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TRANSITIONING FROM EDUCATOR TO MANAGERIAL POSITION IN THE POST/DIGITAL ERA IN THE MAJORITY WORLD

Chinaza Uleanya¹

Abstract

Faculty experience may not be required to pursue managerial positions in certain instances. However, Faculty members transition from academic to non-academic positions for various reasons, both personal and otherwise. Some of these reasons include factors revolving around self-fulfilment and an increase in salary, among others. Following an extensive review of relevant literature, this concept note examines issues bordering around transitioning from educator to managerial positions. Reviewed literature show that as educators challenge themselves to transition to management positions, they must be sensitized on certain likely expectations, challenges, and motivations. The existing literature however tends to focus on transitioning from academic to managerial positions without taking cognisance of the post/digital era as well as the majority world. Further research will be targeted at conducting a survey using data collected through quantitative, qualitative, or mixed-methods approaches.

Keywords: leadership, institutions of learning, majority world, management, post/digital

Introduction

Moving from one position to another is challenging in various instances. Similarly, moving from one pattern of work to another tends to be more tasking and challenging, especially when considering the change in duty load. Meanwhile, faculties having industry experience is required and considered as an added advantage (McCall, Collins, Azhar & Leousis, 2021; McCuen, Rahman & Gunderson, 2019). However, when transitioning from faculty to management position(s), teaching experience may not be required. According to Erasmus (2020), Qazi (2020), and Newcombe (2015), transitioning from the position of faculty members to management is challenging. While Curtis (2019) attributes the challenges faced by faculties in such a transition to a shift in their perspectives and responsibilities, Newcombe (2015) considers the increase in the size of students to be catered for as an issue. For instance, a faculty member would originally have concerns for only the students taught; however, if transitioned to a managerial position, issues of all students in the institution become the concerns of the individual. Another challenge identified by Curtis (2019) as having an impact on faculty transitioning, especially at the initial stage, is feeling, which may vary from excitement and nervousness to being overwhelmed. It can also be a mixture of all at different points in time (Curtis, 2019). In addition, moving from being autonomous as a faculty member to being required to disclose location at almost every point in time is another challenge faced by staff members who transition from academic to non-academic positions (Curtis, 2019). However, factors such as fear of competition, time management constraints, and inability to build a career in teaching (Broomhead, 2022), higher pay, prestige, and personal satisfaction (Qazi, 2020), among others, tend to influence faculty members to desire and embrace managerial roles. Other factors, according to Hancock, Black, and Bird (2006), which motivate faculty members to desire leadership positions, include a strong desire to make a difference in the institution and leadership influence. However, the question is whether faculty members are well prepared for their desired managerial roles. Are they able to perform when given their desired positions? The answers to these questions were dependent on diverse factors. Meanwhile, the success or failure of faculty members after transitioning has a positive or negative impact on the organization, students, and other staff members. Thus, this study aims to present and unpack a model that is considered useful for faculty members transitioning to managerial positions. The study is structured into the contextualization of terms, theory, methodology, discussion of findings, conclusion, and recommendations.

¹ Department of Education Leadership and Management, University of Johannesburg, South Africa, chinazau@uj.ac.za

Contextualisation of terms

Faculty: An academic staff member of a higher institution of learning like a university who is saddled with the responsibilities revolving around teaching, learning, and assessment activities, as well as research (Law Insider, 2023; Acker & Webber, 2016; Secret, Leisey, Lanning, Polich & Schaub, 2011). In the context of this study, faculty is an academic staff member of an institution of higher learning responsible for teaching, learning, and related activities. It is used interchangeably with educator in this study.

Management: According to Kaehler and Grundei (2019), it “is a steering influence on market, production, and/or resource operations in an organization and its units that may address both people and non-people issues and is exerted by multiple organizational actors through either anticipatory norm-setting or situational intervention with the aim of achieving the unit’s objectives” (p. 7). The assertion by Kaehler and Grundei (2019) implies that management is a process of ensuring that activities are well-organized and coordinated by and in an organization to achieve set objectives and goals. In the context of this study, management is used to mean a staff occupying managerial positions responsible for overseeing and coordinating activities in an organization that is the institution of learning in the majority world in a post/digital era. It is used interchangeably with manager.

Majority world: The term ‘majority world,’ as described by Shallwani (2015), acknowledging the originator Shahidul Alam, implies a part of the world where the majority of the world’s population dwell. It is also used to refer to the global south or developing countries. The opposite implies that developed countries are called ‘minority worlds. In this study, the majority of the world represented developing and underdeveloped nations.

Post/Digital Era: According to Windsor (2020), the digital era is considered an economic shift in the 21st century. The shift is from an industrial revolution to ‘a new economic domination of information technology (IT).’ Muchnik-Rozanov and Tsybulsky (2020) describe the digital era as an age categorized in the history of humans by the move from traditional industry to a modern economy based on information and communications technology (ICT). The explanations above show that the digital era is composed of a shift in the trend of industry from traditional to modern, which is characterized by IT or ICT. In the context of this study, the digital era is used to mean a modern period in human history that is characterized by technological trends.

On the other hand, the postdigital era is foreseen to be characterized by blended learning (Hodgson, 2021; Bozkurt & Sharma, 2020; Feenberg, 2019). The postdigital era is a period that is similar to being undigital and uphold concerns for ‘fast changing relationships between humans and digital technologies’ (Uleanya, 2023, 3). In this study, the postdigital era is used to imply a period in which concerns about changing relationships between humans and digital technologies are critically considered and upheld.

Transitioning: This means moving from one position or level to another (Wilder & Lillvist, 2022; Mumford & Birchwood, 2021; Boyle, Grieshaber & Petriwskyj, 2018). It could be moving from primary to secondary school. In the context of this study, transitioning was used to reflect faculty members moving from their academic to management positions.

Teacher leadership theory

This study considered teacher leadership theory relevant and useful. This is based on the submission of scholars, such as Cosenza (2015) and Donaldson and Johnson (2007), who believe that teachers’ leadership needs to be viewed from the perspective of formal administrative roles. In other words, teachers are considered to be involved in performing administrative roles and not just academic teaching tasks. This implies that teacher leadership attempts to infuse administrative tasks with teachers’ teaching responsibilities. According to Kamaruzaman et al. (2020), York-Barr and Duke (2004), and Katzenmeyer and Moller (2001), teacher leadership can be viewed in terms of influence. In this regard, teachers

influence their learners based on their leadership positions. Therefore, the foregoing suggests that while teachers' leadership is needful as it allows for influence on the learners, transitioning into managerial positions may not be so much of a hurdle for teachers based on their exposure to administrative tasks. Thus, in the context of this study, based on the notion from teacher leadership theory which considers teachers being exposed to administrative tasks which is envisaged to support their transition to managerial positions, this study explores the transitioning of educators to management position in institutions of learning using the case of the majority world in the post/digital era.

Career development theory

Career development theory (CDT) "studies paths toward improving professional growth, career trajectory and overall job satisfaction" (Birt, 2023, par. 1). CDT is capable of helping one to understand and determine one's strengths, weaknesses, core values, and desired path (Birt, 2023). In the context of this study, CDT is considered useful based on its inherent potential to aid the exploration of strengths, weaknesses, core values, and the desired path of educators transitioning to management position. CDT is also able to aid the exploration targeted towards the improvement of career trajectory, professional growth, and general job satisfaction.

This concept note extensively reviewed different literature on the subject. Reviews of different relevant literature were conducted in this study based on the submission of Paré and Kitsiou (2017), who highlighted the different benefits and importance of adopting literature review as a method. Some of the highlighted importance include the following: 1) it aids the identification of previously written and published work in the field, subject or topic; 2) it helps the researcher to determine whether there are and the extent to which interpretable patterns or trends are revealed in the specific selected subject; (c) it helps to sum empirical findings in relation to the selected subject; (d) where possible, it aids the generation of new theoretical frameworks; and (e) it also helps the researcher to identify questions or topics which require further attention and worth investigating (Paré, Trudel, Jaana, & Kitsiou, 2015). The points identified by Paré and Kitsiou (2017) are corroborated by Snyder (2019), who states that literature reviews "help to provide an overview of areas in which the research is disparate and interdisciplinary. In addition, a literature review is an excellent way of synthesizing research findings to show evidence on a meta-level and to uncover areas in which more research is needed, which is a critical component of creating theoretical frameworks and building conceptual models" (p. 333). This suggests the importance of literature review as a method. It is against this backdrop that a literature review was adopted for this study to trace empirical findings in the identified subject matter and to identify further areas of research, among others. The adoption of the method enabled a review of different literature considered relevant for the study. The researcher did not take cognisance of the context(s) of the reviewed literature; however, it ensured their adaptation to the context of the majority world, which was the focus of this study. Meanwhile, the majority world was selected for this study considering the notion that they are less prepared for the digital era, following the review of the works of James (2021) and Uleanya and Yu (2019). Moreover, in the opinion of the researcher, less preparation for the post/digital era is tantamount to affecting the transition from educator to management, especially for faculty members who struggle with or are deficient in the use of technology.

Discussion of findings

The findings of the study, following the reviewed relevant literature, are presented and discussed using the identified themes.

Theme 1: Responsibility

The faculty may be responsible only for the students they teach; however, transitioning to management positions makes them responsible for more people: staff members and more

students inclusive. Elbanna (2023) explains that school administrators who are the management teams of institutions of learning are responsible for overseeing the activities of faculty members, departmental heads, and other non-academic staff members. Elbanna (2023) submits that “school administrators *are necessary for the successful and effective management of a school*” (par. 6). Elbanna’s (2023) review indicated that transitioned faculty members would be saddled with more responsibilities. For instance, faculty members who transition to management staff are required to ensure that the system of the institution of learning is implemented smoothly and stably. This would include getting involved and, in some instances, overseeing the recruitment of academic and non-academic staff, departmental heads, consistently monitoring the workloads and duties of the staff, and adjusting their tasks where necessary and possible (Elbanna, 2023). This is otherwise different from regular teaching and assessment-related tasks performed by faculty members. However, following the submission of Cosenza (2015) and Donaldson and Johnson (2007), this is not expected to be strange to teachers. For instance, the works of Cosenza (2015) as well as Donaldson and Johnson (2007) reporting on teacher leadership show that administrative duties that are similar to managerial tasks expected to be performed by transitioned faculty members are part of the roles of teachers. Naidoo (2019), alluding to the work of Caldwell and Spinks (1992), using a self-managing school as a case study, states that “schools would have placed more authority, accountability, and responsibility for principals to make decisions within a framework of goals, policies, and standards. It is expected that principals achieve sound educational outcomes and high student performances” (p. 2). Additionally, Naidoo (2019) referred to the work of Grant, Gardner, Kajee, Moodley, and Somaroo (2010) expatiate on part of the responsibilities of management by stating that “building a culture of accountability, mutual trust, and respect among school leaders and staff is another mammoth task for school leaders’ (p. 1). Additionally, Alston (2017), in support of the enormous tasks of management staff using school principals as a case study, states that deliberately impacting school climate is an important responsibility saddled on the leadership of institutions of learning. Alston (2017) further states that the school climate does not just happen in a vacuum outside of school leadership” (p. 49). The submissions of Naidoo (2019) and Alston (2017) suggest diverse tasks of management staff, using the case of school principals as an example. Suffice to state that managerial roles can be encompassing and cumbersome, especially for unprepared transitioning faculty members. Curtis (2019) described this situation as overwhelming. This indicates that the responsibilities of faculty members differ from those of management staff. Thus, faculty members planning or desiring to transition to the management position are expected to count the cost and ensure that they are duly prepared mentally, emotionally, physically, and otherwise. This would assist them in preparing for challenges that may be encountered while undertaking managerial roles. On the contrary, considering the works of Cosenza (2015) and Donaldson and Johnson (2007) which indicate that teacher leadership includes administrative duties, transitioning faculty members are expected to be abreast of certain tasks besides teaching responsibilities. Suffice to the state where teacher leadership has been duly in place, the possibility of faculties transitioning to management is expected to be somewhat easy.

Theme 2: Flexibility

While faculty members may be flexible in their movement without having to disclose their locations, the case differs from that of management staff (Curtis, 2019). For instance, “as an administrator, people will want to know where they are and how to reach them during every working hour of the day. Be prepared for interruptions, unexpected meetings, and many “just need a minute of your time ‘requests’ (Curtis, 2019, par. 5). Similarly, Larson, Duffy, Fernandez, Sturts, Gray, and Powell (2019), alluding to the works of the American Association of University Professors [AAUP], (2018), and Ehrenberg (2012) hold the view

that besides high pay and job stability, academic freedom is notable. For instance, Larson et al. (2019) posit that “There is so much more freedom” (p. 42). This can be considered from the point of view of the flexibility experienced by faculty members in the discharge of their duties compared to management staff.

Theme 3: Accountability

According to Newcombe (2015), transitioned faculty members tend to automatically become the bosses of their friends with whom they previously worked at the same level. Thus, Newcombe (2015) considered accountability a challenge in certain instances. This can be tricky especially “If there is a performance issue or complaint it can become trickier. Stick to the facts, ensure they are treated in the same way that a “non-friend” would be and seek advice from other managers and/or mentors’ (par. 4). Newcombe (2015) suggests that “It never hurts to rehearse a conversation you think may be difficult” (par. 4). The foregoing implies that faculty members may be accountable to fewer people, such as their students and line managers (s). However, the case differs from that of management staff. Management staff who transition from faculty positions may experience challenges in dealing accountably with faculty members where they act subjectively. Thus, objectivity is required to ensure that the job is performed as expected and when due. Conversely, Naidoo (2019) advocates the need to test the accountability of management staff before they are appointed. This can be achieved through the administration of a competency test (Naidoo, 2019). Using the case of principals of schools in South Africa, Naidoo (2019) posits that “Competency tests, ... would strengthen the accountability of principals and ensure that only suitable candidates with appropriate skills to lead schools are hired” (p. 2). The administration of competency tests is expected to help ensure that only suitable persons are given the opportunity to serve as managerial staff of learning institutions. It is envisaged that a combination of competency and professionalism of management staff of institutions of learning, success of students, and the growth of the organization would be ensured.

Theme 4: Relying on others / teamwork

The study showed that while faculty role(s) may not require much teamwork for tasks to be performed, the case differs for administration. For instance, Curtis (2019) states, “As a faculty member, you were self-reliant and may not have worked with your institution’s staff directly. In an administrative role, you will need to lean on others (staff) more often to get things done’ (par. 3). Curtis (2019), who reported the work of Dr. Bryan Reece, who has functioned at an academic managerial position at several levels for more than a decade, states that “Getting them to participate in problem solving and work together in implementation will generate great success. As a team, you can develop brilliant solutions and move with great momentum’ (par. 4). This submission by Curtis (2019) suggests that while faculty may be able to work successfully independently, it may be difficult and almost impossible to do so when transitioning to managerial positions. This indicates one of the challenges that may be envisaged when considering the transition from faculty to management positions.

Theme 5: Way forward – adapting Norbraten (2020) model

Based on the findings of the study, the researcher observes the adoption of the Norbraten (2020) model as relevant. Norbraten (2020) conducted a study on the transition from academic to managerial positions using China as a case study. The research adopted a model designed by Armstrong (2009) to create a new model that consists of five stages. The five stages highlighted by Norbraten ’s(2020) model are outlined and explained below, with a focus on the context of the majority world.

Stage 1: The decision stage

At this level, the faculty is expected to make decisions regarding what is desired and how to go about it (Norbraten, 2020). Norbraten (2020) shows that faculty members may be offered a platform to apply or accept managerial positions for various reasons, such as

resignation or retirement of a management member, among others. However, an attempt should be made to provide answers to certain questions that may include but are not limited to the following according to Norbraten (2020) before a decision is made: “

- *What leadership roles have I had before that I can apply here?*
- *How can I use my teaching skills in my new role?*
- *What is there that I could learn and how can I show mastery or learning?”*

Answers to the identified questions help the individual perform a cross self-examination. This was envisaged to help the fellow know his/her suitability for the position.

Stage 2: Entry–exit

This phase is between the acceptance of the offer of the management position and the actual commencement of its role. According to Norbraten (2020), this phase is highly dependent on how the transition takes place. In other words, there are events surrounding the transition. However, Norbraten (2020) admonishes the attempt to provide answers to the following questions: “*What can I learn from the role profile in terms of skills I have and skills I currently lack? Where can I find support when I start? How can I develop the skills I lack prior to starting and once I am in the position?*” Answers to these questions are expected to help individuals know how to navigate after accepting the offer and assuming duty.

Stage 3: Immersion–emersion

At this stage, the transitioned faculty becomes immersed in work. Thus, in this phase, the demands of the (new) managerial position become a reality for the individual. In other words, the transitioned faculty become exposed to the daily demands of the new role. Norbraten (2020) stressed that transitioned faculty tends to experience sudden and significant workload increases. This brings about diverse challenges that are new and abruptly cause the responsibilities of the transitioned faculty to escalate. Norbraten (2020) further adds that faculty members who find themselves in transitioned managerial positions are to note that mistakes are inevitable, just as in the case of the teaching profession; however, lessons are to be learned following each mistake made. Norbraten (2020) held the view that attempting to provide answers to certain identified questions at this stage could be relevant and helpful. The questions included: “*Where can I find support? Am I keeping my work life balance in check? How can I keep the excitement going without getting overwhelmed or carried away by the new responsibilities? How am I learning from the mistakes I am making? Am I dealing with potential lack of confidence, stress, or mental health issues in a way that is working for me?*” Answers to these questions may help to reduce or eradicate the frustration and discouragement of transitioned faculty members.

Stage 4: Disintegrating–reintegrating

According to Armstrong (2009) and Norbraten (2020), this stage may last a few months or more. This is described as the year following the first year of transitioned faculty members functioning at the managerial level. In other words, at this stage, the transitioned faculty member has had a full cycle of one-year experience as a staff management member. Norbraten (2020) states that for many staff, this first annual cycle consists of ‘on-the-job learning and support’ from different people and quarters. However, the support is removed and not enjoyed in the second year, considering the notion that one-year experience should be enough for the transitioned faculty to stabilize the managerial position and function as required (Norbraten, 2020). It is required that at this stage, the transitioned faculty learns how (s) to deal with the ambiguity that accompanies managerial positions, ensures the balance of diverse areas of life and responsibilities, and adapts and adjusts to changes that come with the transition. Norbraten (2020) stated that one of the challenges could be the feeling of failing to realize the changes that have occurred. This could be especially true in cases of jobs that the transitioned faculty would have easily passed previously to the manager, but now has to deal with, such as the new manager. Thus, for the transitioned faculty to redesign themselves as

managers, Norbraten (2020) posits that continuous skills development capable of allowing them to deal with the challenges of being in a managerial position is pivotal. To help overcome this phase, Norbraten (2020) outlines certain questions that may be helpful to transitioned faculty if an attempt is made to provide answers. The questions included, but were not limited to, *Am I learning from the mistakes I am making? Do I have a model for on-the-job reflection? How am I developing my communication, stress management, problem-solving and time-management skills? How am I developing my job specific skills? Am I gaining a big picture view that shows me how I fit into the management team and the organisation?*” Answers to the identified questions are likely to help transitioned faculty members examine themselves and establish ways in which self-development is taking place, as well as other areas where improvement is needed.

Stage 5: Transformation–restabilisation

This last phase is described as one where the transitioned faculty member has acclimatized to the managerial position and can be said to have been familiar with the new role. At this stage, the transitioned faculty member is expected to be confident in discharging his/her duties with little or no support. The abilities of the transitioned faculty can be said to have improved, and they can be considered as an expert on the job, potentially capable, and ready to take on new and possibly bigger challenges. Suffice to state that at the transformation-restabilisation stage, the transitioned faculty is expected to function as an effective and efficient manager, as well as be capable of guiding and mentoring new managers in similar role/positions where possible and necessary. Such practice is capable of enhancing the skills and growth of transitioned faculty. This is in congruence with the techniques of inquiry by Fullan (1997), who sees programme of leadership development and related ventures as shared investment in growth and improvement for the individuals involved. Similarly, the CDT in support shows that the transitioned educator would be able to grow in the new career trajectory and enjoy job satisfaction (Birt, 2023). The foregoing implies that, as transitioned, the educator mentors others, and s/he also benefits in the process. Norbraten (2020) identifies some questions that may be of help to the transitioned faculty in conducting a cross-self-examination to evaluate him/herself at this stage. Among the questions are: *“How can I become more effective and efficient, and how can I acquire the skills? How can I mentor and help others transition into management? How well am I coping with the workload and responsibilities, and can I better streamline my work? Is my work–life balance acceptable?”* Proffering answers to the identified questions can help the transitioned faculty improve, regardless of their effectiveness and efficiency.

Conclusion and recommendations

The literature review explored the challenges and issues revolving around faculty members transitioning to managerial positions. Considering the differences in the tasks and scope of responsibilities of the management of institutions of learning, faculty members may be unable to transition smoothly, regardless of their desires and ambitions. However, where teacher leadership is duly practiced, faculty members are unlikely to experience such hurdles with regard to the transition process. Moreover, following submission from the models of Norbraten (2020) and Armstrong (2009) and personal determination, such a transition is possible. Thus, sequel to the review of the works of Norbraten (2020) and Armstrong (2009), it is expedient to note that in all the identified five (5) stages, the transitioned faculty is required and expected to seek for help. This corroborates the common saying that “no man is an island.” Recommendations are made following the work of Norbraten (2020), who highlights certain ways by which help can be sought and obtained. These include:

- getting a mentor within or outside the organization. This could entail looking for professionals or more experienced people in the field.

- Developing understanding and empathy. This is envisaged to help the transitioned faculty deal and relate with people in the same way they would desire others do to him/her. Moreover, according to Norbraten (2020), the manager whose role was taken over might have progressed to a bigger and higher position and possibly experienced similar challenges as the transitioned faculty.

- Helping and teaching others. This is envisaged to help the transitioned faculty learn and improve while on the job. This coincides with the work of Dlengezele (2020), who posited that teaching and mentoring people aids in increasing knowledge and experience.

- reflecting the prior and current leadership roles, respectively. The transitioned faculty are expected to continuously reflect on their leadership roles. Such reflections are expected to aid in this improvement.

- understanding the organization and drawing on teaching knowledge, where possible. The transitioned faculty aims to understand the organization and draw on his/her teaching experiences where possible while discharging his/her managerial duties.

- continuously focus on a bigger picture and how to fit into such a picture. This would help the transitioned faculty remain focused, overcome obstacles that appear on the way, and improve.

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THE LEADER-EMPLOYEE RELATIONSHIP AND ITS IMPACT ON PERFORMANCE WITHIN ORGANIZATIONS

Constantin Ionut-Constantin¹

Abstract

In a continuously evolving and increasingly competitive environment, as companies and organizations are always subject to change and must adapt accordingly in order to meet the targeted performance and productivity requirements, in order for the human capital - an organization's most valuable resource - to attain performance and results in the long run, leadership becomes an essential variable, key to not only individual and organizational performance, but also to outgrow competition. In achieving these results, come into play the dynamics of the leader-employee relationship. In this article, we will discuss how in the present-day, a relationship between leaders and employees based on good communication and mutual trust can influence and impact both individual and organizational performance.

Cuvinte cheie: leader-employee relationship, communication, individual performance, organizational performance.

JEL Classification: D83, L25, M54, M12.

