include perceptions of a career in business (Karakaya et al., 2014) evaluation of teaching (Narayanan, 2014), beliefs and attitudes about business (Ottley et al., 2013), intention to enroll in law school (Edmonds et al., 2013), and learning styles (Ballantine et al. 2008).

Of more specific interest related is Rodriguez (2009) who looked at the choice of learning strategy among business students. His approach focused on identifying how academic self-concept and outcome expectations influenced the choice of learning strategy. It was reported that a strong sense of academic self-concept and outcome expectations encouraged critical thinking and reflective approaches to learning.

A review of the literature reveals limited research on the choice of learning strategies of business students compared with students from other academic disciplines. This paper aims to provide insight into this issue, thereby increasing knowledge and understanding of this specific group of students. Practical contributions are proposed on how to better teach, motivate and organize business students based on their learning strategies.

3. METHODOLOGY

3.1. Participants

Two samples of student groups were selected: business students and a group of students on other bachelor's programs that are referred to as non-business students. To be defined as a business student, the main part of their course was related to Business Economics. This first sample consisted of 126 undergraduates (69 % women, 30 % men) from a university in southern Norway drawn from all three years of a bachelor's business program. The age range of students was 19–57 years (M = 38.0 years; SD = 11.5 years). The second sample consisted of 265 undergraduates (74 % women, 25 % men) from the same university and was drawn from a wide range of other bachelor's programs as well as from different years of study. The age range of the non-business sample was 18–57 years (M = 26.1 years; SD = 8.5 years). Almost all respondents had completed their secondary education in Norway. Respondents were not asked about their ethnic background. Table 1 shows the distribution of bachelor's programs and the number of students participating in the non-business group.

Table 1. Bachelor's programs and the number of participating students in the non-business group

Study Program	Respondents in the sample
Bachelor's in Tourism and Leisure Management	152
Bachelor's in Organizational Management	45
Bachelor's in Social Work	19
Bachelor's in Law	49
Total number of students	265
Process	Purchaser
Physical evidence	Probing

3.2. Instrument

In this study, the LASSI questionnaire (Weinstein et al. 2002) was applied. The revised version from 2002 (Weinstein et al.), which is a norm-referenced instrument based on the scores of 1,092 US students was applied. The LASSI (Weinstein et al. 2002) is a widely used instrument for evaluating self-regulated learning by evaluating students' learning and study strategies (Schutz et al., 2011). It provides standardized scores expressed in percentile score equivalents based on the scores of a cohort of US students. The psychometric properties have been shown to be stable and were therefore chosen for our study (Cano, 2006; Samuelstuen, 2003). The 2002 version of the LASSI consists of 10 subscales and 77 items. The subscales are described as follows.

1. Anxiety is measured with respect to respondents' degree of nervousness and apprehension. A high score on this subscale indicates that a student is able to handle anxiety when performing study activities.
2. Attitude indicates a student's attitude toward education and how they establish educational goals. A high score indicates that the student possesses realistic educational goals.
3. Concentration identifies the extent to which a student is able to focus on the academic task. A high score here shows that the student is capable of organizing their effort and gaining academic knowledge.
4. Information Processing measures the use of memory aids and the extent to which a student can apply appropriate tools to organize the collection of data. A high score on this subscale indicates good information processing skills.
5. Motivation measures the ability to direct the activities that secure good academic results. High scores here indicate that the student is able to plan and work on a regular basis toward an academic goal.

6. Selecting Main Ideas assesses a student's ability to focus on the important knowledge dimensions related to the study program. A high score on this dimension shows that the student can identify the important points in the curriculum.

7. Self-Testing measures the ability to control and correctly evaluate the extent of knowledge assessed. High scores here show that the student understands the need to monitor their degree of knowledge buildup.

8. The Study Aids scale measures the extent to which a student is able to prepare for tests and exams. A high score shows that the student knows how to utilize the study aids that are available.

9. The Test Strategies scale gives feedback on a student's ability to review academic content. A high score shows that the student has the necessary skills and knowledge to ensure objective estimates of their ability to acquire the necessary competence.

10. The Time Management subscale measures the level of a student's time management qualifications, and a high score indicates a good understanding of how to organize the available time and resources.

Alpha reliability coefficients were originally estimated to range between .72 and .85 (Weinstein & Woolfolk, 1987). The reported coefficients are in the range of .68 to .86 (see Table 2). In the subscale of Study Aid, one question was removed, which improved the Cronbach's alpha coefficient. Based on Nunnally (1978), it is generally assumed that a reliability of .70 or higher is acceptable. Previous studies that applied the LASSI (Kirkby et al., 2008; Melancon, 2002; Muis et al., 2007; Prevatt et al., 2006) reported lower Cronbach's alpha values but nevertheless found it appropriate to analyze the data. In particular, the subscale of Study Aids appears to be vulnerable. Without disregarding the importance of Cronbach's alpha values, contextual factors such as collecting the data in a new setting might also have had an influence in our study. On the whole, our results indicate that the LASSI subscales demonstrate an appropriate level of reliability and internal consistency (Cano, 2006).

The instrument presupposes that students whose academic performance is sound also have certain skills, opinions, and behaviors that are the underlying foundations of the LASSI. With the exception of the subscale of Selecting Main Ideas, which comprises five statements, all the other subscales have eight statements in a Likert-type 5-point format. The scale for each item ranges from "not at all like me" to "very much like me." This version was translated into Norwegian, aimed to preserve the original meaning, while at the same time ensuring that it would fit into a natural context for domestic students.

3.3. Data collection and applying the statistical tool

Self-report questionnaires were used because of their ease and efficiency of application, but also because they reduce administration. However, self-reports presuppose that strategies are conscious, although not necessarily applied (Kirkby et al., 2008). Although self-reports have the advantage that they unequivocally provide students' interpretations of their study habits, whether they accurately portray what students actually do when they study is not necessarily the case. Students may also be inaccurate in their reporting, leading to bias (Winne, 2010). Other issues concerning the potential inaccuracy of data relate to reluctant participation, a propensity to acquiescence and choose socially accepted attitudes, and a weak association with students' performance (Veenman, 2005). Because of these factors, students may express better strategic processing abilities than they actually possess.

Results from earlier studies (Samuelstuen & Bråten, 2007; Samuelstuen et al., 2007) also indicate that self-report questionnaires presuppose perceptions of strategies outside the context of specific task performance, highlighting that findings might be inaccurate and have low predictive validity. Thus, it was recommended to use task-specific strategy scales when the aim is to reveal students' general-task abilities of strategic processing.

Nevertheless, self-report questionnaires are cost-efficient, they can be administered in the students' natural surroundings, and have been shown to predict academic performance (Duncan & McKeachie, 2005). On this basis self-report questionnaires were applied.

The inventory was administered to the two samples of students and they were informed that participation was voluntary. Using this method of data collection ensured that the response rate was high (97%). An analysis of variance (ANOVA) for each of the subscales was used to identify potential differences in learning strategies between the groups of business and non-business students.

4. RESULTS AND DISCUSSION

The aim of this study was to compare the learning strategies of a group of business students with those of students from other academic fields. We also aimed to identify whether there were differences in approaches to learning between these groups. The findings of the statistical tests are summarized in Table 2.

Table 2. Means, Standard Deviations (SD), and Cronbach's α values

LASSI subscales	Cronbach's α	Mean Business students	Mean Non-business students	Significance
Attitude	.72	23.7	23.8	.906
SD		4.4	4.4	
Concentration	.84	28.3	26.0	.000 (*)
SD		4.9	5.2	
Information Processing	.83	30.2	28.1	.000 (*)
SD		4.1	4.6	
Anxiety	.81	20.8	22.0	.156
SD		6.5	6.7	
Motivation	.81	25.8	24.9	.061 (#)
SD		3.7	4.0	
Self-Testing	.75	19.9	18.8	.044 (*)
SD		4.5	4.4	
Selecting Main Ideas	.74	20.1	20.6	.379
SD		5.0	4.7	
Time Management	.86	25.0	24.6	.680
SD		6.1	6.8	
Test Strategies	.83	18.2	18.2	.930
SD		4.3	4.5	
Study Aids	.68	27.1	26.2	.027 (*)
SD		3.5	3.5	

(*) $p < .05$

Close to $p < .05$

The findings reveal significant differences ($p < .05$) between business and non-business students on the following subscales: Concentration, Information Processing, Self-Testing, and Study Aids. It is also worth mentioning that business students appear to have a better approach concerning Motivation to the study process, even though the level of significance does not reach 5% (.061). We also tested for potential gender differences but found few of significance; women only showed a better degree of Information Processing skills. Previous research (Kao et al., 2017; Marland et al., 2015) has indicated that women tend to face a greater challenge in ensuring that Anxiety does not have a negative influence on their learning strategies. However, there were no differences with respect to Attitude, Anxiety, Selecting Main Ideas, Time Management, and Test Strategies between men and women. A similar lack of changes in students' approaches to learning linked to gender is also confirmed by previous research (Ballantine et. al., 2008), but not unanimously. Bender & Garner (2010) found significant differences on five subscales of the LASSI with respect to gender, female students scored higher on five subscales.

Previous research (Bråten & Olaussen, 2000; Capenter et al. 2015) has identified differences in scores linked to age. Older students tend to score higher on the subscale "Attitude" while younger students scored higher on the use of "Study Aids". No significant differences in scores based on age were found in the data that are the basis for this article.

Taking into consideration the better results that business students had on the subscales of Concentration, Information Processing, Self-Testing, and Study Aids, it is tempting to explain this by students having previously acquired better study skills. A limited number of students are admitted to study Business Economics. In contrast, the other bachelor's programs accept all students who apply. Furthermore, only a limited number of students are admitted to master's business programs, based on the grades in the bachelor's program. The assumption is therefore that the "quality" (in the sense of previously acquired study skills) is somewhat higher among business students. Furthermore, because the opportunity to enter the master's program is solely based on grades, there is a need to maintain study skills that will ensure progress onto further studies. Business studies is a general study program without a designated future profession. Applicants are therefore evaluated on their grades when applying for a job.

It was somewhat surprising that the subscale Motivation did not show a clear difference for business students relative to non-business students. However, there were differences with respect to previous academic performance, which implies that business students are more capable than non-business students. One possible explanation could be that motivation is a hygiene factor that holds for both groups of students. Once students are generally satisfied with their place in life, hygiene factors no longer actively motivate them further. Although both groups of students are motivated, they do not necessarily possess the same academic capabilities. Thus, it is understandable that the difference in the subscale of Motivation may not be large between these two groups. Another possible explanation might be related to the fact that the LASSI measures extrinsic motivation rather than intrinsic motivation.

One implication of these findings is that educators of business students might find the information gathered from the LASSI useful. For example, business students who score low on the subscales of Concentration, Information Processing, Self-Testing, and Study Aids could be targeted with specific support to improve these key learning approach dimensions.

5. CONCLUSION AND RECOMMENDATIONS FOR FURTHER RESEARCH

In this study, business students showed study skills that relate to several aspects of "better learning strategies." In particular, they performed significantly better with respect to Information Processing, Self-Testing, and the use of Study Aids, which are dimensions that are related to the latent structure of skill. Business students also performed better on Concentration, which is linked to self-regulation, and to a certain degree on Motivation, which is associated with will. Significant difference between business students as opposed to other student does to a certain extent contradict a previous research between accounting students and business students (Ballantine et. al., 2008). In their research no significant differences were found between the two student groups with respect to "deep approach study", "surface approach" and "strategic approach". Thus findings here in this research contributes to our knowledge base. In addition this tailored increase in knowledge may be useful in the education of business students.

However, the findings in this research can be utilized to further improve the teaching process when the student group are business students. The clearly better ability to handle "Information Processing" can be the basis for offering business students a broader specter of accessible knowledge centers and thus benefitting of their clear advantage in handling a larger amount of available information. Similarly giving students access to self-testing tools or automatized test opportunities in the learning management system offered to students. Lastly the fact that business students apply study aids to a larger degree than other student implies that teachers could have a larger focus on making such tools/aids available. In line with this a possible follow up research could be carried out after adjusting the teacher approach to business students given the new knowledge. It would be of interest to see if such strategic intervening act further improve the final grades.

Further possible research points in a number of directions for further research. The preliminary findings in this study should be followed up with additional testing on similar student groups. Even though few gender differences were found, it would be interesting to see if this finding holds, given that previous research has shown significantly different results with respect to the dimension of Anxiety. Another approach of interest would be to see how the results differed with groups of students aiming at a specific profession (e.g., law or nursing) compared with students on more general study programs. Future research should also aim to clarify the relationship between study strategies and the academic performance of business students. On the scales Attitude, Selecting Main Ideas, Time Management, Test Strategies and Study Aids both groups seem to score approximately the same score. These aspects are important features related to performing well as a student. It might be a need to educate both student groups to better handle the student task. Cultural dimensions clearly matter with respect to scores on the LASSI. Thus more research taken this into consideration might give valuable insight. Another aspect of interest is to see whether there are differences given if students are at a public or a private university. Cultural dimensions are to a certain degree discussed (Bråten & Olaussen, 2000), but possible differences based on the organizational financial structure of the university (public/private) appears not be covered.

LITERATURE

1. Alkhateeb, H. M., & Nasser, R. (2014). Assessment of Learning and Study Strategies of University Students in Qatar Using an Arabic Translation of the Learning and Study Strategies Inventory. *Psychological Reports, 114*(3), 947-965. doi:10.2466/11.03.PR0.114k26w3
2. Ballantine, J. A., Duff, A., & McCourt Larres, P. (2008). Accounting and business students' approaches to learning: A longitudinal study. *Journal of Accounting Education, 26*(4), 188-201. doi:10.1016/j.jaccedu.2009.03.001
3. Bender, D. S., & Garner, J. K. (2010). Using the LASSI to predict first year college achievement: Is a gender-specific approach necessary? *Paper presented at the American Research Association, Denver, CO.*
4. Bergey, B. W., Parrila, R. K., Laroche, A., & Deacon, S. H. (2019). Effects of peer-led training on academic self-efficacy, study strategies, and academic performance for first-year university students with and without reading difficulties. *Contemporary Educational Psychology, 56*, 25-39. doi:10.1016/j.cedpsych.2018.11.001
5. Braten, I., & Olaussen, B. S. (2000). Motivation in college - Understanding Norwegian college students' performance on the LASSI Motivation Subscale and their beliefs about academic motivation. *Learning and Individual Differences, 12*(2), 177-187. doi:10.1016/S1041-6080(01)00036-X
6. Brown, B. S., Weible, R. J., & Olmosk, K. E. (2010). Business School Deans on Student Academic Dishonesty: A Survey. *College Student Journal, 44*(2), 299.
7. Cano, F. (2006). An In-Depth Analysis of the Learning and Study Strategies Inventory (LASSI). *Educational and Psychological Measurement, 66*(6), 1023-1038. doi:10.1177/0013164406288167
8. Carpenter, J., Dearlove, J., & Marland, J. (2015). Student skills and the Bradley agenda in Australia. *Higher Education Research & Development, 34*(2), 284-297. doi:10.1080/07294360.2014.956698
9. Carson, A. D. (2011). Predicting Student Success from the Lassi for Learning Online (LLO). *Journal of Educational Computing Research, 45*(4), 399-414. doi:10.2190/EC.45.4.b
10. Chevalier, T. M., Parrila, R., Ritchie, K. C., & Deacon, S. H. (2017). The Role of Metacognitive Reading Strategies, Metacognitive Study and Learning Strategies, and Behavioral Study and Learning Strategies in Predicting Academic Success in Students With and Without a History of Reading Difficulties. *Journal of Learning Disabilities, 50*(1), 34-48. doi:10.1177/0022219415588850
11. Coulter, I., Wilkes, M., & Der-Martirosian, C. (2007). Altruism revisited: a comparison of medical, law and business students' altruistic attitudes. *Med. Educ., 41*(4), 341-345. doi:10.1111/j.1365-2929.2007.02716.x
12. Downing, K., Kwong, T., Chan, S.-W., Lam, T.-F., & Downing, W.-K. (2009). Problem-based learning and the development of metacognition. *The International Journal of Higher Education and Educational Planning, 57*(5), 609-621. doi:10.1007/s10734-008-9165-x
13. Duncan, T. G., & McKeachie, W. J. (2005). The Making of the Motivated Strategies for Learning Questionnaire. *Educational Psychologist, 40*(2), 117-128. doi:10.1207/s15326985ep4002_6
14. Edmonds, T., Flanagan, D. J., & Palmer, T. B. (2013). Law School Intentions of Undergraduate Business Students. *American Journal of Business Education, 6*(3), 279. doi:10.19030/ajbe.v6i3.7808
15. Finch, W. H., Cassady, J. C., & Jones, J. A. (2016). Investigation of the Latent Structure for the Learning and Study Strategies Inventory. *Journal of Psychoeducational Assessment, 34*(1), 73-84. doi:10.1177/0734282915588443
16. Flowers, L. A., Bridges, B. K., & Moore, J. L. (2012). Concurrent Validity of the Learning and Study Strategies Inventory (LASSI): A Study of African American Precollege Students. *Journal of Black Studies, 43*(2), 146-160. doi:10.1177/0021934711410881
17. Giacomino, D. E., Li, X., & Michael, D. A. (2013). An Examination of Personal Values and Value Systems of Chinese and U.S. Business Students. *American Journal of Business Education, 6*(1), 119. doi:10.19030/ajbe.v6i1.7490
18. Hassall, J., Boduszek, D., & Dhingra, K. (2015). Psychopathic traits of business and psychology students and their relationship to academic success. *Personality and Individual Differences, 82*(C), 227-231. doi:10.1016/j.paid.2015.03.017
19. Iyer, R., & Eastman, J. K. (2006). Academic Dishonesty: Are Business Students Different From Other College Students? *Journal of Education for Business, 82*(2), 101-110. doi:10.3200/JOEB.82.2.101-110
20. J. Burns, D., B. Gupta, P., & D. Burns, S. (2013). Are business students at Jesuit universities more socially responsible? *Social Responsibility Journal, 9*(3), 454-464. doi:10.1108/SRJ-03-2012-0031
21. Karakaya, F., Quigley, C., Bingham, F., Hari, J., & Nasir, A. (2014). Business Students' Perception of Sales Careers: Differences Between Students in Switzerland, Turkey, and the United States. *Journal of Education for Business, 89*(1), 13-19. doi:10.1080/08832323.2012.740520
22. Karasakaloglu, N. (2012). The Relationship between Reading Comprehension and Learning and Study Strategies of Prospective Elementary School Teachers. *Kuram Uygulamada Egit. Bilim., 12*(3), 1939-1950.
23. Kirby, J. R., Silvestri, R., Allingham, B. H., Parrila, R., & La Fave, C. B. (2008). Learning Strategies and Study Approaches of Postsecondary Students With Dyslexia. *Journal of Learning Disabilities, 41*(1), 85-96. doi:10.1177/0022219407311040
24. Klein, H., Levenburg, N., McKendall, M., & Mothersell, W. (2007). Cheating During the College Years: How do Business School Students Compare? *Journal of Business Ethics, 72*(2), 197-206. doi:10.1007/s10551-006-9165-7
25. Kolodinsky, R., Madden, T., Zisk, D., & Henkel, E. (2010). Attitudes About Corporate Social Responsibility: Business Student Predictors. *Journal of Business Ethics, 91*(2), 167-181. doi:10.1007/s10551-009-0075-3
26. Laakkonen, J., & Nevgi, A. (2014). Relationships Between Learning Strategies, Stres, and Study Success Among First-Year Veterinary Students During an Educational Transition Phase. *Journal of Veterinary Medical Education, 1*(1).
27. Marland, J., Dearlove, J., & Carpenter, J. (2015). LASSI: An Australian evaluation of an enduring study skills assessment tool. *Journal of Academic Language and Learning, 9*(2), A32-A45. Retrieved from <Go to ISI>://WOS:000372820500004
28. Masui, C., Broeckmans, J., Doumen, S., Groenen, A., & Molenberghs, G. (2014). Do diligent students perform better? Complex relations between student and course characteristics, study time, and academic performance in higher education. *Studies in Higher Education, 39*(4), 621-643. doi:10.1080/03075079.2012.721350
29. Melancon, J. G. (2002). Reliability, Structure, and Correlates of Learning and Study Strategies Inventory Scores. *Educational and Psychological Measurement, 62*(6), 1020-1027. doi:10.1177/0013164402238088
30. Mireles, S. V., Offer, J., Ward, D. P., & Dochen, C. W. (2011). Incorporating Study Strategies in Developmental Mathematics/ College Algebra. *Journal of Developmental Education, 34*(3), 12.
31. Muis, K. R., Winne, P. H., & Jamieson-Noel, D. (2007). Using a multitrait-multimethod analysis to examine conceptual similarities of three self-regulated learning inventories. *British Journal of Educational Psychology, 77*(1), 177-195. doi:10.1348/000709905X90876
32. Narayanan, A., Sawaya, W. J., & Johnson, M. D. (2014). Analysis of Differences in Nonteaching Factors Influencing Student Evaluation of Teaching between Engineering and Business Classrooms. *Decision Sciences Journal of Innovative Education, 12*(3), 233-265. doi:10.1111/dsji.12035
33. Ning, H. K., & Downing, K. (2012). Influence of student learning experience on academic performance: The mediator and moderator effects of self-regulation and motivation. *British Educational Research Journal, 38*(2), 219-237. doi:10.1080/01411926.2010.538468
34. Nordhaug, O., Gooderham, P., Zhang, X., Liu, Y., & Birkelund, G. E. (2010). Elite Female Business Students in China and Norway: Job-Related Values and Preferences. *Scandinavian Journal of Educational Research, 54*(2), 109-123. doi:10.1080/00313831003637865

35. Nunnally, J. C. (1978). *Psychometric theory* (2nd. ed.): McGraw-Hill.
36. Olaussen, B. S. (2000). I dont't want to be an invisible grey mouse at the back row in class! The development of positive motivation due to personal and contextual factor. An interview-based survey of newly business graduated students. *Uniped, 31*(2), 30-43.
37. Ottley, G., Sisodia, R. S., & Buono, A. F. (2013). Student beliefs and attitudes about business: shaping the views of first-year business students--a preliminary study. *SAM Advanced Management Journal, 78*(4), 35.
38. Prevatt, F., Petscher, Y., Proctor, B. E., Hurst, A., & Adams, K. (2006). The Revised Learning and Study Strategies Inventory: An Evaluation of Competing Models. *Educational and Psychological Measurement, 66*(3), 448-458. doi:10.1177/0013164405282454
39. Rodriguez, C. M. (2009). The impact of academic self-concept, expectations and the choice of learning strategy on academic achievement: the case of business students. *Higher Education Research & Development, 28*(5), 523-539. doi:10.1080/07294360903146841
40. Samuelstuen, M. S. (2003). Psychometric Properties and Item-Keying Direction Effects for the Learning and Study Strategies Inventory-High School Version with Norwegian Students. *Educational and Psychological Measurement, 63*(3), 430-445. doi:10.1177/0013164403063003006
41. Samuelstuen, M. S., & Bråten, I. (2007). Examining the validity of self-reports on scales measuring students' strategic processing. *British Journal of Educational Psychology, 77*(2), 351-378. doi:10.1348/000709906X106147
42. Samuelstuen, M. S., Bråten, I., & Valås, H. (2007). Context Effects in Norwegian 10th-Grade Students' Reports on Learning Strategies using the Cross-Curricular Competencies Instrument. *Scandinavian Journal of Educational Research, 51*(5), 511-529. doi:10.1080/00313830701576656
43. Schunk, D. H., Meece, J. L., & Pintrich, P. R. (2013). *Motivation in Education: Pearson New International Edition: Theory, Research, and Applications*: Pearson Education M.U.A.
44. Schutz, C. M., Gallagher, B. S., & Tepe, R. E. (2011). Differences in learning and study strategies inventory scores between chiropractic students with lower and higher grade point averages. *Journal of Chiropractic Education, 25*(1), 5-10.
45. Seabi, J. (2011). Relating learning strategies, self-esteem, intellectual functioning with academic achievement among first-year engineering students. In *South Afr. J. Psychol.* (pp. 239-249).
46. Soares, A. P., Guisande, M. A., Almeida, L., & Paramo, M. (2009). Academic achievement in first-year Portuguese college students: The role of academic preparation and learning strategies. *Int. J. Psychol., 44*(3), 204-212. doi:10.1080/00207590701700545
47. Veenman, M. V. J. (2005). The assessment of metacognitive skills> What can be learned from multimethod designs? In C. Artlet & B. Moschner (Eds.), *Lernstrategien und Metakognition>implikation fur Forshung und Praxis* (pp. 77-99). Munster: NRW; Waxmann.
48. Wadsworth, L., Husman, J., Duggan, M., & Pennington, M. (2007). Online Mathematics Achievement: Effects of Learning Strategies and Self-Efficacy. *Journal of Developmental Education*, 6-8,10,12-14.
49. Warr, P., Downing, J., & Warr, P. (2000). Learning strategies, learning anxiety and knowledge acquisition. *British journal of psychology (London, England : 1953), 91 (pt 3)*, 311-333.
50. Weinstein, C. E., Palmer, D. R., & Schulte, A. C. (1987). *Learning and study strategies inventory*. Clearwater, FL: H&H Publishing.
51. Weinstein, C. E., Palmer, D. R., & Shulte, A. E. (2002). *Learning and study strategies inventory (LASSI)*. Clearwater, Florida: H&H Publishing Company.
52. Weinstein, C. E., & Woolfolk, A. E. (1987). *LASSI user's manual: for those administering the Learning and Study Strategies Inventory*. Clearwater, Florida: H&H Publishing Company.
53. West, C., Kurz, T., Smith, S., & Graham, L. (2014). Are study strategies related to medical licensing exam performance? *International Journal of Medical Education, 5*, 199. doi:10.5116/ijme.5439.6491
54. Winne, P. H. (2010). Improving Measurements of Self-Regulated Learning. *Educational Psychologist, 45*(4), 267-276. doi:10.1080/00461520.2010.517150
55. Yip, M. C. W. (2013a). Learning strategies and their relationships to academic performance of high school students in Hong Kong. *Educational Psychology, 33*(7), 817-827. doi:10.1080/01443410.2013.794493
56. Yip, M. C. W. (2013b). The Reliability and Validity of the Chinese Version of the Learning and Study Strategies Inventory (LASSI-C). *Journal of Psychoeducational Assessment, 31*(4), 396-403. doi:10.1177/0734282912452835
57. Zheng, B., Ward, A., & Stanulis, R. (2020). Self-regulated learning in a competency-based and flipped learning environment: learning strategies across achievement levels and years. *Medical Education Online, 25*(1). doi:10.1080/10872981.2019.1686949

IMAJU LI STUDENTI POSLOVNE EKONOMIJE VIŠE UČINKOVITIH STRATEGIJA UČENJA OD STUDENATA IZ OSTALIH AKADEMSKIH PODRUČJA?

SAŽETAK

Cilj je ovog rada usporediti strategije učenja studenata na različitim akademskim područjima u visokom obrazovanju. Prethodna su istraživanja ograničila fokus na usporedbu studenata na teme poput stupnja društvene odgovornosti, osobnih vrijednosti, akademskog nepoštenja / integriteta i emocionalne inteligencije. Suprotno tome, ovo istraživanje bavi se pitanjem jesu li strategije učenja studenata poslovne ekonomije bolje od onih studenata s drugih akademskih područja. Do danas je naše znanje i razumijevanje ove problematike ograničeno, iako je tema strategija učenja zadobila značajnu pozornost u istraživanjima vezanim uz obrazovanje. Ovo je istraživanje primijenilo mjernu ljestvicu LASSI (Learning and Study Strategies Inventory) kako bi se utvrdile razlike u strategijama učenja između skupina studenata. Statistička analiza pokazala je da studenti poslovne ekonomije imaju učinkovitije strategije učenja od onih koji nisu studenti poslovne ekonomije uključeni u ovu studiju. U radu se raspravlja o potencijalnim razlozima tih rezultata te se na temelju tih nalaza razmatraju teorijske i praktične implikacije.

KLJUČNE RIJEČI: učenje, studenti poslovne ekonomije, visoko obrazovanje, LASSI mjerna ljestvica.

HOW CAN ENTREPRENEURIAL ORIENTATION BE PROMOTED IN SERVICE FIRMS AND WHAT ARE THE POTENTIAL EFFECTS? —AN EMPIRICAL STUDY OF FRONTLINE EMPLOYEES

ORIGINAL SCIENTIFIC PAPER / IZVORNI ZNANSTVENI RAD **UDK: : 005.342:(334.72:338.46)** **JEL: L26; L8**

Authors / Autori:

ELISE JOHANSEN MAKE
INLAND SCHOOL OF BUSINESS AND SOCIAL SCIENCES
INLAND NORWAY UNIVERSITY OF APPLIED SCIENCES
NORWAY
elisej88@gmail.com

TERJE SLÅTTEN
ASSOCIATE PROFESSOR
INLAND SCHOOL OF BUSINESS AND SOCIAL SCIENCES
INLAND NORWAY UNIVERSITY OF APPLIED SCIENCES.
NORWAY
Terje.slatten@inn.no

ABSTRACT

The aim of this paper is to explore how entrepreneurial orientation can be promoted in service firms. Previous research seems to have, to a certain extent, taken a broad approach when studying entrepreneurial orientation in service firms. In contrast, this study includes different levels of promoting factors and links these to service firms' entrepreneurial orientation. It also explores how service firms' entrepreneurial orientation is linked to both internal and external effects. A conceptual framework is developed and tested in an empirical study, where a total of 299 frontline service employees participated. The findings reveal that open communication, job autonomy and working as a team are the most influential factors in promoting service firms' entrepreneurial orientation. Furthermore, the findings support that service firms' entrepreneurial orientation is closely related to employee commitment as well as driving its competitive power when compared with relevant competitors. The paper discusses contributions and implications of these findings both theoretically and practically.

KEY WORDS: entrepreneurial orientation, organizational climate, leadership, competitive power, teamwork, communication.

1. INTRODUCTION

Entrepreneurial orientation is an area that has received increased interest and focus in recent years. Research undertaken among service firms (which is focused on in this paper) has shown that entrepreneurial orientation has an impact on important and critical firm parameters, such as innovation and performance (Octavio et al., 2019). Furthermore, research has also shown that entrepreneurial orientation, in some situations, is linked to firms' successful foreign market entry (Baker et al., 2019). Since we live in a consumer society where competition among business firms, both nationally and internationally, increases, it becomes important to orchestrate, structure and organize firms in such a way that it contributes to sustaining firms' competitive advantage relative to their competitors in the market. Entrepreneurial orientation is suggested to be a type of resource that firms can potentially capitalize on to pursue this preferred goal.

A company's entrepreneurial orientation is its tendency to act independently, create something new, take chances and act proactively when confronted with new market opportunities (Lumpkin and Dess, 1996). Entrepreneurial orientation as a concept is related to and can be categorized within the domain of organizational climate and culture, where it is considered dynamic, in contrast to static, and changeable only through long-term strategic decisions and processes. According to Hart (1992), the dimensions of a company's strategic process can be seen as encompassing the full range of organizational activities, such as planning, decision-making and strategic leadership. Such processes also include many aspects of a company's culture, shared value systems and corporate vision (Lumpkin and Dess, 1996). Consequently, considering the complexity and multifaceted nature of entrepreneurial orientation, it becomes important and highly valuable to understand and have precise knowledge about the steps that are needed and are most effective in building and cultivating an organizational climate that promotes firms' entrepreneurial orientation. This is the area of research and focus in this paper.

It seems that previous research, to a certain extent, has taken a broad approach when studying factors that potentially promote firms' entrepreneurial orientation. This is especially the case when it comes to research on entrepreneurial orientation in service firms. It is well-known that for service firms, the human capital and, in general, the human factor and role are extremely important for service firms' output or service «product», competitiveness and ability to survive both in the short and long term. Based on these knowledge gaps in previous research, this study has three aims. First, it studies entrepreneurial orientation from a service firms' perspective. Second, it explores whether and how different levels of factors are able to promote service firms' entrepreneurial orientation. Third, it examines whether and how service firms' entrepreneurial orientation is related to both internal as well as external outcomes.

In the following section, the overall conceptual model for this study is briefly explained. Then, there is a review of the literature. Next, the methodology and findings are presented. The paper continues with a discussion of contributions and closes with a conclusion that can be drawn from this study.

2. CONCEPTUAL FRAMEWORK AND LITERATURE REVIEW

Figure 1. Conceptual framework

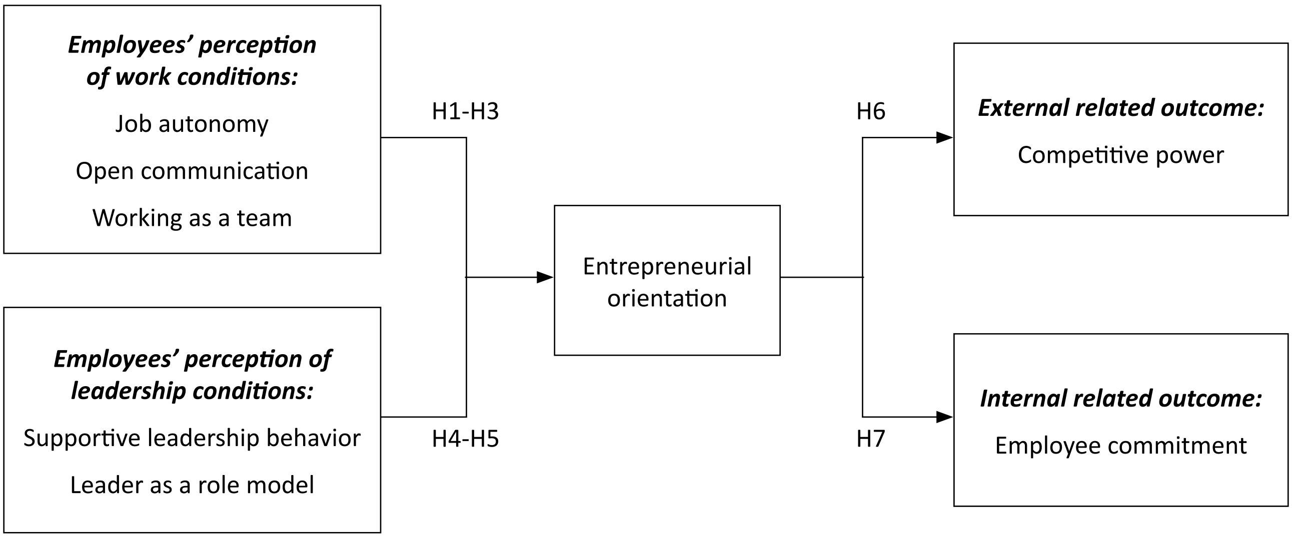


Figure 1 visualizes the overall conceptual framework for this study. As seen in the figure, there are two main groups that represent factors promoting entrepreneurial orientation. The first group is labelled as *employees' perception of work conditions.* This group is represented by three factors: (i) job autonomy, (ii) open communication and (iii) working as a team. The second group of promoting factors is labelled as *employees' perception of leadership conditions*. This group is represented by two factors: (i) supportive leadership behavior and (ii) leader as a role model.

Furthermore, Figure 1 suggests that entrepreneurial orientation is related to two types of positive outcomes: (i) external and (ii) internal related outcomes. The external outcome is represented by firms' competitive power and the internal outcome is represented by employee commitment. The content and linkages in the conceptual framework in Figure 1 are discussed as follows.

2.1. Entrepreneurial orientation

Entrepreneurial orientation in this study refers to a combination of three dimensions: (i) innovativeness, (ii) proactiveness and (iii) risk-taking (Miller, 1983; Wiklund, 1999). These three dimensions are used consistently in the literature (Rauch, 2009). Regarding the first dimension of entrepreneurial orientation, Lumpkin and Dess (1996) state that innovativeness reflects a tendency to actively support new ideas, news, experimentation and creative solutions in pursuit of a competitive advantage. The second dimension of entrepreneurial orientation, proactiveness, refers to an attitude of anticipating and acting on future wants and needs in the market. The third dimension of entrepreneurial orientation, risk-taking, is associated with the willingness to commit large amount of resources to projects where the cost of failing can be high, and yet, the firm takes the initiative to compete aggressively with other companies (Wiklund and Shepherd, 2003).

An entrepreneurial firm is willing to dedicate resources to projects where the outcome is unknown and, thus, break away from what is safe and embark on the unknown (Wiklund and Shepherd, 2005). Consequently, entrepreneurial orientation reflects how a company is organized to discover and exploit opportunities (Wiklund and Sherpherd, 2003).

2.2. Employees' perception of work conditions

As seen in Figure 1, an employee's perception of work conditions represents the first main group of factors promoting entrepreneurial orientation. This group focuses on and embraces how employees experience the day-to-day work in the firms they are employed in. Furthermore, this study limits its focus to three types of employee day-to-day work experiences: (i) job autonomy, (ii) open communication and (iii) working as a team.

2.2.1. Job autonomy

Job autonomy is the freedom and independence that employees, either as individuals or teams, experience in deciding how to perform their jobs (Slåtten and Mehmetoglu, 2011). In general, it means the ability and willingness to be self-directed in the pursuit of new opportunities (Lumpkin and Dess, 1996).

Job autonomy has often been emphasized as a basic job resource that meets basic human needs, such as personal growth, learning and development (Bakker and Demerouti, 2007), in a job situation. Previous research has linked job autonomy to employee engagement and employees' innovative behavior (Slåtten and Mehmetoglu, 2011). Based on this, it is reasonable to assume that when employees are provided job autonomy, they experience a sense of control because they have the freedom to choose how their time is spent and how work tasks should be performed. This should, in turn, lead to the potential release of more creativity and a distribution of innovative ideas across the organization and, consequently, positively promote entrepreneurial orientation. Previous research has indicated that autonomy is a precursor to entrepreneurial behavior (Lumpkin and Dess, 2001). Consequently, we hypothesize:

H1: Job autonomy is positively related to firms' entrepreneurial orientation

2.2.2. Open communication

Open communication captures the idea of companies' employees spontaneously and openly sharing information and knowledge and, thus, creating a potential for learning from and with organizational members. Open communication improves the exchange of resources and can also increase the likelihood of deeper insight among organizational members (Merlo et al., 2006). Furthermore, humor is also a part of open communication in the workplace.

Weick (1987) argues that interpersonal communication is the most important characteristic of business firms because communication creates the structures that determine what is said and who does what. In line with this, Kanter (1988) argues that innovation is more likely to happen in companies where communication is open. By contrast, a company with a culture and climate that contains no particular communication tends to stifle innovation because employees are discouraged from taking the initiative to solve problems (Merlo et al., 2006). Previous research has found that open communication, which includes a humoristic climate, is positively linked to both creativity and innovative behavior (Slåtten et al., 2011)—both important ingredients of entrepreneurial orientation. Consequently, it is reasonable to assume that open communication, where information is shared and spread across the organization, increases the firm's entrepreneurial orientation. Therefore, we hypothesize:

H2: Open communication is positively related to firms' entrepreneurial orientation

2.2.3. Working as a team

Working as a team refers to how the company promotes and encourages employees to collaborate and work together towards common goals. "Team is a small multidisciplinary group with a common purpose where members feel the shared responsibility to achieving results" (Assmann, 2008; 37). In what is labelled as *effective teams*, team members have a clear understanding of what the team is supposed to achieve and what is required of each individual team member. They have a strong commitment to teamwork and those methods used when working in the team. Furthermore, effective teams are characterized by their open communication, and they are expected, if necessary, to ask questions regarding how things are done and how conflicts are resolved. Consequently, team decisions are made on the basis of dialogue and consensus regarding goals and working methods (Assmann, 2008)

Teamwork is important in most firms. However, considering the characteristics of effective teams, those firms that seek to have an entrepreneurial orientation would most probably positively promote creativity and innovative thinking as a result because of their employees working as a team. As such, common goals among team members would serve as guidelines that lead to more effective implementation of planned activities and, thus, positively strengthen or increase entrepreneurial orientation (Engelen et al., 2012). Therefore, we hypothesize as follows:

H3: Working as a team is positively related to firms' entrepreneurial orientation

2.3. Employees' perception of leadership conditions

As seen in Figure 1, an employee's perception of leadership conditions represents the second main group of factors promoting entrepreneurial orientation. This group focuses on how frontline employees in service firms' experience leadership and perceive the performance of a leadership role. Furthermore, this study limits its focus to two types: (i) supportive leadership behavior and (ii) leader as a role model.

2.3.1. Supportive leadership behavior

Supportive leadership behavior is representative of the behavior of the leaders in an organization that indicates that they are friendly, attentive and considerate of the needs of the employees (Podsakoff et al., 1983). Consequently, supportive leadership behavior is reflected in leaders who show respect and concern and positively encourage and give praise to the employees in the organization.

Supportive leadership behavior contributes, generally, to the well-being of employees. On the other hand, support from a leader can also be a "tool" to shape and cultivate employees' behavior in the desired or preferred direction within the organization. Consequently, following this line of reasoning, there is good reasons to expect a positive relationship between supportive leadership behavior and the overall climate and culture of an organization, such as its entrepreneurial orientation. Previous research has indicated that leaders who demonstrate a caring and supportive behavior are associated with more engaged employees and increase the probability of a more effective execution of those activities inherent or included in entrepreneurial orientation (Engelen et al., 2012). Based on this reasoning, we hypothesize:

H4: Supportive leadership behavior is positively related to firms' entrepreneurial orientation

2.3.2. Leader as a role model

Leader as a role model refers to what extent leaders are models and examples for employees to follow regarding firms' entrepreneurial orientation. This idea of a leader as a role model is rooted in social cognitive theory, sometimes also called social learning theory, which emphasizes that humans in a social setting observe other people and have a tendency to imitate others through, what can be described as, observational learning (Rich, 1997).

It is important for leaders to be appropriate role models and examples, both in terms of their attitude and actual behavior, and are, thus, able to direct employees' behavior in a positive and preferred way, in line with the organization's overall values, strategies and goals. Clearly, there are variations in how a good leader performs as a role model. However, if the employees in an organization observe that leaders positively motivate and actively engage in entrepreneurial activities themselves, this should positively lead to an increase in an organization's entrepreneurial orientation. Consequently, the following hypothesis is proposed:

H5: Leader as a role model is positively related to firms' entrepreneurial orientation

2.4. External and internal related outcome of entrepreneurial orientation

As seen in Figure 1, entrepreneurial orientation is suggested in this study to have two types of outcomes: (i) an external and (ii) an internal outcome. The external outcome is reflected in the concept of competitive power and the internal outcome is reflected in the concept of employee commitment. Each of these types of outcomes is discussed as follows.

2.4.1. Competitive power

The concept of competitive power in this study focuses on employees' perception of a company's relative advantage in the marketplace in comparison to its most relevant competitors. Competitive power is reflected in such as being the first to introduce new services into the market, having more satisfied customers and hard for competitors to imitate firms' service offerings. Competitive power has some similarities with the concept that in the literature is labeled as competitive aggressiveness (for more detail regarding competitive aggressiveness, see, e.g., Rauch et al., 2009). However, although the concepts share some similarities, they are distinct in areas relevant to this study. First, competitive aggressiveness is studied in the literature as an antecedent of entrepreneurial orientation (Lumpkin and Dess, 1996). In contrast, in this study, competitive power is examined as a consequence or outcome of a firm's entrepreneurial orientation. Second, the concept of competitive aggressiveness has an emphasis on a firm's "intensity ... [and] … efforts to outperform rivals" and the "aggressive responses" to threats from competitors (Rauch et al., 2009). In contrast, the concept of competitive power in this study has no specific focus on firms' intensity of effort or aggressive responses to threats from competitors. Instead, competitive power emphasizes firms' relative advantage and superiority in the marketplace in general terms.

It is important for the company to be at the same level or achieve parity with its competitors and to, preferably, perform better than its competitors. One important aim of competitive power is to differentiate a firm, in one way or another, from relevant competitors. Differentiation could, in some situations, mean creating a unique image or value for a product or service offered to customers. Research has found that differentiation can take many forms, including branding, customer service and product innovation (Craig et al., 2008). Entrepreneurial orientation is about innovativeness, proactiveness and risk-taking (Miller, 1983; Wiklund, 1999). Based on this, it is reasonable to assume that when companies manage the three components of entrepreneurial orientation, it should contribute positively to the increase of firms' competitive power in the marketplace. Research literature has indicated that companies with high entrepreneurial orientation can target first-class market segments, demand higher prices and "skim" the market ahead of its competitors (Rauch et al., 2009). Consequently, it is expected to find a positive link between firms' entrepreneurial orientation and level of competitive power. This leads to this hypothesis:

> H6: Firms' entrepreneurial orientation is positively related to firms' competitive power

2.4.2. Employee commitment

Employee commitment refers to whether an employee is proud of the workplace, shares the values that the company has, thrives in the workplace and does not want to change jobs. Employee commitment means that employees feel connected to their company and care that their company is doing well and getting good results. Employee commitment can be divided into three factors: (i) a desire to continue to be a part of the company, (ii) a willingness to spend time and energy for the company's advantage and (iii) identifying with the company's values and objectives (Slåtten and Krogh, 2012). Consequently, employee commitment ties a person to the company and reduces the likelihood of the employee leaving the company (Meyer and Becker, 2004).

By nature, entrepreneurial orientation means that employees have relatively freedom and autonomy to control what to do and when to do it, and to make independent choices on how to perform their daily duties. Accordingly, entrepreneurial orientation will create opportunities for employees in several ways. For example, it can provide an opportunity for employees to participate in different types of work tasks as well as, on their own, decide how to and in what way different job tasks in the organization could or should be performed. Consequently, entrepreneurial orientation should contribute positively to employees' perception of having an exciting workplace and that their organization is a great place to work. Consequently, entrepreneurial orientation should definitely increase employee commitment. Based on this reasoning, we hypothesize:

> H7: Firms' entrepreneurial orientation is positively related to employee commitment

3. METHODOLOGY

3.1. Participants and data collection

This study aims to explore factors that potentially promote firms' entrepreneurial orientation as well as explore potential outcomes of firms' entrepreneurial orientation in service firms. Because the main concept of this study, entrepreneurial orientation, is defined as an organizational climate construct, all participants invited should be subordinate employees and work "on the floor" in service organizations. Specifically, "on the floor" refers to those working as frontline employees in service firms. It is reasonable to assume that this group of employees is suitable when seeking to collect information about "how things are done here" or the climatic conditions regarding entrepreneurial orientation in their respective organizations. People working in both private and public service companies were invited to participate in the study. The public sector was included because most public companies where this study was undertaken (Norway) are competing in the same market, either with other public companies or private companies. Consequently, it is relevant to include frontline employees from public companies when considering the aim and focus of this study. Data were collected using Quest Back as a data collection method. Links to the survey and questionnaire were developed. The participants were informed about the background, target group of participants, aim and purpose of the study, confidentiality, the use of the collected data, time to fill in the questionnaire and other relevant information. The link to the survey was first shared on Facebook, inviting people to participate if they were within the target group for the study. Based on the data collection method known as "snowball-methodology," people were urged to distribute the survey to other persons whom they know were working as: 1) frontline employees and 2) in service firms. Service firms in this study were defined broadly as companies that primarily provide intangible products or services to a market. Data for the study were collected during a period of three weeks.

3.2. Measures

Items for constructs in this study were mainly based on previous research. However, several items had to be modified to be appropriate for this specific study. *Leader as a role model* is based on Podsakoff et al. (1996). An example of a question from the survey is: "Leaders are good role models for employees". Items regarding *entrepreneurial orientation* is based on Engelen et al. (2012). An example of a question from the survey is: "The company encourages its employees to be creative". Items for *supportive leadership behavior* is based on Podsakoff et al. (1996). An example of a question from the survey is: "Leaders are positive and encouraging of their employees". Items for *open communication* is mainly based on Merlo et al. (2006). An example of a question from the survey is: "New ideas are openly shared with each other in the company". Items for *working as a team* is based on Podsakoff et al. (1996). An example of a question from the survey is: "Employees in the company work together towards common goals". Items for *job autonomy* is based on Mathisen (2011). An example of a question from the survey is: "I have the freedom to decide how I do my job". Items for *employee commitment* is based mainly on Slåtten and Krogh (2012). An example of a question from the survey is: "I want to stay at this workplace". Items for *competitive power* were developed specifically for this study. Three questions were developed. The question was introduced like this: "Compared with our competitors …" followed by three statements: (i) "Our customers are more satisfied," (ii) "Our services and products are hard to imitate" and (iii) "Our company is the first to introduce new services."