INTRODUCTION

As before-mentioned, in any competitive environment where change is based on technological progress, changes in customer behavior, limited resources, decreased life cycles of offered products and services, the need to not only adapt, but set out from competition becomes mandatory. In order to gain advantage, innovation is often the most-sought for resolve.

When implemented in different areas and aspects regarding the activity of an organization, innovation can lead to increase in productivity, work efficiency and quality, thus generally leading to also higher quality products. Any innovative activity is ultimately determined by several factors, which impact both the organizations and the employed individuals.

With the people employed being one of an organization's primary resources as they create and ultimately implement innovation themselves as Amabile (1996) suggests, their attitude in regards to innovation is essential.

A huge part in shaping innovation-oriented attitudes and mindsets in employees is fulfilled by the figure of a leader. While in the past, the head of a team would resume to fulfilling managerial tasks such as planning, organizing or supervising the completion of their employees' duties, in the present day, it is no longer sufficient. As the general perception on a leader's role within the organization has changed over time, today we find ourselves in need of leaders able to work alongside their employees in attempts to reach common goals and targets, to take risks, to be open-minded, flexible and ready to respond to change. A leader must motivate and serve as a source of inspiration to its subordinates. Furthermore, a leader must recognize a subordinate individual's own qualities and abilities, to identify their potential and should aim to help in its development.

As humans rely on their innate capacity for forming social connections, one of the primary means through which a leader can successfully serve its purpose lies in forming relationships with its subordinates and in communication, the key to any human relationship.

RESEARCH METHODOLOGY

The leader-employee relationship stands as a paramount facet within organizational culture, and has a significant impact on the performance of the organization as a whole. A good leader transcends mere managerial competence to embody a figure who instills

¹ Valahia University of Târgoviște, Romania, constantin.j.ch@gmail.com

assurance, imparts lucid guidance, and champions the professional advancement of the workforce. In this article, we will explore the importance of the leader-employee relationship and how it influences employee and organizational performance.

The relationship between leaders and employees contributes significantly to organizational performance. A leader who actively supports and motivates their employees ensures a productive and harmonious work environment, ultimately leading to enhanced individual and team performance. Consequently, it becomes essential for organizations to pay considerable attention towards the development and improvement of this relationship so as to achieve long-term success.

The writing of this article involved a coherent plan so as to ensure that all relevant issues are addressed and presented as clearly and logically as possible. To write the article "The leader-employee relationship and its impact on performance in organisations":

- we began by conducting exhaustive research on the leader-employee relationship as well as its impact on performance in organisations. Various sources such as books, scientific articles, case studies, reports and previous research were consulted.
- Key concepts and theories concerning the leader-employee relationship were identified, together with examples of organizations that have been successful in enhancing performance by strengthening this relationship.
- The context of the leader-employee relationship was established and it was explained why the relationship is an area of critical importance within organizations.

The process of writing this article entailed a fundamental undertaking of a comprehensive literature review. By consulting articles, books and sources in digital libraries, the author grounds the arguments and supports the conclusions based on existing research and theories in the field, which comprise studies and research on leader-employee relations. The author adeptly extracted pertinent information from the selected sources and systematically organized the content to align with the article's thematic coverage. The findings derived from the literature review were seamlessly integrated into the article's discourse to provide substantive support for the presented arguments and conclusions. The author has linked research and theory with concrete examples and case studies to illustrate the impact of the leader-employee relationship on performance in organizations.

IMPORTANCE OF COMMUNICATION WITHIN THE ORGANIZATION

As the primary resource of any organization is the human resource, there is no organization without communication. Communication is defined by Boyaci (1996) as “the exchange of information, thought and emotion between individuals of groups”, therefore making a statement on the fundamental role communication fulfils in organizational objectives, and by Taylor (1999) as giving, receiving or exchanging information, opinions and ideas by writing, speech or visual means, with the goal of everyone concerned to completely understand the given information.

We can begin to understand, based on these definitions, the complexity of communication, which lies at the core of relationships built between leaders and their subordinates, and not only serves as one of the main means through which employees are informed on their purposes and tasks, on their targets, goals, and performance, as well as the organization's, but is also directly involved in stress collaboration, satisfaction and interpersonal communication, leading to communities being able to form within the organization - resulting in a positive environment, where mutual trust can be built and thus improving the general well-being of employees, important to their development and efficiency.

COMMUNICATION AS A SKILL IN LEADERSHIP

Some researchers consider innovation to be one of the most important sources for achieving said competitive advantage. (Hansen 2014; Abidin et al. 2013; Gunday et al. 2011; De Jong & Vermeulen 2006). Several studies (Avery 2004; Hames 2007) have confirmed the growing significance of leadership in contemporary organizations, as companies and institutions continually adapt to changes over the course of time.

When it comes to supporting employee creativity with the aim of innovation in mind, it is a creative leader that comes into play to fulfil this role. While Harris (2009) mentioned that creativity is an "unconventional" skill for some people because of the desire to move beyond current boundaries and norms, given the complexity of communication and considering that it could also lead to potential misunderstandings or misinterpretations, we can assume that a creative leader must also develop and seek constant improvements in terms of skills of communication, crucial to establishing relationships based on mutual trust with its subordinates. As leading means let people to think, to let to be great, to have an idea, to be curious (DePaul G.A., 2022), we must not forget it also implies to communicate effectively and make a daring dialogue (Helm-Murtagh, Erwin, 2022).

Leonard and Swap (cited in Morris W 2003) characterized the role of creative leaders as being capable of creating a beneficial environment, namely "psychological support and environmental safety", which could be achievable through efficient communication.

Hence why the most important matter is not that communication should exist between leaders and subordinate individuals, but whether it is effective or not. A poor communication between parties implies a cost for the entire organization - such as unmet targets, decreased productivity and poor quality outcomes or products. On the other hand, when a leader manages to successfully communicate and address the needs, targets and goals of the organization, and set expectations, as well as clearly provide the employees with all information relevant to the completion of their tasks, it is to be expected that the products and services offered and resulted will be of satisfactory quality.

Should a conflict arise within the organization or teams of people, it is firstly through communication that a leader can understand the circumstances that have led to it. It is important to understand that the main cause of conflicts within organizations is often poor communication. A conflict left unresolved, as mentioned above, can negatively impact the culture and environment of the organization. Leaders should aim to address the issues immediately and in a transparent manner. They should also invest in development of active listening skills, enabling them to truly empathize with their subordinates and gain a better understanding of each individual. Furthermore, with the correct listening skills applied, a good outcome is not excluded to result out of a conflict, as differing ideas can lead to innovation.

In addition to all the above, a study conducted by Rosabeth Kanter (1985) in which 165 leaders of the big five United States corporations have participated, led to the conclusion that an innovative leader should be characterized by the ability to perceive the needs of others, anticipate shifts and have a positive mindset towards them, as well as being persistent in combination with the ability to convince others and being tactful. We can assume that a first and defining step in a leader's development of their ability to carefully perceive the needs of its subordinates would be through communication - establishing an open, transparent relationship with each individual, creating a sense of security and safety. This can be further sustained by Nawrat (2013), who outlines the ability to address problems and conflicts constructively as a characteristic of an innovative-oriented leader. According to the survey participants, an innovative leader is presented as being communicative and friendly, capable of inspiring others and of listening to their opinions, as well as of acknowledging good ideas.

An innovation-oriented leader must have and continuously invest into the development of their communication skills, as this has become an important managerial skill in contemporary organizations and achieving their targets.

LITERATURE REVIEW

The importance of the leader-employee relationship's organizational impact, particularly in the context of implementing innovation has been the subject of numerous studies. It has been concluded that this relationship holds significance in influencing employee attitudes, behaviors, organizational performance, and the culture of innovation within organizations.

A positive leader-employee relationship, characterized by trust, support, and empowerment, fosters higher levels of job satisfaction and commitment among employees, as suggested by Liden, Wayne, and Sparrowe (2000). Eisenberger et al. (1986) found that when employees perceive strong organizational support from their leaders, they are more likely to exhibit higher levels of loyalty and engagement. Dulebohn et al. (2012) concluded that high-quality leader-member exchanges result in improved task performance and reduced turnover intentions among employees. In addition, trust in leadership has been associated with job satisfaction, organizational commitment, and extra-role behaviors by Dirks and Ferrin (2002). Studies conducted by Bass and Riggio (2006) and Avolio et al. (2004) have put further emphasis on the transformative effects of leadership on organizational culture and employee motivation, which contribute to enhanced performance and productivity.

THE RELATIONSHIP BETWEEN LEADERS AND SUBORDINATES

Through their research on leadership roles in fostering innovation, Hill et al. (2014) suggest that within organizations empowered to continuously innovate and develop creative teams, the leaders should aim to establish relationships based on mutual trust. Kesting et al. (2015) reveal that leadership is an embodiment of behavior that reflects on an individual's attitude and behavior as well as on the interaction within groups in the pursuit of desired goals.

With this in mind, in contemporary organizations, it becomes clear that the relationship established through communication between leaders and employees plays a crucial part in the ultimate fulfillment of targets, goals, and maximizing performance, and leaders should aim to build and maintain such relationships.

As innovation is created and implemented by the human capital of an organization, a good relationship between leaders and employees fosters trust between the two, leading to an open and honest communication. The leader is able to set clear expectations for each individual in regards to the organizational goals. The employees are provided with all the information required to complete their tasks and have a good understanding of their responsibilities, thus increasing work efficiency and product quality.

It is also important to be noted that when leaders maintain positive relationships with their subordinates, they create a sense of being valued and supported, which holds a significant contribution to the overall well-being of employees. A relationship based on respect, empathy, and support, translates into a positive work environment, where employees thrive and contribute to achieving organizational goals, and sets a collaborative atmosphere within the team. The employees are comfortable sharing their ideas and offering feedback, leading to better decision-making and engagement in their individual work.

A strong bond between leaders and subordinates creates a sense of loyalty and commitment to the organization and promotes a positive reputation. A culture of positive leader-subordinate relationships can contribute to a favorable organizational reputation, which can ultimately translate into a positive influence in the organization's relationships with its customers, partners, and stakeholders.

A number of researchers suggest that encouraging its members to be creative and innovative is arguably the most effective way to drive innovation within an organization. It is leadership that helps create an environment of openness for employees which can significantly promote an enterprise's innovation (Zhu et al. 2016). Positive relationships with leaders create growth opportunities through mentoring, coaching, and improvement. Subordinates are able to learn from their leaders' experiences – they gain valuable skills and gather insights that play a defining part in their professional growth and development.

Maintaining strong connections with their subordinates enables leaders to a greater adaptability to and management of change within the organization. When employees trust their leaders and believe in the vision presented to them, they become more receptive and open to change and initiatives, therefore a relationship based on mutual trust further translates to an organizational culture defined by adaptability and flexibility. When leaders and employees trust each other and collaborate in an effective manner, the organization is able to generate a more immediate and effective response to changes occurring in the business environment.

FINDINGS

Due to its complexity, we can argue that communication in present day enterprises and organizations serves a larger purpose. Not only it is used in giving directions and providing information relevant to employees' tasks, but in the context of relationships between individuals within the organization, it has become a managerial skill and ability of leaders.

It is also to be noted that relationships within organizations have also grown in significance, especially those established between leaders and their subordinates as the number of benefits such relationship bring ultimately have a positive impact on overall individual and organizational performance. Good relationships between leaders and employees foster a positive work space, contributing to the well-being of employees, and when based on mutual trust, they impact the culture of the organization as a whole as employees feel more committed to the completion of both individual and organizational goals. They inspire employees to seek constant improvement of their own abilities and skills, leading to professional growth. Employees are encouraged to offer valuable insights and feedback to their leaders, necessary when it comes to implementing innovation. With a good relationship established within the human capital, organizations are thus able to become more efficient and adaptable in face of change, and can attain a significant competitive advantage.

CONCLUSIONS - IMPACT ON INNOVATION AND PERFORMANCE

In an environment that continues to evolve and increase in competitiveness, we can begin to understand that in order to obtain performance and set out from competition, an organization's employees must thrive and achieve individual performance, while actively seeking to accomplish a shared goal; hence why we can conclude that one of the essential elements that can be used to attain competitive advantage and stimulate performance and innovation is represented by the leader-employee relationship - a decisive factor in driving employee satisfaction, engagement, creativity and therefore a strong base to organizational performance.

When leaders succeed in having their employees feel valued and supported by them, in creating a safe environment where employees can offer insights, feedback, and feel directly involved in the decisions being made, employees are more likely to be motivated, productive, and remain committed to the achievement of organizational goals.

In its complexity, it becomes clear that the leader-employee relationship's impact ripples through various aspects and areas of the organization and its activity, becoming a necessity to its long-term success and competitiveness.

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FOREIGN DIRECT INVESTMENT AND ECONOMIC COMPLEXITY

Alexander Olawumi Dabor¹
Marylyn Onyekachukwu Ekong²
Nnamdi Ugockuwu Otiko³

Abstract

In recent times, the conventional roles of governments have been to ensure that citizens abide with rule and regulations and to provide social welfare. Government has to embark on investment to enable it sustain this role. Government directly or indirectly advances the output of the private sector by resourceful distribution of limited resources. In acknowledgement of these roles, lots of governments world over today ascribe prodigious significance to the classical performance of their economy by embarking on monetary strategies that will attract foreign investors. To this end, this research work seeks to ascertain the causation among economic complexity, Human and foreign direct investment in Nigeria. This study employed pairwise granger the association amidst the variables. The results show that there is a unidirectional causality between foreign direct investments and economic complexity. This study also revealed that there a unidirectional relationship between human development and FDI. This study recommended first, that policy makers should concentration effort on long run policies that will stimulate production of unique product. Healthier and more robust friendly foreign investment policies should be created and maintained. This study recommends that government should partners with foreign investors to enhance good standard of living of populace

Keywords: Economic complexity, Foreign Direct Investment, Productive Capacity

1.0 INTRODUCTION

Globalization is said to have brought enormous benefits to mankind by providing a tremendous opportunity for economic growth which has improved the quality of life around the world. The greatest challenge for Southern Hemisphere countries is the lack of industrial capabilities to take full advantage of the benefits associated with globalization. African countries are even more challenged because of the compounded effect of the advent of the Fourth Industrial Revolution (Geingob, 2018). Nonetheless despite the disparagement of globalization from some quarters anecdotal evidence shows that globalization serves as a vehicle for transferring funds from one nation to another for revamping and revitalization of public infrastructure in most emerging nations of the world. To achieve sustainable economic development, nations need supplementary external sources of capital to augment domestic savings and one of such external sources is FDI.

Geingob (2018) opines that the importance of foreign direct investment (FDI) to developing economies in augmenting domestic savings for investment cannot be exaggerated. However, the incessant military rule coupled abuse of power and high level insecurity in the African sub-region have made foreign investors over the years to be unenthusiastic to commit their funds into any investment in the region. Some indigenious scholars argue that foreign direct investment (FDI) is one of the main sources of capital inflow and driving factors that engenders economic advancement of low income countries like Nigeria. Since no nation is an Island of itself it is imperative for nations to create enabling environment that will attract inflow of FDI. Agbola (2013) opine that in view of the theoretical underpinning established by neoclassical and endogenous growth theories on foreign capital.(Balasubramanyam et al., 1996; Todaro & Smith, 2009; Agbola, 2013). The growth theorists emphasis on the relevance of capital inflows in developing economies because they bridge the saving-investment gap. Consequently, due to limited domestic capital to spur growth, foreign capital inflows are

¹ Department of Accounting, Edo State University Uzairue, dabor.alexander@edouniversity.edu.ng

² Department of Accounting Veritas University Abuja

³ Department of Accounting Veritas University Abuja

critical to enhancement of capital formation and sustainable human development. A rise in FDI could engender efficiency in developing countries, since the need to stimulate FDI inflows by these countries might necessitate increased investment in human capital. In view of the attention given to the role of FDI, Fowowe and Shuaibu (2014) emphasize that FDI serves a catalyst that speed up the rate of economic advancement of the African continent. While there is a growing need to enhance the operational rate (FDI performance) of FDI inflow into Africa for the attainment of sustainable of social inclusion and development, the effectiveness of FDI in the host country could be conditional on investment climatic factors (Li & Liu, 2005) -absorptive capacity and host country characteristics. FDI forms the largest component of capital inflows, and as a major propelling force of investment growth in most countries in the world (Fagbemi & Oladejo, 2019).

Suffices to say that as despite the important of FDI to the African continent very few indigenous works has been done to ascertain the determinants of FDI inflow in Nigeria. The vex question that is seeking for answer is- what are the dynamics that influence the inflow of FDI? Some researchers argued that macroeconomic variables are major factors that drive inflow of FDI in emerging economic while others are of the opinion that rear factors like economic complexity and human development are major factors that influence FDI. However, it is germane to stress that very little attention have been given to these rear dynamics. Extant literature revealed that the specialized economies are more probable to exhibit high level diversification and consequently manufacturing fewer common commodities. One of the dominant essentialities for deciphering and modeling the complexity of the economy is knowledge-based production (Ajide, 2022; Nguyen, Nguyen, Duy Tung, & Su, 2021). Numerous work done in the past employed diverse aspects of impalpable capital for quantifying knowledge establishment and the competitiveness of nations, such as the number of patents, investment flows, or international trade flows, since economic complexity is contingent upon on a country's productive configuration (Ajide, 2022)

Conservative theorists on the other hand argue that human capital development and economic complexity are the major determinants of inflow FDI in Africa. Economic complexity mirrors the kind of knowledge acquired by economic agents employed in the production procedure (Ajide, 2022; Nguyen, Nguyen, Duy Tung, & Su, 2021). The outcome of relationship between FDI and economic complexity in prior studies in Nigeria are mixed. Hidalgo and Hausmann (2017) postulated that Economic Complexity Index is the most appropriate parameter for quantifying economic complexity. The authors quantify the economic miscellany of some nations as well as the ubiquity of the precise commodities grounded on a linear algebra calculation (Nguyen et al., 2021)

Ajide (2022) also argue that human development is also a significant determinant of FDI that has received little attention in the African continent over the years due to the abysmal culture towards capacity development and competency deficit that prevailed in the continent which is depicted by the portion of annual budget that is allotted to human development. Agbola (2013) opined that HDI influence economic growth through the enhancement of human capital by education and training, along with the transfer of new information, know-how, and technology into the investee country (Li & Liu, 2005; Majeed & Ahmad, 2008). Zhuang (2017) opines that human capital has strong influence on FDI, that is to say, FDI proceeds more readily available to countries with relatively higher human capital development (Majeed & Ahmad, 2008). Majeed and Ahmad (2008) argue that FDI inflow are made available for human development.

Theoretically a two-way interaction between FDI and human development is expected, but the empirical studies conducted have been generally focused mainly on the impact of FDI on human development (Zhuang, 2017) which serves as a motivation for this study. Previous studies have not provided unequivocal results concerning the causality among FDI, HDI and

economic complexity. Aforementioned have become an unsolved contentious issue in financial research in recent times and has constitute the gap in knowledge that this study intend to fill. The introduction of HDI into the existing model makes this work novel among prior studies. This work seek to fills the lacuna found in the literature. This study aims at examining the causality among FDI, human development and economic complexity.

2.0 LITERATURE REVIEW

2.0 Conceptual Framework

2.1 Foreign Direct Investment

International Monetary Fund (2003) defines FDI as “international investment that reflects the objective of a resident in one economy obtaining a lasting interest in an enterprise resident in another economy”. UNCTAD (2009) further states that foreign investors are only interested in a host country if they obtain ten per cent of the voting power and differentiates between greenfield FDI and Mergers and Acquisitions (M&As). The former refers to new investment in physical capital in the host country while the latter involves complete or partial takeover of an existing local firm. De-Mello (1999) defines FDI as “international inter-firm co-operation that involves significant equity stake and effective management decision power in, or ownership control of, foreign enterprises”. This broad definition incorporates allocation of tangible and intangible assets by a foreign enterprise to a domestic firm, such as: flows of capital, R&D, management skills, and better technology thus the host countries often characterize FDI as a whole package of resources.

Dunning (1993) states that there are four types of investment motivations behind FDI namely: resource-seeking reasons refers to the advantage of natural resources and/or raw materials; a firm that have the intention to exploit new markets by engaging in the same production activities will engage in market-seeking FDI ; efficiency-seeking is related to reducing operational costs by for example engaging in FDI in host economies endowed with cheap labour; and strategic asset-seeking refers to a firm that engage in FDI to acquire intangible assets such as acquisition of local capabilities in the form of R&D, knowledge and human capital.

Hady (2001) report that Foreign Direct Investment (FDI) is an overseas equity investment by private Multinational Corporations (MNC). As a form of international capital flow for developing countries, FDI presents a unique opportunity such as company establishment, construction of factories, purchase of capital goods, land, and raw materials and supplies where investors are directly involved in its operations. FDI can be seen as a great solution for an economy to develop its capabilities in order to enhance its growth, through productive diversification as well as sophistication.

Tamer (2013) opines that FDI is amongst the highest sources of funding for external growth in Africa and having a significant effect particularly in the 21st century. Tamer noted significant differences in its impact on a low income, lower middle income, upper middle income, and high-income countries. On the part of the lower middle income, upper middle income, and high-income countries.

2.2 Economic Complexity

Economic complexity measures the sophistication of a country’s productive structure by combining information on the diversity of a country (the number of products it exports), and the ubiquity of its products (Hidalgo & Hausmann, 2009). The ECI as such, is the yardstick or index that ranks the country according to the knowledge embedded in the products that are

export based. Many authors have examined the drivers of productive capacities, their importance, and the benefits of Foreign Direct Investment (Balac et al., 2015).

These productive capabilities are measured indirectly by looking at the mix of products that countries export. In other words, economic complexity is computed using information on the relative productive structures of different economies.

2.3 Human Capital Development

Nguyen et al. (2021) report that human development is a process of enlarging people's choices. The most critical ones are to lead a long and healthy life, to be educated, and to enjoy a decent standard of living (UNDP, 2020). The term of human development here also denotes the level of their achieved well-being. It helps to distinguish clearly between two sides of human development. One is the formation of human capabilities, such as improved health or knowledge. The other is the use that people make of their acquired capabilities, for work and leisure.

Over the years, the primary anticipation of most host countries, in particular developing countries, regarding effects of inward FDI flows, are the spillovers of knowledge and increased opportunities for enhancing economic development (Slaughter, 2002). Extant literature revealed that the functionality of FDI in recipient economies depends on the prevailing circumstances (Borensztein et al., 1998; Xu, 2000). These effects could be exogenous or endogenous (Hoffmann, 2001); Kheng, Sun & Anwar, 2016). In terms of exogenous effects, FDI could serve as a key determinant of human capital development. On the other hand, FDI effect could be endogenous in that FDI inflows are determined by the level of human capital in the recipient economy. This suggests the possibility of feedback effects between FDI and human capital in most developing countries. In the work of Marc Dougall (1960), following interest on the external effects of FDI, the impact of such effects on the general welfare is examined. Hoffmann (2001) reports that the construction of a general equilibrium model, affirms two-way causal direction between human capital (skilled labour) and FDI.

Toufik and Bouoiyour (2002) stress that the external effects of FDI depended on terms of exchange, public takings, fiscal policy and the structure of the trade balance of the host countries. While assessing the causes and consequences of the spillovers for the recipient country as well as the country of origin, Findlay (1978) elaborates and builds a dynamic model with FDI and transfer of technology between the developed countries and the underdeveloped countries in terms of technological development.