Participants responded to a seven-point Likert scale for all variables. These items were set between (1) strongly disagree and (7) strongly agree.

3.3. Profile of respondents

A total of 299 respondents agreed to participate in the study. All respondents were frontline employees in service firms. About 40% of the participants were employed in the public sector and 60% in the private sector. About 50% (48.2%) of respondents were educated at the university level. The age of respondents ranged from 16 to 75 years. Of the total numbers of respondents, about 40% were men and 60% female. About 70% of respondents were full-time workers. About 50% of respondents had been employed in their company between 2 to 5 years and 25% had been employed in the same company for more than 5 years. Most respondents worked in organizations where the total number of employees ranged between 10 to 30 employees. On the other hand, 28% of respondents worked in organizations with more than 50 employees.

3.4. Results and analysis

Before testing the proposed hypothesis, all items were checked for normality and convergent and divergent properties using principal component extraction and varimax rotation. The results showed satisfactory properties. Table 1 shows Cronbach's alpha values and inter-correlations for all variables.

Table 1. Cronbach alpha values and inter-correlations for all variables

Construct	α	EO	JA	OC	WT	SLB	LRM	CP	EC
EO	.934	1.00							
JA	.830	.666*	1.00						
OC	.819	.728*	.633*	1.00					
WT	.850	.698*	.568*	.760*	1.00				
SLB	.928	.661*	.536*	.625*	.663*	1.00			
LRM	.955	.633*	.549*	.560*	.645*	.736*	1.00		
CP	.819	.438*	.362*	.450*	.446*	.438*	.437*	1.00	
EC	.909	.705*	.606*	.642*	.634*	.571*	.621*	.525*	1.00

Notes: *Correlation is significant at *0.01 level (2-tailed); EO: entrepreneurial orientation; JA: job autonomy; OC: open communication; WT: working as a team; SLB: supportive leadership behavior; LRM: leader as a role model; CP: competitive power; EC: employee commitment.

3.5. Regression analysis

The first regression analysis tested the dependent variable entrepreneurial orientation against the independent variables of job autonomy, open communication, working as a team, supportive leadership behavior and leader as a role model. The second regression analysis first tested the dependent variable competitive power against the independent variable entrepreneurial orientation, and then the independent variable employee commitment against the independent variable entrepreneurial orientation. Table 2 shows the results.

Table 2. Results from testing the hypotheses

Regression coefficients			
Predictors	Entrepreneurial orientation (EO)	Competitive power (CP)	Employee commitment (EC)
H1: JA	.234*		
H2: OC	.436*		
H3: WT	.182**		
H4: SLB	.167**		
H5: LRM	.081**		
H6: EO		.438*	
H7: EO			.705*
Overall F	108.05*	68.81*	284.34*
Adj. R Square	.654	.191	.495

As can be seen in Table 2, the results show that the three variables—job autonomy, open communication and work as a team—are all positively related to entrepreneurial orientation and, consequently, support hypotheses 1–3 regarding how employees' perception of work conditions is linked to entrepreneurial orientation in organizations. It is notable that open communication is the most promoting factor to an organization's entrepreneurial orientation (β-coefficients for open communication is .436), followed by job autonomy. Working as a team was found to be the least promoting factor within this group. Furthermore, when considering the two factors that constitute the group labelled as *employees' perception of leadership conditions*, it reveals that both supportive leadership behavior and leader as a role model are positively related to entrepreneurial orientation. These findings, thus, support hypotheses 4 and 5. On comparing the two promoting factors, it reveals that supportive leadership behavior is clearly a greater contributor to entrepreneurial orientation than leader as a role model (β-coefficients for supportive leadership behavior is .167 compared with leader as a role model that has (only) a β-coefficients of .081).

Table 2 also reveals that service firms' entrepreneurial orientation is linked to both internal and external outcomes. As suggested, the findings reveal that entrepreneurial orientation is positively linked to a firm's competitive power, supporting hypothesis 6. Furthermore, results also show that entrepreneurial orientation is positively linked to employee commitment (β-coefficients is .705), supporting hypothesis 7.

In summary, all suggested hypotheses were supported.

4. DISCUSSION AND IMPLICATIONS

Previous research has, to a certain extent, taken a broad approach when studying entrepreneurial orientation in service firms. In contrast, this study includes different levels of promoting factors and links to these firms' entrepreneurial orientation. In total, the study offers three contributions. First, it contributes a new and nuanced understanding about entrepreneurial orientation from a service firms' perspective. Second, and more specifically, it reveals *whether* and *how* different levels of factors are able to promote service firms' entrepreneurial orientation. Third, it contributes to our understanding of *whether* and *how* service firms' entrepreneurial orientation is related to both internal as well as external outcomes.

Entrepreneurial orientation reflects to what extent a company is able to discover and exploit opportunities (Wiklund and Sherpherd, 2003). The empirical study reveals that both employees' perception of work conditions (referring to job autonomy, open communication and working as a team) and of leadership conditions (supportive leadership behavior and leader as a role model) are able to promote service firms' entrepreneurial orientation. It is notable that the promoting factors explain 65.4% of the variance in the service firms' entrepreneurial orientation, which can be characterized as a considerable result.

On comparing those three factors within the employees' perception of work conditions group it is clear that open communication is the main factor that promotes service firms' entrepreneurial orientation. Open communication means that employees have opportunity to openly share information and ideas, learn from and with each other and freely using (positive) humor in communication with other member of the organization. Clearly, this type of open communication improves both employees' access and sharing of information that lies either within or outside of their network (Merlo et al., 2006). Consequently, when communication is open, positive and constructive among members of an organization, it promotes entrepreneurial orientation in service firms.

Although they have a lower impact, this study found both job autonomy and working as a team to be factors promoting service firms' entrepreneurial orientation. Of the two, job autonomy has more impact on entrepreneurial orientation compared with working as a team. Job autonomy means that employees have freedom to decide how and what way work tasks should be performed. It is also about employees' possibility to have impact on decisions made in the company. Previous research has argued that autonomy is an essential factor for entrepreneurial initiative to emerge and thrive and can be characterized as a fundamental feature of companies that have an entrepreneurial orientation (Lumkin et al., 2009). Accordingly, the findings in this study support previous research regarding the important role of job autonomy.

Furthermore, as also found in this study, working as a team is positively linked to service firms' entrepreneurial orientation. It is reasonable to assume that if employees work independently of each other because of a high level of autonomy, it is not ideal for promoting entrepreneurial orientation in service firms. In contrast, there are good reasons for, in addition to job autonomy, there should be some level of cooperation and what this label as work as a team among organizational members. Working as a team means how employees encourage each other and work together towards common goals. As the results from this study show, common goals among organizational members serve as guidelines that lead to more effective implementation of planned activities and, thus, positively strengthen or increase entrepreneurial orientation (Engelen et al., 2012). Consequently, it is essential for managers in service firms to attempt to have a balance between different levels of employees' job autonomy and simultaneously stimulate employees in the organization to work as a team. Balancing and combining these two factors in a positive way ensures they are potential promoters to service firms' entrepreneurial orientation.

On studying the two factors within the employees' perception of leadership conditions group it becomes clear that supportive leadership behavior is the most promising factor in promoting service firms' entrepreneurial orientation. Supportive leadership behavior reflects leaders that are friendly and attentive to the needs of their employees (Podsakoff et al., 1983). Having a leader with a supportive attitude and behavior in service organizations is important since it drives both effectively and positively those features that are embraced in entrepreneurial orientation. As such, this study supports the study of Engelen et al. (2012), revealing a positive link between top management supportive leadership behavior and entrepreneurial orientation as well as firm performance. Consequently, a leader should display a respectful and supportive behavior by taking into account employees' opinions and, in a constructive way, stimulate and encourage employees, give them supportive activities and praise them both when earned and needed. Furthermore, although it was found to have less impact compared with supportive leadership behavior, this study also shows that the way a leader performs as a role model is also a promoting factor to entrepreneurial orientation. Accordingly, an implication of this is the importance for leaders to actually "walk the talk" and model "correct" and proper behavior reportoar for their employees to emulate. By doing this, leaders are able to stimulate, form and shape employees' behavior regarding entrepreneurial orientation in a positive and preferred way, in line with organizations' overall vision, strategies and objectives.

Previous research has shown that entrepreneurial orientation has several positive outcomes. Hamel (2000) states that entrepreneurial orientation has positive consequences for business performance (Wiklund and Shepherd, 2003). In line with previous research, this study finds that entrepreneurial orientation has an impact on critical outcomes or performance parameters for service firms, both external and internal. First, and some would probably say it is the most important parameter, entrepreneurial orientation has an impact on external factors related to the market that the service firms are serving and operating in. Specifically, entrepreneurial orientation is found to considerably increase service firms' competitive power in comparison to relevant competitors. Consequently, entrepreneurial orientation can be characterized as a powerful and valuable firm resource and a potential dynamic firm capability that service firms can use to actively compete in the market and potentially outperform and win over relevant competitors. Second, this study also found that entrepreneurial orientation is also highly related to an internal related outcome regarding employee commitment. It is notable that entrepreneurial orientation actually explains almost 50% (49.5 %) of the variance in employee commitment, which can be characterized as a substantial result. This finding is especially interesting given the characteristics and nature of services and what is known to be the most imperative differentiator among service firms competing in the same marketspace and offering relatively the same services. All this reveals the critical role that service employees' performances play and how customers perceive the quality of services provided. It is well-known that for service firms, the human capital and, in general, the human factor are extremely important not only for the service «product» offered to customers, but also for service firms' competitiveness and their ability to survive both in the short and long term. Consequently, it is important for an organization to retain service employees, especially those who are talented, and be considered as an attractive employer both for existing and potential new employees. The findings from this study have shown that service firms who have an entrepreneurial orientation have service employees who are more committed to the organization, implying that they intend to continue work for and stay loyal to the organization.

5. CONCLUSIONS

This study contributes to an area of research that seems to have been relatively neglected in previous research. The empirical study shows that open communication, job autonomy and working as a team are the most influential factors in service firms' entrepreneurial orientation. Furthermore, entrepreneurial orientation was also found to be linked to both service firms' employee commitment as well as their competitive power. Overall, this study demonstrates that entrepreneurial orientation is a powerful and valuable resource that service firms should strive to promote. Future research should identify and examine other promoting factors as well as potential effects related to entrepreneurial orientation. For example, when focusing on promoting factors, future research should explore how different forms of learning modes can promote service firms' entrepreneurial orientation. The capability to learn has been suggested to be a key source for firms' sustainable competitive advantage (Vera and Crossan, 2004). Learning could be studied on the individual level, organizational level and team level. Regarding the latter, recently a new concept labeled team learning capability (TLC) was introduced as a way to understand learning in service firms (for more detail, see Bath-Rawden et al., 2019). In their empirical study, Bath-Rawden et al. (2019) found TLC to be positively linked to innovation ambidexterity. Based on their findings, the authors suggest that future studies should examine other "potential … outcomes" of TLC. Based on the nature and content of both TLC and entrepreneurial orientation, it is highly recommended that future research should explore the linkage between this new TLC concept and entrepreneurial orientation.

LITERATURE

1. Assmann, R. (2008). "Team og Teamarbeid." I *Teamorganisering. Veien til mer fleksible organisasjoner,* pp. 35–58 Bergen: Fagbokforlaget.
2. Bakker, A.B., Demerouti E. (2007). The job demands-resources model: state of the art. Journal of Managerial Psychology, 22(3), pp. 309–328.
3. Baker, W.E., Grinstein, A., Perin M.G. (2019). The impact of entrepreneurial orientation on foreign market entry: the roles of marketing program adaptation, cultural distance and unanticipated events. *Journal of International Entrepreneurship*, July, pp. 1–29.
4. Batt-Rawden, V.H., Lien, G., Slåtten, T. (2019) Team learning capability – an instrument for innovation ambidexterity in professional service firms? *International Journal of Quality and Service Sciences, 11(4),* pp. 473-486.
5. Craig, J.B., Dibrell, C., Davis, P.S. (2008). Leveraging Family-Based Brand Identity to Enhance Firm Competitiveness and Performance in Family Businesses. *Journal of Small Business Management* 46(3): 351–371.
6. Engelen, A., Gupta, V., Strenger, L., Brettel, M. (2012). Entrepreneurial Orientation, Firm Performance, and the Moderating Role of Transformational Leadership Behavior. *Journal of Management,* 41(4), pp. 1069–1097.
7. Hart, S.L. (1992). An integrative framework for strategy-making processes. Academy of Management Review, 17(2), pp. 327–351.
8. Kanter, R.M. (1988), When a Thousand Flowers Bloom: Structural, Collective, and Social Conditions for Innovations in Organizations, in B.M. Staw and L.L. Cummings (eds.), *Research in Organizational Behavior*, Greenwich: JAI, pp. 97–102.
9. Lumpkin, G.T., Cogliser, C.C., Schneider, D.R. (2009). Understanding and Measuring Autonomy: An Entrepreneurial Orientation Perspective. *Entrepreneurship Theory and Practice* 33(1): 47–69.
10. Lumpkin, G.T., Dess, G. (2001). Linking Two Dimensions of Entrepreneurial Orientation to Firm Performance: The Moderating Role of Environment and Industry Life Cycle. *Journal of Business Venture* 16, pp. 429–451.
11. Lumpkin, G.T., Dess, G. (1996). Clarifying the Entrepreneurial Orientation Construct and Linking it to Performance. *Academy of Management Review* 21(1), pp. 135–172.
12. Mathisen, G.E. (2011). Organizational Antecedents of Creative Self-Efficacy. *Creativity and Innovation Management* 20(3): 185–195.
13. Merlo, O., Bell, S.J., Mengüç, B., Whitwell, G.J. (2006). Social capital, customer Service orientation and creativity in retail stores. *Journal of Business Research* 59, pp. 1214–1221.
14. Meyer, J.P., Becker, T.E. (2004). Employee Commitment and Motivation: A Conceptual Analysis and Integrative Model. *Journal of Applied Psychology* 89(6): 991–1007.
15. Miller, D. (1983). The correlates of entrepreneurship in three types of firms. *Management Science*, 29(7): 770-791.
16. Octavio, A., Kaihatu, T.S., Kartika, E.W. (2019). Learning orientation, entrepreneurial orientation, innovation and their impacts on new hotel performance: Evidence from Surabaya. *Journal of Applied Management*, 17(1), pp. 8–19
17. Podsakoff, P.M., MacKenzie, S.B., Bommer, W.H. (1996). Transformational leader behaviors and substitutes for leadership as determinants of employee satisfaction, commitment, trust, and organizational citizenship behaviors. *Journal of management* 22(2): 259–298.
18. Podsakoff, P.M., Tudor, W.D., Schuler, R.S. (1983). Leader Expertise as a Moderator of the Effects of Instrumental and Supportive Leader Behaviors. *Journal of Management* 9(2): 173–185.
19. Rauch, A., Wiklund, J., Lumkin, G.T., Frese, M. (2009). Entrepreneurial Orientation and Business Performance: An Assessment of Past Research and Suggestions for the Future. *Entrepreneurship Theory and Practice* 33(3): 761–787.
20. Rich, G.A. (1997). The Sales Manager as a Role Model: Effects on Trust, Job Satisfaction, and Performance of Salespeople. *Journal of the Academy of Marketing Science* 25(4): 319–328.
21. Slåtten, T., Krogh C. (2012) "Et medarbeiderperspektiv på innovasjon i reiselivsbedrifter." I *Innovasjon og næringsutvikling i en reiselivskontekst,* av Rønningen M. og Slåtten, T. 53–73 Fagbokforlaget.
22. Slåtten, T., Svensson, G., Sværi S. (2011). Empowering leadership and the influence of a humorous work climate on service employees' creativity and innovative behaviour in frontline service jobs. *International Journal of Quality and Service Sciences* 3(3), pp. 267–284.
23. Slåtten, T., Mehmetoglu, M. (2011). Antecedents and effects of engaged frontline employees. A study from the hospitality industry. *Managing Service Quality* 21(1), pp. 88–107.
24. Vera, D., Crossan, M. (2004). Strategic leadership and organizational learning. *Academy of Management Review*, 29(2), pp. 222–240.
25. Weick, K. E. (1987). Theorizing about organizational communication. In F. Jablin, L. Putnam, K. Roberts, & L. Porter (Eds.), Handbook of organizationai communication (pp. 97-122). Newbury Park, CA: Sage
26. Wiklund, J., Shepherd, D. (2005). Entrepreneurial orientation and small business performance: a configurational approach. *Journal of Business Venturing* 20, pp. 71–91.
27. Wiklund, J., Shepherd, D. (2003). Knowledge-Based Resources, Entrepreneurial Orientation and the Performance of small and medium-sized Businesses. *Strategic management journal* 24, pp. 1307–1314.
28. Wiklund, J. (1999). The sustainability of the entrepreneurial orientation-performance relationship. *Entrepreneurship Theory and Practice* 24, pp. 37–48.

KAKO SE PODUZETNIČKA ORIJENTACIJA MOŽE PROMOVIRATI U USLUŽNIM KOMPANIJAMA I KOJI SU POTENCIJALNI UČINCI? – EMPIRIJSKO ISTRAŽIVANJE ZAPOSLENIKA KOJI SU U DIREKTNOM KONTAKTU S KLIJENTIMA

SAŽETAK

Cilj ovog rada je istražiti na koji način se može promovirati poduzetnička orijentacija u uslužnim kompanijama. Čini se da su dosadašnja istraživanja u određenoj mjeri primijenila široki pristup prilikom proučavanja poduzetničke orijentacije u uslužnim kompanijama. Suprotno tome, ova studija uključuje različite razine promocijskih faktora i povezuje ih s poduzetničkom orijentacijom. Također istražuje kako je poduzetnička orijentacija kompanija povezana s unutarnjim i vanjskim učincima. Konceptualni okvir razvijen je i testiran u empirijskoj studiji, u kojoj je sudjelovalo 299 zaposlenika koji su u direktnom kontaktu s klijentima. Rezultati pokazuju da su otvorena komunikacija, samostalnost u izvršavanju posla i rad u timu najutjecajniji čimbenici u promicanju poduzetničke orijentacije. Nadalje, rezultati pokazuju da je poduzetnička orijentacija uslužnih kompanija usko vezana s predanošću zaposlenika kao i pokretanje konkurentskih snaga u usporedbi s relevantnim konkurentima. U radu se raspravlja o doprinosu i implikacijama tih nalaza, kako u teorijskim tako i u praktičnim slučajevima.

KLJUČNE RIJEČI: poduzetnička orijentacija, organizacijska klima, liderstvo, konkurentna snaga, timski rad, komunikacija.

WORD OF MOUTH IN TOURISM - A SOCIODEMOGRAPHIC ANALYSIS

PRELIMINARY COMMUNICATION / PRETHODNO PRIOPĆENJE UDK: 338.48:005.53](497.113) JEL: L83; M31

Authors / Autori:

ALEKSANDAR GRUBOR
FULL PROFESSOR
UNIVERSITY OF NOVI SAD; FACULTY OF ECONOMICS IN SUBOTICA
REPUBLIC OF SERBIA
agrubor@ef.uns.ac.rs

DRAŽEN MARIĆ
ASSISTANT PROFESSOR
UNIVERSITY OF NOVI SAD; FACULTY OF ECONOMICS IN SUBOTICA
REPUBLIC OF SERBIA
drazen.maric@ef.uns.ac.rs

KSENIJA LEKOVIĆ
ASSISTANT PROFESSOR
UNIVERSITY OF NOVI SAD; FACULTY OF ECONOMICS IN SUBOTICA
REPUBLIC OF SERBIA
ksenija.lekovic@ef.uns.ac.rs

ABSTRACT

In spite of the efforts of tourism marketers to encourage consumers to revisit particular tourist destinations, other factors contribute to this decision-making process. In this way, recommendations from family members and friends are considered to be trustful source of information in the process of choosing a tourist destination. Regardless of whether or not they have visited a tourist destination themselves, consumers recommend it to their family members and friends. This study represents an analysis of consumers' socio-demographic characteristics (gender, age, education) differentiating between those who recommend, those who intend to recommend and those who do not. The aim of the paper is to point to the existence of differences of consumers in tourist destination decision making, according to socio-demographic characteristics of the respondents. The sample included 250 respondents from the territory of the Province of Vojvodina. In order to test proposed hypothesis statistical methods such as t test for independent samples and ANOVA were used. Key results of this research can be summarised as respondents in the sample do not show statistically significant differences in terms of demographic characteristics – gender, age and education level by any form of interpersonal behaviour and word-of-mouth communication in the process of choosing a tourist destination.

KEY WORDS: word of mouth, recommendations, tourism, decision making process.

1. INTRODUCTION

The dynamic and turbulent marketing environment where the economic, political and general social role of consumer changes has caused companies to accept the fact that consumer choice and decision is a social process, which does not depend only on the action of marketing mix instruments, but that this complex process is chiefly determined by interactions and relations, individual or group, between consumers themselves through the form of word-of-mouth communication.

Modern marketing theory forwards the claim that marketing revolves, no longer dominantly around commercial advertising, personalized sale and promotion in general, but rather around interpersonal mouth-to-mouth communication generated by consumers themselves.

On the other hand, for several decades now, world economy is characterised by domination of service sector in comparison with production sector in the structure of GNP, due to which the current state is referred to as service economy and service society. One of the most important segments of such world economy, where intangible services dominate over material products is tourism – movement of people/consumers away from their place of residence, with accompanying consumption.

The need to explore tourist practices scientifically is fully obvious, as it causes numerous previously unknown phenomena, processes and events. It is certain that one of the most significant one is emergence of the new contemporary consumer, i.e. tourist service user, characterised by sophistication, demanding nature, awareness and networking with other consumers. Flow of information on impressions and experiences, i.e. assessment of quality of tourist offer of a tourist destination and amiability and professionalism of employees, is extremely fast and credible, being unburdened by material interest of those sharing their experiences with other tourist. Competition is increasingly high, as not only countries and destinations compete with other, but also culture, value system, tradition, lifestyle and everything else that a contemporary consumer-tourist can evaluate and expect at a given moment.

The above reasons determine that this research unifies the demographic determinants influencing consumer behaviour, word-of-mouth consumer communication, which is the determining factor influencing the purchase decision, all of it one of the most important and growing service economy sector – tourism. In this sense, the aim of the paper is to point to the existence of differences in recommendations – word-of-mouth consumer communication for purchasing tourist services according to socio-demographic characteristics of respondents.

2. LITERATURE REWIEV

Tourism as such has an exceptional significance for all national economies of the world, because it provides them with significant income, contributes to the development of the entire economy and implies opening new jobs and growth in employment and standard of living. It is especially important to note that tourism has no limiting factors, in the sense of customs duties, transportation and other logistic costs burdening the international exchange of goods, i.e. material products. At the same time, one of the dominant characteristics of the contemporary business setting is the dramatic decline of consumers' confidence in all forms of advertising and marketing communication in general, so that they increasingly turn to information sources that do not have this commercial dimension, above all, to friends and family. Interpersonal word of mouth communication has a greater impact on creating opinions of consumers to products and services in comparison with other forms of communication.

How high is the significance of tourism for national, regional, but also global economy is best illustrated by the following data (Stanković, Marić, 2007):

- Almost 300 million people around the world work in tourism sectors, and out of a total of 100 employees in a national economy, 15 people are employed in Austria, 12 in Greece, 11 in Spain, 9 in Switzerland;
- Revenues from tourism amount to 1.5 billion a day in the world, and have a tendency of growth;
- Estimates say that tourists will account for 14% of world population by 2030, with a growing trend unparalleled in any industry in the world.

Tourism is a global phenomenon of marked quantitative, qualitative and special expansion despite growing political instability in the world and current climatic changes. In addition to this, it is also important to emphasise the following aggravating factors influencing development of tourism (Milenković, 2007) and reflecting to the crucial fact – changes in consumer behaviour factors of users of tourist services.