The HDI is a summary measure of human development that measures average achievements in a country in three basic core areas of human development. According to the UNDP (2002), these core areas are: first, a long and healthy life as measured by life expectancy at birth; second, knowledge as measured by the adult literacy rate weight) and the combined primary, secondary and tertiary gross enrolment ratio (with one-third weight); and third a decent standard of living as measured by the GDP per capita (PPP US\$). For each of the three core areas, the UNDP calculates an index. The performance in each of the core indicators is expressed as a value between zero and one, zero being the lowest and one being the highest. The index for each of the three core areas is then calculated as a simple average of the indicator indices in that core area.

Thus, Slaughter (2002) emphasizes that the transfer of technology via multinational corporations (MNCs) to the host country connects both the demand for more skilled labour within the host firms. Also, Blomstrom and Kokko (2003) argue that MNCs can influence human capital development in host countries given their requirement for formal education. As MNCs often offer attractive employment opportunities to highly skilled graduates, on the one hand, this may induce gifted students to complete tertiary training, and on the other hand, since MNCs demand skilled labor, such may be an incentive for governments to invest in higher education. Many authors have proposed that the transfer of technology would lead to

skill upgrading in the recipient economies (Galor & Tsiddon, 1997; Slaughter; 2002; Blomstrom & Kokko, 2003; Willem, 2003). Therefore, FDI inflows, in this context, can be a key determinant of human.

High HDI—Human Development Index, value is crucial for a country. The high value shows a country's capability in building its health sector and preventing its citizens from various health and survival issues (Černák, 2017; Khazaei et al., 2016). It is also an indicator of a country's ability to improve its human resource's quality and their general life quality (Rasool, 2017; Sunarya, 2017). Moreover, HDI helps to enhance a country's economic performance (Sinaga et al., 2018). HDI value is also important in perceiving the development quality and determining the policies taken by the government (Jednak et al., 2018; Sookias et al., 2018).

2.4 Empirical Review

Sharma and Gani (2004) investigate effect of foreign direct investment on HDI (measured by the human development index) emerging economies for a period of twenty-two using OLS. The outcome of study revealed FDI has positive effect on human development in selected countries.

Mollick et al. (2006) carried a study to find out the effect of economic complexity on FDI inflow using infrastructure and Agglomeration to proxy economic complexity. Their results revealed complexity has positive effect on FDI.

Tintin (2012) investigated the effect of FDI on HDI in some selected emerging countries. The result revealed that FDI has a positive effect on HDI.

Baghirzade (2012) perform a research to find out the influence of Foreign Direct Investment on Human Development Index in Commonwealth Independent States (CIS). Their results revealed FDI positively influence the disaggregated components of the HDI, namely, school enrollment, GNI per capita, life expectancy as well as expenditure on health. In the case of Armenia, Belarus, and Russia, this impact across all components was both positive and significant

Assadzadeh and Pourqoly (2013) carried out a study to ascertain the relationship between FDI and HDI. The result revealed that FDI positively influence HDI. In the vein Osenwengie and Sede (2013) critically examine effect of FDI on poverty reduction in Nigeria for twenty-nine years, 1981-2010 and using co-integration and vector error correction model. The outcomes of their study revealed that there is a positive relationship between FDI and poverty reduction in both long-run and short-run.

Lehnert et al (2013) investigate the effect of FDI on HDI in emerging countries. The result revealed that FDI has positive effect on HDI.

De Castro et al. (2013) carried out a study in Southern America to ascertain the effect of economic complexity on FDI. The result revealed promotion of trade liberalization agreements, the privatization of public enterprises, the implementation of macroeconomic policies to stabilize the economy, and the enactment of legislation attract more FDI inflow in Southern America.

Pérez-Segura (2014) carried a study to ascertain the effect FDI on HDI. The outcome of the study revealed FDI positively influence HDI as well GNI per capita. Reiter and Steensma (2010) investigated effect of FDI on HDI: the role corruption. The result revealed that FDI inflows have positive effect on HDI in absence of corruption.

Azam et al. (2015) investigated the effect of FDI on HDI. The outcomes of the research revealed that FDI has an emblematic effect on the human development level and school enrollment.

Agusty and Damayanti (2015) who carried out a study to ascertain the effects of foreign direct investment and official development assistance on the human development index of

emerging economies. The result revealed that FDI and official development have positive effect on human development.

Pernet (2015) carried out a study to ascertain the determinants of foreign direct investment inflows in China. The outcome of the study revealed that economic complexity has positive effect on FDI inflows in China.

Rojas (2015) investigates the relationship between FDI and HDI in Peru. The result revealed FDI has a positive effect on HDI

Burns et al. (2017) carried out a study to ascertain the relationship between HDI and FDI. The result revealed that FDI has valuable influence on health, predominantly life expectancy.

Zhuang (2017) also researched the impact of FDI on human capital development in 16 East Asian countries for the period of 1985- 2010 through panel data analysis and disclosed that FDI positively raised the secondary schooling, but decreased the tertiary schooling.

Javorcik et al. (2017) carried out a research in Turkey to find out the relationship between economy complexity and FDI. The outcome of the study revealed that complexity has positive effect on FDI in emerging economies.

Apinran et al. (2018) performed a research to ascertain the relationship between FDI and HDI in Pakistan. The result revealed HDI is positively related with FDI.

Taşpınar (2018) investigate the effect of FDI and HDI. The outcome revealed FDI positively influences poverty reduction.

Gökmenoğlu et al. (2018) carried out a study in Nigeria a period forty-one years, 1972-2013 employing Johansen cointegration test and Toda-Yamamoto test. The outcome of the study revealed that FDI has positive effect on human capital development in the elongated term.

Kounou (2019) investigates the impact of Foreign Direct Investment on economic and HDI in South Africa using time series data for twenty-seven, 1990-2017. The study employ ARDL method to evaluate the impact of FDI Inflow on HDI in the country. The outcome of the show that FDI inflow has no emblematic impact on HDI both in the short run and long run on the country in Pakistan.

Baranwal (2019) examines the impact of FDI on human capital development in India for the period fourteen years, 2001–2015 using the dynamic regression analysis and revealed FDI has no emblematic effect on human capital development.

Fonseca and Llamosas-Rosas (2019) carried out a study to ascertain the relationship between human capital agglomeration, infrastructure; and, production capacity of nations. The result revealed that the entire variables exhibit positive relationship with FDI.

Fagbemi and Osinubi (2020) investigated the effect of FDI and human capital development in Nigeria over the period for a thirty-seven, 1981-2018. The study used autoregressive distributed and linear ARDL bounds test approach to co-integration and VECM Granger causality technique to analyze the data collected from field. The outcomes of the research show that FDI has no significant effect on human capital development in long run, while it has a significant effect in the short run.

Kyrgyzstan and Georgia (2020) carried a study to ascertain the effect of FDI on HDI as depicted by school enrollment and life expectancy. The result revealed that FDI has no significant on HDI.

Risamawan and Novia (2020) investigated the impact Foreign Direct Investment (FDI) on Human Development Index (HDI) as a proxy for the quality of human resources, and Macroeconomic condition represent in Indonesia. The study employed a time-series data for the period of thirty years, 1985-2015. The study Error Correction Model (ECM) to analyze data gathered from the field. The outcome of the study revealed that foreign direct investment and Trade Balance negatively corrected with HDI.

Jucevicius (2020) examine the causation of HDI and FDI in EU 11 post-transition members for a period of twenty years, 1995-2015. The study employed panel co-integration and causality analyses. The outcome of study revealed that human development have significant effect on foreign direct investment inflows. The causation shows a mutual relationship between foreign direct investment inflows and human development but a bidirectional relationship between the foreign direct investment inflows and shadow economies in Bulgaria, Croatia, and Romania.

Bayar and Gunduz (2020) investigated the relationship between foreign direct investment inflows and human capital development in eleven nations in the European Union for a period twenty- three years, 1995-2018. The study employed a panel multivariate regression to analyze data gathered from the field. The result revealed that FDI inflows has negative influence on human capital development.

Khan et al. (2020) investigate the relationship between economic complexity and FDI using the ARDL and VECM approaches to ascertain the causality between economic complexity and FDI in China. The result revealed there a bidirectional FDI and economic complexity in both long run and unidirectional causation between economic complexity and foreign direct investment in the short-run.

Kaukab and surwandono (2020) examines the role of bilateral FDI and income convergence in affecting HDI increase in countries with middle HDI in ASEAN. The ASEAN Economic Community has been developing and it is expected that the gaps between nations can be covered. This article explores how economic intervention through HDI and income convergence can boost HDI improvement. Based on yearly samples of high HDI countries (Malaysia, Thailand, Singapore) couple with medium HDI countries (Laos, Vietnam, Cambodia, Myanmar, Indonesia, and Philippine) during 2013–2017 period, the result revealed HDI has significant relationship with FDI.

Sadeghi et al. (2020) investigate relationship between economic complexity, human capital, and FDI attraction. The outcome of the study revealed that economic complexity has positive effect on FDI inflow. Their result further revealed human capital has positive effect on FDI inflows to host countries. Furthermore, the outcome elucidate why countries with equal human capital endowment have dissimilar performances in FDI attraction.

Shahrestani et al. (2020) carried out a study to ascertain the relationship between economic complexity and foreign direct investment (FDI). The two variables that were used to quantify economic complexity, are economic complexity index (ECI) and economic sophistication (EXPY). The outcome of the result revealed that economic complexity is one of the foremost determining factor of FDI inflows. Additionally, the results elucidate reason two nations that have the amount human capital endowment have dissimilar degrees force to attract FDI.

Agheli and Samdaliri (2021) carried out a study investigate the effect of official development assistance and foreign direct investment on human development in twenty-four emerging economies for eighteen, 2000-2018. The study employed VECM to analyze data gathered from the field. The outcome of the study revealed that official development assistance and foreign direct investment positively influence the human development index. Therefore, LDCs can improve the development process by increasing the government effectiveness and the appropriate spending of official aids and foreign investments.

Ozsoy et al (2021) examine if inflows of FDI and innovative events act as a channel of knowledge spillovers in enhancing the quality of countries' output. The study employed time series data of countries for the period of thirteen years, 2002–2015 employing GMM approach. The outcome of the studyult revealed that quality of human capital and globalization of a nation have a determining function on the association knowledge spillover

conduits and the worth of exports. The revealed that FDI serves as a conduit for knowledge spillovers to benefit the complexity level of exports.

Gomez-Zaldvar et al. (2021) explain dynamics that determine the regional dissemination configurations of Foreign Direct Investment (FDI) flows into an economy are complex. The outcome the study revealed that economic complexity has positive relationship with FDI flows in Mexico.

Tabash et al (2021) carried out a study to ascertain the association of natural resources, economic complexity and economic growth. The study employed a sample of twenty-four African nations for a period of twelve years, 1995-2017. The used GMM (generalized method of moments) model to analyze data gathered from the field. The outcomes of the study revealed that economic complexity has positive effect on economic growth. The results further revealed that economic complexity has a positive moderating on the relationship between natural resources and economic growth. The study reinforces the opinions of natural resource curse (in individual analysis) and natural resources blessing (interaction effect) hypotheses.

Török et al (2022) carried out a study to investigate the relationship between FDI and economic complexity in Romania. The outcome of the study revealed that noteworthy vicissitudes in economic complexity have mainly taken place in less developed areas, the upper- and middle-ranked counties'. Additionally, the result revealed that the ECI index is a worthy relationship with FDI in Romania.

Osinubi and Ajide (2022) investigate the impact of foreign direct investment (FDI) on economic complexity in MINT and BRICS countries. All countries pooled together, MINT and BRICS countries. The study used panel co-integrating regression to analyze data gathered from field. The outcome study revealed that foreign direct investment has positive influence economic complexity in all the countries and MINT countries, while its impact is negative in BRICS countries.

Phiri1(2022) investigate the relationship between Human Development Index (HDI) and Foreign Direct Investment (FDI) for a period of twenty-seven years, 1990-2017 in Zambia. However, concerns still existed on issues such as insufficient levels of innovation and the slow decline in the poverty levels. The result revealed that FDI has no significant.

Soyyigit and Michalski (2022) carried out a study ascertain if the foreign trade of V4 with Germany contributes to their structural change. The analysis seek out to find out the long-term influence of unambiguous intra-industry trade dynamics on the economic complexity. The outcome of the study revealed the features of the trade dynamics, the progress of V4 structural change remains not as comprehensive as expected.

Nguéda and Kelly (2022) examine the association of economic complexity with foreign direct investment in Sub-Saharan African countries for eleven years, 1998 to 2019. The study employed the ordinary least square technique. The outcome of the study showed that economic complexity in a global sense is has positive effect on Foreign Direct Investment (FDI) in this region.

Wahyudi and Palupi (2022) carried a study to ascertain the relationship between Foreign Direct Investment (FDI), Population (POP), Economic Complexity Index (ECI), and Energy Intensity (EI) on environmental quality in the Asian region. The study employed a Fully Modified Ordinary Least Square (FMOLS) to analyze data gathered from the field. The outcome of the study revealed that FDI has positive relationship with economic complexity.

Ngo (2022) investigates the three determinants including life expectancy, education and income level of economic development in 102 developing countries during the period 1990-2015 by two-stage least squares method, correcting the endogeneity problem with particular instrumental variables. Outcomes of the study reveal that foreign capital flows and human capital on economic complexity has significant effect on FDI.

3.0 METHODOLOGY

3.1 Source of Data

Data will be obtained from secondary sources. The secondary data will be obtained from annual report and bulletins of the Central Bank of Nigeria. The time frame for this research study will be 1970-2022.

3.2 Model Specification

The model will be underpinned to the work of Gnangnon (2021). The model will however be adapted in this study.

$$SECit = \alpha 1 SECit-1 + \alpha 2 ECIit + \alpha 3 Log(GDPC)it + \alpha 4 EDUit + \alpha 5 FINDEVit + \alpha 6 TRPOLit + \alpha 7 POLITYit + \alpha 8 Log(POP)it + \mu i + t + \omega it \dots (1)$$

$$FDI = f(HDI, ECI) \dots (2)$$

Mathematically written as

Model 1

$$FDI_{it} = \sum_{k-i}^m \theta_{1.1,j,k} \Delta FDI_{it} + \sum_{k-i}^m \theta_{1.2,j,k} HDI_{t-k} + \sum_{k-i}^m \theta_{1.3,j,k} \Delta EXR_{t-k} + \delta ECM(-1) + U_{it}, \dots (3)$$

Model 2

$$ECI_{it} = \sum_{k-i}^m \theta_{1.1,j,k} ECI_{it} + \sum_{k-i}^m \theta_{1.2,j,k} HDI_{t-k} + \sum_{k-i}^m \theta_{1.3,j,k} FDI_{t-k} + \sum_{k-i}^m \theta_{1.4,j,k} \Delta ETR_{t-k} + \delta ECT(-1) + U_{it}, \dots (4)$$

Model 3

$$HDI_{it} = \sum_{k-i}^m \theta_{1.1,j,k} HDI_{it} + \sum_{k-i}^m \theta_{1.2,j,k} FDI_{t-k} + \sum_{k-i}^m \theta_{1.3,j,k} ECI_{t-k} + \sum_{k-i}^m \theta_{1.4,j,k} \Delta ETR_{t-k} + \delta ECT(-1) + U_{it}, \dots (5)$$

Where:

EXR= Exchange Rate (Control variable)

FDI = Foreign Direct Investment

HDI=Human Development Index

ECI = Economic complexity Index

b₀ = the constant

b₁ and b₂=Co-efficient

U_t = Error term

A priori expectation: b₁ > 0, b₂ > 0.

Variable	Definition	Measurement	Source
EC	Economic Complexity	Economic complexity index	Atlas of Economic complexity (2022)
FDI	Foreign direct investment	Net inflows	WDI Data Base (2021)
HD	Human Development	1/3(life expectancy index)+ 1/3 (education index)+1/3 (GDP index)	WDI Data Base (2021)

Source: Author's Compilation, (2023)

3.3 Estimation Techniques

This study employed the ADF and Philips-Perron (PP) unit root test, panel Johansen cointegration test, VAR model, dynamic ordinary least square regression, full modified ordinary least regression and pairwise granger. They are discussed as follows

3.4 Unit Root Test

In so far that period sequence statistics are employed for inquiry, it is essential to examine stationarity of discrete data sequences to establish if they are static and are in order of assimilation. To perform a erstwhile investigative test before the assessment of the model so as to examine the time sequence features of the sequence, two standard techniques for unit root examination are applied. These are the Augmented Dickey Fuller (ADF) and Phillips-Perron (PP) examinations. The purpose for this is to circumvent the challenge of bogus outcomes that are associated with non-stationary time series models.

The unit root test elucidate validate if the periodic sequence y_t is well categorized by an AR(1) with white noise inaccuracies. Many financial time series, nevertheless, have an additional complex dynamic configuration than is captured by a simple AR(1) model. Said and Dickey (1984) supplement the simple autoregressive unit root examination to tolerate over-all ARMA(p, q) models with unidentified orders and their test is known as the augmented Dickey- Fuller (ADF) test. The ADF test exams the null postulation that a time series y_t is I(1) contrary to the alternate that it is I(0), assuming that the crescendos in the data have an ARMA configuration. The ADF test is based on estimating the test

$$y_t = \beta'D_t + \phi y_{t-1} + \phi_{y-1} + \sum_{j=1}^p \varphi_j \Delta_{t-j} + \varepsilon_t$$

Where D_t is a trajectory of deterministic terms (constant, trend etc.). The p insulated alteration terms, Δ_{t-j} , are used to estimate the ARMA structure of the inaccuracies, and the value of p is established so that the inaccuracy ε_t is consecutively uncorrelated. The error term is also presumed to be homoskedastic. The description of the deterministic terms is contingent on the presumed behavior of y_t underneath the alternate postulation of trend stationarity as described in the prior section. Under the null hypothesis, y_t is I(1) which implies that $\phi = 1$.

3.5 Co-integration Estimation

In an attempt to find out the number of co integrating trajectories, the Johansson's approach is adopted by employing two distinct test statistics. These are the trace test statistics and the maximum Eigen - value test statistics. The trace statistics is used to test the null postulation so that the number of contradictory co integrating association is equal to or less than "r" against the alternative hypothesis of more than "r" co integrating relationship.

Johansen's methodology takes its starting point given by

$$y_t = \mu + A_1 y_{t-1} + \dots + A_p y_{t-1} + \varepsilon_t$$

where $t y$ is an $nx1$ vector of variables that are integrated of order one - commonly denoted I(1) and $t \varepsilon$ is an $nx1$ vector of innovations. Equation (1) can be redrafted as

3.6 Granger causality

The cointegration technique can test only whether any relationships exist between the variables, but it cannot give the direction of causality. A unidirectional or bidirectional causality may exist between the variables. To test for the direction of causality, we needed to apply a causality test technique. The Granger representation theorem (Engle and Granger 1987) suggests the direction of causality of two or more variables when they are cointegrated with the error correction being used. The linear regression modeling of the stochastic processes is used as its mathematical basis (Granger 1969).

4.0 DATA PRESENTATION AND ANALYSIS

4.1 Descriptive Statistics Table 4.1

	EXR	ECI	HDI	FDI
Mean	137.9600	3.787400	24.04820	2170980.
Median	136.0000	4.155000	0.411000	950778.0
Maximum	358.8000	14.60000	397.0000	8555990.
Minimum	43.00000	-13.12000	0.331000	189164.0
Std. Dev.	74.19498	5.486753	94.41758	2398173.
Skewness	0.981131	-0.786860	3.705725	1.208581
Kurtosis	3.878295	4.280614	14.73314	3.242402
Jarque-Bera	9.628912	8.576186	401.2419	12.29465
Probability	0.008112	0.013731	0.000000	0.002139

Source: Researcher's computation (2023)

Descriptive Statistics Result

Table 4.1 presents the results for the descriptive statistics for the variables for understudied. The result shows that at an average, exchange rate for the period understudied stood at 137 while the maximum and minimum values for exchange rate stood at 358 and 43 respectively. The Jacque-Bera value of 9.628 and the associated p-value of 0.008 indicate that the data is normal ($p>0$) and outliers or selection bias are unlikely

Furthermore, the result shows that the average ECI is 3.7% for period under review. It has maximum and minimum values of 14.6% and -13.12% respectively. The Jacque-Bera value of 8.576 and the associated p-value of 0.0137 indicate that the data is normal ($p>0$) and outliers or selection bias are unlikely.

In addition, the result shows that at an average human development index stood at 24.048 while its maximum and minimum values stood at 397.0 and 0.331 respectively. The Jacque-Bera value 401.2 of and the associated p-value of 0.000 indicate that the data is normal ($p>0$) and outliers or selection bias are unlikely

Finally, the descriptive statistics result shows that at an average, Foreign Direct Investment stood at 2170980 for period reviewed. The maximum and minimum amount received as FDI for period under review is 8555990 and respectively 950778.0 The Jacque-Bera value 12.2946 of and the associated p-value of 0.002 indicate that the data is normal ($p>0$) and outliers or selection bias are unlikely

4.2 Correlation, Table 4.2

	FDI	ECI	HDI	EXR
FDI	1.000000 ---- ----			
ECI	0.256909 2.841735 0.00417	1.000000 ---- ----		
HDI	-0.177393 -1.248824 0.2178	-0.003149 -0.021815 0.9827	1.000000 ---- ----	
EXR	0.397000 2.996775 0.0043	0.094446 0.657282 0.5141	-0.095059 -0.661586 0.5114	1.000000 ---- ----

Source: Researcher's computation (2023)

Correlation Result

Table 4.2 presents the Pearson correlation coefficient results for the variables. It is observed that FDI appears to be positively correlated with change in ECI as depicted by the correlation coefficient (0.250) and $p=0.004$. It implies that ECI and FDI move in the same direction. Human capital development on the exhibit negative correlation with FDI as depicted by correlation coefficient (-0.177393) and $p=0.2178$. This implies that there is no significant relationship between FDI and HDI.

Exchange rate is observed to have positive association with FDI as depicted by correlation coefficient (0.3970) and $p=2.996775$. This implies that there is a significant relationship between FDI and change rate. .

The result further reveals that ECI has negative correlation with HDI as depicted by correlation coefficient (-0.003149, $p=-0.982$). This implies that there is a no significant relationship between ECI and HDI.

Finally the result reveal HDI has negative correlation with exchange rate (ETR) as depicted by coefficient (-0.09) $p=0.511$. This connotes that there is no significant relationship between HDI and ETR.

4.3 Inferential Statistics

4.3.1 Panel unit root test results

Unit root test null hypothesis assumption is on the premise that is all sequence are not static, while the alternative hypothesis presumes that some of the sequence are static.

Table 4.3. The unit root test for the variables at 5% sig level with no trend.

Variable	ADF value (I)	PP value (I)	ADF value (0)	PP value (0)
ECI	-4.514 (2.925)*	-4.622 (-2.926)*	-0.854 (-2.925)	-0.540(2.925)
FDI	- 6.261 (2.947)*	-17.63(-2.925)*	-10.439(-2.941)*	-5.953 (2.925)*
ETR	- 6.331 (2.925)*	-22.12(-2.925)*	-8.113 (2.928)*	-4.385 (-2.925)*
HDI	- 6.111 (2.925)*	-20.12(-2.911)*	-6.113 (2.928)*	-7.382 (-2.925)*
The F unit root test for the variables at 5% sig level at intercept.				

Source: Researcher’s computation (2023)

Significance * @5%

From Table 4.3, time series of ECI, HDI, EXTR and FDI are static at first variance as portrayed by the absolute values of ADF and PP larger than critical values the 5% ADF critical values signifying that the variables are joined of order one. In additional, to affirm the stationary status of the variables ADF and PP test were performed with trend. The results for ADF and PP confirmed all variables remained static at first difference since the real values of ADF and PP exceed the correspondence critical values. The Unit test reveals that there is a combination of I(I) and I(0) of the supplementary regressors, therefore the Auto Regressive Distributive Lag (ARDL) testing could be continued.

4.3.2 Co-integration

When evaluating variable for co-integration, the VAR model with dual lags, as recommended by AIC and HQIC is considered. The work employed a Panatela principle in order to fix the suitable limitations in the model. The study start by approximating dualistic models. For these models we go from the utmost limiting factor, which includes delimiting constant to the minimum limiting factor which comprises a delimiting trend in the model. Trace statistics and critical value are placed side by side until null hypothesis is not retained. The outcomes of the estimating model are displayed in Table 4.4.

Co-integration Rank Test (Trace) Table 4.4

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value
0 *	1.000000	1745.276	76.97277
1 *	0.568419	81.72305	54.07904
2 *	0.343867	41.38869	35.19275
3 *	0.227928	21.16190	20.26184
4	0.166561	8.745374	9.164546

Source: Author’s computation

The key of co-integration test lies in selecting proper form of co-integration test and lag order. Co-integration relationship between variables. VAR model is generally tested with the Johansen (1988) and Juselius (1990) method. Here the selected sequences are linear trend terms, and then the test form of co-integration equation is only intercept. Johansen co-integration test on ECI, HDI and FDI shows that, in both trace and maximum eigenvalue test, test results are to accept the null hypothesis, under the 5% level, and two positive relationships exist. This means that there are stable and long-term equilibrium relationships among the variables. On the premise of the existence of co-integration relationships, VEC modeling can be further conducted.

Pairwise Granger
Table 4. 5 Pairwise Granger

Null Hypothesis:	F-Statistic	Prob.
FDI does not Granger Cause EXR	0.56668	0.5715
EXR does not Granger Cause FDI	0.53983	0.5867
FDI does not Granger Cause ECI	2.27778	0.0358
ECI does not Granger Cause FDI	0.34934	0.7071
FDI does not Granger Cause HDI	1.93742	0.1462
HDI does not Granger Cause FDI	3.96601	0.0319

Source: Author's computation (2023)

The outcome of this study reveals that at 5% only of the variables is not Granger-causal. The result shows that FDI has no significant relationship with EXTR (since, $p=0.6902>0.05$) and vice-versa. This infers that rise in FDI does not necessarily lead to rise exchange rate. The result further shows that FDI has a significant relationship with ECI (since $p=0.038<0.05$). Finally the result shows that FDI has a unidirectional relationship with HDI by $p= 0.146$ and $p=0.032$. This finding implies that HDI and FDI move in the same direction.

4.5 Discussion of Finding

This study used macroeconomic variables for fifty-two years to ascertain the causality among ECI, FDI and Human Development Index. The study employed VECM and Granger causality test to ascertain the relationship between the aforementioned variables. The result reveals that FDI has unidirectional relationship with real economic complexity in both long and short run this result aligns with Olokoye (2012) which reveal that FDI positively impact ECI. The result further shows that EXTR has no significant relationship with Foreign Direct Investment has no significant impact on and FDI also has no significant impact on exchange rate. Finally, the show that FDI has a unidirectional relationship with fluctuation human development in the long run. This result is in line with *a priori* expectation.

5.3 Recommendations

5.3.1 Recommendation for Policy makers

Based on the result the study recommends first, that policy makers should concentrate effort on long run policies that will stimulate production diverse products. The financial institutions should be strengthen. Healthier and more robust friendly foreign investment policies should be created and maintained. Second, the study recommends that government should partners with foreign investors to enhance good standard of living of populace.

This study also recommends that researchers who want to veer into this area of study should look at FDI and economic development: the moderating of population

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Date: 26/3/23 Time: 20:25
 Sample (adjusted): 3 50
 Included observations: 52 after adjustments
 Trend assumption: No deterministic trend (restricted constant)
 Series: FDI ECI HDI EXR
 Exogenous series: FDI
 Warning: Critical values assume no exogenous series
 Lags interval (in first differences): 1 to 1

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	1.000000	1745.276	76.97277	1.0000
At most 1 *	0.568419	81.72305	54.07904	0.0000
At most 2 *	0.343867	41.38869	35.19275	0.0095
At most 3 *	0.227928	21.16190	20.26184	0.0375
At most 4	0.166561	8.745374	9.164546	0.0600

Trace test indicates 4 cointegrating eqn(s) at the 0.05 level

* denotes rejection of the hypothesis at the 0.05 level

**MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None *	1.000000	1663.553	34.80587	1.0000
At most 1 *	0.568419	40.33436	28.58808	0.0010
At most 2	0.343867	20.22679	22.29962	0.0949
At most 3	0.227928	12.41653	15.89210	0.1631
At most 4	0.166561	8.745374	9.164546	0.0600

Max-eigenvalue test indicates 2 cointegrating eqn(s) at the 0.05 level

* denotes rejection of the hypothesis at the 0.05 level

**MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Adjustment Coefficients (alpha):

D(FDI)	-885267.1	4.80E-10	-8.73E-11	1.04E-10
D(ECI)	0.640187	-0.736995	0.512032	-1.678561
D(HDI)	10.72760	28.69082	-55.84879	-12.27715
D(EXR)	6.091233	5.513808	0.390654	3.800939

Descriptive Statistics Appendix 2

	EXR	ECI	HDI	FDI
Mean	137.9600	3.787400	24.04820	2170980.
Median	136.0000	4.155000	0.411000	950778.0
Maximum	358.8000	14.60000	397.0000	8555990.
Minimum	43.00000	-13.12000	0.331000	189164.0
Std. Dev.	74.19498	5.486753	94.41758	2398173.
Skewness	0.981131	-0.786860	3.705725	1.208581
Kurtosis	3.878295	4.280614	14.73314	3.242402
Jarque-Bera Probability	9.628912 0.008112	8.576186 0.013731	401.2419 0.000000	12.29465 0.002139
Sum	6898.000	189.3700	1202.410	1.09E+08
Sum Sq. Dev.	269739.8	1475.119	436819.3	2.82E+14
Observations	52	52	52	52

Pairwise Granger Causality Tests
 Date: 26/31/23 Time: 14:00
 Sample: 1970 2022
 Lags: 2

Null Hypothesis:	52	F-Statistic	Prob.
FDI does not Granger Cause EXR		0.44037	0.6466
EXR does not Granger Cause FDI		0.20086	0.8188
FDI does not Granger Cause ECI		0.27778	0.0358
ECI does not Granger Cause FDI		0.34934	0.7071
HDI does not Granger Cause RGDP	50	0.10391	0.9015
RGDP does not Granger Cause HDI		0.13380	0.8751
FDI does not Granger Cause HDI		1.93742	0.1462
HDI does not Granger Cause FDI		3.96601	0.0319

HUMAN RESOURCES MANAGEMENT PRACTICES AND EMPLOYEE OUTCOMES IN SELECTED SMALL AND MEDIUM ENTERPRISES SECTOR IN OYO STATE, NIGERIA

Bamidele, Ayodeji Gbenga¹
Worimegbe Powel Maxwell²
Popoola Tajudeen Abolaji³
Afolabi Taiwo Adekemi⁴

Abstract

Employees' contributions to a company's success and expansion are widely acknowledged. The success of their efforts is crucial in propelling businesses forward. Despite this significant factor, recent employee performance has been dropping for several companies, especially in the small and medium enterprises industry. Employees in the small and medium enterprises industry are not very committed, don't put in much effort, aren't very creative, and their output is falling. The study was conducted utilising a quantitative methodology informed by positivism using a self-structured, standardised questionnaire to gather data. Researchers utilised a comprehensive enumeration approach to collect data from 126 participants across three small and medium enterprise sector companies. The questionnaire was the primary data collection method, and a pilot study was performed to test its validity and reliability. Ethical concerns were considered, and descriptive and inferential analyses were used on the data acquired. Each hypothesis's previous expectations are summed up in the chapter's final section. The results showed that in selected Small and medium enterprises sector firms in Oyo State, Nigeria, employee training significantly affects employee creativity ($\beta = 0.870$, $t = 9.734$, $p = 0.000$); compensation significantly affects employee satisfaction in these firms ($\beta = 0.741$, $t = 6.998$, $p < 0.05$); and organisational support significantly affects employee commitment in these firms. Employee results were most affected by training and organisational assistance in a study of a sample of small and medium businesses in Oyo State, Nigeria. Research indicates that organisations in the Small and medium enterprises sector in Oyo State, Nigeria, employ efficient human resource management tactics, including performance management, career development, and succession planning, to maintain a highly motivated and competent workforce.

Keywords: Training, compensation, organisational support, creativity, employee outcomes

Word Count: 368

1. Introduction

Employees have been seen as important contributors to the growth and performance of organisations worldwide. Their outcomes play a significant role in ensuring that organisations move from one level to another. Despite this significant contribution, the consequences of employees recently in some organisations, especially in the small and medium enterprises sector, have been declining. This is evident in the poor level of creativity, poor work quality, the decline in productivity, and low levels of commitment exhibited by employees in the small and medium enterprises sector. Globally, employee outcomes as a research direction have received empirical attention from researchers and contextual awareness from organisational stakeholders (Yousf & Khurshid, 2021). In the United States, it is observed that employee outcomes have dwindled owing to the Covid 19 pandemic (Taylan et al., 2022). It, therefore, has become a source of concern as employees no longer show zeal and vigour on

¹ Department of Business Administration and Marketing, Babcock University, Ilishan, Ogun State, Nigeria, bamidelea@babcock.edu.ng

² Department of Business Administration and Marketing, Babcock University, Ilishan, Ogun State, Nigeria, bamidelea@babcock.edu.ng

³ Business Administration Department, Institute of Finance and Management Studies, Kwara State Polytechnic, Ilorin, popoolatj@gmail.com

⁴ Business Administration Department, Federal Polytechnic, Ajawa, Oyo State, taiwoafolabi296@gmail.com

the job due to the lockdown that affected almost every sector, including the real estate sector in the United States (Mohammed et al., 2022). In addition to the preceding issue, there are reports that although agents and brokers in the United States are generally satisfied and motivated to continue working in the small and medium enterprises sector industry, it is still evident that productivity and quality of work are in decline (Ordina, 2021). Africa also has fared in the observed challenges in employee outcomes, especially in the small and medium enterprises sector, as evidenced by poor commitment to work. According to the Small and Medium businesses sector Report published by Cytonn Investments, SMEs are responsible for 9 percent of Nigeria's GDP. However, competition has intensified in the industry across residential and commercial property markets (Chege & Bett, 2019). The economic outlook in the small and medium firm sector is more precarious than anticipated, as demonstrated by the latest home price index (HPI) provided by KBA and other reports from private groups (Amutabi & Wambugu, 2020). As a result, it may be concluded that the SME industry has underperformed. Workers in Nigeria's small and medium-sized businesses are treated so poorly that they are less motivated to help their companies expand, contributing to the sector's low performance overall (Mosquera et al., 2020).

To present, business results for employees in Nigeria have been low, particularly in the small and medium-sized organisation sector (Ayodele et al., 2020). Slow development and eventual decline in the industry have baffled experts. Poor service delivery, insufficient inventiveness, a decline in productivity, and a lack of employee dedication have all been linked to the problems with employee outcomes in Nigeria (Muhammed et al., 2022). It has been said that most of Nigeria's small and medium-sized businesses have failed and that the remaining few are not contributing to the economy (Ebekozen, 2021). The absence of human resource operations in the small and medium company sector has been blamed for negative employee outcomes. Housing has been a challenge for customers of Nigeria's small and medium company sector owing to high costs and the improper mindset, as shown by a lack of professionalism, a lack of devotion to the task, and poor quality. Some organisations in Nigeria's small and medium company sector have seen a decline in employee creativity due to poor training arrangements made by management (Ogunba et al., 2021). In addition, many of the sector's employees are craftsmen rather than trained professionals, therefore they must depend on their own limited expertise to carry out their duties (Ifeanyi et al., 2021). All companies, no matter how large or small, face the aforementioned problems and difficulties, which harm employee performance. In light of this, the present research analyses how SME human resource management practises affect business outcomes in Oyo State, Nigeria. Consequently, the goals will be to;

- i. determined the effect of organisational support on employee commitment of selected Small and medium enterprises sector firms in Oyo State, Nigeria;
 - ii. examined the combined effect of Human resource management practices on employee outcomes in selected Small and medium enterprises sector firms in Oyo State, Nigeria.
- In line with the research objectives, the following research questions were articulated;
- i. how does organisational support affect employee commitment of selected Small and medium enterprises sector firms in Oyo State, Nigeria?
 - ii. in what ways do human resource management practices on employee outcomes in selected Small and medium enterprises sector firms in Oyo State, Nigeria?

2. Literature Review

2.1 Human Resource Management Practices

Human resource management practices provide a framework for assisting workers in the growth of their individual and organisational knowledge, capabilities, and skills (Alolayyan et al., 2021). It focuses on a framework for assisting individuals in developing

their skills, knowledge, and talents, as well as those of their organisations, to achieve both individual success and the success of their organisation's systems. Human resource management practices (HRM) focus on people and are concerned with increasing individuals' skills, knowledge, and abilities (Bontrager et al., 2021). Different employees have different experiences, perspectives, and perspectives on the values and expectations of the table. Therefore, each employee should be handled uniquely according to a particular set of principles or techniques; hence, human resource skills are developed through human resource management practices programs (Kareem & Mijbas, 2019).

Human resource management practices are interconnected procedures that alter people's behaviours (Aderemi et al., 2022). HRM may be described as the systematic process of creating and upgrading employee capabilities through organisational management as well as training and management to enhance the performance of an organisation (Khairani et al., 2022). HRM integrates related practices, such as training and management, and career and organisational management, to increase individual and group knowledge, skills, and capacities to enhance an organisation's results (Matsuo, 2022). Human resource management practices (HRM) are a continuous process that aims to improve workers' skills, talents, and knowledge to allow them to proactively acquire essential competencies to satisfy the firm's current and future employment needs. HRM has been used as an essential strategic objective by organisations to impact individuals' knowledge, skills, and attitudes to enable organisations to increase their productivity and performance (Mukhuty et al., 2022). This has been accomplished by encouraging individuals to engage in more positive behaviours. In today's climate, marked by rapid change, human resource management practices (HRM) contribute to outstanding organisational performance and boost competitiveness. In addition, efficient practices focus on the workforce's capacity, adaptability, and lean organisation at the appropriate moment.

Although there are several definitions of HRM, the primary emphasis is workforce management. This is done to ensure that both the organisation as a whole and individual workers can achieve their work objectives regarding service delivery. The many aspects of human resource management practices include an exceptionally wide range of topics. However, these functions have been simplified and brought to the purview of the three primary components. Training and Management (T&D), Career Management (CD), and Organisational management (OD) are all included in this category (OD) (Wiitala & Mistry, 2022). Human resource management practices (HRM) aim to increase individual outcomes and an organisation's efficacy and productivity (Barhate & Hirudayaraj, 2021). In today's business world, human resource management practices (HRM) are widely regarded as an essential component in achieving higher levels of profitability and productivity and improving employee relations (Kravariti et al., 2022). After examining what these academics have to say, we can conclude that human resource management practices (HRM) are a means by which workers in an organisation can be changed from their current conditions to a better state to improve the overall outcomes of the organisation's workforce (Dextras-Gauthier & Marchand, 2018). The management of human resources is important for determining employee outcomes. Its many aspects are focused on considerably enhancing the capabilities of employees, which will ultimately lead to an increase in productivity (Fee & Gray, 2022). Employee outcomes may be improved in various ways thanks to HRM, including increased outcomes and strengthened human relations, among other benefits. Many scholars engaged in empirical research on HRM and employee outcomes have discovered a beneficial connection between employee training and employee outcomes (Dextras-Gauthier & Marchand, 2018).

2.2 Organisational Support

Different scholars give it various terminology, and efforts have been made to simplify and clarify the notion. Because organisational support connotes different things to different individuals, no description is generally recognised (Pahlevan et al., 2021). The point of view (POS) is the generally held opinion regarding how much a company values its employees and looks out for their welfare (Shrand & Ronnie, 2021). It's a reflection of the company's appreciation for its employees and their accomplishments. Organisational support is "the extent to which an individual perceives that the organisation cares about him or her, appreciates his or her contribution, and provides him or her with assistance and support" (Tkalac-Veri, 2021). One description is "the belief that one's employer values him or her as an individual and is concerned with his or her health and well-being" (Zabocka-Kluczka & Saamacha, 2020). Point of sale (POS) is an abstract concept that may be interpreted in various ways, as seen by the definitions mentioned earlier. Employees may assign different significance depending on the context in which they find themselves. Employees' perceptions of receiving support from their employer are an important component of organisational support, as is the employer's acknowledgement of employees' contributions due to their actions (Brunetto et al., 2022). It stresses the importance the company places on its employees, the value they provide to the company, and the connection between their job and their personal happiness.

Evaluative feedback helps workers become more self-aware and self-motivated, increasing the number of engaged workers (Kravariti et al., 2022). Rare are studies that look at how an employee's sense of organisational support affects their dedication to their job (Ihsan et al., 2020). When workers have a negative impression of the company's commitment to them, they tend to view the company with scepticism. However, when employees believe their company fully supports them, they have a more positive outlook on their workplace and are more invested in their work. Organisational support is essential because of the "repeated exchange" links between employees and their workplaces (Shrand & Ronnie, 2021). Employees put forth a lot of effort at work, and in return, they anticipate certain perks from their employers, such as fair compensation and job security. Employees are more dedicated to their work when they feel valued, thus, it's important for businesses to show their support for their employees. The possibility that an employee will favourably react to changes in management and the needs of the company improves when the individual is praised or appreciated for the job that they produce (Labrague & de los Santos, 2020). If an employee has a positive view of how they are regarded in the business and how fairly they are compensated for the work they do, they may be more willing to support the firm through shifts in leadership, marketing challenges, and system upgrades. A company's resilience in the face of adversity may depend in part on the dedication of its workforce.

2.3 Employee Outcomes

The immediate impact of an employee's management policies and practices may be seen in the outcomes experienced by its employees (Lundmark et al., 2022). A company's treatment of its workers is a good indicator of whether or not it adheres to a win-win mentality. If a firm treats its workers with respect and dignity, those employees will also treat the company's customers with respect and dignity (Zeb et al., 2018). When a firm treats its workers fairly, it can expect the same level of honesty and integrity from those employees when interacting with consumers. The outcomes of employees are a component of the culture of a business and serve as a measure of how well that culture is operating (Abu-Farha et al., 2022). These essential job attitudes and routines are not something that employees bring with them when they start a new position; rather, they are acquired in the course of the employment relationship as an integral component of the workplace as a result of HRM's

policies, systems, procedures, and practices (Malik & Singh, 2022). They are taught via the interaction between the two parties.

The ability to accomplish one's objectives is among the most significant advantages of employee outcomes (Bodhi et al., 2022). Satisfied employees are more likely to achieve deadlines, create sales, and promote the organisation's brand via favourable customer encounters (Eluwole et al., 2022). The employee outcome helps the organisation determine which workers are happy and which are not and how each employee should be treated most effectively regardless of class or personality (Raj, 2020). The most significant approach to assess employee engagement is by looking at the outcomes of their employee. It is an excellent method for gauging the performance of both organisations and the individuals who work for it (Lee et al., 2022). The outcomes of employees may be utilised to enhance employee outcomes, as well as the experience of customers and the culture of the employee (Wang et al., 2022). Content employees will contribute to the organisation's success in meeting its objectives, developing a powerful brand, and providing customer satisfaction (Howard & Serviss, 2022). The employee outcome helps a business figure out precisely where it stands in terms of employee engagement right now and where it needs to go in the future. It helps determine the extent to which your staff members are content with the working conditions, chances for advancement, educational possibilities, pay and perks, and other aspects of their employment (Chughtai et al., 2022). Finding out what makes an employee happy at work and what doesn't makes them happy at work is one of the things that an organisation can learn from employee outcomes (Wiitala & Mistry, 2022). It provides a deeper understanding of customer preferences, allowing the organisation to better satisfy its future expectations than ever.

2.4 Employee Commitment

Employee commitment is adaptable since it may be interpreted to mean a variety of things depending on the context. Commitment on the part of employees includes not only the determination to stick with a certain plan of action but also a reluctance to make any adjustments to those plans (Aziz et al., 2021). This is mostly motivated by a feeling of obligation to continue along the current path. Employee commitment may be further defined as the degree to which workers identify with their firm and are willing to contribute to accomplishing the goals and objectives established for the organisation (LeBaron et al., 2022). It is also possible for it to refer to the extent to which a person regards himself as an employee of a firm and the degree to which they are enthusiastic about carrying out their tasks.

Focusing on workers' emotional investment in their companies, employee commitment helps keep staff members from leaving for better opportunities elsewhere (Megawati et al., 2022). In this sense, employee commitment is the emotional bond between an employee and their employer, as well as the individual's chosen field and business. They went on to describe three unique forms of employee dedication: "affective," "continuance," and "normative."

The term "affective commitment" describes employees' feelings for their workplaces. What is meant by "continuance commitment" (Paillé & Valéau, 2021) is that an employee has an innate responsibility to remain with the business due to organisational socialisation and pressure. However, normative commitment characterises an employee's decision to stay with the company despite the threat of being laid off (Hakim, 2020). According to the many interpretations of "employee commitment" described above, some employees may be less committed than others. An employee's commitment may be shown in their identification with the company and its objectives as well as their efforts to achieve those goals as a part of the organisation (Arthi & Sumathi, 2020). Employee commitment is defined by factors such as loyalty to the organisation, willingness to work hard for the organisation, level of purpose and value alignment between the employee and the organisation, and intent to remain employed

by the organisation (Yousf & Khurshid, 2021). This means that an employee's level of dedication to the organisation should be taken into account when assessing their overall performance (Alabduljader, 2021). The factors that influence an employee's dedication to their company are a matter of debate. Devoted workers strengthen bonds with their company, increasing output (Loor-Zambrano et al., 2022). Workers who care about their jobs, their colleagues, and the company as a whole do better work and make better ambassadors for the company. There will be less employee turnover and more productivity for the business as a whole if workers are invested in what they do (Almahamid et al., 2010).

An increase in employee outcomes in a firm is directly correlated to an increase in employee commitment in that organisation. In the past, employers have offered job security to their staff members to foster greater commitment and productivity on their part (Park et al., 2021). Workers who are devoted to their job produce greater results than those who are not, and businesses that have workers committed to their work do better financially (Sarhan et al., 2020). The reason for this disparity has to be investigated by employers. For an organisation to be successful, its workers must be able to consistently carry out the responsibilities they have been given and be willing to engage in activities related to their jobs (Judeh et al., 2022). It's common for an employee's degree of involvement to influence how effectively they can contribute to the overall success of the firm they work for.

2.5 Empirical Review

Across Nigeria's public and commercial sectors, Arogundade et al. (2015) looked at the connection between an employee's impression of organisational support and their degree of commitment to their place of work. The research shows that employees' perceptions of organisational assistance significantly correlate with their dedication.