- Turbulent technological progress and development of science and its application in practice have a dual impact – both on the development of contents of tourist offer and tourist service product, ad on changes in preferences, attitudes, expectations and total consumer demand from the tourism sectors, as well as their feeling of satisfaction. The result of the action of these factor is that the adaptation of tourist offer lags behind consumer preferences and expectations.
- Development and general presence in daily life and operation of information and communication technologies transfers the so-called negotiation power from service organizations to consumers, where the latter create their own communication channels and exchange impressions, attitudes and advice in the form of word-of-mouth communication, thus displacing official marketing communication channels with the market.
- Viewed globally, primarily in terms of world population growth, demographic changes change the rules of the game to a large extent and shape new demands placed before tourism as an industry.

For some time now, the phenomenon of word-of-mouth communication represents one of the main research areas of marketing theory and practice, dealt with by the leading authorities of not only marketing, but also sociology and psychology. Johann Arndt (1967, p. 291) was one of the first researchers into word-of-mouth communication and its impact on consumer behaviour, primarily in the innovation dissemination process. This author characterises interpersonal communication as "oral face-to-face communication between the recipient and the communicator, accepted by the recipients as an informal information source, i.e. without any connection to product, service or brand". Hanna and Wozniak (2009, p. 457) define it as "personal communication between individuals, where one of them has the role of message recipient, where the other has the role of message source, i.e. sender, which is regarded as non-commercial, and refers to products, services or brands". Michael Solomon (2011, p. 332) defines interpersonal communication as “transmission of information on products and services from one individual to another”. If consumers hear positive impressions about a product from their friends, acquaintances, there are higher outlooks that they will buy and accept the offered product and service (Solomon, Bamossy, Askegaard, 2002). Interpersonal communication is defined as “messages and information on a company, its credibility, trust in it, the company’s business manners, offer and quality of its products and services, exchanged in communication between individuals” (Gronroos, 2004, p. 269). As services are his primary area of research, when writing about interpersonal communication, Gronroos views it in the context of relations between consumers, i.e. connects it with the area of relationship marketing, and points out that consumers’ dedication to generated interpersonal communication lies in the base of it, as well as their long-term experiences with the company’s products and services. Such word-of-mouth communication reflects the nature and value of consumer perceptions of consumers’ relation to the company’s offer and employees, as well as their psychologically pleasant or unpleasant experience of these relationships. Depending on the strength and type of relationship, the intensity and direction of word-of-mouth communication will depend as well, so that it has two additional dimensions of observation – psychological and social. Mowen is one of the first ones who defines interpersonal communication as “messages exchanged face to face between exchange partners (1993, 551). The same author belongs to the group of theoreticians who believe that negative word-of-mouth communication is stronger, more frequent and efficient than positive and that this type of communication between consumers is the starting point of the basic need to receive and convey sender and recipient information.

Omnipresence and determining impact of word-of-mouth communication also found its place in research into the area of tourism. Murphy, Mascardo and Benckendorff (2007) highlight that information obtain by way of word-of-mouth is one of the most important information sources influencing the choice of tourist destination. The results of their research confirm their assumption about conditioning of characteristics of tourist consumers with the use and effect of WOM. Still, the authors emphasize that there is no strong correlation between the image of a tourist destination and use of WOM, but the impact of WOM on tourist behaviour is more than evident. A similar conclusion is found in Litvin, Goldsmith and Pan (2008), who also propose a conceptual model containing sources, correcting variables and motives for seeking and spreading WOM, pointing out the difference between electronic and traditional WOM. Quality of tourist offer is the critical factor that causes the feeling of satisfaction of tourists which, in most cases, but not always, results in WOM – the greater the feeling of satisfaction, the higher the probability that this satisfaction will be conveyed to other potential tourists (Fakhayran et al., 2014); White, 2010). Confente (2015) makes an overview of research into WOM in the area of tourism, and points out that 92% of consumers worldwide have more confidence in WOM, i.e. recommendations of friends and family members than in traditional marketing messages sent to them by companies. Baggio et al. (2009) research and compare influences of advertising and WOM in the area of tourism and strive to model the influence of WOM on tourist behaviour. The authors conclude that WOM is far more effective than commercial marketing, and that this influence depends directly proportionately on the degree of cohesion of the observed group of potential tourists-consumers. Jalilvand et al. (2013) set the directions for further research in the sense of possible correlation between the type of tourist travel, life cycle phase of individuals and their families, cultural specificities of tourist and destination, motive of travel etc., and generating and disseminating WOM.

One of the interesting, most recent studies is presented by Wu Shu Fen (2017), who emphasises that WOM basically represents spreading and sharing tourists’ personal experience, and as such, influences and shapes the demands of the tourist market. Due to such reasons, the primary task of marketing in the area of tourism should be complete understanding of the functioning and influence of WOM on consumers’ trust and behaviour, as well as the brand of the tourist destination or enterprise. The research she conducted prove statistically correlation between WOM and reliability of the tourist brand, and between WOM and brand intention, comprising consumers’ trust in the brand, with significant roles of demographic variables in the analysis.

Filieri and McLeay (2013.) ascertain that online recommendations of users of tourist services and visitors of tourist destinations decisively influence the choice of the latter, and direct their research on discovering factors influencing higher recognition of these recommendations. The authors discover and conclude that the rang of product, accuracy of information, value added that the information possesses or not, significance of information and permanence of information represent strong predictors of accepting online recommendations of other tourists regarding the tourist offers and destinations. The results of their research imply that consumer with high level of engagement accept both central (quality of information) and peripheral (product ranks) routes when processing information received by way of online recommendations of other consumers.

Gellerstedt and Arvemo (2019.) conducted very interesting research into the strength of the influence of two different forms of word-of-mouth communication – online recommendation of other consumers and offline recommendation of close friends, which are in minority. The authors discover that online recommendations are important in initial consideration of choice of destination and hotel, especially the most recent online recommendations, and conclude that the personal recommendation of a good friend has a higher influence on the choice of the hotel than most online recommendations of other tourists whether word-of-mouth recommendation by friends is positive and negative.

Marić, Tomić and Leković (2018) do research into the effects of word-of-mouth communication in electronic form on the choice of tourist destination and arrangements of the slow tourism, where they identify that commercialization of slow tourism must be based on modern information and communication technologies, as the decision and choice of destination and offer of any form of tourism today is made predominantly by way of eWoM through the Internet, almost regardless of the tourists are females or males.

3. RESEARCH METHODOLOGY

The aim of the paper is to point to the existence of differences of consumers in purchases according to socio-demographic characteristics of the respondents. To this purpose, empirical research was conducted covering an adequate sample of 250 respondents of different genders, age and education levels (the stratification of the sample) from the area of AP Vojvodina. The survey conducted in order to confirm or reject the hypotheses set uses a research method in the form of structured personal communication, i.e. questionnaire, whose dissemination and response retrieval was conducted predominantly through the internet and personally. The survey of respondents included in the sample was conducted in the period from January to June 2019. The overview of socio-demographic characteristics of respondents is given in Table 1.

Table 1. Socio-demographic characteristics of respondents (n=250)

Socio-demographic characteristics		Number of respondents (n)	Structure (%)
Gender	Male	65	26,0
	Female	185	74,0
Age	up to 30y	212	84,8
	31-45y	30	12,0
	46-65y	8	3,2
	+65y	-	-
Education	Elementary education	-	-
	Secondary education	79	31,6
	Higher and high education	171	68,4

Source: Authors' calculation

Viewing the structure of the sample, it can be established that female respondents dominate (74%). A significant share of respondents included in the sample is up to 30 years old (84.8%), whereas the number of those belonging to the age group from 46 to 65 (3.2%) is the lowest. The majority of respondents has higher and high education (68.4%), while a minor number of respondents (31.6%) has secondary education.

By means of a Likert scale for every statement measuring consumers' recommendations for purchase, the respondents expressed their agreement of 1 to 5 (1 – strongly disagree, 2 – somewhat disagree, 3 – neutral, 4 – somewhat agree, 5 – strongly agree). The total scale was obtained as a sum of results of each individual statements, so that the total result was divided by the number of statements (13). Minimum, maximum, mean value, standard deviation and variance were used for obtaining descriptive statistical indicators of consumers' purchase recommendations (Table 2). The range of obtained results is from 2.46 to 4.54, whereas the average value of consumers' recommendation for purchase is 3.75. The result of examining the normality of distribution on the basis of Komogorov-Smirnov and Shapiro-Wilk's test point that the assumption of normality of distribution is not confirmed, i.e. the size of significance is lower than 0.05, requiring the application of non-parametric statistical techniques.

Table 2. Descriptive indicators of consumers' purchase recommendations

	N	Minimum	Maximum	Mean	Std. Deviation	Variance	Kolmogorov-Smirnov	Shapiro-Wilk
Consumer recommen-dations for purchase	250	2.46	4.54	3.75	0.420	0.177	0.003	0.001

Source: Authors' calculation, SPSS exit table

Based on the analysis theoretical background and set research goals, the following hypotheses were proposed:

H_1: There is no statistically difference in purchase recommendations between respondents of different genders.

H_2: There is no statistically difference in purchase recommendations between respondents of different ages.

H_3: There is no statistically difference in purchase recommendations between respondents of different education levels.

Testing the first and the third hypothesis was enabled by application of Man-Whitney U test, whereas testing the second hypothesis was performed by application of Kruskal-Wallis test. Statistical software in which the data was processed and proposed hypotheses were tested is IBM SPSS version 21.

4. RESEARCH RESULTS AND DISCUSSION

Determination of statistically significant difference in consumers' purchase recommendations in relation to respondents' gender (male and female) was investigated by means of Man-Whitney U test, as a non-parametric alternative of t-test of independent samples (Table 3). The amount of probability (p) needs to be lower than the required borderline value of 0.05, in order to regard the result of Z approximation as statistically significant.

Table 3. Test statistics[a]

	Consumers' purchase recommendations	Respondents' gender	Number of cases	Mean rank value	Median
Man-Whitney U test	5696,5	Male	65	120,64	3,77
Wilcoxon	7841,5				
Z	-,631	Female	185	127,21	3,77
Significance (p)	,528				

[a] Independent variable: Respondents' gender

Source: Authors' calculation, SPSS exit table

Man-Whitney U test did not discover a statistically significant difference in consumers' purchase recommendations between male (Md = 3.77, n=65) and female respondents (Md = 3.77, n=185), U = 5696.5, z = -0.631, p = 0.528>0.05. Having reviewed the mean rank values of the group, it is obvious that consumers' purchase recommendations are equal in male and female respondents. This is also proved by median value, i.e. male respondents have an equal median of results like female respondents. It can therefore be concluded that the proposed assumption ***H_1* is accepted**, i.e. ***there is no statistically difference in purchase recommendations between respondents of different genders.***

Determination of statistically significant difference in consumers' purchase recommendations in relation to respondents' age was investigated by means of Kruskal-Wallis test (Table 4), as a non-parametric alternative to one-factor analysis of variance of different groups. Kruskal-Wallis test us used for comparing results of continuous random variable – consumer recommendations for three or more age groups (up to 30 years of age, 31-45, 46-65). When the significance level is lower than 0.05, it can be concluded that the difference in obtained values of the continuous random variable between groups is significant (Coakes, 2013, p. 202). In this case, accompanying research is applied which, in most case include transforming results into ranks, and comparing values of ranks and medians (Green, Salking, 2014, p. 410) (Table 4)

Table 4. Kruskal-Wallis test[a]

	Consumers' purchase recommendations	Respondents' age	Number of cases	Mean rank value	Median
Chi square	1,229	Up to 30 y	212	125,32	3,77
Degree of freedom	2	31-45 y	30	119,83	3,73
Significance (p)	,541	46-65 y	8	151,56	3,92

[a] Independent variable: Age of respondents

Source: Authors' calculation, SPSS exit table

Kruskal-Wallis test did not discover a statistically significant difference in consumers' purchase recommendations between three age groups of (Gp_1, n = 212: up to 30 years, Gp_2, n = 30: 31-45 years, Gp_3, n = 8: 46-65 years), χ^2 (2, n=250) = 1,229, p = 0,541>0.05. Consumer purchase recommendations are represented in all analysed age groups. It can therefore be concluded that proposed assumption ***H_2* is accepted**, i.e. ***there is no statistically difference in purchase recommendations between respondents of different ages.***

Determination of statistically significant difference in consumers' purchase recommendations in relation to respondents' education levels (secondary, higher and high education) was investigated by means of Man-Whitney U test, as a non-parametric alternative of t-test of independent samples (Table 5). The amount of probability (p) needs to be lower than the required borderline value of 0.05, in order to regard the result of Z approximation as statistically significant.

Table 5. Test statistics[a]

<table>
<tr><th></th><th>Consumers' purchase recommendations</th><th>Respondents' education level</th><th>Number of cases</th><th>Mean rank value</th><th>Median</th></tr>
<tr><td>Man-Whitney U test</td><td>6053,5</td><td rowspan="2">Secondary education</td><td rowspan="2">79</td><td rowspan="2">116,63</td><td rowspan="2">3,77</td></tr>
<tr><td>Wilcoxon</td><td>9213,5</td></tr>
<tr><td>Z</td><td>-1,321</td><td rowspan="2">Higher and high education</td><td rowspan="2">171</td><td rowspan="2">129,60</td><td rowspan="2">3,77</td></tr>
<tr><td>Significance (p)</td><td>,186</td></tr>
</table>

[a] Independent variable: Respondents' education level

Source: Authors' calculation, SPSS exit table

Man-Whitney U test did not discover a statistically significant difference in consumers' purchase recommendations between respondents with secondary education level (Md = 3.77, n=79) and respondents with higher and high education level (Md = 3.77, n=171) U = 6053.5, z = -1.321, p = 0,186>0.05. Having reviewed the mean rank values of the group, it is obvious that consumers' purchase recommendations are equal for respondents with secondary and respondents with higher and high education. It can therefore be concluded that proposed assumption ***H_3* is accepted**, i.e. ***there is no statistically difference in purchase recommendations between respondents of different education levels.***

5. LIMITATIONS AND CONCLUSIONS

The limitations of the completed research could be reduced to the fact that making general conclusions based on a single study is not completely reliable, regardless of the sample size and the structure of instrument. The basic shortcoming of the sample relies in the proportion of its size (250) to the size of the basic set – around 2 million inhabitants in the province of Vojvodina.

One of the dominant characteristics of the contemporary business environment is a dramatic decline in consumers' confidence in all forms of commercial advertising and marketing communication in general. Consumers, therefore increasingly turn to information sources that do not have this commercial dimension, first of all, friends and family. The latest marketing research on markets of developed counties have shown that word-of-mouth communication has a higher impact on creating consumer attitudes to products and services and purchase intentions in comparison with other forms of communication. It is believed that eight of ten decision made in purchasing are the consequence, i.e. result of somebody's informal recommendation and advice. Research into the phenomenon of word-of-mouth communication in the tourism sectors for the needs of this paper, appreciating all limitations in terms of representativity of the sample, and the type and number of applied methods of statistic processing, was conducted with the aim to do a socio-demographic analysis of this phenomenon, and confirm the above through the following:

The vast majority of the respondents in the sample spread their experience of tourist destinations and offer to other persons from their surroundings and those that they do not know personally through word-of-mouth communication only when they feel extremely high satisfaction levels or when they experienced great dissatisfaction and disappointment.

Most respondents possess a direct experience of purchase of tourist arrangements and choices of destination and hotel, which is a consequence of word of mouth communication based on recommendations of other consumers directly or electronically through recommendations and assessments on websites, but also giving up purchases predominantly based on criticisms other consumers primarily they have or might have heard.

The majority of respondents will very rarely opt for choosing and purchasing a tourist arrangement if there is negative word-of-mouth communication about, but the majority of respondents still rely more on their own experience and knowledge when making purchase decisions.

The majority of respondents in the sample are more active when they spread positive word-of-mouth communication as a consequence of high satisfaction than when they spread negative word-of-mouth communication as consequence of great disappointment.

The majority of respondents both seek word-of-mouth recommendations related to certain tourist destinations and arrangements and leave and disseminate them after visiting them.

Respondents in the sample do not show statistically significant differences in terms of demographic characteristics – gender, age and education level by any form of interpersonal behaviour and word-of-mouth communication manifested by word-of-mouth communication.

Word-of-mouth communication represents a general phenomenon characteristic of all levels of education, ages and genders, thus confirming its dominant influence on consumer behaviour and their purchase decisions. This omnipresence and strength of word-of-mouth communication can be explained by the essential nature of man and his need to communicate.

Organizations in the tourism sectors must regard word-of-mouth as a general principle and try to incorporate it into their marketing plans and activities with the use of contemporary information and communication technologies and abundance of information exchange, primarily through virtual social networks, blogs, forums and various other communication platforms. Still, one needs to be aware that high-quality tourist product with supremely qualified and dedicated service staff, foundation of generating and disseminating positive recommendation through word-of-mouth, thus raising both effectiveness and efficiency of marketing operations, and the tourist destinations differentiates itself in relation to its competitors with its offer.

In the future, tourism as a sector must accept and serve new, contemporary and sophisticated clients who form their demands and expectations very clearly, and who articulate, express and spread their satisfaction or disappointment even more clearly and strongly. Future research in this field should be defined in order to support marketing theory and practice with more information what are the consumer's types or groups with most interpersonal interaction and word of mouth communication, are there any differences between the main drivers of that kind of communication, and what is the impact level of word of mouth on business success in tourism sector.

LITERATURE

1. Arndt, J., (1967), *Role Of Product-Related Conversations In The Diffusion Of A New Product*, Journal of Marketing Research, Vol.4., ppg 291-295.
2. Baggio, R., Cooper, Ch., Scott, N., Antonioli Corigliano, M., (2009), *Advertising And Word Of Mouth In Tourism, A Stimulating Study*, Proceedings 3rd Advances in Tourism Marketing Conference, Bournemouth, UK, ppg 1-14
3. Confente, I., (2015), *Twenty-Five Years Of Word-Of-Mouth Studies: A Critical Review Of Tourism Research*, International Journal of Tourism Research, 17(6), ppg 613-624
4. Fakharyan, M.; Omidvar, S.; Khodadadian, M.R.; Jalilvand, M.R.; Nasrolahi Vosta, L., (2014), *Examining The Effect Of Customer-To-Customer Interactions On Satisfaction, Loyalty, And Word-Of-Mouth Behaviors In The Hospitality Industry: The Mediating Role Of Personal Interaction Quality And Service Atmospherics*, Journal of Travel and Tourism Marketing, 31(5), ppg 610–626.
5. Filieri, R., McLeay, F., (2013.), *E-WOM and Accommodation: An Analysis of the Factors That Influence Travelers' Adoption of Information from Online Reviews*, Journal of Travel Research Vol. 53 No.1, ppg 44-57
6. Gellerstedt, M, Arvemo, T., (2019.), *The Impact Of Word Of Mouth When Booking A Hotel: Could A Good Friend's Opinion Outweigh The Online Majority?,* Information Technology & Tourism, ppg 1-23
7. Gronroos, Ch., (2004), *Service Management And Marketing*, John Wiley & Sons Ltd
8. Hanna, N., Wozniak, R., (2009), *Consumer Behavior-An Applied Approach*, Kendall Hunt Publishing.
9. Jalilvand, M.R., Ebrahimi, A., Samnei, M. (2013), *Electronic WoM Effects On Tourists Attitudes Toward Islamic Destination And Travel Intention: Empirical Study Of Iran, Procedia - Social and Behavioral Sciences* Vol. 31, ppg 484-489
10. Litvin, S. W., Goldsmith, R. E., & Pan, B., (2008), *Electronic Word-Of-Mouth In Hospitality And Tourism Management*, Tourism Management, 29(3), ppg 458–468.
11. Marić, D., Tomić, S., Leković, K., (2018), *Electronic Word Of Mouth - The Case Of Slow Tourism,* Proceedings of the 5th International Scientific Conference on Contemporary Issues in Economics, Business and Management (EBM 2018), Faculty of Economics in Kragujevac, Republic of Serbia 09-10th November, 2018
12. Milenkvić, S., (2007.), *Svetski Turizam u Budućnosti,* Turizam br. 11., Univerzitet u Novom Sadu, Prirodno-Matematički fakultet, Departman za Geografiju, Turizam i Hotelijerstvo, ppg. 14-16
13. Mowen, J.C., (1993), *Consumer Behavior*, MacMillan Publishing Co
14. Murphy, L., Mascardo, G., Benckendorff, P., (2007), *Exploring word-of-mouth influences on travel decisions: friends and relatives vs. other travellers*, International Journal of Consumer Studies 31, ppg 517–527
15. Solomon, R. M, (2011), *Consumer Behavior*, Prentice-Hall.
16. Solomon M., Bamossy, G., Askegaard, S., (2002), *Consumer Behavior - a European Perspective*, Pretince-Hall.
17. Stankivić, S.M., Marić, S., (2007), *Regionalni aspekti turizma u svetu,* Turizam br. 11., Univerzitet u Novom Sadu, Prirodno-Matematički fakultet, Departman za Geografiju, Turizam i Hotelijerstvo, ppg. 109-111.
18. White, C.J. (2010), *The Impact of Emotions on Service Quality, Satisfaction, and Positive Word-of-Mouth Intentions over Time*. Journal of Marketing Management, 26, ppg 381–394.
19. Wu Shu Fen, M., (2017), *A Study on the Effects of Word-of-Mouth on Brand Trust in Tourism Industry*, EurAsia Journal of Mathematics, Science and Technology Education 13 (12):7995-8002

USMENA PREDAJA U TURIZMU – SOCIO-DEMOGRAFSKA ANALIZA

SAŽETAK

Unatoč naporima marketinških eksperata u sektoru turizma u cilju poticanja turista-potrošača da ponovo posjete određenu turističku destinaciju, na tu njihovu odluku o kupovini utječu brojni drugi faktori. U tom smislu, preporuke članova obitelji i prijatelja se smatraju kao najpouzdaniji izvor informacija u procesu odluke i izbora turističke destinacije. Bez obzira jesu li tu turističku destinaciju doista posjetili ili nisu, potrošači često daju komentare i preporuke svojim članovima obitelji i svojim prijateljima. Ova istraživačka studija predstavlja analizu postojanja različitosti socio-demografskih karakteristika - spol, starost, obrazovanje kod turista - potrošača koji daju, namjeravaju dati, i koji ne daju preporuke, odnosno analizu razlika u preporukama potrošača prema socio-demografskim karakteristikama ispitanika. Uzorak istraživanja čini 250 ispitanika s područja Autonomne pokrajne Vojvodine. Sa ciljem da se testiraju predložene istraživačke hipoteze korištene su statističke metode kao što su t - test nezavisnih uzoraka i analiza varijance - ANOVA.

KLJUČNE RIJEČI: preporuke, turizam, proces donošenja odluke.

WHAT CHALLENGES IN INTERNET MARKETING COMMUNICATION ARE RECOGNIZED BY CROATIAN MARKETING AGENCIES?

PRELIMINARY COMMUNICATION / PRETHODNO PRIOPĆENJE UDK: 004.738.5:658.8](497.5) JEL: M31

Authors / Autori:

PETRA ODELJAN
STUDENT
UNIVERSITY OF ZAGREB, FACULTY OF ORGANIZATION AND INFORMATICS
PAVLINSKA 2, 42000 VARAŽDIN, CROATIA
petraodeljan@gmail.com

IVA GREGUREC
ASSISTANT PROFESSOR
UNIVERSITY OF ZAGREB, FACULTY OF ORGANIZATION AND INFORMATICS
PAVLINSKA 2, 42000 VARAŽDIN, CROATIA
iva.gregurec@foi.unizg.hr

ABSTRACT

It is indisputable that the internet leaves an indelible mark on many changes in the world every day. But what is important to us as marketers is what changes the internet leaves on communication between businesses and consumers. It is certainly important to point out that, from a business perspective, the internet marketing communication is the one that takes their business to a whole new dimension, which they, on a daily basis, must adapt to, given the challenges they face if they want to survive on the market. But they also must adapt to that challenges to gain some form of competitive advantage. This paper provides an insight into which challenges marketing agencies are facing on the Croatian market in this most dynamic field of marketing discipline. In addition to the theoretical basis that this paper shows, the paper also presents the results of quantitative research conducted using a questionnaire on digital marketing managers of Croatian marketing agencies.

KEY WORDS: internet, internet marketing communication, challenges, marketing agencies.