In their study of Chilean prison officials, Bravo-Yáñez et al. (2011) discovered a link between prison staff members' reports of feeling supported by their organisation and their overall levels of happiness and well-being on the job. The key results show a positive and substantial relationship between work satisfaction, psychological well-being, and perceived organisational support. Employees who report higher psychological well-being and organisational support are more likely to be pleased with their work.

Using employee engagement as a mediator, Hassan et al. (2014) studied the relationship between employee happiness and perceived organisational support, psychological empowerment (PE), and compensations at five big banks in Pakistan. According to the results, participation fully mediated the connection between pay and happiness at work but only partially mediated the link between POS systems, outcome assessments, and contentment. Ahmad and Yekta (2010) conducted research in which they looked at how the behaviour of Iranian CEOs affected how their employees felt supported by the company. Consideration of leadership conduct was shown to significantly affect intrinsic and extrinsic job satisfaction, while perceptions of organisational support were found to correlate significantly with the latter. Interestingly, Ahmad et al. (2010) found no statistically significant correlation between leadership conduct, perceived organisational support, and job satisfaction.

2.6 The Human Capital Theory (HCT)

The study is anchored on the Human capital theory (HCT) first proposed by Gary Becker in 1964. The human capital hypothesis states that workers' productivity and incomes rise with appropriate education or training (Becker, 1964). According to this view, employees are an organisation's most valuable asset. It treats personnel as an organisation's most valuable resource and stresses the need to recoup the money spent on training them. According to the principle, investing in people has monetary benefits for everyone involved (Sweetland, 1996).

Human capital is "a person's stock of experiences, competencies, and qualities that contribute to economic, social, and personal success" (Adinyira et al., 2013). According to Becker and Shultz (1993), human capital theory places emphasis on employees' levels of education as a source of labour productivity and economic management. Human capital theory suggests that people who spend time and money improving their knowledge and skills are entitled to a greater salary than those who do not since they are more valuable to an organisation. The human capital theory holds that an organisation's workforce is a valuable resource in its own right, on par with physical assets and natural materials (Livingstone, 1997).

The human capital theory views work as a production strategy defined by the interplay of all economic factors (Marginson, 2019). The theory also challenges the central hypotheses of uniform work and instead emphasises differences in labour force composition (Bolbar, 2020). In addition, the approach integrates academic institutions and economic study. The human capital theory also posits that individuals may better themselves via formal education and training. The employee's output in the workplace will increase thanks to this newfound expertise (Jafari-Sadeghi et al., 2019). Since in a perfect labour market, a person's salary is determined by the person's productivity (Gillies, 2017), more productivity will lead to increased remuneration for the individual. Therefore, people would continue to invest in their education until the personal benefits surpassed personal costs (Emrullah, 2014).

Another drawback is that human capital investments are seen as a fairly standard input when using human capital theory at a national or state level. These models predict that as spending on human capital increases and as individuals' standards of success rise, productivity and incomes will follow suit. Human capital investment is difficult to evaluate in this way since the means through which human capital is created differs across individuals and businesses. Simon (2017) argues that the distance between the economic and social context in which human capital theory is implemented, and the future envisioned by the theory is widening.

Professionals, academics, managers, and politicians may all benefit from human capital theory because of its capacity to shed light on the causal chain that links educational opportunities with societal gains (Netcoh, 2016). Higher levels of education are associated with higher incomes, growth in the gross domestic product (GDP), civic involvement rates, lower crime rates, and improved health conditions, as indicated by the human capital theory framework of Netcoh (2016). The human capital idea is useful because it clarifies how legislation may motivate people to better themselves via education. This research gives managers a framework for assessing the value of investments in things like training and compensation for their staff. Improved economic development and citizen engagement are only two potential outcomes that might benefit from this method of analysing educational and training data.

3. Methodology

A survey research design was utilised to gather a sample of 126 employees from three selected small and medium enterprises sector firms in Ibadan, Oyo State, Nigeria. The three small and medium enterprises sectors are Adron Homes and Properties, with 68 employees; RSS Properties, with 30 employees; and Toposyi Realtors, with 28 employees. The number of employees in the chosen firms is relatively small and can be easily enumerated. Therefore, the total enumeration method is considered sufficient for analysis because it captures all the sample units, making it reliable for drawing conclusions. The findings showed that the Cronbach alpha value was over 0.7. Methods of both descriptive and inferential analysis were used. Simple Linear Regression Analysis was employed using SPSS 26 to ascertain the significance of the variables.

The study's research instrument needed to be tested in a pilot phase to see whether it was adequate for the main study (Siyam & Abdallah, 2021). Hence, the pilot study mainly aimed to test the research instrument's validity and reliability. A total of 13 copies were used, or 10% of the total sample size. In Ibadan, Oyo State, Nigeria, we conducted the pilot research at another small and medium company. The data collected were analysed to determine the survey's validity and reliability.

From the variables used, each respondent was requested to respond based on their level of agreement with the statements, which was done on a six-point Likert-type scale ranging from options 1-6 showing the degree of agreement. The researchers assessed the degree to which the study's variables could be measured consistently over time. This was critical since it would be impossible to draw valid inferences from the data if the measuring device had different findings each time it was used. Researchers determined the consistency of the variables by averaging the correlations between items used to measure the key constructs (Brown, 2018). This helped establish whether or not the measuring device was reliable and accurate by testing its internal consistency. Cronbach's Alpha, a measure of a scale's internal reliability (Garcia et al., 2019), was also computed by the researchers. In general, the reliability of a scale may be assumed if its Cronbach's Alpha is greater than 0.7. By performing a reliability analysis, the researchers were able to ensure that the measurement instrument was reliable and that the data collected was of high quality. This was important for drawing accurate conclusions from the study (Johnson, 2017). This is shown in table 1.

Table 1: Reliability Result

S/N	Variables	No of Items	Cronbach	Composite	Remarks
1.	Organisational Support	5	0.897	0.931	Accepted
2.	Employee Commitment	5	0.819	0.863	Accepted

Source: Researchers Compilation (2023)

Data Analysis and Results

A total of 127 questionnaires were sent to participants, and all of them were filled out and returned. Since there weren't very many businesses in the study region's small and medium enterprise sector, researchers relied on a total enumeration approach. A response rate of 100% is shown by the data, which is over the threshold required for reliable results.

4. Results and Analysis

Hypothesis:

1. Organisational support does not significantly affect employee commitment of selected Small and medium enterprises sector firms in Oyo State, Nigeria.
2. Human resource management practices variables have no significant combined effect on employee outcomes in selected Small and medium enterprises sector firms in Oyo State, Nigeria.

Table 2 displays the presentation of the obtained parameter estimates and analysis outcomes.

Table 2: Summary of results of linear regression analysis for effects of Organisational Support on Employee Commitment

Model	Effects of Organisational Supports on Employee Commitment							
	B	t	Sig.	R	Adjusted R ²	Df	F	Sig
(Constant)	3.279	1.347	.180	.601 ^a	.356	1	70.768	.000 ^b
ORGANISATIONAL SUPPORTS	.832	8.412	.000			125		

Source: Researchers' Findings 2023

The linear regression findings for the impact of organisational support on employee commitment at a sample of Small and medium companies in Oyo State, Nigeria, are shown in table 2 shows that the R-squared value for the regression model between organisational support and employee commitment in Oyo State SMEs was (0.601), indicating a strong, positive, and statistically significant relationship. According to the findings, Organisational support explains the variation in the dependent variable (worker commitment) by around 36%. Coefficient of determination (R²) = 0.356 indicates that the model's significant predictor variables of organisational support account for 36% of the variance in employee commitment of selected SMEs; the remaining 64% of the variance is accounted for by exogenous variables that may or may not be related to the research problem at hand.

Analysis of Variance (ANOVA) for the regression coefficient indicates that the model is statistically significant, with an F-value of 70.768 (p-value 0.05). This suggests that corporate backing is a strong predictor of employee dedication. As a result, the model was shown to be effective in predicting the level of employee engagement among SMEs in Oyo state, Nigeria. Strong, positive, and statistically significant effects of the individual words used to proxy organisational support on employee commitment were found ($\beta = 0.832$, $t = 8.412$, $p = 0.000$ 0.05). This suggests that higher levels of organisational support should be met with correspondingly higher levels of employee commitment.

Considering the result of regression coefficients, the predictive multiple regression model is formulated as follows:

$$y_3 = \alpha_0 + \beta_3 x_3 + \mu_i \dots \dots \text{eq1}$$

$$\text{ECM} = 3.279 + 0.832(\text{OS}) + u_1 \dots \text{Eqn iii (Predictive Model)}$$

Where ECM = employee commitment

OS = Organisational Support.

Table 3 displays the regression equations, and the unstandardised coefficient of the constant is 3.279. This suggests that when all other variables are held constant at zero (0), the level of employee commitment among SMEs in Oyo State is 3.279, which is in the positive. The analytical model found that organisational backing is crucial. As a result, businesses in the small and medium-sized company sector need to pay special attention to fostering employee dedication by providing sufficient organisational support. The model also showed that an increase of one unit in organisational support would lead to an increase in employee commitment of 0.832. These findings provide strong evidence against the null hypothesis (H01) that found no relationship between organisational support and employee engagement in Oyo state, Nigeria's SMEs.

Table 3 Summary of results of regression analysis for combined effects of Human Resources Management on Employee Outcome

Effects of Human Resources Management on Employee Outcome							
Model $Y = \alpha_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \mu_i \dots \dots \text{eq4}$	B	t	Sig.	R	Adjusted R²	F	Sig
(Constant)	-1.556	-.683	.496	0.707 ^a	0.488	41.063	.000
TRAINING	.309	2.416	.017				
COMPENSATION	.111	.961	.339				
ORGANISATIONAL SUPPORTS	.606	4.550	.000				
a. Dependent Variable: EMPLOYEE OUTCOME							

The impacts of human resource management practise on employee outcomes at selected small and medium companies in Oyo State, Nigeria, are shown in linear regression form in Table 3. Table 4 shows that there is a positive and statistically significant association between human resource management practises and employee outcomes among Oyo State SMEs, as measured by the regression model's coefficient (R) of 0.707. Nonetheless, the findings suggest that HRM practises explain around 49% of the variation in employee outcomes. R² = 0.488 indicates that the significant predictor variables of human resource management practise accounted for about 49% of the variance in employee outcomes of selected SMEs, while the remaining 51% was accounted for by exogenous variables not included in the analysis. The model is statistically significant, with an F-value of 41.063 and an ANOVA for the regression coefficient of 0.000 (p-value of 0.000 0.05). This suggests that HRM practises have a substantial impact on determining employee outcomes. For this reason, the model proved useful in making predictions about worker outcomes at SMEs in Oyo state, Nigeria. Training ($\beta = 0.309$, $t = 2.416$, $p = 0.017$) and organisational supports ($\beta = 0.606$, $t = 4.550$, $p = 0.000$ 0.05) were the only individual statements employed as proxies for human resource management practises that were shown to significantly affect employee outcomes. Therefore, it stands to reason that employee results would also improve if training and organisational support were enhanced.

Considering the result of regression coefficients, the predictive multiple regression models are formulated as follows.

$$Y = \alpha_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \mu_i \dots \dots \text{eq4}$$

$$\text{Employee Outcome} = -1.556 + 0.309(\text{TRN}) + 0.111(\text{COM}) + 0.606(\text{OS}) \dots \text{Eqn iv (Predictive Model)}$$

Where: TRN = Training, COM= Compensation, OS = Organizational Supports

As observed in Table 4.2.4, the regression equations, the constant had an unstandardised coefficient of -1.556. This indicates that holding all factors constant at zero (0), employee outcomes of the small and medium enterprises sector firms in Oyo State would be equal to -1.556, which is negative. The predictive model revealed that both training and organisational support are significant. This implies that the small and medium enterprises sector firms should pay close attention to improving training and providing better organisational support for their employees. The model further revealed that when training, compensation, and organisational supports are improved by one unit, employee outcomes will increase by 0.309, 0.111, and 0.606, respectively. Based on these results, the null hypothesis (H₀₂) states that human resource management practices variables have no significant combined effect on employee outcomes in selected Small and medium enterprises sector firms in Oyo State, Nigeria, was rejected.

Discussion of Findings

First, the researchers hypothesised that they would be able to tell how much of an effect organisational support had on employee commitment in a few randomly chosen SMEs in Oyo state. This hypothesis was tested using regression analysis, which revealed that organisational support greatly impacted employee dedication. As was mentioned previously in the research, there is a strong connection between this conclusion and conceptual, empirical, and theoretical knowledge. In this context, organisational support means that the company values its employees and takes an interest in them (Shrand & Ronnie, 2021). On the other hand, employee commitment is "the extent to which employees feel a sense of identification with and willingness to contribute to the goals of their organisation" (LeBaron et al., 2022). Thus, the result is consistent with prior knowledge in demonstrating that organisational assistance results in positive employee outcomes.

This supports previous empirical research linking organisational backing to employee dedication. Researchers in Nigeria's governmental and commercial sectors, such as Arogundade et al. (2015), discovered a correlation between employees' reports of organisational support and dedication. Work satisfaction, psychological well-being, and perceived organisational support were linked among Chilean prison officials by Bravo-Yáñez et al. (2011). Hassan et al. (2014) studied the connection between salary and contentment in the workplace at five prominent banks and found that employee participation moderated the influence of income on contentment.

The findings are consistent with the study's foundational premise of human capital. According to this notion, investment in human capital leads to higher economic outputs, and helping workers is one method to do it (Becker, 1964). This study lends credence to the human capital hypothesis, arguing that spending money on people works well for businesses. This study's findings corroborated the third hypothesis that organisational support substantially affected employee commitment in a subset of Oyo state's small and medium-sized companies. This result is consistent with prior theoretical, empirical, and conceptual work on organisational support and its effect on worker output.

The second hypothesis of this research attempted to determine whether a significant relationship exists between human resource management characteristics and employee outcomes at a sample of small and medium-sized businesses in Oyo State. This study's findings corroborate the conceptual, empirical, and theoretical assumptions that human resource management factors have a combined influence on employee outcomes in the sample of Oyo State small and medium business organisations.

Human resource management practices are geared at improving organisational performance and employee satisfaction (Barhate & Hirudayaraj, 2021). Businesses may better use their people resources and acquire a competitive edge via training programmes, which benefit both the company and its employees (Hanaysha, 2016). Employee compensation is a key component of a whole rewards package since it reflects the value a company sets on workers' efforts. An indicator of an organisation's efficiency is the degree to which its members believe they have the backing of higher-ups (Tkalac-Veri, 2021). The effectiveness of an organisation's culture may be gauged by looking at its effect on employee performance (Abu-Farha et al., 2022).

Research findings provide credence to the idea that HRM practises have a cumulatively large impact on worker outcomes. Comprehensive training and training in several jobs were both negatively related to service delivery, according to Mustafa (2016). The independent parameters Shafiq and Hamza (2017) considered to evaluate training had little effect on employee productivity. Staff compensation was studied by Babagana and Dungus (2015) to see whether it affected student performance in the classroom. According to the study's findings that employee compensation had a significant favourable effect on student

performance. Satka (2019) investigated how pay levels in a trading firm impacted employee output. The study's findings suggested that employees' output was positively impacted by the amount of money they were paid. Employee engagement was shown to mediate the relationship between perceived organisational support, psychological empowerment, and salary and job satisfaction in a study conducted by Hassan et al. (2014) across five significant. According to the results, participation fully mediated the connection between pay and happiness at work, but only partially mediated the link between POS systems, outcome assessments, and contentment.

The conclusion lends theoretical credence to the human capital hypothesis, which served as the study's foundational postulate. Human Capital Theory (HCT) makes the case that raising wages is the best way to boost productivity. Human resource management is the process of providing the tools and support to employees within an organisation so that they may bring about the required changes or improvements in performance. Investing in people makes sense for three reasons: today's generation needs to learn the lessons of yesterday, tomorrow, and now.

In conclusion, this study's results demonstrate the importance of human resource management aspects in shaping employee outcomes at a subset of Oyo State's SMEs. Findings provide support to the notion that HRM practises impact employee outcomes and are in keeping with the study's conceptual, empirical, and theoretical underpinnings, as described in the introduction.

5. Conclusion and Recommendations

Human resource management practises and their impact on employee outcomes at a sample of small and medium-sized businesses in Oyo State, Nigeria are dissected in this insightful research. The results of this research are relevant to businesses in the Small and medium enterprises sector in Oyo State and beyond. The results indicate that improving corporate performance may be achieved by investing in human resource management practises that increase employee outcomes. To increase productivity and competitiveness, small and medium company businesses may do so by offering training opportunities, fair remuneration, and supportive work cultures that foster innovation, happiness, and dedication. Human resource management practises are highlighted as crucial to improving worker outcomes in the small and medium business sector. Employees' ability to think creatively is another area where businesses might benefit from training programmes. Human resource management practises and employee outcomes in the Small and medium businesses sector in Oyo State, Nigeria, might be compared to those in other sectors or in other countries in a comparative study.

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ANALYSIS OF DEVELOPMENTS IN THE FIELD OF DIGITALIZATION OF BANKING SERVICES IN ROMÂNIA

Prof. univ. dr. Marius Gust¹

Abstract: *Humanity is in the midst of a digital revolution, and the financial economy and the banking sector are among the pioneers of this field, and additionally claiming a good share of the innovative elements. The term that summarizes the new technologies in the financial environment is that of FinTech (Financial Technology). It is considered that the financial services that can fall within the scope of financial technological innovations are: a) lending services, attraction of deposits and attraction of capital, b) services and means of payment; c) investment and investment management services and d) other financial activities. In Romania, in recent years, there has been significant progress in the implementation of digital financial services, located especially in the field of payments (cards, electronic payments, payment instruments with remote access), an obvious tendency to reduce the use of cash and a timid penetration of new technologies in the field of lending. These changes can be attributed to the financial education of the population, the entry into the active life of young people and their behavior and slightly amplified by the pandemic crisis.*

Keywords: *FinTech, cards, electronic payment instruments.*

JEL classification: *G21*

1. Introducere

Concluzia cercetării de piață “Sistemul bancar în percepția românilor: creditarea și incluziunea financiară a românilor”, realizată în luna iulie 2022 de Institutul Român pentru Evaluare și Strategie (IRES) la comanda Asociației Române a Băncilor (Nanu, 2022) pe un eșantion de 1.066 respondenți adulți care utilizează servicii bancare (având o eroare maximă tolerată de +/- 3%) este cât se poate de bună pentru țara noastră. Pe scurt “gradul de incluziune financiară a ajuns la 68% în România la jumătatea anului 2022, [...], creșterea fiind cu 10 puncte procentuale peste nivelul raportat în anul 2017”.

Concluzia, amintită anterior, este argumentată prin următoarele observații:

- circa 46% dintre românii bancarizați fac plăți prin Internet/ Mobile banking, în creștere cu 70%, față de cei doar 27%, care făceau acest lucru în decembrie 2020;
- la nivel de gospodărie “șase din zece români declară că au [deci au; nu folosesc] aplicații de mobile / online banking” și doar 5% spun că nu utilizează astfel de servicii;
- accesarea serviciilor de Internet/ Mobile banking se face în special de pe smartphone (nouă din zece intervievați) și doar 25% dintre utilizatori spun că folosesc laptopul în același scop;
- este confirmată tendința de trecere către cashless și contactless în ceea ce privește mijlocul de efectuare a plăților. Astfel, la momentul efectuării cercetării “4% dintre români utilizează numai cardul, 26% mai mult cardul, 34% numerarul și cardul în egală măsură, 23% mai mult numerar și 13% numai numerar”, pe când cu șase ani în urmă, “94% din plățile retail din România se efectuau în numerar”. Totuși, dacă raportarea se face la perioada de dinainte de pandemie, “37% dintre respondenți consideră că folosesc mai mult cardul ca înainte, 49% că nu s-a schimbat nimic și 14% declară că folosesc mai mult numerar decât înainte”. De asemenea, sondajul mai relevă că “patru din zece români respondenți în cadrul cercetării afirmă că utilizează cardul de credit”.

Cercetarea inventariază și motivele pentru care o parte dintre români nu sunt clienți ai băncilor: “dorința de a nu [le] fi urmărite veniturile/cheltuielile, lipsa utilității unui cont, veniturile reduse și încasarea veniturilor în numerar” (Nanu, 2022).

Dar câte din concluziile sondajului anterior sunt susținute de cifrele statistice? Așa că prezenta comunicare își propune să analizeze datele statistice publicate de autoritățile

¹ "Constantin Brâncoveanu" University, mariusgust@yahoo.com

românești (Institutul Național de Statistică, Banca Națională a României, Autoritatea pentru Digitalizarea României etc.). Pentru a desprinde tendința am analizat informațiile statistice din ultimii șapte/opt ani (2015-2021/2022) sau chiar un interval mai lung, cu începere din 2007/2008 în unele cazuri.

2. Semnificații ale digitalizării. Digitalizarea financiară

Societatea informațională, societatea cunoașterii, noua economie, revoluția digitală, economia digitală, e-Commerce, e-business, e-Banking, e-Learning, e-Money, e-Trading, telemedicina, teleactivități, telelucru, telealegeri, teledisigurare, e-Teaching, e-Learning, biblioteci virtuale, muzee virtuale, galerii de arta pe internet, digitizarea informației, manuale digitizate, digitizarea patrimoniului național și internațional. Termenii și conceptele anterioare sunt elemente constitutive ale ceea ce numim economie informațională, economie digitală, noua economie. De la început trebuie menționat că ele nu sunt suficient de bine clarificate, existând abordări diferite de la autor la autor, de la lucrare la lucrare. Dar, în principiu, aceste categorii se referă la informație, la producția acesteia, la utilizarea ei, la echipamentele prin intermediul cărora este accesată sau produsă și nu, în ultimul rând, la schimbul de informații, între operatorii economici, consumatori, entități publice.

Digitizarea înseamnă (Gust, 2017) crearea unei versiuni digitale, adică exprimare în biți și octeți, a unor lucruri analogice/fizice, cum ar fi documente de hârtie, imagini de microfilm, fotografii, sunete și multe altele. Deci, este pur și simplu o conversie și/sau o reprezentare a ceva non-digital (alte exemple includ semnale, înregistrări medicale, date despre locație, cărți de identitate etc.) într-un format digital, care apoi poate fi folosit de un sistem de calcul. Foarte important, digitizarea nu înseamnă înlocuirea documentului original, a imaginii, a sunetului. Uneori reprezentarea digitală se distruge (după ce ai digitizat un document pe hârtie îl poți distruge sau îl poți păstra, în funcție, de exemplu, de cerințele legale), uneori dispare oricum (de exemplu dacă cineva captează – filmează/înregistrează - sunetul și mișcările mea în timpul prezentării acestei comunicări, formatul digital va continua să existe, în timp ce vocea și prezentarea mea fizică din timpul prezentării au dispărut pentru totdeauna) sau, uneori, realitatea este transformată (dacă faceți o fotografie unei persoane aveți o reprezentare digitală a acesteia, dar persoana nu este digitizată sau ar putea să aveți o imagine analogică pe care o scanați, astfel încât aceasta să fie digitalizată, dar nu este vorba atât de mult despre digitizare în cel mai strict sens).