1. INTRODUCTION

Development of digital technology has played a major role in the development of marketing branch. Thus, with traditional marketing, an area of internet marketing has emerged which has become a significant and indispensable part of modern business. Due to the fact that this branch of marketing is often more profitable than the traditional one, as is shown by previous research, it also offers better results. But for this to be the case, it is crucial to manage quality communication with consumers. Internet marketing communication is in many ways different from the traditional one, so choosing one itself is a challenge for businesses. The internet helps globalization, so saturation creates a lot of pressure for businesses. It is not easy to survive, much less to be the best and to be competitive, so businesses need to respond to new situations in a timely manner. However, the question is whether internet marketing is the right choice for all businesses with respect to their target groups. Therefore, it is extremely important to predict the future, and as the pace of technological development increases with age, it is necessary to assume the characteristics of future generations, as well as the new characteristics of already existing target groups. There are therefore many challenges facing businesses that communicate with their consumers on a daily basis, and this paper aims to investigate and present the current challenges of internet marketing communication that businesses should consider to survive on the internet, but also in general. This paper was created as a presentation of the results of the conducted research for the purpose of writing a final thesis on graduate study. Given that trends in internet marketing in general, are the focus of interest for both authors, reason for conducting this research and writing this paper was to gain insight into internet marketing communication trends and their impact on business from the perspective of digital marketing managers. So, the paper covers current challenges that arise in internet marketing communication. The first part of this paper presents a theoretical overview of the secondary data research and introducing challenges related to internet marketing communication, while the second part presents results of qualitative research conducted on marketing agencies to gain a better understanding of what is happening on the Croatian market.

2. CHALLENGES OF INTERNET MARKETING COMMUNICATION

Internet marketing communication is based on features that differentiate it from the traditional one. These characteristics often, by themselves, present the challenges that businesses need to deal with when communicating with consumers via the internet. Based on existing literature (Abashidze, 2017; Broderick and Pickton, 2005; Chaffey et al., 2009; Dehghani and Tumer, 2015; Hofacker and Belanche, 2016; Leeflang et al., 2014; Okazaki and Taylor, 2013; Quraishi et al., 2017, Stokes, 2009) the challenges related to internet marketing communication, which were later covered by research, are divided into six categories: target groups, consumer activity, internet marketing communication management, changes, security and characteristics of the internet marketing communication. Each category consists of several sub-challenges, which actually represent the characteristics of internet marketing communication.

2.1. Target groups

The target group category refers to the challenges posed by the consumer groups that represent the intended recipients of the company's internet marketing communication messages. These challenges are relating to: customer tracking (Leeflang et al., 2014), cultural factors (Okazaki and Taylor, 2013), new audiences (Abashidze, 2017), and generations (Quraishi et al., 2017).

Technology intelligence and the development of the same gives online marketing communication a new dimension that enables businesses to deeply monitor their customers. Creating and exploiting rich and effective insights into customer traits, behaviors, wants and needs becomes a necessity for competition (Leeflang et al., 2014). Because the use of technological intelligence requires specific knowledge and involvement of users in the development of the same, not all businesses are ready to monitor clients the way the internet allows them to.

Consumers' desires and needs are influenced by the environment, so cultural factors also affect their behavior on the internet. This is related to cultural dimensions such as individualism or collectivism, a tendency to seek novelties, communal or agentic tendencies in friendship, and monochrome or polychromatic consumer orientations. Cultural factors make it a particular challenge for businesses using international promotion. Significant differences are evident in consumer behavior on social networks, and even when using standardized strategies, marketing communication must be tailored to individual groups (Okazaki and Taylor, 2013), and a situational analysis is required for each country (Chaffey et al., 2009).

Although cultural factors influence consumer behavior when using social media, social media itself has an impact on consumers, and so new groups of them have evolved. Young consumers and those who use new technologies, regardless of culture, similarly respond to certain marketing communications via social networks and the internet in general. Also, these groups have similar reactions for certain product categories equally advertised in different countries (Okazaki and Taylor, 2013). Abashidze (2017) cites three groups of consumers related to their behavior on the internet: hyper-active consumers, active consumers, passive consumers.

In the category of target audience challenges, in addition to these new groups, the challenge of online marketing communication is also posed by certain generations of people. There are still many consumers who are not adept at using the internet, so a corporate focus solely on internet marketing can cause consumer loss (Quraishi et al., 2017), but also the omission of these potential target groups that need to be addressed through traditional media.

2.2. Consumer activity

The category of challenges related to consumer activity consists of several features of internet marketing communication. These characteristics are described below as types of challenges, relating to: managing customer creation and engagement (Leeflang et al., 2014), word of mouth, reviews (Abashidze, 2017), and ad blockers and pop-up blockers (Stokes, 2009).

As online consumers take an active role in brand building, another challenge for businesses is managing their online reputation. Governance becomes even more challenging in a marketing environment where social networks play an important role (Leeflang et al., 2014). It also means merely encouraging consumer activation around products, such as encouraging customers to buy via Facebook (Harris and Dennis, 2011). Whether it is advertising, sales, direct marketing, or public relations, and since customer negative reactions can result in a campaign or even brand breakdown, businesses should first test their online marketing communications on focus groups and do extensive research (Abashidze, 2017). Managing customer creation and engagement involves a process whose stages need to be elaborated to help the company cope with potential crises or avoid them altogether.

Oral messaging with consumers plays a big role in traditional marketing, and in the internet it is taking on a new dimension that further empowers this role. Spreading the message of consumers can reach immense proportions, so monitoring and managing them becomes a big challenge for businesses. According to Campbell et al. (2011, retrieved from Abashidze, 2017), consumers have three basic motives for creating and disseminating such messages: inner pleasure, self-promotion, and change in perception.

Reviews are the ratings of customers to whom they share their view of a product, brand, or businesses globally, with the aim of alerting other potential customers. This can easily influence others 'opinions, so businesses need to be aware of their customers' reviews. They can also be seen as quantitative or qualitative analytical data for comparing businesses. Because negative reviews can be shared around the globe around the world, the horn effect (the opposite of the halo effect) occurs, which can affect many people's perceptions, and thus further business development. Negative reviews of one product affect the perception of the other products of that company and thus the overall image (Abashidze, 2017).

As the internet became saturated with numerous ads, users were offered the option of installing programs that block those ads, appearing as ad blockers and popup blockers. Internet browsers offer extensions that behave in this way, and internet users who follow technology developments are increasingly using these methods to limit visible promotion (Stokes, 2009). Businesses need to discover the extent to which their target groups are using such tools and how to reach potential customers with their use.

2.3. Managing of internet marketing communication

Because internet marketing communication itself is a challenge for businesses, once selected, managing it becomes a new challenge. This category thus applies to: choosing the internet over traditional media (Okazaki and Taylor, 2013), adapting to reactive marketing management (Hofacker and Belanche, 2016), relationship building, monitoring (Quraishi et al., 2017), collecting and measuring results, campaign management (pay per click) (Stokes, 2009), budgeting (Broderick and Pickton, 2005), message design, multimedia and integrated internet marketing communication.

Whether the company chooses the internet as the sole or main medium of marketing communication depends primarily on the characteristics of the target group, and the task of the businesses is to do in-depth research that will discover whether, regardless of all the advantages it carries, it is the internet medium that they need to use. It is necessary to find out if global social media has greater brand building potential than traditional media (Okazaki and Taylor, 2013), and if so, whether the company is prepared to cope with the other challenges of online marketing communication.

Internet marketing communication is often initiated by consumers, which speaks to their active position, as opposed to the passivity that characterized them before the development of the internet as a medium. As this has caused a massive dissemination of information, businesses need to become reactive and apply this characteristic to managing internet marketing.

Internet marketing lacks the presence of a man who makes an important part of selling live products. This prevents businesses from building a special type of customer relationship that is of particular importance in recurring sales (Quraishi et al., 2017). Businesses need to figure out how to replace the role of online marketers in order to give them a special touch with their customers.

Tracking, collecting and measuring results is extremely important in all marketing activities, and especially in field of internet marketing. The internet provides numerous tools that make it easy to collect and analyze data. However, businesses can easily just fix themselves on numbers instead of using them to optimize campaign growth. The results should always be analyzed statistically, without assumptions, and decisions should be made based on them (Stokes, 2009).

Campaign management is generally a challenge for businesses, and the internet is usually a pay per click campaign that requires quality management. As the campaign grows, more time is needed to manage it. Pay per click campaigns can provide an exceptional return on investment, but sufficient time must be allocated to such a campaign before entering such a campaign (Stokes, 2009). There are also a number of tools available today to help you manage your pay per click campaign, as well as other types of online campaigns. Nevertheless, this still poses a potential challenge for online marketing communications for businesses.

Costs on the internet can vary depending on various factors, so they are low for some businesses and high for some. In any case, the challenge is to determine the budget of internet marketing communication. For example, when it comes to websites, they can be extremely cost effective and efficient, but the real cost of developing and updating a quality site can be high (Broderick and Pickton, 2005). Yet, as is often the case with public relations, online marketing communication is sometimes considered free (Broderick and Pickton, 2005). It is important for businesses to be aware of the potential costs of this form of communication when choosing the internet as a medium.

If a company chooses to communicate online, it is necessary to consider what form of message will produce the best results. Whether the message is formal, informal, written, visual, or combined depends largely on the target group.

When the decision is made to use the internet as a medium of marketing communication, the challenge is the decision to use other media. The combination depends on various aspects, so it is extremely important to conduct research that will answer the question about multimedia. Integrated marketing communication refers to the use of multiple tools, so when using the internet, it is also important to determine whether it is integrated internet marketing communication or whether only one communication tool will be used. So the company has to decide between social networks, online public relations, Google ads, a website or a combination of these and other tools.

2.4. Changes

The development of technology has brought a number of changes to the world and has thus affected marketing. The change category poses the challenge of: adapting to the changing buying process, the challenge of adapting to a changing set of marketing skills (Hofacker and Belanche, 2016), and the challenge of rapid technological change (Quraishi et al., 2017).

The traditional buying process is usually described through several typical phases, which change with the advent of online purchasing. The traditional steps according to Hofacker and Belanche (2016) are: problem recognition, search, evaluation, purchase, post-purchase evaluation. With the development of social networks, the act of consumption becomes public, and as such it must be included in the above steps. Consumers share their experiences in the form of photos and videos, whether in restaurants, shops or other places of consumption. Businesses need to be aware of this step, but also of a new approach to post-purchase engagement that includes reviews and other ways of disseminating business information (Hofacker and Belanche, 2016).

Internet marketing communication requires continuous monitoring of trends and changes, which is why it is challenging for businesses to adapt to a set of new marketing skills. Theoretical knowledge is only the foundation of internet marketing, and professionals need the skills to use new tools and study digital data, which is important to businesses, except in textual, image and video formats (Hofacker and Belanche, 2016).

Businesses are faced with the challenge of rapid technological change, which constantly needs to be kept up to date, and often only ahead of time. Changes require constant attention and management so that the company does not use outdated marketing strategies (Quraishi et al., 2017).

2.5. Security

Although systems are constantly being promoted for improving internet security, this category is still a challenge for internet marketing communication. In doing so, it consists of challenges relating to: trust (Broderick and Pickton, 2005), others' fraudulent (fake) activities (Quraishi et al., 2017) and data protection (Chaffey et al., 2009, p. 137).

From former push promotional strategies, the development of online marketing communication has resulted in trust-based promotion (Dehghani and Tumer, 2015). Such online marketing communication is needed because of the conservative nature of customers who do not trust online sales, which is a major stumbling block for businesses (Broderick and Pickton, 2005). Many customers still use the internet solely to inform the product, but prefer to buy it in physical stores (Quraishi et al., 2017). This is a problem of intangibility, and it is up to businesses to overcome this challenge with potential new solutions.

The biggest drawback to internet marketing according to Quraishi et al., (2017) is the vulnerability due to fraudulent activities. This applies to hackers as well as to public activities such as fake websites that can mislead customers and thus affect the businesses and image of businesses. Businesses also face click fraud in frequently used pay per click campaigns. Because a business pays for each click on an ad, competitors can organize deliberate ad opening, which can cause huge costs (Stokes, 2009). Therefore, it is important to continually monitor the campaign and report any suspicious activity on time.

Every company needs to be well versed in data protection laws and regulations since any failure to do so is detrimental to consumers and thus potentially to the image of the company. But, because it is a complex area with frequent changes, policy monitoring and compliance is a challenge of internet marketing communication, which must be based on data protection. This refers to socially acceptable ethical behavior, the use of which can prevent potential losses arising from non-compliance with laws and regulations. In order for businesses to comply with data protection and privacy laws, they must properly collect, store, use and delete personal information (Chaffey et al., 2009, p. 137), since these laws address more thoroughly all internet tools marketing communications, monitoring and following them can be a challenge for businesses.

2.6. Characteristics of internet marketing communication

Although internet marketing communication is characterized by features that often present advantages over traditional ones, these characteristics can also present challenges. This category thus presents challenges related to loss and response (Quraishi et al., 2017), creating attractive and profitable interactions (Hofacker and Belanche, 2016), technology dependency (Quraishi et al., 2017), automated interactions (Leeflang et al., 2014), a bilateral mode of communication (Abashidze, 2017), internet saturation (Stokes, 2009), and search (Broderick and Pickton, 2005).

Internet marketing communication can manifest itself in losses in terms of poor consumer response. It is normal for certain losses to exist, but the goal of such communication should still be interactivity. In order to avoid excessive losses, the company should apply an accurate targeting strategy before initiating communication. This is done using parameters such as location and keywords, and losses can also be avoided by eliminating constraints on interaction creation (Quraishi et al., 2017).

In internet marketing communication, it is possible to combine audio and video technologies to present the message with sound, music and image (Quraishi et al., 2017). It is important that the message is attractive in order to be profitable, and for this purpose to make good use of interaction based on techniques and game elements. Such an approach results in a hedonistic experience with rapid response, clear goals, and undisturbed communication (Hofacker and Belanche, 2016).

Although the technology of marketing communication has many advantages, the dependency of internet marketing communication has its disadvantages. This refers to failures and errors that, regardless of progress, occur with technological devices. An example of such an error is when a potential buyer opens an ad, but a technical failure does not allow the purchase of the product. The prospective buyer is likely to make their purchase with a competitor because of dissatisfaction (Quraishi et al., 2017).

When planning online marketing communications, the company should consider the automated interaction option and the real interaction option. The decision, on the one hand, depends on the characteristics of the company and the product, and on the other, on the characteristics of the target group. In any case, automated customer interaction management services can lead to customer dissatisfaction and thus undermine the value that the company provides them (Leeflang et al., 2014).

As consumers on the internet take an active role in communicating with businesses, this changes the type of communication from traditional monologues used by businesses to reach consumers, to bilateral communication in which consumers play an important role. Regardless of customer loyalty, there is always a risk of unexpected behavior, so businesses need to choose the right communication style (Abashidze, 2017). It is up to them to overcome the challenge of the bilateral mode of communication and to discover the benefits that such marketing communication brings.

Using the internet, one receives a great deal of information in a short period of time as it is presented with different contents. The internet is saturated with various forms of internet marketing communication and is increasingly ignored by consumers (Stokes, 2009). As more and more businesses use the internet as a medium, there is a problem of standing out from the competition. Nevertheless, a proactive internet search that characterizes many consumers increases the likelihood of visiting a company website (Broderick and Pickton, 2005), and so does the likelihood of responding to communication.

It is the saturation of the internet that makes it difficult to search, so businesses need to make sure they are in a good position among the results. Particularly for casual users, searching for certain information or websites can be difficult, time consuming and frustrating (Broderick and Pickton, 2005). However, with the saturation of the internet, search engine optimization and content optimization tools have emerged that allow businesses to stand out. It is important to continuously monitor the position of the company in order to optimize it in a timely manner.

3. RESEARCH

Conducting desk research to collect secondary data, by searching and analyzing relevant literature that covers the research problem (identifying the challenges of online marketing communication for businesses operating in an online environment), a questionnaire as a research instrument was created so we can conduct empirical study to gain a better understanding of the extent to which these challenges occur. The questionnaire was sent to the emails of 107 marketing agencies in two waves (between the beginning of July and the end of August 2019). A total of 11 marketing agencies (10.28%) answered all the questions asked in the survey questionnaire and the statistical analysis was made on the obtained results, which are presented below. It should be noted that this is a non-probability sampling technique, a judgemental sampling (sampling of experts), since it was the digital marketing managers of the contacted marketing agencies who offered the answers to the questions.

The first identified challenge by conducting desk research is related to the internet marketing target audience. This challenge is divided into four sub-challenges: customer monitoring, cultural factors, new audiences and different generation. From Table 1 can be seen that the highest mean score (4.82) was given to the statement that "The company is more able to research and monitor the characteristics, desires and needs of consumers through the internet as a medium of online marketing communication than through traditional media.", which means that respondents on average agree that online consumer monitoring is always a challenge for their company as opposed to traditional consumer media monitoring. On the other hand, the lowest rating (3.09) was given by the statement "People who use certain social networks can be seen as groups of consumers with the same characteristics in certain aspects." According to this, respondents are, on average, undecided when it comes to new target groups.

Table 1. Statements according to target group as a challenge of internet marketing communication

STATEMENT	1 Strongly disagree	2 Disagree	3 Undecided	4 Agree	5 Strongly agree	9 Don't know/ don't want to answer/ can't answer	Medium grade
The company is more able to research and monitor the characteristics, desires and needs of consumers through the internet as a medium of online marketing communication than through traditional media.	0	0	0	2	9	0	4,82
Cultural factors influence consumer behavior related to internet marketing communications with businesses.	0	0	1	3	7	0	4,55
People who use certain social networks can be seen as groups of consumers with the same characteristics in certain aspects.	1	3	3	2	2	0	3,09
Internet marketing communication of each company depends on the generation that represents their target group.	0	1	1	3	6	0	4,27

Source: research

The second basic challenge is related to consumer activities. This challenge of internet marketing communication is also divided into four sub-challenges: management of customer creation and engagement, word of mouth, reviews, and ad blockers/pop-up blockers. Table 2 shows the statements related to consumer activity as a challenge of internet marketing communication. According to the results, the statement "The transmission of information about a company or a product by consumers has become more intense with the emergence of internet marketing communication." has the highest mean score (4.82) from which it can be concluded that the respondents on average information transfer about a company or a product on the internet always consider as a challenge, that is, they completely agree with that statement.

Table 2. Statements according to consumer activity as a challenge of internet marketing communication

STATEMENT	1 Strongly disagree	2 Disagree	3 Undecided	4 Agree	5 Strongly agree	9 Don't know/ don't want to answer/ can't answer	Medium grade
Consumers often create marketing content for a particular business, brand or product online.	0	0	3	6	2	0	3,91
The transmission of information about a company or a product by consumers has become more intense with the emergence of internet marketing communication.	0	0	0	2	9	0	4,82
Consumers often rate online a business, brand, or product through reviews.	0	1	0	5	5	0	4,27
Consumers are quite honest in their online reviews, whether they are positive or negative reviews.	0	0	5	4	2	0	3,73
Consumers often use ad blockers and pop-up blockers.	0	1	2	4	4	0	4,00

Source: research

The next challenge of internet marketing communication, recognized from secondary data, is related to the management of internet marketing communication itself. This challenge has nine sub-challenges, and in table below can be seen the degree to which the expert's assertions are related to these statements according to recognized sub-challenges. Sub-challenges in this group are: brand management; adaptation to reactive marketing management; relationship building; monitoring, collecting and measuring results; managing a pay-per-click campaign; budget; formatting message; multimedia and integrated internet marketing communication. Table 3 shows that all experts fully agree with the statement that "The internet makes it easier to monitor and measure the results of marketing communication over traditional media." While the lowest average rating in this group of challenges was given to the statement "Through the internet, for a company is more difficult to build a relationship with the consumer than live (in the store).", so respondents, on average, disagree with this statement.

Table 3. Statements according to target group managing internet marketing communication as a challenge of internet marketing communication

STATEMENT	1 Strongly disagree	2 Disagree	3 Undecided	4 Agree	5 Strongly agree	9 Don't know/ don't want to answer/ can't answer	Medium grade
Consumers are more attached to the brand if the online marketing communication of that company prevails over the traditional one.	0	1	2	2	5	1	3,73
Consumers are transitioning from a passive to an active position by switching from traditional media to the internet as a medium of marketing communication.	0	0	2	2	7	0	4,45
Consumers' position in internet marketing communications requires businesses to reactively manage their communications.	0	2	2	0	7	0	4,09
Through the internet, for a company is more difficult to build a relationship with the consumer than live (in the store).	2	4	3	0	2	0	2,64

The internet makes it easy to monitor and measure the results of marketing communications over traditional media.	0	0	0	0	11	0	5,00
When searching on Google, consumers are more inclined to open ads at the top of the search than other search results that are not advertised in this way.	2	1	1	1	6	0	3,73
Consumers recognize businesses that invest more money in online marketing communications.	0	1	4	3	3	0	3,73
Internet marketing communication is generally more financially viable than communication through traditional media.	0	0	1	2	8	0	4,64
For consumers the form of message in a company's online marketing communication is very important (for example, whether the message will be formal, informal, written, visual, and so on).	0	0	2	3	6	0	4,36
Consumers are more attached to businesses, brands or products that, in addition to the internet, are using other marketing communications media.	0	1	2	4	4	0	4,00
Consumers are more attached to businesses, brands or products that use multiple online marketing communication tools (social networks, PR over the internet, Google ads, and so on).	0	0	3	1	7	0	4,36

Source: research

A new group of challenges of internet marketing communication are changes of internet marketing communication. This challenge has three sub-challenges: adapting to the changing buying process, adapting to the changing set of marketing skills, and rapid technological change. An analysis of the results obtained by marketing agency experts was performed on these sub-challenges. All the surveyed experts in the sample fully agree with the statement that "Businesses should constantly work on new marketing skills related to internet marketing communication." Also, on average, respondents fully agree that technological change has a significant impact on increasing consumer demands, needs and desires (4.82), and also on average they agree that "Company and consumer communication in the online buying process is significantly different from communication in the traditional buying process." (4,00). Therefore, according to the results obtained, it can be concluded that changes in internet marketing communication are one of the key challenges that a company must constantly monitor.

Table 4. Statements according to changes as a challenge of internet marketing communication

STATEMENT	1 Strongly disagree	2 Disagree	3 Undecided	4 Agree	5 Strongly agree	9 Don't know/ don't want to answer/ can't answer	Medium grade
Company and consumer communication in the online buying process is significantly different from that in the traditional buying process.	0	1	3	2	5	0	4,00
Businesses should constantly work on new marketing skills related to internet marketing communication.	0	0	0	0	11	0	5,00
Rapid technological changes have a significant impact on increasing consumer demands, needs and desires.	0	0	0	2	9	0	4,82

Source: research

The penultimate challenge is related to internet security. Trust, other people's fraudulent activities and data protection are the three recognized challenges in this category, and their impact on businesses has been analyzed in the opinion of experts. On average, experts disagree with the statement "Consumers are mostly aware of their data protection rights on the internet." This is the statement in this category of challenge that they gave the lowest mean score (2.09). Other results can be seen in Table 5.

Table 5. Statements according to security as a challenge of internet marketing communication

STATEMENT	1 Strongly disagree	2 Disagree	3 Undecided	4 Agree	5 Strongly agree	9 Don't know/ don't want to answer/ can't answer	Medium grade
Intangibility as a feature of online buying significantly reduces consumer confidence in the buying process.	1	2	4	3	1	0	3,09
For the most part, consumers recognize fraudulent online activities aimed at harming a businesses, brand or product (for example, a fake website aimed at selling products other than originals).	2	4	2	1	2	0	2,73
Consumers are generally aware of their data protection rights online.	4	4	2	0	1	0	2,09

Source: research

The last challenge identified by secondary data search is related to the characteristics of internet marketing communication. This challenge has seven sub-challenges: losses and response, creating attractive and profitable interactions, dependency on technology, automated interactions, bilateral communication, internet saturation and search. Table 6 shows that respondents gave the lowest mean score (2.00) to the statement "Consumers prefer automated interactions with businesses over the internet than actual interactions with employees of businesses over the internet.", Which means that respondents disagree on average. with the stated claim. No other claims in this challenge group received much higher mean scores, i.e. respondents either disagreed or were hesitant on average.

Table 6. Statements according to characteristics as a challenge of internet marketing communication

STATEMENT	1 Strongly disagree	2 Disagree	3 Undecided	4 Agree	5 Strongly agree	9 Don't know/ don't want to answer/ can't answer	Medium grade
Consumers are more likely not to respond to company-initiated online marketing communications, rather than to respond.	0	4	4	2	1	0	3,00
Consumers are attracted to certain internet marketing communications by their quality characteristics, regardless of their wishes and needs.	1	0	3	4	3	0	3,73
The dependency of communication on technology as a key mediator of internet usage makes it difficult for online businesses communication between businesses and consumers.	2	1	3	4	1	0	3,09
Consumers prefer automated interactions with businesses over the internet than actual interactions with businesses over the internet.	5	3	2	0	1	0	2,00
Consumers are more inclined to negotiate with businesses over the internet than they do the traditional way.	1	2	2	2	4	0	3,55
Internet consumers often come across ads and other online marketing communications tools from businesses that are not related to their wants and needs.	1	2	1	5	2	0	3,55
Internet consumers often ignore the various tools of a company'sInternet marketing communication.	0	4	5	1	1	0	2,91
The consumer quickly abandons the purchase if the search on the internet does not give them the results they want.	0	2	2	3	4	0	3,82

Source: research

4. CONCLUSION

By systematically summarizing the literature, six categories of potential challenges were identified, and further empirical research was based on them. The study found that the challenges identified were based on various characteristics of internet marketing communication, but also on general marketing influencing events. To emphasise once more, according to conducted research and the experts (digital marketing managers of Croatian marketing agencies) as it's sample, the most common challenges for businesses are monitoring the characteristics, desires and needs of consumers online, the use of ad blockers and/or pop-up blockers by consumers, consumer distrust, the loss of not getting a response from consumers, and the challenge of managing content about a business, brand, or product created by consumers on the internet.

Given that this paper is based on a field closely related to technological development, although an analysis of secondary and primary data has been conducted with the development of the internet, and thus internet marketing communications, the challenges businesses face is emerging on a daily basis. Therefore, the paper, which emerged as a product of presentation the results of conducted research for the purpose of writing a final thesis on graduate study, probably does not cover all the challenges, so this may be one of the limitations of the research. On the other hand, the number of experts who are part of the sample (10.28%) could be larger to obtain more relevant data. So, for future research, the idea is to repeat the research on secondary data sources in order to identify new challenges, adapt the questionnaire as a research instrument, and try to reach more experts. It would also be a good idea to make a comparison with consumers to see what they see as challenges and how they accept them. But for now, and with the existing results we think that this paper can be useful to marketing community (both to scientists and practitioners), especially those in field of internet marketing communication, as some guidelines to which factors they might be more focused on if they want to be successful and recognized in this area.

LITERATURE

1. Abashidze, I. (2017) Integrated Marketing Communications in web 2.0 environment: Challenges and Opportunities of online presence. Journal of Research in Marketing, 8(1), 617-623
2. Broderick, A., Pickton, D. (2005) Integrated marketing communications. Harlow: Pearson Education
3. Chaffey, D., Ellis-Chadwick, F., Mayer, R., Johnston, K. (2009) Internet marketing: strategy, implementation and practice. Pearson Education
4. Dehghani, M., Tumer, M. (2015) A research on effectiveness of Facebook advertising on enhancing purchase intention of consumers. Computers in Human Behavior, 49, 597-600
5. Harris, L., Dennis, C. (2011) Engaging customers on Facebook: Challenges for e-retailers. Journal of Consumer Behaviour, 10(6), 338-346
6. Hofacker, C. F., Belanche, D. (2016) Eight social media challenges for marketing managers. Spanish Journal of Marketing-ESIC, 20(2), 73-80
7. Kimiloglu, H. (2004) The "E-Literature": A Framework for Understanding the Accumulated Knowledge about Internet Marketing. Academy of Marketing Science Review, 2004, 1
8. Leeflang, P. S., Verhoef, P. C., Dahlström, P., Freundt, T. (2014) Challenges and solutions for marketing in a digital era. European Management Journal, 32(1), 1-12
9. Okazaki, S., Taylor, C. R. (2013) Social media and international advertising: theoretical challenges and future directions. International Marketing Review, 30(1), 56-71
10. Quraishi, F. F., Butt, M. A., Zaman, M., & Khan, S. M. (2017). Marketing Online: A Descriptive Approach
11. Stokes, R. (2009) eMarketing: The essential guide to online marketing. South Africa: Quirk eMarketing

KOJI SU IZAZOVI INTERNETSKE MARKETINŠKE KOMUNIKACIJE PREPOZNATI OD STRANE HRVATSKIH MARKETINŠKIH AGENCIJA?

SAŽETAK

Neupitno je kako internet svakim danom ostavlja neopisiv trag na brojne promjene u svijetu, no ono što je za nas kao markentinške stručnjake važno jest kakve promjene internet ostavlja na komunikaciju između poduzeća i potrošača. Svakako je važno istaknuti kako iz perspektive poduzeća upravo internetska marketinška komunikacija dobiva jednu potpuno novu dimenziju njihova poslovanja kojem se oni svakodnevno moraju prilagođavati s obzirom na izazove koje im se javljaju ako žele opstati na tržištu, ali i ostvariti neki oblik konkurentskih prednosti. Ovaj rad upravo pruža uvid u izazove koji se nalaze pred marketinškim agencijama na hrvatskom tržištu u najdinamičnijem području marketinške discipline. Osim teorijske osnove koja pretraživanjem sekundarnih podataka prikazuje koji su to izazovi, u radu se prikazuju rezultati kvantitativnih istraživanja provedenih pomoću anketnog upitnika na menadžerima hrvatskih marketinških agencija.

KLJUČNE RIJEČI: internet, internetska marketinška komunikacija, izazovi, marketinške agencije.

IMPACT OF POLITICAL MARKETING IN DIGITAL ENVIRONMENT ON VOTERS REGARDING THEIR AREA OF RESIDENCE

PRELIMINARY COMMUNICATION / PRETHODNO PRIOPĆENJE **UDK: 32:(004.738.5:658.8)(497.5)** **JEL: M31; D72**

Authors / Autori:

IVAN KELIĆ
ASSISTANT PROFESSOR
FACULTY OF ECONOMICS IN OSIJEK
OSIJEK, CROATIA
ikelic@efos.hr

ŽARKO STILIN
PAR UNIVERSITY COLLEGE
RIJEKA, CROATIA
zarko.stilin@par.hr

ZDRAVKO TOLUŠIĆ
PROFESSOR
FACULTY OF ECONOMICS IN OSIJEK
OSIJEK, CROATIA
tolusic@efos.hr

ABSTRACT

Political parties use market information to influence shaping of a product they are offering. Political marketing is defined as a relationship between the political subject and the market. It refers to those political actors who have realized the importance, effect and techniques of business marketing. It studies relationships between products of political organizations and demands of the market. Political marketing uses techniques of marketing in order to reach its goals. Today's 21st century is marked by the use of electronic media. The Internet is a basis of everyday life. Political marketing has recognized trends and has directed a large percentage of action on digital environment. The greatest advantage of political e-marketing is efficient communication with a large number of potential consumers, in this case, of political subjects with their potential voters. Long-term goal of political subjects is political power. There is no difference between the application of traditional and political marketing in digital environment. This paper presents results of a research whose aim was determining whether political marketing in digital environment has a bigger influence on voters in rural or in urban electoral units. Research sample consisted of voters in the IV and the VIII electoral units during electoral campaign for Croatian Parliament in 2016. Research was conducted using a questionnaire among potential voters. The aforementioned electoral units were chosen due to their differences, the IV being a predominantly rural electoral unit, and the VIII as a predominantly urban electoral unit. The results show that there is no difference between voters in the IV and the VIII electoral units; in other words, that influence of political marketing in digital environment is almost the same regardless of the voters' area of residence. It is necessary to emphasize that the Republic of Croatia is a specific area in which political marketing has a weak influence on voters. This research can aid better understanding of political marketing in digital environment and can become a foundation of marketing strategy of political subjects in the next elections for Parliament.

KEY WORDS: political marketing, e-political marketing, rural electoral unit, urban electoral unit.

1. INTRODUCTION

Marketing is a process of creating and exchanging values of market subjects and their consumers. The term marketing denotes a process of creating, communicating and delivering values to consumers in a way that is useful for organizations and their parties of interest. Various definitions of marketing have a common connection – satisfying consumers' needs. Development of technology has changed the model of business and activities of all participants of market competition. A network has been created that changed the flow of information and its influence on daily life. Marketing experts have changed the way of functioning and introduced new methods. The cornerstone of marketing of the 21st century is e-marketing. It is based on a relationship with users via network and is adapted to new technologies and information technology educated population. Each marketing expert uses the fact that users nowadays are always near their mobile phones that are most commonly connected to the Internet. In a dynamic world of Internet technology, mobile marketing has taken the first place in influencing the behavior of consumers and in encouraging a wanted action.

Political action is closely connected to marketing activities. Democracy and multiparty system mean competition among individual parties, programs and candidates on a "political market" of sorts. Such context yields the need for marketing activity that, similarly to well-known activities from the field of economics, or market economy, helps better "sales" of certain ideas, parties and individuals as their bearers (Šiber, 2003:9). Certainly, political communication has always existed in order to fulfill the most important needs of each form of government. Aiming to come to power, politicians have always communicated their political program and their ideas. Political marketing occurs as the newest tool of political communication and has come out of common blend of general right to vote, democracy and development of the media (Stilin, 2018:2). Each political candidate, or political party, is turned towards voters. Political marketing is a long-term process based on traditional marketing techniques. Political subjects use political marketing to decide what to offer to the public. Defining the process of political marketing is an extremely challenging task that assumes the use of marketing tools: voters profiling, market segmentation and shaping the political product. Strategically speaking, political marketing consists of a number of phases, defined later in the paper. Political marketing has recognized the value of electronic media. Large percentage of political marketing refers to communication via digital platforms.

The greatest advantage of digital political marketing is efficient communication with a large number of potential voters. This paper analyzes the influence of political marketing in digital environment on voters regarding their area of residence; in other words, whether political marketing in digital environment influences more voters in rural or in urban electoral units. Sample consisted of voters in the IV and the VIII electoral unit during electoral campaign for Croatian Parliament in 2016. The paper is using a study conducted by the author (Stilin) who used a part of the study for PhD thesis titled “Political marketing in digital environment”. The paper is based on primary and secondary research. Methods of analysis, questionnaire, interview, compilation and synthesis were used.

Research was conducted using a questionnaire among potential voters. The aforementioned electoral units were chosen due to their differences, the IV being a predominantly rural electoral unit and the VIII as a predominantly urban electoral unit. For the purpose of the research, hypotheses were set:

1. Political marketing in the digital environment has more impact on voters in the urban area than voters in the rural area.
2. Residents of rural areas follow the political campaign in digital environment in a smaller percentage than those in urban areas.

Research contributes better understanding of use of e-marketing in electoral campaigns. Results can be used with a goal of improving political e-marketing, as well as to serve as a framework for further research.

2. IMPACT OF POLITICAL MARKETING IN DIGITAL ENVIRONMENT ON VOTERS REGARDING THEIR AREA OF RESIDENCE

A question arises whether there is a difference in lifestyle of population in urban and rural areas, that is, the influence of political marketing in digital environment on voters regarding their area of residence is researched. For the start of the research, it is necessary to define political e-marketing, after which the research and conclusions follow. Differences in lifestyle and habits of population in urban and rural areas are disappearing. Characteristic of the 21st century is lowering the number of citizens in rural areas and them moving into cities or towns. Young people leave rural areas and are not interested in spending their lives in the countryside. The fact is, there are fewer family farms. More or less, everything has come down to large agriculturists who handle large areas of fields. Small family farms consist of one employed person, or even none. Small fields are handled by employed families, so agriculture is their second or third source of income.

Apart from that situation, the fact that is going to be a long-term problem for the Republic of Croatia is white plague[1] and aging population. The aforementioned mostly affects rural areas. Unfavorable trend of population movement with poor economic situation is reflecting adversely on a situation in rural areas. Regardless of the place of residence, Croatia has been hit by a wave of emigration. Primarily due to economic situation (low income, high unemployment...), a large number of citizens of the Republic of Croatia has crossed state borders in search of happiness in successful members of the European Union (Germany, Ireland, Austria...).

Opening the borders of labor market has lowered unemployment in Croatia. Most citizenship, young and older alike, due to inability to find a job and develop themselves in the world of business are unable to stay in Croatia and are forced to relocate outside the state or, at least, out of the rural areas. Apart from lowering unemployment in Croatia, the population is lowered, as well as a number of children, schools, kindergartens, jobs, newly started business subjects... The wave of emigration mostly hits rural areas, leaving it without citizens. Certain schools and kindergartens are closed, which leaves purely old population in the countryside. A question arises as to what is going to happen to certain places in ten or twenty years.

Due to old population mostly unable to use the Internet, a hypothesis of this paper arises; political marketing in digital environment has more impact on voters in urban areas.

[1] birth rate lower than death rate in an area, which leads to decline in population

2.1. Political e-marketing

Introduction of the paper defines that marketing is an activity directed towards satisfying needs and whishes using the process of exchange. Regardless of the object of marketing, the principles do not differ. Certainly, political marketing has a lot of specificities, but also similarities to standard marketing. In a large number of cases, political communication is used as a synonym for political marketing. Political communication refers to:

- all means of communication used by politicians and other participants in politics with a goal of accomplishing specific aims;
- communication directed towards some participants by non-politicians, such as voters and journalists;
- communication about these participants and their activities as they are in reports, editorials and other shapes of media discussion about politics (Bongrand, 1997:8).

As definition shows, political communication refers to verbal, nonverbal and visual means, that is, all elements of communication a political image consists of. Certainly, political communication is not exclusive to politicians, but to peers as well, who inform themselves on the state of politics using media, discussions and other. Its basic characteristic is two-way communication that exchanges political content among various participants in politics. Various channels of communication are used with a goal of achieving certain effects. Political communication is a part of political marketing. It refers to participants in politics who understand value, effect and techniques of business marketing.

Simply speaking, political marketing is defined as using modern techniques of marketing with a goal of achieving political aims. The most accurate definition states: “a collection of techniques used to create a specific picture of the candidate among his electorate, to promote his person with each voter individually, to single him out from his rivals and to gain the maximum number of votes using the lowest level of resources” (Bongrand, 1997:15). Political marketing is a complex process. It consists of the following phases: market research, designing a political product, adapting a product, implementation, communication, campaign, and elections, fulfilling of the program and continuing market orientation.

Political marketing helps political subjects to design their product and decide what to offer on the market. Political marketing should be viewed as a multilayered communicative activity in the phase of research of political issue and needs of the population; in mass-media and public affirmation of their program (goal), while addressing the widest recipient structure; in contact with economic subjects – sources of financial need and in wide range of establishing relationships with individuals, cultural, political, sports and other public institutions with which the political subjects have common interests (Tomić, Spahić, Granić, 2008:39-40). Long term implementation of political marketing yields success. Prior to defining political marketing in digital environment, it is necessary to define basic terms of political marketing:

- product – ideas of candidates or political subjects and the candidate himself,
- market – voting/political public,
- consumer – citizen/voter,
- emphasizing differences – competition among people and ideas,
- sales – organizing and presenting candidate’s knowledge and ideas, ensuring votes,
- profit – being elected to perform a public function.

Juxtaposition of the terms yields a conclusion: there is no significant difference between the approach of traditional marketing and political marketing. Unlike traditional marketing, which is focused on the realization of a specific product that meets one or more human needs, the result of successful political marketing is a change in the total, or for the most part, social living conditions, from economic conditions to business, education, healthcare, retirement, but also the international position of the country and relations with others. Internet has changed all aspects of living.

New technologies affected development of new shapes of advertising. Each Internet and smartphone user as e-mail access and access to other information channels 24/7. Potential of spreading information via Internet is increasing daily. People, potential voters, spend more time connected to the Internet, so Internet connection is defined as a basic human need. Form of political marketing over the Internet has an enormous potential. Basic advantage of the Internet is that it can transfer a large amount of information at any given moment to every corner of the world. E-business is a general concept that encompasses all shapes of business transactions or information exchange done by using information and communication technology among companies, companies and their customers, or companies and public administration

(Sić, 2007:3). Political subjects cannot afford to lead a campaign and to act without a web page, social networks profiles and other Internet presence based techniques. Using these channels, political subjects get closer to voters, while voters have a more direct contact with them. It is important that citizens can, in a couple of mouse clicks, analyze political programs of competing parties and ask questions to which they want to find an answer. Nowadays all candidates use political e-marketing in all shapes of communication of political marketing. Internet has become ideal for performing relevant tasks valuable for campaign success (Tomić, 2014):

- Organization of pre-election campaign – simple use that enables effective and quick communication, flow of information and material. It enables sending advertising material, invitations, coordination of tasks... It increases efficiency of political work and perfects the process of preparation.
- Mobilization of members – Internet is good for mobilization of party members and voters, recruiting volunteers and sending messages as to why their engagement is important and relevant for campaign success.
- Raising money for campaigns – Internet is used for raising donations for pre-election campaign. The aforementioned mostly refers to the United States of America. In the Republic of Croatia pre-election campaigns are funded by the party's budget, donations, memberships...
- Information resources for media and voters – political parties and candidates use their Internet presentation largely for their media action. Using the Internet, they prepare press releases and other media. Using web pages of political subjects, they publish comprehensive information as archive material.
- Segmenting voters by beliefs – Internet enables market segmentations, that is, communication with potential voters. Political subjects create content that attracts their politically like-minded people. The goal is to attract users and make them interested in the political program, which can result by a vote on the elections.

It should be emphasized that the Internet, as a new communication channel and a means of political marketing, promotes, protects and safeguards democracy by disseminating a wealth of information. Strategically driven political marketing in a digital environment can help political entities to deal with external and internal public. According to the available information, about three million of Croats is connected to the Internet daily, while each third citizen is a member of Facebook social network. Other popular networks are Youtube, Instagram, Twitter and LinkedIn. Political candidates who use political marketing in digital environment have more chance to reach their goals, that is, to win on the elections. Using social networks, citizens communicate with political subjects, which creates great opportunities for all participants of political marketing.

2.2. Research

Research hypotheses are:

- Political marketing in the digital environment has more impact on voters in the urban area than voters in the rural area.
- Residents of rural areas follow the political campaign in digital environment in a smaller percentage than those in urban areas.

Research includes voters from the IV and the VIII electoral units during campaign for Croatian Parliament in 2016. The influence of political marketing in digital environment is analyzed with regard to area of residence, that is, whether political marketing in digital environment impacts more voters in rural or urban electoral units. The hypotheses mentioned are set with the assumption that rural areas have older population that uses the Internet in a smaller percentage, and by that, the influence of political marketing in digital environment is lesser. As mentioned in the introduction, results of research conducted by the author (Stilin) are used, which are a part of the author's PhD thesis titled "Political marketing in digital environment".

Research was conducted using a questionnaire among potential voters. Promocija plus from Zagreb used CATI system during the political campaign for elections for Parliament in August 2016 to conduct a questionnaire on a representative sample of participants in the political process in the IV and the VIII electoral unit. The goal of the questionnaire was to research on a sample of Internet users their voting intentions, as well as to keep track of election campaigns for these two electoral units. The sample is defined as a stratified sample. The process of stratification was conducted on a county basis and the size of settlement for individual electoral unit. Two units were chosen due to their differences; the IV being a primarily rural and the VIII as a primarily urban.

The IV electoral unit, chosen as a rural one, encompasses Virovitica – Podravina and Osijek – Baranja county, while the VIII electoral unit, chosen as primarily urban, encompasses: Istra county and western part of Primorje – Gorski Kotar county (cities and municipalities: Baška, Cres, Crikvenica, Dobrinj, Kostrena, Kraljevica, Krk, Lovran, Mali Lošinj, Malinska – Dubašnica, Matulji, Mošćenička Draga, Omišalj, Opatija, Punat, Rab, Rijeka, Vrbnik). Table 1 and Table 2 show size of settlement in the IV and the VIII electoral units according to sample structure.

Table 1. Settlement size of surveyed respondents of the IV electoral unit

	TOTAL	
	N	%
Up to 1,000	203	28,9%
1,001-5,000	141	20,1%
5,001-10,000	129	18,3%
10,001-20,000	79	11,2%
50,001-100,000	151	21,5%
Sample (N)	**703**	**100,0%**

Source: Created by the authors based on the research done.

Table 1 shows that 703 respondents from the IV electoral unit were surveyed. Majority lives in settlements with up to 1,000 inhabitants, after which settlement of 50,001 to 100,000 and settlement of 1,001 to 5,000 inhabitants follow.

Table 2. Settlement size of surveyed respondents of the VIII electoral unit

	TOTAL	
	N	%
Up to 1,000	171	24,4%
1,001-5,000	129	18,4%
5,001-10,000	72	10,3%
10,001-20,000	21	3,0%
50,001-100,000	100	14,3%
100,001-200,000	207	29,6%
Sample (N)	**700**	**100,0%**

Source: Created by the authors based on the research done.

Table 2 shows that 700 respondents from the VIII electoral unit were surveyed. Majority lives in settlements of 100,001 to 200,000 inhabitants, after which settlement of 1,000 inhabitants and settlement of 1,001 to 5,000 inhabitants follow. The difference is relevant in size of cities that belong to the mentioned electoral units.

The next category surveys using the Internet and social networks. With a goal to research the impact of political marketing in digital environment, it is necessary to define how often the respondents use the Internet.

Table 3. Internet usage and its frequency, the IV electoral unit

	TOTAL	
	N	**%**
I use the Internet and social networks on my computer and smartphone	397	56,5%
I use the Internet and social network only on my computer	70	10,0%
I use the Internet and social network only on my smartphone	23	3,3%
I use the Internet, but not social networks	213	30,3%
Sample (N)	**703**	**100,0%**
I am online all day	46	6,5%
A couple of times per day	325	46,2%
Once a day	204	29,0%
Once in three days	73	10,4%
Once a week	38	5,4%
Less than once a week	16	2,3%
I do not know	1	0,1%
Sample (N)	**703**	**100,0%**
A number of everyday users	575	81,9%
Sample (N)	**702**	**100,0%**

Source: Created by the authors based on the research done.

Respondents in the IV electoral unit in percentage of 81,9% use the Internet daily. It is necessary to emphasize that data is extremely high and Croatia does not have classically rural areas predominantly engaged in agriculture anymore.

Table 4. Internet usage and its frequency, the VIII electoral unit

	TOTAL	
	N	**%**
I use the Internet and social networks on my computer and smartphone	335	47,9%
I use the Internet and social network only on my computer	74	10,6%
I use the Internet and social network only on my smartphone	19	2,7%
I use the Internet, but not social networks	272	38,9%
Sample (N)	**700**	**100,0%**
I am online all day	42	6,0%
A couple of times per day	373	53,3%
Once a day	185	26,4%
Once in three days	66	9,4%
Once a week	21	3,0%
Less than once a week	10	1,4%
I do not know	3	0,4%
Sample (N)	**700**	**100,0%**
A number of everyday users	600	86,1%
Sample (N)	**697**	**100,0%**

Source: Created by the authors based on the research done.

Table 3 and Table 4 compared yield a conclusion that there is no large difference between respondents of the IV and the VIII electoral unit. In the VIII electoral unit 86,1% of respondents use the Internet every day, while in the IV electoral unit 81,9% of respondents use the Internet every day. Detailed analysis shows that respondents in the VIII electoral unit more often use the Internet, but the differences are insignificant.

After the analysis of Internet use and its frequency, basic determinants of the research will be surveyed, based on which the set hypotheses will be accepted or rejected.

Table 5. Influence of election campaign, the IV electoral unit

	TOTAL	
	N	%
I made the decision before the campaign	539	76,7%
I made the decision during the campaign	75	10,7%
I have not made the decision yet	58	8,3%
Campaign will not influence my decision	18	2,6%
I do not know	11	1,6%
I do not want to say	2	0,3%
Sample (N)	**703**	**100,0%**

Source: Created by the authors based on the research done.