Deci digitizăm, în principal, prin utilizarea scannerelor, purtătorii de informații fizice (documentele pe hârtie sau imaginile analogice, imprimate). Dar putem să scanăm și atunci când pur și simplu facem o fotografie cu telefonul mobil. Această scanare creează o reprezentare digitală (imagistică documentară) a unui document scanat, a unei fotografii etc. Dar digitizarea nu se oprește la imagistica de documente. Scanăm și pentru că vrem să utilizăm datele pe care elementele analogice le conțineau. Deci, este mult mai important ca datele din imaginea scanată să poată fi preluate de un software. Adică, utilizând tot felul de tehnologii inteligente și mai puțin inteligente de captare, datele scanate să fie extrase într-o formă digitală și apoi să fie utilizate pentru a alimenta fluxul de lucru, procesele, un sistem, orice este necesar pentru a obține un rezultat.

Digitalizarea mai înseamnă și utilizarea tehnologiilor digitale și a datelor digitalizate pentru a înlocui/transforma procesele: a crea venituri, a îmbunătăți afacerea, fluxul tehnologic, într-un cuvânt pentru a crea un mediu pentru afacerea digitală.

În afaceri, digitalizarea se referă cel mai adesea la îmbunătățirea și/sau transformarea afacerii și/sau a tipurilor de afaceri și/sau a modelelor/proceselor și/sau activităților ce formează o afacere, prin utilizarea tehnologiilor digitale și datelor digitalizate. Digitalizare înseamnă și că salariații lucrează utilizând instrumente digitale, cum ar fi dispozitivele mobile și tehnologiile mobile și/sau utilizând platforme de comunicare socială sau sisteme digitale, care le permit să lucreze într-un mod mai "digital". Dar digitalizarea merge dincolo de afaceri și se referă la

adaptarea continuă a tehnologiilor digitale în toate activitățile umane și din societate. De exemplu, la creșterea asistenței medicale digitale, la digitalizarea în actul guvernării, la clienți care folosesc tehnologii digitale pentru a cumpăra.

Transformarea digitală, așa cum o folosim astăzi, este mai mult decât digitalizarea ca o modalitate de a trece la afacerea digitală. Transformarea digitală presupune afaceri digitale și digitizare. Transformarea digitală este transformarea profundă și accelerată a activităților, proceselor, competențelor și modelelor de afaceri pentru a valorifica pe deplin schimbările și oportunitățile date de tehnologiile digitale și impactul acestora asupra societății. Potrivit World Economic Forum, principalele tehnologii care transforma mediul de afaceri în prezent ar fi: inteligența artificială, autovehiculele autonome, producția customizată și imprimantele 3D, Big Data și cloud, internetul lucrurilor, roboții și dronele, realitatea augmentată și realitatea virtuală, platformele de social media.

Termenul utilizat pentru a descrie inovația tehnologică din sectorul financiar este FinTech (Financial Technology). Deși există mai multe definiții pentru FinTech, cea mai utilizată este considerată a fi cea oferită de către Consiliul pentru Stabilitate Financiară (Financial Stability Board, care este un organism internațional înființat pentru a coordona activitatea autorităților financiare naționale și a organismelor globale de standardizare la nivel internațional, cu scopul de a dezvolta o politică de reglementare eficientă și o politică privind legislația de supraveghere pe piețele financiare și de a promova punerea sa în aplicare (FSB, 2022). Conform Financial Stability Board, FinTech reprezintă „*inovația tehnologică a serviciilor și produselor financiare care pot conduce la noi modele de afaceri, noi aplicații, procese și produse cu efect material asociat furnizării de servicii financiare*”. La această definiție a aderat și Banca Națională a României (BNR, 2017).

Autoritatea Bancară Europeană (ARB 2017) a identificat patru grupe de produse sau servicii financiare care intră în sfera inovațiilor tehnologice financiare: a) servicii de creditare, atragere de depozite și atragere de capital (modalități noi pentru persoanele fizice și juridice de obținere rapidă de credite cu efectuarea descentralizată a analizei de risc, crowdfunding, finanțare peer-to-peer, bănci mobile, credit scoring, etc.); b) servicii și mijloace de plată, compensare și decontare (portofele mobile, transferuri peer-to-peer, monede electronice, monede virtuale, vânzare de valută, platforme digitale de schimb valutar etc.); c) servicii de investiții și de administrare a investițiilor (tranzacționare cu frecvență înaltă, copy-trading, e-trading, consiliere robotizată etc.) și d) alte activități financiare.

FinTech este asociat (BNR, 2017) cu o serie de beneficii precum:

- creșterea accesului la serviciile financiare prin medii de comunicare sigure;
- adâncirea incluziunii financiare;
- diversificarea serviciilor de intermediere financiară;
- creșterea concurenței în domeniul serviciilor financiare, atât între participanți actuali, cât și prin accesul pe această piață a unor noi categorii de agenți, prin accesul pe piața financiară a unor companii care oferă produse sau servicii FinTech sau a marilor retaileri on-line (precum Alibaba sau Amazon);
- adaptarea organigramelor instituțiilor financiare prin introducerea unui noi resorturi sau noi categorii de personal și manageri, cu responsabilități în dezvoltarea și implementarea de noi produse care încorporează inovație tehnologică financiară (se citează, de exemplu, noua responsabilitate de „*chief digital officer*”);
- modificări ale strategiei băncilor prin creșterea bazei de clienți și menținerea acesteia. Se citează cazul noilor tehnologii, cum ar fi cel de platformă digitală de servicii financiare, care „*ar putea facilita interacțiunea companiilor FinTech cu instituțiile financiare, prin intermediul unor aplicații de tip open banking, prin care serviciile bancare pot fi integrate cu cele ale unor furnizori externi, valorificând astfel baza de clienți existentă*” (BNR, 2017);

- creșterea clientelei și a operațiunilor, care vor conduce la nivelul intermediarilor financiari la o serie de economii de scală ce pot fi realizate;
- rapiditate în deservirea clientelei financiare;
- reducerea asimetriei informaționale pentru clientelă;
- îmbunătățirea analizelor de risc prin diversificarea tipului de date utilizate în acest sens, pentru operatorii financiari. De exemplu, se citează cazul analizei de risc de credit, ”care va putea fi realizată prin intermediul datelor colectate digital, din surse alternative, cum ar fi istoricul comerțului electronic sau al tranzacțiilor mobile, dar și prin utilizarea seturilor mari de date (big data) sau a soluțiilor inovatoare de analiză (data analytics)” (BNR, 2017);
- îmbunătățirea calificării personalului angajat, care trebuie să aibă nu numai cunoștințe financiare ci și să fie foarte buni cunoscători ai tehnologiilor digitale;
- oportunități de reducerea a costurilor operaționale;
- reducerea activităților de procesare manuală a datelor;
- reducerea personalului implicat în activități repetabile și de rutină, ca urmare a automatizării proceselor de back-office;
- o creștere a rentabilității și, în general, o creștere a eficienței activității.

Aceiași sursă (BNR, 2017), abordând sumar cazul efectelor pe care FinTech l-ar avea asupra mediului extern al operatorilor financiari tradiționali menționează:

- avantajul clienților care își vor pot gestiona produsele financiare prin intermediul unei singure interfețe;
- îngrijorări legate de securitatea și confidențialitatea datelor și creșterea riscului privind securitatea cibernetică;
- potențiala discriminare a clienților;
- necesitatea unei mai bune educații digitale și financiare a publicului căruia îi sunt adresate aceste noi.

3. Evoluții ale FinTech în România

Principalul instrument prin care noile tehnologii au intrat în domeniul financiar, în general și în cel bancar, în special, a fost cardul. Statisticile BNR inventariau la sfârșitul anului 2021 un număr de aproximativ 20 milioane de carduri în circulație, sporul acestora în perioada ultimilor șapte ani analizați, era de aproximativ 5 milioane, deci o creștere de circa 33%. Putem spune că majoritatea salariaților, pensionarilor, dar și tinerilor de peste 14 ani au cheia prin care au intrat în sistemul financiar.

Tabelul 1. Dinamici ale cardului emise în România în perioada 2015-2021

Anul	Numărul total de carduri în circulație	Numărul de carduri active	Numărul de carduri cu funcție de credit	% carduri active	% carduri de credit
2015	14.960.560	11.033.726	2.479.332	74	17
2016	15.961.494	11.868.358	2.825.211	74	18
2017	16.432.225	12.451.513	2.815.248	76	17
2018	17.428.773	13.214.205	2.899.258	76	17
2019	18.247.230	14.262.698	3.027.181	78	17
2020	18.830.297	14.579.234	2.885.673	77	15
2021	19.598.274	15.457.481	2.904.171	79	15

Sursă: Banca Națională a României (www.bnr.ro, secțiunea bază de date interactivă) și calcule ale autorului

Nu toate cele 20 milioane de carduri sunt și active, adică sunt utilizate mai mult sau mai puțin frecvent pentru tranzacții financiare sau comerciale. Astfel, numărul cardurilor care, deși emise, nu sunt utilizate de posesori, se menține relativ stabil în intervalul analizat, la circa 4 milioane. Aceasta înseamnă că, în condițiile sporului de aproximativ 5 milioane de noi

carduri emise între 2014 și 2021, ponderea cardurilor active crește de la 74% la 79%, ceea ce înseamnă că tot mai puține carduri stau nefolosite, în portmoneu sau uitate în vreun sertar.

Cardurile de credit, deci având posesori cu o anumită credibilitate, verificată de bănci, dar și un standard financiar superior mediei, cresc mai lent în ultimii șapte ani, de la circa 2,5 milioane, la puțin sub 3 milioane. Deci, sporul de mai puțin de jumătate de milion, face ca ponderea lor, în totalul cardurilor emise să scadă de la 17-18%, la începutul intervalului analizat, la 15% în 2021. În lipsa unor informații certe despre cauzele ritmului mai lent de emisie a cardurilor de credit, înclin să cred că principalele explicații trebuie căutate la nivelul clientelei bancare, care (1) și-a acoperit nevoia de finanțare curentă prin intermediul creditelor clasice de nevoi personale, relativ ușor de obținut în intervalul analizat și mai puțin prin intermediul unui card de credit, (2) faptului că liniile de credit atașate cardurilor de credit au, în general, rate de dobândă mai ridicate, (3) tot mai mulți utilizatori au atașat la cardul de debit, folosit pentru încasarea salariului sau pensiei, și un descoperit de cont, pe care îl apelează atunci când nevoile depășesc veniturile, (3) salariile și pensiile au crescut constant în perioada analizată, ceea ce a făcut ca apelul la finanțări bancare pentru acoperirea eventualelor nevoi să fie mai mici și, nu în ultimul rând, (4) piața cardurilor la actualul nivel al educației financiare, cererii și veniturilor populației pare să își fi atins limitele.

Principala funcție a cardurilor a rămas cea de retragere de numerar de la automatele bancare și undeva ceva mai spate plata mărfurilor la comercianți. Dovadă stă în valoarea totală a tranzacțiilor la ATM, comparativ cu tranzacțiile efectuate la POS (deși și de POS se poate retrage numerar). Astfel, în 2014 tranzacțiile de retragere de numerar de la ATM, însumau cca 22 miliarde lei, iar cele de plată cu cardurile emise în România la POS-urile din România 3 miliarde lei. Șapte ani mai târziu, în 2021, retragerile de numerar efectuate cu cardurile de la ATM-urile din România, erau de 63 miliarde lei, iar cele de plată la POS-uri erau de 27 miliarde lei.

Tabelul 2. Dinamici ale utilizării cardului emise în România la ATM-uri din România

Anul	Număr tranzacții de retragere numerar de la ATM din țară cu carduri emise în țară		Valoare tranzacții de depunere numerar la ATM din țară cu carduri emise în țară		Valoare tranzacții de retragere numerar de la ATM din țară cu carduri emise în țară		Valoare tranzacții de depunere numerar la ATM din țară cu carduri emise în țară		Tranzacție medie		% retrageri în remunerarea salariilor	% retrageri în PIB	% depuneri în remunerarea salariilor	% depuneri în PIB	salariul mediu net	pondere retragere medie în salariu
	(milioane)		(milioane lei)		retragere	depunere										
2008	53,7	1,1	21.750	841	405	779	11,1	0,2	0,4	0,1	1.489	27				
2009	52,3	1,3	21.750	892	416	704	12,0	0,2	0,5	0,1	1.477	28				
2010	52,1	1,3	22.549	933	433	698	12,5	0,2	0,5	0,1	1.496	29				
2011	55,1	1,6	25.636	1.171	466	735	13,9	0,2	0,6	0,1	1.604	29				
2012	57,1	1,6	28.598	1.279	501	804	14,8	0,2	0,7	0,1	1.697	30				
2013	57,7	1,6	30.222	1.463	524	903	15,0	0,2	0,7	0,1	1.760	30				
2014	59,0	1,6	33.188	1.662	562	1.021	15,2	0,2	0,8	0,2	1.866	30				
2015	58,9	2,0	35.270	2.202	599	1.095	15,4	0,3	1,0	0,2	2.114	28				
2016	60,9	2,4	39.356	2.997	646	1.266	14,6	0,4	1,1	0,2	2.354	27				
2017	65,6	3,1	46.076	4.528	702	1.464	14,5	0,5	1,4	0,2	2.629	27				
2018	69,5	4,1	52.319	7.012	753	1.714	14,4	0,7	1,9	0,2	2.957	25				
2019	73,7	5,4	57.782	10.008	784	1.846	14,1	0,9	2,4	0,2	3.340	23				
2020	63,8	9,5	56.061	17.741	879	1.869	13,3	1,7	4,2	0,2	3.620	24				
2021	68,0	10,7	63.245	23.666	931	2.202	14,1	2,0	5,3	0,2	3.879	24				

Sursă: Banca Națională a României (www.bnr.ro, secțiunea Bază de date interactivă) și calcule ale autorului

Tabelul 3. Dinamici ale utilizării cardului emise în România la POS-uri din România

Anul	Număr tranzacții POS cu carduri emise de PSP rezidenți	Valoare tranzacții POS cu carduri emise de PSP rezidenți	Valoare medie tranzacție	% tranzacții la POS în remunerarea salariaților	% tranzacții la POS în PIB
	(milioane)	(milioane lei)	lei		
2008	18	2.896	164	1,5	0,5
2009	21	3.157	148	1,7	0,6
2010	24	3.396	139	1,9	0,6
2011	31	4.425	141	2,4	0,8
2012	38	5.288	140	2,7	0,9
2013	44	5.939	134	2,9	0,9
2014	52	6.747	130	3,1	1,0
2015	60	7.556	125	3,3	1,1
2016	76	9.268	121	3,4	1,2
2017	106	12.110	114	3,8	1,4
2018	131	14.049	107	3,9	1,5
2019	177	18.118	102	4,4	1,7
2020	200	20.769	104	4,9	1,9
2021	253	26.904	106	6,0	2,3
%	1.330	829	(35)	-	-

Sursă: Banca Națională a României (www.bnr.ro, secțiunea Bază de date interactivă) și calcule ale autorului

Ca să înțelegem mai bine, în 2014, retragerile de numerar erau de șapte ori mai mari față de plățile la comercianți, iar în 2021, retragerile de numerar reprezentau puțin mai mult decât dublul plăților la comercianți. Este o schimbare de importanță de optică a românilor în înțelegerea funcțiilor cardului și a utilizării banilor lichizi.

Extinzând intervalul de analiză la perioada 2008-2021 observăm că schimbarea de optică a românilor, în ceea ce privește funcțiile cardului se petrec pe la mijlocul deceniului anterior, respectiv în anii 2014-2015. Astfel, ponderea retragerilor de numerar în remunerarea salariaților (componentă a PIB) crește până la 15,5%, pentru ca ulterior să se reducă la 13-14%.

Se confirmă observația anterioară dacă comparăm retragerea medie de la ATM cu salariul mediu. În acest caz, ponderea retragerii medii în salariul mediu crește până la 30% în anii 2012-2014, pentru ca după aceea să scadă la 24%.

Nu trebuie generalizată observația că românii nu ar mai folosi cardul pentru retrageri de numerar sau l-ar utiliza foarte puțin. O bună parte din posesorii de card încă îl folosesc preponderent pentru retrageri de numerar, dovadă retragerea medie care și-a dublat valoarea în perioada analizată, crescând de la 405 lei la 931. Mai mult, dacă comparăm retragerea medie de la ATM-uri cu salariul minim brut observăm că între 2008-2012, retragerea medie de la ATM-uri reprezintă cca 70% din salariul minim brut ceea ce înseamnă că aproximativ întregul venit era transformat în numerar (diferența reprezentând-o impozitele și contribuțiile suportate din salariul brut). Începând cu 2013, ponderea retragerii medii scade constant, pentru a se stabili la valori de circa 40% începând cu 2018, când a avut loc reforma fiscalității prin care contribuțiile au trecut în integralitate la angajat, iar acestea, împreună cu impozitul pe salariu reprezintă cca 45% din venitul brut). Asta înseamnă că majoritatea persoanelor care au venituri în jurul salariului minim, continuă să folosească majoritar numerarul.

Tabelul 4. Corelații ale retragerii medii de la ATM cu veniturile salariale

Anul	retragere medie de la ATM	Remunerarea salariaților	pondere retrageri în remunerarea salariaților	salariul mediu net	pondere retragere medie în salariul mediu	Salariul minim brut	pondere retragere medie în salariul minim	Indicele anual al prețurilor de consum	Indicele cumulativ al prețurilor de consum	retragerea medie reală
	lei	mil. lei	%	lei	%	lei	%	%	%	lei
2008	405	195.726	11,1	1.489	27	540	75	106,3	106,3	381
2009	416	181.625	12,0	1.477	28	600	69	104,7	111,3	374
2010	433	180.978	12,5	1.496	29	600	72	108,0	120,2	360
2011	466	184.607	13,9	1.604	29	670	69	103,1	124,0	376
2012	501	192.909	14,8	1.697	30	700	72	103,3	128,1	391
2013	524	201.898	15,0	1.760	30	800	65	104,0	133,2	393
2014	562	217.994	15,2	1.866	30	900	62	101,1	134,6	418
2015	599	228.538	15,4	2.114	28	1.050	57	99,4	133,8	447
2016	646	268.935	14,6	2.354	27	1.250	52	98,5	131,8	490
2017	702	317.703	14,5	2.629	27	1.450	48	101,3	133,5	526
2018	753	364.572	14,4	2.957	25	1900	40	104,6	139,7	539
2019	784	410.718	14,1	3.340	23	2080	38	103,8	145,1	540
2020	879	420.721	13,3	3.620	24	2230	39	102,6	148,9	591
2021	931	448.441	14,1	3.879	24	2300	40	108,2	161,1	578
Spor 2021-2008	525	252715	3	2390	-3	1760	-35	2	55	197
Spor 2021-2014	368	230447	-1	2013	-6	1400	-22	7	26	160
% (spor 2021-2014) /(spor 2021-2008)	70	91	-37	84	191	80	64	377	48	81

Sursă: Banca Națională a României (www.bnr.ro, secțiunea Bază de date interactivă) și calcule ale autorului

O ultimă observație, retragerea de numerar de la ATM este dominant influențată de prețurile de consum, acestea din urmă explicând 60 și 65% din creșterea valorii unei retrageri de numerar. Logic, o mai mare stabilitate a prețurilor ar diminua și mai mult economia numerarului.

Statisticile BNR, referitoare la tranzacțiile cu cardul de plată și o funcție a acestuia despre care s-a vorbit mai puțin, cele de depunere de numerar. Este vorba de depunerile de numerar ale întreprinderilor, dar și cele ale populației, generate de plata ratelor la credite sau pentru plata facturilor sau alte depuneri în cont și amplificate de desființarea casierilor la multe dintre agențiile bancare. Astfel, depunerile de numerar la ATM-uri erau de circa 0,8 mld. lei, pentru ca în 2021 să ajungă la aproximativ 24 mld. lei, amplificarea lor are loc începând cu 2016-2017, iar valorile unei depuneri medii cresc cu anii amintiți anteriori, confirmând că este vorba de operațiuni generate de întreprinderi și marginal de populație.

Revenind la tranzacțiile cu cardul la POS se observă o creștere a numărului tranzacțiilor de 14 ori în cei 14 ani analizați, iar valoarea totală a tranzacțiilor crește de 9 ori. Tranzacția medie la POS scade de la 165 de lei la 106 lei, deci cu mai bine de o treime (în condițiile creșterii a prețurilor de consum cu peste 60% în intervalul de analiză), ceea ce ne arată că populația folosește cardul și pentru tranzacții cu valori din ce în ce mici. Impactul cardului asupra cumpărăturilor de la comercianți se poate observa și dacă comparăm volumul acestor tranzacții cu remunerarea salariaților (componentă a PIB-ului), ponderea acestora crescând de la 1,5% la 6%. Totuși, valoarea mică a indicatorului ne mai spune că această funcție a cardului, deși în expansiune, rămâne marginală, dovadă și ponderea acestor tranzacții în PIB, în 2021, nedepășind 3%.

Tabelul 5. Dinamici ale masei monetare în România

Anul	Masa monetară în sens restrâns (M1)	Numerar în circulație		Depozite overnight total		Depozite overnight în lei ale gospodăriilor populației	
	(mld. lei)	(mld. lei)	%	(mld. lei)	%	(mld. lei)	%
2007	79,9	21,4	27	58,5	73	17,6	22
2008	92,5	25,3	27	67,3	73	24,4	26
2009	79,4	24,0	30	55,4	70	16,0	20
2010	81,6	26,8	33	54,8	67	13,8	17
2011	85,8	30,6	36	55,2	64	14,0	16
2012	89,0	31,5	35	57,5	65	13,6	15
2013	100,3	34,8	35	65,5	65	15,5	15
2014	118,6	39,9	34	78,7	66	19,8	17
2015	149,6	46,5	31	103,1	69	24,7	17
2016	180,0	54,7	30	125,3	70	35,2	20
2017	210,6	63,3	30	147,4	70	44,0	21
2018	235,1	67,7	29	167,4	71	50,5	21
2019	276,9	74,1	27	202,8	73	59,6	22
2020	337,6	88,2	26	249,4	74	75,1	22
2021	406,8	96,1	24	310,7	76	99,8	25
2022IX	405,0	100,2	25	304,8	75	90,1	22

Sursă: Banca Națională a României (www.bnr.ro, secțiunea Bază de date interactivă) și calcule ale autorului

Existența unor alternative la numerar, banii digitali, electronici – pentru că în prezent nici o bancă nu mai ține evidența pe hârtie, ci cu o serie de programe informatice, care transformă vechea monedă scripturală în monedă digitală - face ca o trăsătură a noii economii să fie mai puțină monedă fizică (termenul, care desemnează acest lucru fiind cel de cashless). Așa să ar trebui să evaluăm care este tendința în România legată de economia numerarului. Am ales un interval de aproximativ 15 ani pentru a evidenția mai bine trendurile.

- ponderea numerarului în circulație crește de la 27% în 2007, la 36%, în 2011, pentru ca după aceea să se reducă cu 11%, ajungând în luna septembrie 2022 la 25%;

- în același timp, disponibilitățile la vedere în conturi la bănci (numite, în statisticile BNR, depozite overnight) înregistrează o mișcare inversă. Astfel, ele scad de la 73% în 2007, până la 64% în anul 2011, pentru ca după aceea ele să crească la 75-76% în 2021-2022;

- evident nu toate disponibilitățile la vedere din conturile de la bănci sunt ale populației, dar o statistică a BNR, intitulată "Structura în profil teritorial a creditelor și depozitelor clienților nebancari, neguvernamentali" dă informații despre disponibilitățile la vedere ale populației. Astfel, valoarea acestora crește de 5 ori între 2007 și 2022. Banii din conturile bancare de disponibilități la vedere ale populației scad de la 26% din totalul masei monetare, în 2008, (probabil datorită crizei economice), până la 15% în 2012-2013 (deci la finalul crizei economice), pentru ca după aceea să crească până la 25% în 2021. În 2022, pe fondul acumulării de noi tensiuni în economie – criza energetică, amplificarea fenomenelor inflaționiste - disponibilități din conturile bancare la vedere ale populației scad la 22% din totalul masei monetare.

În concluzie, și în ceea ce privește utilizarea numerarului și economia cashless comportamentul financiar al populației sau, mai bine zis, al unei părți a românilor, se modifică, folosirea banilor fizici se reduce, crescând utilizarea banilor de cont.

Tabelul 6. Dinamici ale utilizării instrumentelor de plată în România

Anul	Număr tranzacții			Valoare totală a tranzacțiilor			Tranzacția medie/ instrument		
	Transfer credit (OP)	Cecuri	Bilete la ordin si cambii	transfer credit (OP)	cecuri	Bilete la ordin si cambii	Transfer credit (OP)	Cecuri	Bilete la ordin si cambii
	<i>mil.</i>			<i>mld. lei</i>			<i>mii lei</i>		
2014	197,07	1,98	4,49	5.393	24	48	27	12	11
2015	221,74	1,80	4,39	6.542	22	48	30	12	11
2016	236,33	1,62	4,18	7.045	19	47	30	12	11
2017	249,32	1,43	3,87	7.303	18	45	29	13	12
2018	289,40	1,27	3,70	7.614	17	47	26	13	13
2019	329,40	1,11	3,51	8.185	16	49	25	14	14
2020	394,30	0,90	2,93	9.566	13	44	24	15	15
2021	474,90	0,78	2,65	11.421	12	45	24	16	17

Sursă: Banca Națională a României (www.bnr.ro, secțiunea Bază de date interactivă) și calcule ale autorului

În România sistemul național de plăți este încă din 2008, este unul electronic, toate instrumentele de plată fiind decontate electronic. Așa că face parte din economia digitală. De aceea ar trebui să ne aruncăm o privire asupra acestuia, asupra cifrelor care vorbesc de dimensiunile acestuia. Principalele observații care se desprind din analiza indicatorilor referitoare la plăți în România sunt:

- majoritatea plăților se fac prin ordine de plată (transfer-credit), între 2014 și 2021, numărul OP decontate crescând de 2,5 ori, până la aproape o jumătate de miliard de instrumente emise. Totalul tranzacțiilor cu OP crește mai puțin, de circa 2 ori, ajungând la cca. 11,5 mii de mld. lei, ceea ce înseamnă că tranzacția medie (valoarea medie a unei plăți cu OP scade de la 27 de mii lei la 24 mii lei, adică mai puține plăți cu numerar. Probabil cauzele sunt penetrarea instrumentelor de plată cu acces la distanță atât la populație, cât și la întreprinderi, dar și reducerea costurilor bancare (comisioanele per tranzacție; de exemplu în cazul multor bănci, pentru populație, comisioanele per tranzacție nu sunt tarificate, beneficiind de comision 0);

- cecurile sunt din ce în ce mai puțin folosite, numărul cecurilor emise scade de la 2 milioane, emise în 2014, la sub un milion. Totalul valoric al plăților cu cecuri se înjumătățește, scăzând de la 24 mld. lei la 12 mld. lei, iar tranzacția medie pe instrument, la cecuri este în creștere, dar rămâne sub valoarea medie a unui OP, explicația poate fi un regim de decontare mai greu, un timp mai lung de decontare, comisioane bancare mai ridicate și, nu în ultimul rând, riscurile de neîncasare atașate instrumentului;

- cambiile și biletele la ordin sunt mai bine reprezentate în raport cu cecurile, deși și în cazul lor scăderea utilizării este principala observație, numărul acestora se reduce de la circa 4,5 milioane instrumente în 2014 la puțin peste 2,5 milioane instrumente emise în 2021. Valoarea totală a plăților cu cambii și bilete la ordin este relativ stabilă între 2014 și 2021, oscilând 44 și 49 miliarde lei, ceea ce face ca tranzacția medie să crească cu mai bine de jumătate, până la 17 mii lei pe instrument. Intuim, datorită conținutului, circulației și modului de decontare că utilizarea lor este apanajul întreprinderilor, iar emiterea lor se datorează unor situații punctuale și probabil unor cerințe sau reglementări legale sau bancare.

Tabelul 7. Dinamica utilizării instrumentelor de plată cu acces la distanță în România

Anul	Instrument de plată cu acces la distanță	Număr maxim de utilizatori	Număr tranzacții în lei (mil.)	Valoare tranzacții în lei (mil. lei)	Număr tranzacții în valută (mil.)	Valoare tranzacții în valută (mil. euro)
2014	TOTAL	4.460.437	84,4	1.766.993	5,2	64.991
	Internet Banking	3.824.728	72,2	1.475.334	4,6	46.140
	Home Banking	25.458	11,1	290.391	0,5	18.799
	Mobile Banking	610.251	1,0	1.268	0,1	52
2015	TOTAL	5.888.818	96,3	1.962.735	13,5	70.166
	Internet Banking	4.954.149	77,0	1.715.385	11,9	48.687

Anul	Instrument de plată cu acces la distanță	Număr maxim de utilizatori	Număr tranzacții în lei (mil.)	Valoare tranzacții în lei (mil. lei)	Număr tranzacții în valută (mil.)	Valoare tranzacții în valută (mil. euro)
	Home Banking	29.874	13,2	242.120	0,9	21.439
	Mobile Banking	904.795	6,1	5.230	0,7	40
2016	TOTAL	5.893.498	99,8	927.818	7,1	43.369
	Internet Banking	4.227.612	87,9	692.767	6,1	29.369
	Home Banking	24.142	7,1	227.649	0,6	13.936
	Mobile Banking	1.641.744	4,9	7.402	0,4	63
2017	TOTAL	6.971.047	90,1	808.463	4,7	45.530
	Internet Banking	5.135.445	79,3	598.537	4,1	31.711
	Home Banking	12.297	5,2	198.632	0,2	13.329
	Mobile Banking	1.823.305	5,6	11.293	0,5	491
2018	TOTAL	7.832.919	115,4	1.381.234	11,2	136.692
	Internet Banking	5.263.592	98,5	1.190.850	8,6	92.303
	Home Banking	17.569	4,7	164.318	0,7	40.307
	Mobile Banking	2.551.758	12,2	26.066	1,9	4.081
2019	TOTAL	8.214.629,0	102,8	773.374,4	4,9	32.319,1
	Internet Banking	5.926.219,0	78,0	516.061,5	3,5	20.436,5
	Home Banking	17.471,0	7,1	219.484,7	0,2	10.432,3
	Mobile Banking	2.270.939,0	17,6	37.828,1	1,2	1.450,4
2020	TOTAL	8.999.500,0	108,1	790.600,8	5,4	35.256,8
	Internet Banking	6.590.221,0	83,2	517.425,5	3,9	21.819,8
	Home Banking	18.864,0	5,7	231.725,2	0,2	11.917,2
	Mobile Banking	2.390.415,0	19,1	41.450,1	1,3	1.519,7
2021	TOTAL	9.323.733	113,2	866.153	5,6	35.850
	Internet Banking	6.689.221	87,8	587.755	4,0	22.216
	Home Banking	21.911	5,8	235.659	0,2	12.108
	Mobile Banking	2.612.601	19,5	42.740	1,3	1.527

Sursă: Autoritatea pentru Digitalizarea României (<https://www.adr.gov.ro/>, secțiunea Societatea informațională, subsecțiunea e-banking)

În România, autorizarea utilizării instrumentelor de plată cu acces la distanță, de genul Internet banking, Mobile banking sau Home banking (Electronic banking), puse de intermediarii financiari (bănci, dar nu numai) la dispoziția clienței se realizează de către Autoritatea pentru Digitalizarea României (ADR; denumirea actuală, în trecut autoritatea purtând alte denumiri). Aceasta publică trimestrial o serie de informații despre utilizarea în România a instrumentelor de plată cu acces la distanță, de genul Internet banking, Mobile banking sau Home banking. Analiza cifrelor acestor statistici și dinamica lor, par să fie ușor fanteziste, credibilitatea lor fiind redusă datorită faptului că observațiile din realitate par să le contrazică. Totuși, iată câteva observații legate de aceste date:

- în 2014, statisticile amintite la paragraful anterior indicau pentru România aproape 6 milioane de utilizatori, din care 85% pentru Internet banking, 13% pentru Mobile Banking și 2% procente pentru Home Banking. Șapte ani mai târziu, în 2021, numărul utilizatorilor se apropiau de 9,5 milioane, din care 72% erau cei care foloseau Internet Banking-ul, 28% foloseau Mobile Banking-ul, iar cei care Home-banking-ul sub 0,2%, deci acesta din urmă nu mai era utilizat.

- în 2014, instrumentele de plată cu acces la distanță generaseră circa 90 milioane de tranzacții, aproape 90% în lei, 85% dintre ele erau emise de la sistemele de Internet banking, 13-14% din instrucțiunile de plată veneau de la sistemele de tip Home-banking, iar 1% veneau de la sistemele de tip Mobile – banking. În 2021, ADR, menționează în statisticile sale aproape 120 milioane de tranzacții, cele în lei reprezentând cca. 95%, iar pe tipuri de instrumente 77% erau emise prin sistemele de I-banking, 18% proveneau de la aplicațiile de tip M-banking și doar 5% de la aplicațiile de tip Home-banking instalate pe calculatoarele de

la locurile de muncă sau de acasă. Observăm penetrarea telefonului inteligent, folosirea aplicațiilor financiare de pe acestea, o scădere a utilizării calculatorului personal și a aplicațiilor de tip I-banking care presupun o utilizare mai complicată, parole, dar și instrumente separate pentru generarea de parole (token-uri fizice).

Penetrarea instrumentelor de plată cu acces la distanță în România în ultimii ani, de genul Internet Bankingului sau a Mobile Bankingului a făcut posibil ca utilizatorii acestora să își satisfacă tot mai mult nevoia de servicii bancare apelând la acestea. Astfel, utilizatorii de Internet Banking sau Mobile Banking puteau pe lângă plăți, transferuri între conturi, schimburi valutare să își deschidă depozite sau să le închidă, să solicite emiterea ori reemiterea de carduri etc. Dar, rămânea restricția, doar clientela bancară care erau înrolați în serviciile Internet Banking sau a Mobile Banking puteau să le acceseze, ocolind agenția clasică.

Tabelul 8. Bănci care permiteau deschiderea de conturi online prin verificarea la distanță a identității persoanei prin utilizarea de mijloace video (ian. 2022)

Banca	Deschidere de cont 100% online	Aplicare online cu încheierea procesului în sucursală
Banca Transilvania	Da	–
BCR	Da	–
BRD	Da	–
ING	Da	–
Raiffeisen	Da	–
UniCredit	Da	–
CEC Bank	Da	–
Alpha Bank	–	Da
OTP Bank	Da	–
Garanti BBVA	Da	–
Libra Internet Bank	Da	–
First Bank	Da	–
Banca Românească	Da	–
Intesa Sanpaolo	–	Da
Patria Bank	Da	–

Sursa datelor: Filip Bodoc, 2022

Criza pandemică și reducerea mobilității generată de aceasta a făcut ca băncile să inoveze și mai mult, permițând intrarea în sistem, în calitate de clienți și să își deschidă conturi online, ocolind serviciile Internet Banking sau a Mobile Banking, direct din pagina web a băncii, folosindu-se verificarea la distanță a identității persoanei prin utilizarea de mijloace video. În ianuarie 2022, wall-street.ro, inventaria un număr de 15 bănci, la care era posibilă deschiderea de conturi on-line verificând prin mijloace video la distanță identitatea persoanei (Filip Bodoc, 2022).

În principiu, pașii care trebuie parcurși de doritori pentru deschiderea de conturi online direct din pagina web a băncii, folosindu-se verificarea la distanță a identității persoanei prin mijloace video sunt: accesarea paginii web a băncii, secțiunea corespunzătoare; introducerea informațiilor personale sau de business, inclusiv cele de contact; verificarea numărului de telefonul furnizat; fotografierea și trimiterea cărții de identitate, cu OCR-izarea datelor (recunoașterea optică a caracterelor); realizarea unei fotografii de profil (tip selfie); compararea automată a datelor biometrice; inițierea unui apel video, prin intermediul platformei, pentru finalizarea procesului de recunoaștere a clientului; semnarea electronică calificată a a contractului digital de cont.

Totuși, în decembrie 2021, Autoritatea pentru Digitalizarea României a emis o normă, privind reglementarea, recunoașterea, aprobarea sau acceptarea procedurii de identificare a persoanei la distanță utilizând mijloace video, care obligă intermediarii financiari, dar și terții furnizori de astfel de servicii să își autorizeze sistemele de identificare a persoanei la distanță, utilizând mijloace video, acordând băncilor o perioadă de grație de 8 luni în care să intre în legalitate (ADR, 2021). Începând cu luna iulie 2022, o serie de bănci au anunțat pe paginile web că au primit acreditarea ADR pentru procesul video de deschidere a unui cont curent 100% online. Astfel, au comunicat public primirea acreditării din partea ADR Banca Comercială Română, CEC Bank, Banca Românească, Raiffeisen Bank, Banca Transilvania etc.

Așadar, se poate constata că intermediarii financiari din România au făcut pași importanți pentru digitalizarea unei importante părți din serviciile oferite clienței. Mai rămâne ca și clienții să adere la noile servicii, într-un număr care să rentabilizeze noile aplicații.

4. Concluzii

În România, digitalizarea serviciilor financiare a început de la emiterea cardurilor, iar statisticile BNR inventariau la sfârșitul anului 2021 un număr de aproximativ 20 milioane de carduri în circulație, sporul acestora în perioada ultimilor șapte ani analizați, era de aproximativ 5 milioane, deci o creștere de circa 33%. Numărul cardurilor care, deși emise, nu sunt utilizate de posesori, se menține relativ stabil în intervalul analizat, la circa 4 milioane, iar cardurile de credit cresc mai lent în ultimii șapte ani.

Principala funcție a cardurilor a rămas cea de retragere de numerar de la automatele bancare și undeva ceva mai spate plata mărfurilor la comercianți. O bună parte din posesorii de card încă îl folosesc preponderent pentru retrageri de numerar. Tranzacțiile cu cardul la POS-urile de la comercianți înregistrează o creștere a numărului tranzacțiilor de 14 ori în cei 14 ani analizați, iar valoarea totală a tranzacțiilor crește de 9 ori. Depunerile de numerar la ATM-uri cresc de aproape 30 de ori.

Economia digitală înseamnă și înlocuirea numerarului fizic cu bani digitali. În România, ponderea numerarului în circulație scade între 2007 și septembrie 2022, de la un maxim de 36%, în 2011, la 25% în luna septembrie 2022. Simetric, în același interval, banii din conturile bancare de disponibilități la vedere ale populației (deci bani digitali) cresc de la un minim de 15% în 2012-2013 (deci la finalul crizei economice) până la 25% în 2021.

Sistemul românesc de plăți este, încă din 2008, unul electronic, toate instrumentele de plată fiind decontate electronic. Așa că face parte din economia digitală. Principalele observații care se desprind din analiza indicatorilor referitoare la plăți în România sunt (a) majoritatea plăților se fac prin ordine de plată, iar cecurile, cambiile și biletele sunt din ce în ce mai puțin folosite.

În România, utilizarea instrumentelor de plată cu acces la distanță, de genul Internet banking, Mobile banking sau Home banking (Electronic banking) este din ce în ce mai frecventă. Informațiile publicate de Autoritatea pentru Digitalizarea României indicau, în 2014, aproape 6 milioane de utilizatori, din care 85% pentru Internet banking, 13% pentru Mobile Banking și 2% pentru Home Banking, pentru ca șapte ani mai târziu, în 2021, numărul utilizatorilor se apropia de 9,5 milioane, din care 72% erau cei care foloseau Internet Banking-ul, 28% foloseau Mobile Banking-ul, iar cei care Home-banking-ul sub 0,2%, deci acesta din urmă nu mai era utilizat. În ceea ce privește numărul de tranzacții efectuate cu instrumentele de plată cu acces la distanță, în 2014, ele erau în număr de 90 milioane de tranzacții, aproape 90% în lei, 85% dintre ele erau emise de la sistemele de Internet banking, 13-14% din instrucțiunile de plată veneau de la sistemele de tip Home-banking, iar 1% veneau de la sistemele de tip Mobile – banking, pentru ca, în 2021, să se înregistreze 120 milioane de tranzacții, cele în lei reprezentând cca. 95%, iar pe tipuri de instrumente 77% erau emise prin sistemele de I-banking, 18% proveneau de la aplicațiile de tip M-banking și doar 5% de la aplicațiile de tip Home-banking instalate pe calculatoarele de la locurile de muncă sau de acasă.

În sfârșit, criza pandemică și reducerea mobilității generată de aceasta a făcut ca băncile românești să inoveze și mai mult permițând intrarea în sistem, în calitate de clienți și deschiderea de conturi online, folosindu-se verificarea la distanță a identității persoanei prin utilizarea de mijloace video. În ianuarie 2022, erau inventariate un număr de 15 bănci, la care era posibilă deschiderea de conturi on-line, prin verificarea prin mijloace video la distanță a identității persoanei.

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CORRELATES OF COMPENSATION POLICES AND EMPLOYEE RETAINMENT

Solomon Akpoviroro Kowo (Ph.D)¹
Abdulazeez Alhaji Salau (Ph.D)²
Odumesi Abolaji Oladimeji (Ph.D)³
Felix Onoriode Ashakah (Ph.D)⁴

Abstract

Retention is one of the key fundamentals that are necessary for organizational success. In a globalized environment, retention and engagement of high prospective employees are a huge challenge to International corporations. In many cases, even engaged employees are sometimes dissatisfied with the outcomes of organizational performance which may lead them to look elsewhere. Due to these reasons, this paper investigates compensation factors and policies that influence employee retention and examines their impacts on both International Corporations and employees. For the purpose of this study primary data was used. The ex-post facto method was employed. The population consists of the members of staff of Guinness International PLC Plant, Lagos Nigeria. Yamane formula was adopted to determine the sample size. The data was analyzed using manual and electronic based methods through the data preparation grid and statistical package for the social sciences, (SPSS). Linear regression analysis method which also makes use of ANOVA was employed to test the hypothesis. The study found out that salary in compensation policy have effect on employee job security and also allowance affect job satisfaction Thus, the study recommends that International Corporations should identify those benefits which have more influence on employee retention. Furthermore, International Corporations need to revisit their present benefits package to identify those benefits which are not useful in order to replace them

Keywords: Retention, International Corporations, Compensation, Salary, Security, Allowance, Satisfaction.

Introduction

The quest to take industry leadership has made competition to exist in International corporations based on human compensation and development (Pearce, 2010). Different International corporations want to be the best, have the highest customers and profit and sustain the company for a long term period. To achieve all this, the retainments of employees is an important strategy; but behind this strategy there are laid down foundations (Hewitt, 2005). Of all foundations, money is very important. Money is like the heart of employees; you break it when you don't pay them. Most workers put in their best because of the pay while others don't also because of it. Therefore, for International corporations to survive in a competitive world, it must ensure to possess the best brains who can take the company forward to where it really wants to be. The compensation of employees in organization today is a critical element for the survival, growth, sustainability and competitive advantage over other organization because employees are the driving force to achieving the development and accomplishment of the organization's goals and objectives (Kehr, 2004).

Compensation is also a driving or motivating force to employee's productivity. It also helps in attracting the best employee in the industry to work for a particular organization. Retention is a voluntary move by an organization to create an environment which engages employees for a long term (Boomer, 2009; Adekanbi, 2016; Gillet et al, 2022). According to Ejiiofor (2010), the most important purpose of retention is to look for ways to prevent the

¹ Department Of Business Administration, Global Humanistic University Curacao

² Department of Management and Accounting, Summt University, Offa, Kwara State

³ Department Of Business Administration, Babcock University, Ogun State

⁴ Department Of Economics, Delta State University Abraka

capable workers from quitting the organization as this could have negative effect on productivity and profitability. The view that the main purpose of retention is primarily for organizational gains is similarly viewed by Ichniowski et al. (1997), who in describing the concept, place the focus of retention in terms of “some notion of adequacy or sufficiency of length of service...”, which can be measured in terms of a return on the costs of investment associated with training and recruitment or the effects on patient care that are considered to be optimal. It is on the premise that employee compensation plays an important role in their retainment that this study wishes to investigate the impact of compensation on employee retainment with reference to Guinness Plc. Lagos Plant.

However, it has been discovered that in the Nigerian system employees are not only motivated to stay for a long time in the organization through monetary reward; there are other factors which ensures the retainment of employees. Compensation is considered as the most important factor for attracting and retaining the talents of an organization (Harisson & Liska, 2010; Bibi, Ahmad & Majid, 2018). Companies have objective to retain their valuable employees; performance pay is considered an important factor for it. Nevertheless, according to Redling (2005) money bring the workers in the organization but not necessary to keep them. Also, according to Armstrong (2008) money satisfies the employee but it is not sufficient to retain the employee means it is insufficient factor. Money is not considered as primary retention factor (Noe, 1999; De Sousa et al, 2018; Igbal et al, 2021b). Many organization implement very good employees retention strategy without offering high compensation or pay based retention strategy (Huselid, 1995; Igba et al, 2021c). In such circumstances, salary is not the only factor for job security. The human resource management can decide to layoff some employees due to economic recession and other factors. According to Hytter (2008) work environment is generally discussed as industrial perspective, focus on aspect i.e. noise, toxic substances exposure and heavy lifts etc. The interesting part of work environment is; work environment characteristics in services sector is differ from production sector, because services sector directly deal with consumer/ clients (Normann 1986; Ambrorsius, 2018; Islam, 2022). Nevertheless, it has been discover that additional bonuses given to employee will eventually increase the cash outflow of the organization. This will reduce the input of cash to creating a better work environment. However, in the Nigeria organization system if the compensation is not released to employee on time, workers would be demoralized and may put-in less effort into their job. In the long-run this can increase employee turnover. This study therefore intends to examine whether compensation policies affect employee retainment in International corporations.

Objectives of the Study

The general objective of the study is to determine the effect of compensation policies on employee retainment in International corporations. The specific objectives of the Study are to:

- i. To examine the effect of salary on employee security.
- ii. To determine the importance of allowance on employee satisfaction.

Literature Review

Conceptual Framework

Compensation Concept

Scorginns et al (2006) posit that Compensation management can be defined as all the employers' available tools that may be used to attract, retain, motivates and satisfy employees. This encompasses every single investment that an organization makes in its people and everything its employees value in the employment relationship. Employee cannot sustain growth if they are not satisfied with their growth path and discouraged with the outcomes; unpaid and unmotivated

that may cause a gap between employees' effort and their organizational effectiveness (Antonakis & House, 2014; Fletcher, Alfes & Robinson, 2018). Simplistically, the notion of compensation management just says that there is more' to rewarding people than throwing money at them, or as Mulis and Watson in Armstrong (2008) puts it, "the monetary value in the compensation package still matter but they are not the only factor".

Compensation Strategy

Compensation strategy defines what the organization intends to do in the longer term to develop and implement reward policies and process that will further the achievement of its business goals (Igbal, 2022; Gopalan et al, 2020) . It establishes priorities for developing reward plan that can be aligned to' business and human resources strategies.