Table 5 shows results of surveyed impact of election campaign on the IV electoral unit. A devastating fact is that 76,7% of respondents made the decision about their vote before the election campaign. That confirms that most citizens are in some way members of a certain party, party supporters, or have direct benefit from the certain party. A very small percentage is singled out, according to which only 10,7% of respondents make a decision about voting during the campaign.

Table 6. Influence of election campaign, the VIII electoral unit

	TOTAL	
	N	%
I made the decision before the campaign	539	77,0%
I made the decision during the campaign	72	10,3%
I have not made the decision yet	67	9,6%
Campaign will not influence my decision	17	2,4%
I do not know	4	0,6%
I do not want to say	1	0,1%
Sample (N)	**700**	**100,0%**

Source: Created by the authors based on the research done.

Table 6 shows that there is no difference in influence of political campaign on respondents in the VIII compared to the IV electoral unit. Similar percentage of respondents makes a decision about voting during the campaign.

Table 7. Following the political marketing in digital environment, the IV electoral unit

	TOTAL	
	N	%
I actively followed the campaign on the Internet	108	15,4%
I saw the campaign on the Internet, but I did not follow actively	222	31,6%
I did not see the campaign on the Internet	369	52,5%
Campaign on the Internet does not affect me	4	0,6%
I do not want to say	0	
Sample (N)	**703**	**100,0%**

Source: Created by the authors based on the research done.

Respondents from the IV electoral unit followed the political campaign on the Internet in a small percentage. Interesting data is that 52,5% of respondents did not see the campaign at all.

Table 8. Following the political marketing in digital environment, the VIII electoral unit

	TOTAL	
	N	%
I actively followed the campaign on the Internet	106	15,1%
I saw the campaign on the Internet, but I did not follow actively	190	27,1%
I did not see the campaign on the Internet	399	57,0%
Campaign on the Internet does not affect me	4	0,6%
I do not want to say	1	0,1%
Sample (N)	**700**	**100,0%**

Source: Created by the authors based on the research done.

Similar to previous questions, there is no significant difference between respondents of primarily urban and primarily rural area.

It is interesting that a large number of respondents from urban area did not see the political campaign on the Internet compared to respondents from rural area. Ratio is 57% versus 52,5%.

Table 9. Impact of political marketing in digital environment, the IV electoral unit

	TOTAL	
	N	%
Yes, only in the campaign did I find out things about candidates	40	12,1%
No, they did not affect me	288	87,3%
I do not want to say	2	0,6%
Sample (N)*	**330**	**100,0%**

Source: Created by the authors based on the research done.

Item 9 applies only to respondents who saw the political campaign on the Internet, that is, to those who saw political marketing in digital environment. Only 12,1% of respondents say that political marketing influenced their opinion and decision about voting. On other hand, 87,3% of respondent say that political marketing in digital environment does not affect them.

Table 10. Impact of political marketing in digital environment, the VIII electoral unit

	TOTAL	
	N	%
Yes, only in the campaign did I find out things about candidates	23	7,7%
No, they did not affect me	270	90,9%
I do not want to say	4	1,3%
Sample (N)*	**297**	**100,0%**

Source: Created by the authors based on the research done.

Item 10 shows results of influence of political marketing in the VIII electoral unit. 90,9% of them say that political marketing on the Internet did not affect them. Only 7,7% of respondents answer affirmatively on questions how political marketing in digital environment affected them and their preferences regarding voting on the elections. The research yields conclusions according to which hypotheses are accepted or rejected. A small influence of political marketing on voters in Croatia is visible, regardless of their place of residence.

2.3. Discussion

It is necessary to accept or reject the set hypotheses based on research results. The first hypothesis is; "Political marketing in the digital environment has more impact on voters in the urban area than voters in the rural area". Analysis of the results rejects the hypothesis. Respondents from primarily urban electoral unit say that political marketing in digital environment did not impact them in percentage of 90,9%. On other hand, respondents from primarily rural electoral unit say that political marketing in digital environment did not impact them in percentage of 87,3%. The aforementioned is a devastating fact for political campaign managers. It is necessary to say that respondents in question noticed the political campaign on the Internet, but it did not affect them.

A question arises about the quality of content and knowledge of strategic marketing. Political subjects on Croatian market still have a goal to be present. Campaign leaves an impression that it is self-sufficient, that is, that marketing process managers just have to fulfill items that are relevant: web page, social networks, banners, radio, television, billboards... Contemporary marketing experts must create content that will intrigue visitors and attract potential voters to the candidate's or party's web page. It is interesting that results show influence is stronger on respondents from rural areas, but due to a big percentage, one can conclude that political marketing in digital environment does not affect voters in both rural and urban areas.

The other hypothesis was: "Residents of rural areas follow the political campaign in digital environment in a smaller percentage than those in urban areas". Based on the results yielded, this hypothesis is rejected as well. Respondents from the IV and the VIII electoral unit in similar percentage did not actively follow the political campaign on the Internet, and in the same percentage did not see the campaign at all. It is interesting that respondents from rural areas say that they actively followed the campaign in percentage slightly bigger than of those in urban areas.

3. CONCLUSION

Parliamentary democracy means competition of individual parties, programs and candidates on a "political market" of sorts. The need for marketing activity that aids better "sales" of certain ideas, parties or individual is called political marketing. According to the definition, political marketing has a goal to contribute the adequacy of a candidate with regard to his potential voting body. Basically, there is no big difference between political parties and business subjects. Political parties and candidates are turned to voters compared to business subjects who are turned to potential customers. Basic terms of political marketing are: product – ideas of candidates or political subjects, as well as the candidate himself, market – electoral/political public, consumer – citizen/voter, emphasizing differences – competition among people and ideas, sales – organization and presentation of candidate's knowledge and ideas, ensuring in such way profit – being elected for a public function. It is necessary to say that political marketing is a long-term process. Political marketing in digital environment is a basis of political marketing. The term refers to using e-marketing techniques in political marketing. That being said, political marketing has a goal to reach each person that has access to a smartphone, social networks or the Internet.

Potential voter can, at any moment, analyze candidates and compare their programs. The biggest competitive advantage of e-marketing and e-political marketing is mobility and data availability. Research was conducted using a questionnaire among potential voters. Research results show the situation in which political marketing in digital environment has a bigger impact on voters in rural areas compared to voters in urban areas. It is necessary to emphasize that political marketing does not impact voters neither in rural, nor in urban areas. Impact on voters in rural areas is insignificantly bigger, but conclusion is that Croatian political market is due to many reasons very specific.

Most potential voters make a decision about their vote prior to elections. There is an impression that political parties and candidates use marketing in order to be present, but not with a strategic goal because political marketing at this point does not have an impact on voters in the Republic of Croatia. Croatian citizens who want changes have either emigrated or do not vote on the elections, while on the other hand, citizens who have direct or indirect benefit from politics if they vote. A party that has managed a strategically meaningful campaign has not yet occurred on the Croatian political market. Based on research results political subjects can prepare their activities for the next elections in Croatia.

LITERATURE

1. Bongrand, M.: Political marketing, Plato - XX vek, Belgrade, 1997.
2. Sić, M.: E-commerce Brokerage Models, Osijek, 2007.
3. Stilin, Ž.: Political marketing in digital environment, doctoral thesis, University of Josip Juraj Strossmayer in Osijek, Osijek, 2018.
4. Šiber, I.: Political marketing, Politička kultura, Zagreb, 2003.
5. Tomić, Z.: Political marketing – principles and application, University of Mostar, Mostar - Zagreb - Sarajevo, 2014.
6. Tomić, Z., Spahić, B., Granić, I.: Strategy of Election Campaigns, Synopsis, Zagreb - Sarajevo, 2008.

UTJECAJ POLITIČKOG MARKETINGA U DIGITALNOM OKRUŽENJU NA BIRAČE S OBZIROM NA MJESTO STANOVANJA

SAŽETAK

Političke stranke koriste tržišne informacije kako bi utjecale na oblikovanje proizvoda kojeg nude. Politički marketing se definira kao odnos između političkog subjekta i tržišta. Odnosi se na one aktere politike koji su shvatili važnost, učinak i tehnike poslovnog marketinga. Proučava odnose između proizvoda političke organizacije i zahtjeva tržišta. Politički marketing koristi tehnike marketinga kako bi ostvario svoje ciljeve. Današnje 21. stoljeće obilježava korištenje elektroničkih medija. Temelj svakodnevnog života je Internet. Politički marketing je prepoznao trendove, te je usmjerio visoki postotak djelovanje na digitalno okruženje. Najveća prednost političkog e-marketinga je efikasna komunikacija s velikim brojem potencijalnih potrošača, u slučaju političkih subjekta potencijalnih glasača. Dugoročni cilj političkih subjekta je politička vlast. Nema razlike između primjene tradicionalnog i političkog marketinga u digitalnom okruženju. U ovom radu su prikazani rezultati istraživanja čiji je cilj bio utvrditi utječe li politički marketing u digitalnom okruženju više na glasače u ruralnim ili urbanim izbornim jedinicama. Ispitni uzorak su bili birači u IV. i VIII. izbornoj jedinici prilikom izborne kampanje za Hrvatski sabor 2016. godine. Istraživanje se provelo kroz anketni upitnik među potencijalnim biračima. Navedene izborne jedinice su izabrane zbog svojih različitosti, IV. kao pretežito ruralna izborna jedinica i VIII. kao pretežito urbana izborna jedinica. Rezultati istraživanja su prikazali kako nema razlika između birača IV. i VIII. izborne jedinice, odnosno kako je utjecaj političkog marketinga u digitalnom okruženju gotovo jednak bez obzira na područje u kojem birači žive. Potrebno je istaknuti kako je Republika Hrvatska specifično područje u kojem politički marketing ima nizak utjecaj na glasače. Ovo istraživanje može doprinijeti bolje razumijevanju političkog marketinga u digitalnom okruženje, te može postati temelj marketinške strategije političkih subjekata za iduće parlamentarne izbore.

KLJUČNE RIJEČI: politički marketing, e-politički marketing, ruralna izborna jedinica, urbana izborna jedinica.

ORGANIZATIONAL AMBIDEXTERITY: WHAT DOES IT MEAN? HOW IS IT ACTUALIZED?

REVIEW PAPER / PREGLEDNI RAD UDK: UDK: 005.94 JEL: D23; L25

Authors / Autori:

HAJIME KOBAYASHI
PROFESSOR
MEIJI UNIVERSITY; SCHOOL OF COMMERCE
TOKYO, JAPAN
hkoba@meiji.ac.jp

MASAAKI TAKEMURA
PROFESSOR
MEIJI UNIVERSITY; SCHOOL OF COMMERCE
TOKYO, JAPAN
takemura@meiji.ac.jp

ABSTRACT

This paper, based on a longitudinal case study, explicates through what kinds of learning process the organizational ambidexterity is actually realized. We assume the two types of learning process called explorative learning and exploitative learning drawn from March's original work and define the ambidexterity as the balance of two learning modes (March 1991). In March's characterization, exploration involves search, variation, risk-taking, experimentation, play, flexibility, discovery and innovation, whereas exploitation can be defined as refinement, choice, production, efficiency, selection, implementation and execution. This characterization, however, is very ambiguous. To make the definition clearer, we add a dynamic capability view to the ambidexterity research. Teece (2007)'s dynamic capabilities view assumes the explorative learning route comprised of three micro-foundations (sensing, seizing, and reconfiguring). However, the linkage of three micro-foundations may break somewhere by the bias of organizational learning. For that reason, the existence of another learning mechanism, so-called exploitative learning is also drawing attention. Unfortunately, exploitative learning route also suffers from several breakdowns. As a result, every firms need the balancing efforts of exploitative learning and explorative learning as an organizational ambidexterity. We try to identify its concrete actualization process by opening the black box of an ambidexterity mechanism in real setting. We select special research setting, the foreign expansion case of a Japanese international retailer into Chinese market. Our research question is what kind of balancing process does the organizational ambidexterity actually follow? We look at how the two learning processes are activated and balanced, looking at either the combined or equalizing dimensions of ambidexterity construct. We also pay attention to what are the controllable antecedents that make it possible. In conclusion, the theoretical and practical implications are tentatively drawn from this study.

KEY WORDS: organizational ambidexterity, explorative and exploitative learning routes, micro-foundations of dynamic capabilities, antecedent for ambidexterity.

1. INTRODUCTION

This research aims at understanding the organizational ambidexterity construct as the balancing of exploration and exploitation by applying the organizational learning lens, in particular dynamic capabilities view. The meaning of balancing can be understood in various ways, but generally there are two positions: one that maximizes the total amount of activity for exploration and exploitation (combined dimension) and one that equalizes the activity levels for exploration and exploitation (equalizing dimension).

In explaining the ambidextrous phenomenon of an organization in terms of above two dimensions, empirical studies can adopt two research strategies. One is an ambidextrous content research. In this research, we examine the causal relationship between the ambidextrous antecedents as the independent variable and the degree of the ambidexterity (measured by equalizing and combined dimensions) and/or the organizational performances as the dependent variables. On the other hand, process research we adopt in this study describes the time-dependent trajectory of ambidexterity generation, and try to portray ambidexterity as a motion picture. We believe that organizational learning lens and dynamic capabilities view can contribute to the ambidextrous process research.

Teece (2007, 2017) describes the micro-foundations as a three-step process of activities: sensing, seizing, and reconfiguring. In addition, we identify entrepreneurial, architectural, and recombination capabilities as the sources of these three micro-foundations, respectively. First, the reason for dividing into three sub-capabilities is that these capabilities evolve over time, but the speed of each evolution is different and they accumulate unequally. Therefore, the accumulation of the three capabilities that underlie dynamic capabilities is different, so the dynamic capabilities are heterogeneous across firms.

Second, the dynamic capabilities view usually assumes the explorative learning route comprised of three micro-foundations (sensing, seizing, and reconfiguring). However, the linkage of three micro-foundations is often break somewhere by the bias of organizational learning. For that reason, the existence of another learning mechanism, so-called exploitative learning is also drawing attention. Unfortunately, exploitative learning route also suffers from several breakdowns. As a result, it is necessary that two learning routes are balanced, rather than giving importance to one of the two organizational learning routes.

Our research question is what kind of balancing process does the organizational ambidexterity actually follow? We look at how the two learning processes are activated and balanced, looking at either the combined or equalizing dimensions of the construct. We also pay attention to what are the antecedents that make it possible.

2. THEORETICAL BACKGROUND

In a pioneering paper, Duncan (1976) has introduced the concept of organisational ambidexterity, referring to the organisational structures that help to simultaneously deal with contradictory elements. Even if Duncan is widely considered the father of organisational ambidexterity, the main contributions to the conceptualization of the theme have come from Tushman and O'Reilly (1996), who refer to the multiple structures that a firm has to adopt in order to cope with the contradictory activities it faces. Starting from this contribution, the debate on ambidexterity has progressively extended its roots in other theoretical streams. Now, organisational ambidexterity has embraced an extremely broad spectrum of concepts from many other research streams (Cantarello et al., 2012).

Now researchers generally conceive of ambidexterity as an organizational capability to balance the conflicting modes of exploitative and explorative learning (Cantarello et al., 2012). Argote and Miron-Spektor(2011) define organizational learning as a change in the organization's knowledge that occurs as a function of experience. This definition suggests that organizational learning occurs if some experience is aquired directly and/or indirectly. Even in exploitation, some experience must have been obtained, and the difference between exploration and exploitation is not the presence or absence of organizational learning, but only the difference of experience process.

Despite the desirability of an ambidextrous 'balance' of exploration and exploitation, "there is considerably less clarity on what this balance really means, how this balance can be achieved" (Gupta et al., 2006). The general agreement in this literature is that an ambidextrous firm is one that is capable of both exploiting existing competencies as well as exploring new opportunities, and also that achieving ambidexterity enables a firm to enhance its performance and competitiveness. However, beyond these points of consensus, there is some disagreement and considerable ambiguity regarding the nature of the ambidexterity construct.

When March (1991) first introduced the twin concepts of exploration and exploitation to the management literature, he argued that they should be viewed as two ends of a single continuum. In March's characterization, exploration involves search, variation, risk-taking, experimentation, play, flexibility, discovery and innovation, whereas exploitation can be defined as refinement, choice, production, efficiency, selection, implementation and execution.

Exploration and exploitation place inherently conflicting resource and organizational demands on the firm. In this view, trade-offs between exploration and exploitation are seen as unavoidable, and organizational ambidexterity largely involves the management of these trade-offs to find the appropriate balance between the two. On the one hand, the self-reinforcing nature of organizational learning makes it attractive for a firm to maintain its current focus and to augment its current capabilities even if the environment has changed. The firm has to counter such an excessive focus on exploitation that results in organizational myopia and competency traps (Levitt and March 1988) and needs to go beyond local search (Rosenkopf and Nerkar, 2001).

On the other hand, the balance can also be skewed towards excessive exploration that is equally destructive. The inability of many innovative firms to achieve success in the market can be traced at least partly to their tendency to constantly explore new products and unfamiliar markets without allocating enough resources to exploit their competences in a more familiar or narrower niche.

Alternatively, some researchers have recently begun to characterize exploration and exploitation as independent activities, orthogonal to each other, such that firms can choose to engage in high levels of both activities at the same time (Gupta et al. 2006). In this view, ambidexterity has been emphasized to pertain to the capacity of a firm to pursue high levels of exploration and exploitation concurrently (e.g., Lavie and Rosenkopf, 2006; Lubatkin et al., 2006) rather than managing trade-offs to find the most appropriate balance between the two. Katila and Ahuja (2002) and Gibson and Birkinshaw (2004) conceptualized these as orthogonal variables, and found out companies could achieve high organizational performances when both knowledge exploration and knowledge exploitation are at a high level. As a result, there exists a lack of conceptual clarity regarding the extent to which ambidexterity concerns matching the magnitude of exploration and exploitation on a relative basis, or concerns the combined magnitude of both activities. This lack of consensus regarding the underlying construct has led to the use of a variety of different measures to operationalize the ambidexterity construct (e.g., He and Wong, 2004; Lubatkin et al., 2006)

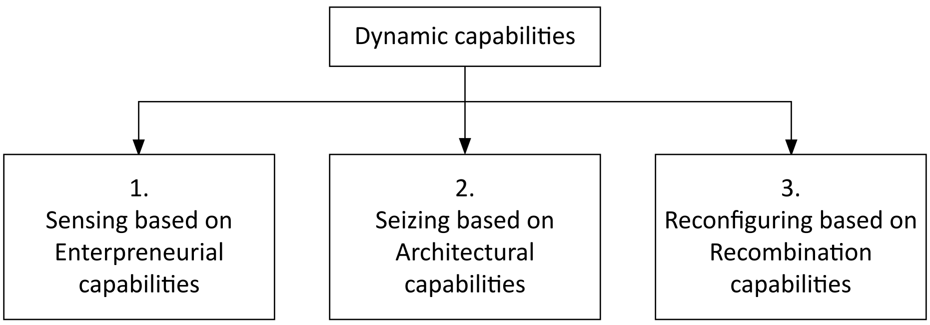
Corresponding to differing treatments of ambidexterity in the literature, Cao et al. (2009) have explicitly conceptualized it as a construct comprised of two distinct but related dimensions—the balance dimension (BD) and the combined dimension (CD). BD corresponds to a firm's orientation to maintain a close relative balance between exploratory and exploitative activities, whereas CD corresponds to their combined magnitude. Cao et al. (2009) have hypothesized that a close balance of exploration and exploitation (i.e., BD) will enhance firm performance through the mitigation of risks stemming from the overcommitment to one or the other. At the same time, they have also reasoned that high combined levels of exploration and exploitation (i.e., high CD) enhance firm performance through the development and leverage of complementary resources between exploratory and exploitative processes.

However, in reality, it is very difficult to equalize the both activity levels of exploration and exploitation at one time. In addition, quantitatively tracking changes in total volume of exploration and exploitation activities is also not an easy task. We believe that the organizational ambidexterity analysis requires two research types: content research that identifies causal mechanisms between the state of the ambidexterity and organization performances, and process research that describes the trajectory of the actualization of the ambidexterity.

Based on a case study, we investigate the time-dependent change in the total combined amount of explorative and exploitative activities and the degree of equalizing of the two activities over time. In doing so, we conduct the process research on the development of organizational ambidexterity from capability perspectives and organizational learning lens, in particular dynamic capabilities view. First of all, according to dynamic capabilities view, there are two types of capabilities: dynamic capabilities and operational (operating, substantive, ordinary) capabilities. Zahra et al. (2006) distinguish substantive capability from the dynamic ability to change or reconfigure existing substantive capabilities (special bundle of resources, abilities and routines). They propose dynamic capabilities are affected by and transform substantive capabilities (operational capabilities).

According to Teece (2007, 2017), dynamic capabilities have three sub-capabilities; sensing, seizing, and reconfiguring based on entrepreneurial, architectural, and recombination capabilities.

Figure 1. Three sub-capabilities model of dynamic capabilities



Unlike Zahra et al. (2006), Teece includes the entrepreneurial process as part of its dynamic capabilities. Through the explorative learning route as the successful linkage of the three sub-capabilities, companies can design and execute their business-level strategies. At the same time, another route, exploitative learning mechanism must be activated which appear as the direct and bidirectional relation between sensing and reconfiguring. This types of exploitative learning must be emphasized as an important learning route to the refinement of operational capabilities. The activation of exploitative learning drives direct changes and refinements in the operational capabilities, whereas the activation of exploratory learning drives dynamic capabilities that result in the reconfigure of operational capabilities (resources and routines) (Zollo & Winter, 2002). Many scholars call them fire-fighting mode, ad-hoc problem solving, and practical copings, practices-in-use.

To summarize so far:

1. Organizations are trying to balance two learning activities at high levels or to increase their combined volumes over time. It is essential for managers to activate two learning routes for equalizing and combined effects by managing ambidextrous antecedents.
2. Organizational learning is a process of reflexive growth of knowledge mediated by acquired experience. According to Teece, ordinary capabilities (operational capabilities, substantive capabilities) are "the ability to do things right" and dynamic capabilities are "the ability to do right things."
3. Explorative learning involves organizational members' pursuit of new experimental alternatives to improve business operational capabilities, whereas exploitative learning occurs "along the same trajectory as the old, refers to learning gained via local search, experiential refinement, and selection and reuse of existing operational routines" (Su, Li, Yang, & Li, 2011).
4. In our view, the distinction between the two learning routes does not distinguish exploratory learning as higher-order ability and exploitative learning as lower-order ability. Capturing dynamic capabilities as a higher-order capability and operational capability as a lower-order capability will lead arguments to infinite retreat, as they will always seek better and higher-order meta-capabilities (Collis, 1994; Helfat and Winter, 2011).

3. RESEARCH METHOD

We think the research method adequate for organizational/strategic process like ambidexterity phenomena might be longitudinal qualitative research. We adopted a general methodology of analysis linked with data collection to develop inductive theory (Suddaby, 2006). We define theory as a set of interrelated constructs (concepts), definitions, and propositions that present a systematic view of phenomena. When the objective is to achieve the greatest possible amount of information on a given problem or phenomenon, a random sample may not be the appropriate research method. As a result, we rely on purposeful sampling followed by theoretical sampling.

We selected as the research setting a Japanese retail business (Ito-Yokado case) expanded in Chinese local markets. Ito-Yokado is a major business unit under the umbrella of a holding company called Seven & I Holdings with multiple retail formats (convenience store, general merchandise store, department store, clothing store, etc). The store brand "Ito-Yokado" is synonymous with GMS that everyone knows in Japan and has a long business history.

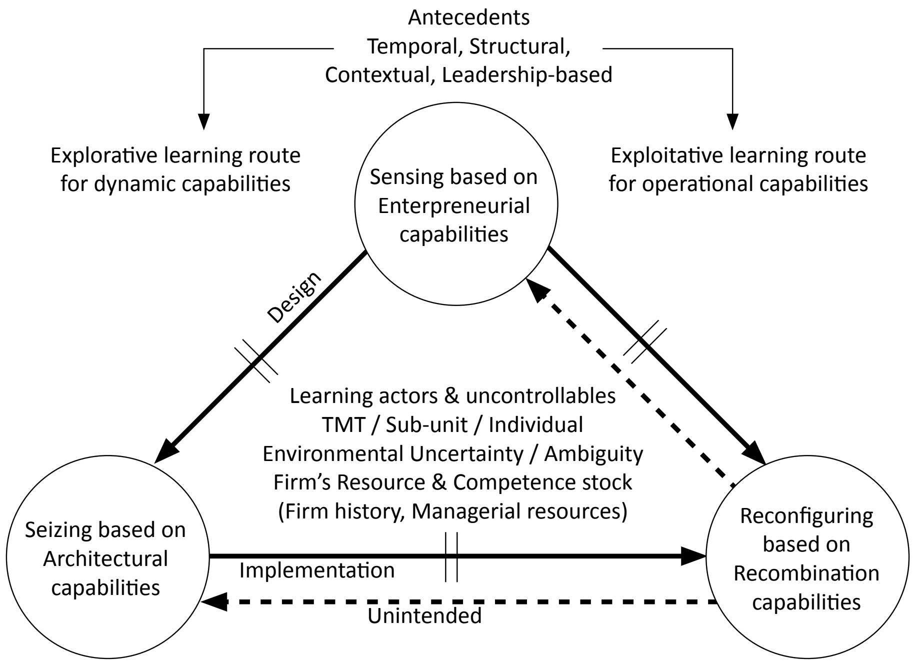
Ito-Yokado is a kind of extreme case and paradigmatic case (Flyvbjerg 2006). The extreme cases sampling provides information on unusual cases, which can be especially good in a more closely defined sense. The extreme cases often reveal more information because they activate more basic mechanisms in the situation studied. In addition, the paradigmatic case is useful when we try to demonstrate the value of new theory by using concrete examples. The empirical data were gathered through semi-structured interviews and non-participant observations in fieldwork from 2014 to 2017, alongside secondary archival data. We paid attention to constant comparison between data collection and analysis.

Entering the field without any prior knowledge about the phenomenon under investigation is hardly realistic. This study aims to reveal ambidextrous phenomena in the transfer process of retail business models by collecting longitudinal data on the functioning of organizational learning activities. We use conceptual categories derived from existing organizational ambidexterity and dynamic capabilities researches to analyse the relevant data. The basic framework for analyzing the collected data is pre-set as shown in the figure below. Organizational learning is the process of developing knowledge reflexively through direct and indirect acquired experience. The focal learning actors involve the top management team (TMT), sub-departments (business units), and individual members, etc.

If the linkages of the three sub-capabilities of sensing, seizing, and reconfiguring sometime break down, the organizational learning flow may not work well. To indicate such situations, we add double line in the middle of the arrow. When the linkage of the three sub-capabilities of sensing, seizing, and reconfiguring breaks down, the organizational learning flow may not work well. To indicate this situation, we add double line in the middle of the arrow. Several breakdowns force the learning actors to manage controllable context factors that can be categorized as structural, contextual, leadership-based, and temporal.

Another context factor is usually uncontrollable, at least in short time. Uncontrollable contexts involve the external environmental characters and the accumulated stocks of resources and abilities they possess or accessible. Whether two learning routes are activated or not relies on the environmental uncertainties and/or ambiguity as well as firms possessed and/or accessible resources and routines.

Figure 2. A basic framework for case analysis: organizational ambidexterity and dynamic capabilities



4. CASE DESCRIPTION

The retail format transfer process of Ito-Yokado into China could be organized as follows.

1) First phase (1997~2008): Exploitative learning focus (combined dimension)

The retail business format that Ito-Yokado has proud in Japan is generally called the General Merchandise Store (GMS). Ito-Yokado wisely added its original operating routines to this business format, such as single item management based on POS system, hypothesis & verification cycle in procurement (prevention of the loss of sales opportunity and excessive stock), and collaborative team merchandising through close relationships with suppliers. Ito-Yokado in Japan had a reputation for thorough customer-oriented management. These operational capabilities and value propositions pushed Ito-Yokado into one of the leading retailers in Japan. These peculiar evolutions of operational capabilities have given Ito-Yokado a unique competitive edge that has outperformed many competitors that adopt similar GMS formats.

Ito-Yokado entered the Chinese two cities (Chengdu and Beijing) in 1997, based on the request of the Chines government, using the same retail format as GMS in Japan. Ito-Yokado thought that they could contribute to the distribution modernization by spreading cutting-edge operational capabilities of retail business to China. After expanding into China, however, Ito-Yokado became aware that the confident operational routines for GMS did not necessarily work in China. One of the executive managers at Sales Headquarters we interviewed recalled back and said as following:

> *"The performance was very bad, at first we transplanted the way of Ito-Yokado in Japan as it is to the Chinese market. We did not adapt to the Chinese way of doing. Sales volume was sluggish. When we made a store at that time, we were not considering the special conditions of China. We just imitated things in Japan."*

It turned out that successful routines and resource bases of operational capabilities could not be realized in the Chinese market.

1. Ito-Yokado as a store brand was completely unknown to Chinese customers and suppliers. Ito-Yokado tried to contact with the supplier in order to secure procurement source for the product assortments, but few suppliers were willing to deal with the company.

2. It was impossible to arrange product assortments in line with local customer needs in advance. For example, clothing items assorted in order to bring out the characteristics of Japan were completely unpopular with local customers.

3. The single item management procedure based on the POS system could not be implemented because of technological limits and lack of adequate knowledge base.

4. No employee understood the true meanings of customer-oriented operations. Employees could not understand the importance of customer orientation because they had been in the seller market for a long time.

Ito-Yokado experienced a big deficit in early stage because of these negative operational capability gaps. In the face of the current state of big deficit, they tried to survive with a kind of exploitative learning. This organizational learning was not deliberate, if they found problems, it was to eliminate it one by one. Due to the cognitive resources and time constraints, TMT had no choice but to overcome the hardship through ad-hoc problem solving included in the exploitative learning route.

However, Ito-Yokado discovered not only negative gaps, but also positive gaps. It was an unexpected point that local customers and suppliers highly appreciated Ito-Yokado, as follows.

1. Adoption of open display system

2. Clean store environment, in particular the cleanliness of the toilet and the floor, toilet paper provided free of charge

3. Hospitality and responsiveness in Japanese style

4. Quality guarantee system of sold products and proximity placement of related products

5. Strict adherence to payment due dates for suppliers

By eliminating several capability gaps based on ad-hoc manner, the introduction of in-store shop method got widely accepted, giving up the adoption of direct buying method. Compared with GMS that was adopted in Japan, it became to strengthen Department Store-like elements. As the "unintended deviation" accompanying the solution of negative gaps occurred, the difference from original GMS format was emergent gradually.

In short, many resources and routines considered being the main sources of the Ito-Yokado's competitive advantage could not be realized in the Chinese market. The process of picking up the various resources and routines that make up the substantive capabilities and rediscovering their meanings and effectiveness continued in the first phase. This process is a continuous interaction between sensing and reconfiguring, and entrepreneurial and recombination capabilities evolved significantly in the local market.

2) Second phase (2009~2013): Explorative learning focus (combined dimension)

About 2008, the part of top management team had suspicion that the business architecture of mass marketing (providing cheaper and better products) may not be sufficiently functional and competitive in the future market of China. The annual average sales growth rate of Ito-Yokado in Chengdu declined to 24% in 2010, compared to 33% at the peak. This rapid growth decline triggered managerial sensing of threats. As a result, a new value proposition called "high quality GMS (high quality everyday life) was discussed within the company. After all, the new value proposition "high quality GMS" was devised to clarify the meaning of differentiation in Ito-Yokado in Chengdu.

Even though the new value proposition of high-quality GMS is an extension of differentiated business idea since 2008, the business architecture was more concrete and sophisticated. In order to change quickly to high quality GMS, in 2010 they set up an Ito-Yokado vocational education school and began working on a systematic training for human resource. At the Ito-Yokado vocational education school, systematic training is provided as common education curriculum and functional skill education, mainly for executives and executive candidates.

However, strategic decision to change into differentiated retail format was not implemented smoothly. This change was initially not accepted by several stakeholders (employees, suppliers, and customers) that adhered to the existing hybrid GMS format. A new challenge to respond to customer needs cannot obtain consent from all stakeholders. Doing new right things through dynamic capabilities obviously involves risk. Even with new architecture that responded to changes in customer needs, sales volume may not necessarily be raised immediately, and it will take time to emerge.

The performance trend as a feedback signal from the business environment was often ambiguous as a clue to judge the necessity of reconfiguring the operational capabilities. Top management team switched to a differentiated retail format in Chengdu, but in Beijing the existing hybrid GMS for mass marketing continued. Looking back at the result as of 2018, Beijing's business has been shrunk and Chengdu's business is steadily growing. Chengdu has successfully established seven stores, but in Beijing it has decided to shrink the business to one store. Though strategic change in Chengdu through the explorative learning route was clearly successful, this judgment is a kind of retrospective sense making.

The high-quality GMS formats of Ito-Yokado in Beijing and Chengdu were almost the same at the beginning, why could Chengdu business successfully design and implement a new retail format? Why could not Beijing business succeed? In Beijing, the explorative learning route did not complete because the linkage between seizing and reconfiguring was blocked by some stakeholders. This phenomenon experienced in Beijing could be called over-exploitation in organizational learning terms.

We must focus on the role of ambidexterity management based on the leadership and organizational context. Contextual and leadership-based ambidexterity mechanisms fostered both exploitative learning and explorative learning routes in Chengdu, which over time resulted in the differences between two cities in terms of the evolutionary speed of three sub-capabilities. Former COE at Chengdu Ito-Yokado recalled as follows:

> *"After all, the key success factor is what kind of education is going to be done all organizational levels. We are focusing on human resource development. I invest most in it. I use about 2 to 3% of sales for education. Overseas training also adopted. Experience is important for studying. If you experience good things, you will find a good image. Coaching education is also doing".*

3) Third phase (2014~current): Explorative and Exploitative learning focus (equalizing dimension)

From around 2014, the awareness that the business environment has entered a new era has been born. The information on product categories and departments that consumers can access rapidly increase by Internet environment. Customers' requests for products and store departments are further enhanced in China. In addition, Chinese consumers began pursuing spiritual satisfaction rather than material satisfaction as same as Japan. In the face of the rapid growth of Internet business featuring infinite product assortments and the qualitative change in customer needs pursuing the richer mind, Ito-Yokado in Chengdu tries to seek the strategic renewal for new differentiated strategy and value proposition.

> *"Now, no consumers are somewhat insufficient materially. They are pursuing a richer lifestyle than ownership of goods. Lifestyle is a comprehensive thing. By buying just one product category, a comprehensive thing could not be actualized. We need to systematically respond to this problem. In order to maximize the efficiency and effectiveness of comprehensive coping, we must eliminate the organizational barriers among divisions and initiate the organizational change program."* (From vice president)

"Lifestyle proposition" is not simply to sell each single item, but to show interesting life scenes, and propose new lifestyles to customers. In order to provide an "enjoyable experience value", Ito-Yokado focused on making experience value-oriented store format. All stores have focused on proposing new lifestyle to customers, and edited the sales floor by theme according to consumer's life scene. At the same time, in order to respond to the consumer needs of shopping on the Internet, they began full-scale efforts to cross-border EC business, aiming to converge real and net (so-called Omni-channel strategy).

In order to respond to this task, Ito-Yokado decided to expand the search scope more and carried out extensive organizational transformations. They increased the frequency of overseas visits to concretely imagine the near future lifestyle that Chinese customers want. In addition, they conducted a total organizational change to facilitate information sharing between headquarters and stores and among product divisions in order to jointly create new retail format.

These systematic transformations involve increasing the weight of overseas surveys as distant explorative search. The relative importance of distant explorative search by overseas visits can be regarded as trying to achieve a higher level of seizing based on entrepreneurial capabilities. In addition, although usual Chinese executives rarely go to the store, top management welcomes customers every morning and will see off customers every evening. By looking at the shop front, they check whether the management philosophy or strategic policy that they normally emphasize is practiced on site. The biggest advantage of Ito-Yokado is that its management philosophy and strategic plan will penetrate employees and employees will execute with high abilities independently.

> *"Whether top management has a clear long-term vision and they can actualize the consistence of saying and acting is extremely important in order to motivate employees. Although most companies have good strategies, they cannot do it. One of the reasons is the inconsistency of the top management. The top executives of many firms look at the cost when implementing the strategy, they give up it."* (From a sales manager of local supplier)

The feature of the third phase is that the exploitative learning for everyday practices is further promoted and at the same time the explorative learning for new business landscape has been expanded, which means the higher level of organizational ambidexterity in terms of the equalizing dimension.

5. DISCUSSION

From the case company's archived data and depth interviews, we derive a conclusion about the two dimensions of ambidexterity construct (equalizing and combined). In first phase, the case company paid total attention to the exploitative learning route without explicit design thinking about total business architecture. When managers have limited cognitive resources and time, it is very difficult for companies to drive deliberate explorative learning, in particular the seizing process based on active architectural capabilities. This kind of learning mode does not correspond to so-called dynamic capabilities, but it is essential for stabilizing corporate performance. The emerging new retail format (Hybrid GMS) is the result of a reconfiguring process based on recombination capabilities for operational capabilities (organizational resources and routines).

The findings from our case analysis of the first phase provide one answer to the question of whether DC is always working. Given that the three sub-capabilities must always be linked in order to be dynamic capabilities work, obviously there was no dynamic capabilities in the first phase. However compensating for the absence was ad-hoc problem solving through exploitative learning route.

In the second phase, the unexpected drop in sales growth rate triggered the sensing process based on entrepreneurial capability. A new value proposition called high quality GMS was sought after through the seizing process based on architectural capability. The problem at this stage was to mobilize the resources and routines held by the stakeholders to implement the new value proposition. The task of forming the linkage between seizing (design) and reconfiguring (implementation) is more difficult than imagine. The destiny of Ito-Yokado Chinese business diverged in Chengdu and Beijing due to the success or failure of linkage formation. The dynamic capabilities view is representated by the situation where the linkage between sensing, seizing and reconfiguring is not broken. But in reality, there are breaks between the three activities for various reasons. Companies often cannot follow the explorative learning route without any problem.

In the third phase the ambidexterity phenomenon can be explained based on the equalizing dimension. The firm senses new business opportunities created by the emergence of internet technologies and new customer values (lifestyle proposition), design concrete business architecture to seize these opportunities, and implement the business design by mobilizing relevant resources and routines. In addition, the biggest advantage of Ito-Yokado is that its management philosophy and strategic plan penetrate employees and employees execute with high abilities autonomously. These mean the existing leadership-base and contextual factors as the antecedents for ambidexterity that enable concurrent high-level of exploitation and exploration.

6. CONCLUSION

The theoretical and practical implications that are tentatively drawn from this study are as follows.

1) Theoretical implications

The exploration and exploitation activities that the ambidexterity attempts to balance correspond to the distinction between dynamic capabilities and operational capabilities in the dynamic capabilities view. Explorative learning processes can be conceptualized as dynamic capability issues, whereas exploitative learning processes as operational capability issues. The explorative learning process contributes the organizational performance, but the effects of exploitative learning processes is also important. The superiority or inferiority of its operational capabilities has direct relation to organizational survival. The evolution of operational capabilities can be realized not only through dynamic capabilities, but also through exploitative learning (ad-hoc problem solving, fire-fighting, improvisation, etc.). The dynamic capabilities and explorative learning processes are not the only key success factor.

Dynamic capabilities view assumes that the explorative learning route from sensing to seizing to reconfiguring works smoothly without any problem, but in reality, there are breaks between the three activities for various reasons. We often face over-exploitation or over-exploration. Avoiding learning bias is a central issue in managing ambidextrous antecedents. We have found that leadership and context are widely used as useful means, whereas the use of structural measures was not found. This may be related to the analytical level of our case, GMS being one business division of the Seven-I holdings company.

2) Practical implications

First, the linkage of the three activities of sensing, seizing, and reconfiguring, which are pointed out in the dynamic capabilities view, is often broken somewhere. An effective way to avoid this disconnect is to enable the evolution of operational capabilities through exploitative learning, not just the evolution of dynamic capabilities. In other words, this means effectively managing the ambidextrous antecedents. It is difficult to activate the architectural capability of the business and connect it to the resource configuring at the business unit level due to the limitation of managerial resources and path dependence. However, the perception of opportunities and threats is also emerging at the individual level and can be directly linked to the evolution of operational capabilities through resource reconfiguring. This is the reason why the high-level exploitative learning route is never ignored. When managing ambidextrous antecedents, it is dangerous to stick to any one condition. Literally managers have to strive to meet all the conditions. This is because it is uncertain which antecedent conditions activate the explorative learning processes or the exploitative learning process.

Second, the ambidextrous process research based on dynamic capabilities view could contribute to the generation of business model. The concept of business models has received widespread attention in the field of business practices, but the term is so popular that it has different meanings for different people. The three stages of the explorative learning process (sensing, seizing, reconfiguring) can be translated into the elements that make up the business model. Sensing refers to the recognition of a business opportunity, seizing refers to designing a business architecture that embodies the opportunity (who is our customer, what is the customer value, how the company provides it), and reconfiguring refers to the recombination of resources and routines for value capture (why recombine like that).

Of course, our research has major limitations. This paper is only a single case study. Therefore, this study has major problems in terms of generalizability and operationalization. Although we cannot avoid these problems, we believe that our case study can contribute to existing ambidexterity research in the following three points.

1. There are few process studies on the ambidexterity.
2. The key constructs for the ambidexterity are not yet fully developed.
3. Researches to examine the controllable antecedents that lead to the ambidexterity consequence are still rare.

We hope that future studies will eliminate these problems.

LITERATURE

1. Argote, L. and Miron-Spektor, E. (2011), Organizational Learning: From Experience to Knowledge, Organization Science, 22 (5), pp.1123-1137.
2. Cantarello, S., Martini, A. and Nosella, A. (2012), A multi-level model for organizational ambidexterity in the search phase of the innovation process, Creativity and Innovation Management, 21(1), pp. 28-48.
3. Cao, Q., Gedajlovic, E. and Zhang, H. (2009), Unpacking organizational ambidexterity: dimensions, contingencies, and synergistic effects. Organization Science, 20 (4), pp.781-796.
4. Collis, David J. (1994). Research Note: How Valuable Are Organizational Capabilities? Strategic Management Journal,15, pp.143-152.
5. Duncan, R.B. (1976), The Ambidextrous Organization: designing dual structures for innovation. In Kilmann, R.H., Pondy, L.R. and Slevin, D. (eds.), The Management of Organization, North-Holland, New York, pp. 167-88.
6. Flyvbjerg, B. (2006), Five Misunderstandings about case-study research, Qualitative Inquiry, 12, (2), pp. 219-245.
7. Gibson, C. B. and Birkinshaw, J. (2004), The Antecedents, Consequences, and Mediating Role of Organizational Ambidexterity, The Academy of Management Journal, 47 (2), pp. 209-226.
8. Gupta, A.K., Smith, K.G. and Shalley, C.E. (2006), The Interplay between exploration and exploitation, Academy of Management Journal ,49(4), pp.693-706.
9. He, Z-L. and Wong, P-K. (2004), Exploration vs. exploitation: an empirical test of the ambidexterity hypothesis, Organization Science,15(4), pp.481-494.
10. Helfat, C. E., and Winter, S. G. (2011). Untangling Dynamic Capabilities and Ordinary Capabilities: Strategy for the (n)ever-changing world, Strategic Management Journal, 32, pp.1243-1250.
11. Katila R. and Ahuja, G. (2002), Something Old, Something New: A Longitudinal Study of Search Behavior and New Product Introduction, The Academy of Management Journal, 45 (6), pp. 1183-1194.
12. Lavie, D. and Rosenkopf, L. (2006), Balancing exploration and exploitation in alliance formation, The Academy of Management Journal, 49(4), pp. 797-818.
13. Levitt, B. and March, James G. (1988), Organizational Learning, Annual Review of Sociology, 14, pp.319-340.
14. Levinthal, Daniel A. and March, James G. (1993), The myopia of learning, Strategic Management Journal, 14, pp. 95-112.
15. Lubatkin, M.H., Simsek, Z., Ling, Y. and Veiga, J.F. (2006) Ambidexterity and Performance in Small to Medium-Sized Firms: the pivotal role of top management team behavioural integration. Journal of Management, 32, pp.646-72.
16. March, James G. (1991), Exploration and exploitation in organizational learning, Organization Science, 2 (1), pp.71-87.
17. Rosenkopf, L. and Nerkar, A. (2001), Beyond local search: boundary-spanning, exploration, and impact in the optical disk industry, Strategic Management Journal, 22, pp.287-306.
18. Su, Z., Li, J., Yang, Z., & Li, Y. (2011). Exploratory learning and exploitative learning in different organizational structures. Asia Pacific Journal of Management, 28(4), pp.697-714.
19. Suddaby, R. (2006), What grounded theory is not, Academy of Management Journal, 49, (4), pp. 633-642.
20. Teece, D. J. (2007), Explicating dynamic capabilities: the nature and microfoundations of (sustainable) enterprise performance, Strategic Management Journal, 28, pp.1319-1350.
21. Teece, D. J. (2017), Towards a capability theory of (innovating) firms: implications for management and policy, Cambridge Journal of Economics, 41, pp. 693-720.
22. Tushman, M.L. and O'Reilly, C. (1996), Ambidextrous Organizations: managing evolutionary and revolutionary change. California Management Review, 38 (4), pp.8-30.
23. Zahra, S. A., Sapienza, H. J. and Davidsson, P. (2006), Entrepreneurship and dynamic capabilities: A review, model and research agenda, Journal of Management Studies, 43(4), pp.917-955.
24. Zollo, M. and Winter, S.G. (2002), Deliberate learning and the evolution of dynamic capabilities, Organization Science,13(3), pp.339-351

ORGANIZACIJSKA AMBIDEKSTRIJA: ŠTO ZNAČI? KAKO SE AKTIVIRA?

SAŽETAK

Ovaj rad, temeljen na longitudinalnoj studiji slučaja, objašnjava kroz koje se vrste procesa učenja ostvaruje organizacijska ambidekstrija. Pretpostavljamo da su dvije vrste procesa učenja nazvane eksplorativno učenje i eksploatativno učenje koje su izvedene iz izvornog Marchovog rada i definiraju ambidekstriju kao ravnotežu dva načina učenja (March 1991.). Prema Marchu, eksplorativno učenje uključuje pretraživanje, varijacije, preuzimanja rizika, eksperimentiranje, igru, fleksibilnost, otkriće i inovacije, dok se eksploatacija može definirati kao pročišćavanje, izbor, proizvodnja, učinkovitost, odabir, implementacija i izvedba. Međutim, ta je karakterizacija vrlo neodređena. Da bi definicija bila jasnija, dodali smo prikaz dinamičkih sposobnosti istraživanju ambidekstrije. Pregled dinamičkih sposobnosti Teecea (2007) pretpostavlja put eksplorativnog učenja koji se sastoji od tri mikroosnove (opažanje, evaluacija tržišta i konkurenata, te rekonfiguracija). Međutim, veza tri mikroosnove može se negdje prekinuti zbog pristranosti organizacijskog učenja. Iz tog razloga pažnju privlači i postojanje drugog mehanizma učenja, tzv. eksploatativnog. Nažalost, eksploatacijski način učenja također se može prekinuti. Kao rezultat toga, tvrtke trebaju uravnotežiti eksploatativno učenje i eksplorativno učenje kao organizacijsku ambidekstriju. Pokušali smo identificirati njegov konkretni postupak aktualizacije razjašnjavajući mehanizam ambidekstrije u stvarnom okruženju. Istraživanje je rađeno na slučaju ekspanzije japanskog međunarodnog prodavača na kineskom tržištu. Naše je istraživačko pitanje kakav postupak uravnoteženja zapravo slijedi organizacijska ambidekstrija? Promatrali smo kako se aktiviraju i uravnotežuju dva procesa učenja, sagledavajući bilo kombinirane ili izjednačujuće dimenzije konstrukta ambidekstrije. Također smo uzeli u obzir čimbenike koji su prethodili, a koji to omogućuju. Zaključno, ova je studija rezultirala okvirnim teorijskim i praktičnim implikacijama.

KLJUČNE RIJEČI: organizacijska ambidekstrija, eksplorativno i eksploatativno učenje, mikroosnove dinamičkih sposobnosti, determinante ambidekstrije.


M-SPHERE