According to Brown in Armstrong (2008), compensation strategy is ultimately a way of thinking that you can apply to any reward Issue arising in your organization, to see how you can create value from it. To him, it is necessary to recognize that effective compensation strategies have three components:

- i. They need clearly define goals and a well-defined link' to business objectives.
- ii. There need to be well designed pay and reward programs tailored to the needs of the organization and its people and consistent and integrated with one another.
- iii. Perhaps most important and most neglected, there need to be effective and supporting human resources and reward process in place.

Definition and Review of Employee Retention

Employee retention refers to policies and practices companies use to prevent valuable employees from leaving their job. It involves taking measures to encourage employees to remain in the organization for the maximum period of time. Hiring knowledgeable people for the job is essential for an employer. But retention is even more important than hiring. This is true as many employers have underestimated costs associated with turnover of key staffs (Lawler, 1990; Gope, Elia & Passiante, 2018). Turnover costs can incurred with issues such as reference checks, security clearance, temporary worker costs, relocation costs, formal training costs and induction expenses (Redington, 2007; Alhamdan et al, 2017). Other invincible costs and hidden costs such as missed deadlines, loss of organizational knowledge, lower morale, and client's negative perception of company image may also take place. This is why retaining top talent has become a primary concern for many organizations today. Managers have to exert a lot of effort in ensuring the employee's turnover are always low, as they are gaining increasing awareness of which, Boomer (2009) opined that employees are critical to organization since their values to the organization are not easily replicated.

Many critical analyses are conducted to minimize the possible occurrence of shortage of highly- skilled employees who possess specific knowledge to perform at high levels, as such event will lead to unfavorable condition to many organizations who failed to retain these high performers. They would be left with an understaffed, less qualified workforce that will directly reduce their competitiveness in that particular industry. (Steel ,Griffeth, & Ham, 2002; Covella et al, 2017). Piotrowski (2003) have attempted to answer the question of what determines people's intention to quit, unfortunately till date, there has been little consistency in findings. Therefore, there are several reasons why people quit their current job and switch for other organization. The extent of the job stress, low commitment in the organization; and job dissatisfaction usually result in resignation of employees, (Kehr 2004; Igbal et al, 2020). Previous studies have also certified the relation between satisfaction and behavioral intentions such as employee's retention and spread the word of mouth (Anderson and Sullivan, 1993; Fryne, Kang, Hue & Lee, 2020).

Numerous studies showed how high employee's involvement can relate to the intention of leaving an organization (Roselward, 2004; Arachillage, 2017; Fu, He & Zhang, 2020; Argawal & Islam, 2015). Opportunities to learn and self-development in the workplace can be the key for employee dissatisfaction which leads to turnover. Other studies also indicated that employees will retain in their organization if he or she has a good relationship with the people he or she is working around with (Nweke, 2009). Organizations are therefore suggested to provide team building opportunities, where interaction and discussion can be carried out not only within but outside their working hours (Gomerz et al, 1995). This is why managers today must take care of their employee's personal feelings toward the job and satisfaction levels from their working conditions, superiors and peers, as these are the keys to ensure employee retention. The success and survivability of organizations is heavily dependent on customer evaluations (Delmestri & Walgenbach, 2009; Ahmad, Bibi & Majid, 2017), whereby the organization must put effort in satisfying their employees since the relationship between customer satisfaction and employee's satisfaction are significant.

Encouraging employees to remain in the organization for a long period of time can be termed as employee retention. It is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Berg (1973) stated "relatively less turnover research has focused specifically on how an employee decides to remain with an organization and what determines this attachment...retention processes should be studied along with quitting processes". Bridges (1991) has viewed retention as "an obligation to continue to do business or exchange with a particular company on an ongoing basis". Steel, Griffet & Ham (2002) stated that employees who are happy and satisfied with their jobs are more dedicated towards their work and always put their effort to improve their organizational customer's satisfaction. Stauss et al., (2001) has defined retention as "customer liking, identification, commitment, trust, readiness to recommend, and repurchase intentions, with the first four being emotional-cognitive retention constructs, and the last two being behavioural intentions" . Scorginns et al, (2001) emphasized that organizations today take great care in retaining its valuable employees and good employees as they are increasingly becoming more difficult to find. Debejar & Mikovick (1986) was of the view that managing and retaining promising employees' is an important fundamental mean of achieving competitive advantage among the organizations. Bridges (1991) was of the view that one of the most important demands on management today in any organization is keeping the most vital and dynamic human resources motivated and dedicated. It is not important to see who the organization hires but what counts is that who are kept in the firm.

Steel, Griffeth, & Hom (2002) added to this view that "the fact is often overlooked, but the reasons people stay are not always the same as the reasons people leave". Researchers such as Pearce (2010) have found that if appropriate employee retention strategies are adopted and implemented by organizations employees will surely remain and work for the successful achievement of organisational goals. In the view of Ichniowski et al., (1997), the Human Resource Department plays an active role in retaining its employees. It make policies for employee betterment such that employee would be satisfied with the organization and stay with the firm for longer time. This shows that it is not just retention of employees but also retention of valued skills. This shows that it is not just retention of employees but also retention of valued skills.

Researchers such as Ejiofor (2010); Kehr (2004) ; Harrison & Liska (2010) have agreed that an organization's inability to formulate and implement strategies capable of recruiting competent employees and retaining them to achieve organizational goals is one of the main challenge facing organizations in the area of performance. Boomer (2009) defined employee retention as "...a systematic effort to create and foster an environment that encourages

employees to remain employed by having policies and practices in place that address their diverse needs.” According to Luminita (2001), it is becoming more essential to secure and manage competent human resource as the most valuable resource of any organization, because of the need for effective and efficient delivery of goods and services by organizations, whether in public or private sector. Therefore, for an organization to realize its goals, appropriate strategies for employee recruitment and retention are sine-qua-non for enhanced performance. Researcher such as Rosenwald (2000) has confirmed that despite the fact that a company may try to bring all these factors into play to enhance employee retention, an employee can still choose to leave the workplace because of, for example, bad management Rosenwald (2000) pointed out that an organizations ability to retain its employees completely depends upon its ability to manage them. He found out four interlinked processes that can be utilized for an effective human resource management system: the motivational process; the interaction process; the visioning process; and the learning process. Berg (1973) noted on the fact that hiring new employees are far difficult as well as costlier than to keep the current employees in the organization. That is why the core issue in any organization is to give a continuous ongoing effort to identify and try to keep all the best performers irrespective of their age. Noe (1991) stated that employee retention strategies refer to the plans and means, and a set of decision-making behaviour put formulated by the organizations to retain their competent workforce for performance.

Theories on Compensation Management Practice

The Herzberg Two Factor Theory

In 1959, Frederick Herzberg introduced the two-factor theory which is also known as the motivation-hygiene theory. Herzberg's theory states that there are certain factors that are related to the content of the job and provides satisfying experiences for employees. These factors are called motivators or satisfiers and include achievement, recognition, the work itself, responsibility, advancement and growth. The theory positioned that there are non-job-related factors that can cause dissatisfying experiences for employees. These factors are known as hygiene factors or dis-satisfiers and include company policies, salary, co-worker relations, and style of supervision It must be noted that removing the causes of dissatisfaction (through hygiene factors) would not result in a state of satisfaction; instead, it would result in a neutral state (Herzberg, 1959). In spite of some criticism of Herzberg's two factor theory, it is one of the popular theories for managers worldwide.

Resource-Based View Theory

Resource-Based View (RBV) Theory claimed that a company must have valuable, rare, inimitable and non-substitutable resources to have a sustainable competitive advantage. Barney (1986) listed all of the assets, capabilities, organizational processes, firm attributes, information, knowledge, and so on, as resources. The application of this theory to compensation management and employee retention illustrates the role that people play in building a company's competitive advantage. Wright and McMahan (2001) referred to the following four features that people, as resources, must have for the company to be competitive. (1) they must give value to the company's production processes, (2) the skills that the company looks for must be rare, (3) the combined human capital investments of a company's employees cannot be easily imitated, (4) a company's human resources must not be substituted or replaced by technological alternatives. Overall, the resource-based theory provides a useful basis for understanding the value that compensation management adds to the retention of employee in the organization (Rudner, 2016).

Theory on Employee Retention

March and Simon Theory

March and Simon (1958) published the first formal theory of voluntary turnover in their book “organizations”. Their theory of organizational equilibrium emphasized the importance of balancing employee and organization contributions and inducements. Their model linked turnover decisions to job satisfaction and suggested that individuals who were more satisfied with their current job would indicate an increased desire to remain with their organizations. Simply March and Simon's theory states that as long as an organization pays an individual monetary inducement that matches or exceeds the individual's input into the organization; the individual will remain a member of the organization. Thus, both the individual and the organization strive to maintain a balance or state of equilibrium between the inducements and how much work the individual is willing to provide.

Research Gaps

Following research gaps were identified after an extensive literature review in the field of employee turnover, specifically in the context of organizations: Most of the studies on employee turnover and retention have been undertaken in the context of business organizations (Boyatzis, Rochford & Cavanagh, 2017; Amankwaa et al, 2019; Gillet et al, 2022; Igba et al, 2021a; Colson & Satterfield, 2018;). There is not much research work carried out in the context of non-profit organizations. Practitioners agree that there is a growing problem related to employee turnover and retention in the non-profit sector and therefore this area merits serious research attention. Over past decades, staff turnover has become a major concern for humanitarian agencies, yet only a few researchers have attempted an in-depth study offering detailed consideration of causes and consequences of employee turnover in the humanitarian sector (Pearce, 2010;), indicating this as a research gap. Furthermore, most of the existing studies on employee retention in the profit base sector have been carried out in the Western context. The researcher did not come across any Nigeria study, barring a few studies discussed in the above section, which comprehensively investigates the issue of employee turnover and retention in the context of organizations in Nigeria.

Research Method

For the purpose of this study primary data was used. Primary data was gather using questionnaire structured on the basis of the research hypothesis, which will be present to respondents to express their views and opinions, Ejiofor (2010) The ex-post facto method which involved the use of secondary data from the internet, journals, articles, and so on was also used. For this research project, the quantitative research design was used. a cross-sectional design was adopt as well. The aim and objective of the study is to know the impact of compensation policies on employee retainment. The population consists of the members of staff of Guinness PLC Plant, Lagos Nigeria. For this study, it is determined using Yarmane formula. This formula is concerned with applying a normal approximation with a confidence level of 95% and a limit of tolerance level (error level) of 5%.

To this extent the sample size is determined by
$$\left[n = \frac{N}{1+N_e^2} \right]$$

Where: n = the sample size

N = population

= the limit of tolerance

Therefore, n =
$$\frac{280}{1+280(0.05)^2}$$

$$= \frac{280}{1+280(0.0025)}$$

$$= \frac{280}{1+0.7}$$

$$= \frac{280}{1.7}$$

= 165 respondents

A sample size of one hundred and sixty-five (165) employees out of the two hundred and eighty (280) employee population of Guinness PLC Plant, Lagos Nigeria. All members of the population had equal chances to be chosen as part of the sample because one hundred and sixty-five (165) questionnaires were administered randomly to the entire employee population. The questionnaires employed for this study comprises two (2) sections. A and B. Section A has to do with the demographic analysis of respondents and it contains 7 questions, while section B, has to do with questions relating to the research topic and this contain (32) questions. The likert-scale was used to measure opinions, where for positive questions (Strongly Agree = 5, Agree = 4, Undecided = 3, Disagree = 2, Strongly Disagree = 1), and for negative questions (Strongly Agree = 1, Agree = 2, Undecided = 3, Disagree = 4, Strongly Disagree = 5). The instrument used for this research work is questionnaire and it valid because it is designed in such a way to deduce information in the variables of the research problems. The instrument also passes the following test of validity. These are: content test, criterion related test, construct test and discriminate validity by reducing bias, errors that might result from personal characteristics of respondents and from variability in their skill. The data was analyzed using manual and electronic based methods through the data preparation grid and statistical package for the social sciences, (SPSS). The utilization of structured grids allows specific responses to be located with relative ease and facilitate the identification of emerging patterns (Munn and Drever, 1990). In this research work, linear regression analysis method which also makes use of ANOVA was employed to test the hypothesis. Other methods of data analysis which was also used in this study include parametric and non-parametric measurement such as trend analysis.

Data Presentation and Analysis of Result

Table: 1 Distribution of respondents and response rate

Respondents Occupation	Questionnaire administered (sampled)	Percentage of total response (%)
Top Level	31	22.1
Middle Level	80	57.1
Level Lower	29	20.8
Total	140	100.0
Gender/Category	Questionnaire administered (sampled)	Percentage of total response (%)
Male	67	47.9
Female	73	52.1
No of Returned	140	84.8.
No of Not Returned	25	15.2
Total no of Questionnaires	165	100

Source: Field Survey 2022

Data analysis and Hypothesis Testing

Table 2: The Descriptive statistics of Compensation Policies And Employees Retainment in Foreign Market.

Responses	Total (N)	Mean
Salary Scheme and Job Security.		
Salary level determine employee security	140	4.36
Salary offered is in equity with competitive firm	140	3.88
The salary offered provide security for you and your family	140	3.79
Exiting job occurs due to the irregularity in salary scheme	140	3.89
Better offer by competitive firm may causes you to leave your organization	140	3.67
Allowance and Job Satisfaction	Total	Mean
Allowance offered in the organization influence the morale of the employees	140	3.89
Additional allowance is given base on additional performance	140	3.99
Employee gets appreciation and allowance if the desired works are accomplished	140	3.78
Employee feel encouraged to come up with new and better ways of doing things organization	140	3.84
Resources needed to do the job efficiently is being provided by the organization	140	3.72
Organization recognize and acknowledge employee effort	140	3.85

Field Survey 2022

Test of Hypotheses and Discussion of Results

Regression analysis was used to measure the effect of the independent variable to the dependent variable of hypothesis 1, 2 and hypothesis 3 and proper interpretation and analysis techniques was used to explain the hypotheses testing.

Hypothesis 1

H₀₁: There is no significant effect of salary scheme on job security.

H_{a1}: There is significant effect of salary scheme on job security.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.105 ^a	.011	.004	.64385

a. Predictors: (Constant), SALARY

Author's Compilation 2022

Table 4: ANOVA (b)

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	.641	1	.641	1.547	.216 ^a
Residual	57.207	138	.415		
Total	57.848	139			

a. Predictors: (Constant), SALARY

b. Dependent Variable: JOBSECURITY

Author's Compilation 2022

Interpretation of Results

The results from the model summary table above revealed that the extent to which the variance in job security can be explained by salary is 1.1% i.e (R square = 0.011). The ANOVA table shows the Fcal 1.547 at 0.0001 significance level. There is significant effect of salary scheme on job security.

Table 5 : Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.323	.193		12.031	.000
	SALARY	.096	.077	.105	1.244	.216

a. Dependent Variable: JOBSECURITY

Author's Compilation 2022

The coefficient table above shows the simple model that expresses how salary affects employee job security. The model is shown mathematically as follows; $Y = a+bx$ where y is salary and x is job security, a is a constant factor and b is the value of coefficient. From this table therefore, Job Security (Job Security) = $2.323 + 0.096\text{Salary}$. This means that for every 100% change in salary, job security contributed 9.6%

Decision

The significance level below 0.01 implies a statistical confidence of above 99%. This implies that salary in compensation policy have effect on employee job security. Thus, the decision would be to reject the null hypothesis (H_0), and accept the alternative hypothesis (H_1).

Hypothesis 2

H_{02} : There is no significant effect of allowance on job satisfaction.

H_{a2} : There is significant effect of allowance on job satisfaction.

Table 6 : Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.379 ^a	.144	.137	.59087

a. Predictors: (Constant), ALLOWANCE

Author's Compilation 2022

Table 7 : ANOVA (b)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.080	1	8.080	23.142	.000 ^a
	Residual	48.179	138	.349		
	Total	56.258	139			

a. Predictors: (Constant), ALLOWANCE

b. Dependent Variable: JOBSATISFACTION

Author's Compilation 2022

Interpretation of Results

The results from the model summary table above revealed that the extent to which allowance has an effect on job satisfaction is 14.4% i.e (R square = 0.144). The ANOVA table shows the Fcal to be 23.142 at 0.0001 significance level. The implication is that allowance significantly affects job satisfaction of an employee.

Table 8 : Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.411	.170		8.277	.000
	ALLOWANCE	.331	.069	.379	4.811	.000

a. Dependent Variable: JOBSATISFACTION

Author's Compilation 2022

The coefficient table above shows the simple model that expresses the effect of allowance on job satisfaction. The model is shown mathematically as follows; $Y = a+bx$ where y is job satisfaction and x is allowance, 'a' is a constant factor and b is the value of coefficient. From this table therefore, Job Satisfaction (Job Satisfaction) = 1.411 +0.331Allowance. This means that for every 100% change in Allowance, Job satisfaction is responsible for 33.1% of the change

Decision

The significance level below 0.01 implies a statistical confidence of above 99%. This implies that Allowance affect job satisfaction. Thus, the decision would be to reject the null hypothesis (H_0), and accept the alternative hypothesis (H_1).

Conclusion

The main concern of any organization is its capacity to attract, engage, and retain the right employee. Certain factors are crucial in influencing the employees' decision to either leave or remain in an organization. Nonetheless, the importance of other factors should not be miscalculated when formulating a retention policy. International Corporations should provide with a number of strategies to increase employee retention such as: design an interesting employee value proposition; develop a total reward system that contains more than compensation; give constructive point of view on employee performance on regular basis; implement flexibility programs in terms of work- life balance; build a culture of engagement,

develop and refine management skills to be effective, as it engages employees while driving improved performance at the same time (Scorgion et al, 2019). Also, employers should focus on issues and on the personal relationships they have with the employee to perform each function. This research sought to identify factors that affect employee retention and predict ways that the organization can improve on current practices. The main aim of any organization is to earn profit. But to attain the maximum profit, International Corporations should concentrate more on employees and the ways to retain them for their long run. From the study it is identified that different compensation policies that has been employed by International Corporations have a significant effect in determine if employee will leave or stay in an organization.

Recommendations

Based on the findings of the study, the following recommendations can be summarized;

- i. International Corporations needs to further improve its culture as it has the potential to retain employees, which will help it to retain its valuable assets (employees).
- ii. International Corporations should identify those benefits which have more influence on employee retention. Furthermore, Organizations need to revisit their present benefits package to identify those benefits which are not useful in order to replace them.
- iii. The salary of employee need to be increased, which will not only retain the present employees but will attract employees of other organization as well.

Suggestions for Further Studies

This research work focused on the effects of compensation policies on employee retainment. The researcher therefore suggests that further studies in this research topic be carried out on a larger population including the consideration of other manufacturing firm in Nigeria. The researcher also suggests that further studies can be carried out on related topics like the ‘the impact of compensation strategy on employee performance’.

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EVALUATING THE ROLES OF SOCIAL ENTREPRENEURSHIP AND SOCIAL INNOVATION IN THE ENTREPRENEURIAL ECOSYSTEM

Maruf Mohammad Sirajum Monir¹
Alula Nerea Geberemeskel²

Abstract

The study sheds light on “entrepreneurial ecosystem” which refers to the processing of resources, knowledge and talent in businesses for organisational growth. Business organisations focus on implementing strategies in “entrepreneurial ecosystem” that is not only good for organisational growth but also contributes to social and environmental development. “Social entrepreneurship” and “social innovation” are evaluated as the key elements of “entrepreneurial ecosystem” that is beneficial for social developments. Evaluating the roles of “social entrepreneurship” and “social innovation” in the “entrepreneurial ecosystem” is the main purpose of this study. In regard to this, primary sources have been used for gathering relevant, genuine and numerical data. A survey has been conducted with a total of 10 questions (including demographic) among a total of 51 respondents.

There were a few criteria maintained for gathering relevant data such as only the managers of start-up companies were allowed to participate in the survey for ensuring that all the participants have adequate knowledge regarding the research concept. Apart from that, SPSS software and excel are other instruments that have been used for completing the requirement of statistical analysis in this study. The software helped to generate statistics and graphs from the findings which are interpreted and discussed to achieve the objectives of this study. As a result, it is identified that the “entrepreneurial ecosystem” is essential for maintaining a successful interaction among different components such as human capital, technology, resources, talent, knowledge and others. Further, “social entrepreneurship” and “social innovation” are also important to be implemented in the “entrepreneurial ecosystem” for ensuring organisational and social developments.

Keywords: entrepreneurship, social innovation, social development, social entrepreneurship, entrepreneurial ecosystem

1. Introduction

1.1 Background of the research

“Entrepreneurial ecosystem” is one of the major focuses of this study which refers to the use of resources, information and talent for entrepreneurial growth which leads to social growth (Cavallo *et al.* 2019). “Social entrepreneurship” and “social innovation” are the parts of the “entrepreneurial ecosystem” which are focused on the development of different factors of society. Thereafter, “social entrepreneurship” refers to the approach by companies and entrepreneurs to develop funds and prevent different social issues (Saebi *et al.* 2019). In simple words, approaches taken by different start-up companies for identifying and solving social issues related to environmental, economic and other factors are called “social entrepreneurship”. In contrast, “social innovation” is all about the new practices that are implemented with the purpose of completing the social need (Hewitt *et al.* 2019). The study identifies the role of “social entrepreneurship” and “social innovation” in completing the goals of the “entrepreneurial ecosystem”.

Besides, the article specifically sheds light on the developing EU countries in which the “entrepreneurial ecosystem” plays a crucial role in economic development. Effects of “entrepreneurial ecosystem” on urban, rural and peri-urban areas in the developing EU countries are discussed in this study. Different components of the “entrepreneurial ecosystem” that are highly effective on social development are identified and evaluated in this article. The use of previously published articles and primary sources sustains the significance of this study.

¹ Bucharest University of Economic Studies, Bucharest, maruf.david@gmail.com

² Bucharest University of Economic Studies, Bucharest, Romania, gebremeskelalula20@stud.ase.ro

1.2 Aim and objectives

The study aims to understand the role of “social entrepreneurship” and “social innovation” in the “entrepreneurial ecosystem” across the developing EU countries. In regard to this, particular objectives are,

- To elaborate on the contribution of the "entrepreneurial ecosystem" to organisational growth
- To understand the impacts of "social entrepreneurship" on social development and company reputation
- To investigate the precise roles of “social entrepreneurship” and “social innovation” in developing an “entrepreneurial ecosystem”
- To demonstrate the importance of an "entrepreneurial ecosystem" for the economic development of the developing countries

1.3 Research questions

The research questions of this study are,

- How does the “entrepreneurial ecosystem” effects organisational growth?
- What are the impacts of “social entrepreneurship” on social development?
- What are the roles of “social entrepreneurship” and “social innovation” in an “entrepreneurial ecosystem”?
- How "entrepreneurial ecosystem" does contribute to the economic growth of developing countries?

2. Literature review

2.1 Concept of “entrepreneurial ecosystem”

“Entrepreneurial ecosystem” refers to the connection and collaboration among some specific elements which ultimately contributes to economic and environmental development of societies. In simple words, interaction between the people and culture of start-up companies which leads to the growth of entrepreneurship is called the “entrepreneurial ecosystem” (Wurth *et al.* 2022). Considering this, the key elements of the “entrepreneurial ecosystem” are entrepreneurs, culture, governance, human capital, knowledge, talent, education, social capital and regulations (Stam and Van de Ven, 2021). It is an important component of society which contributes to the development of health, economic, environmental factors of society.

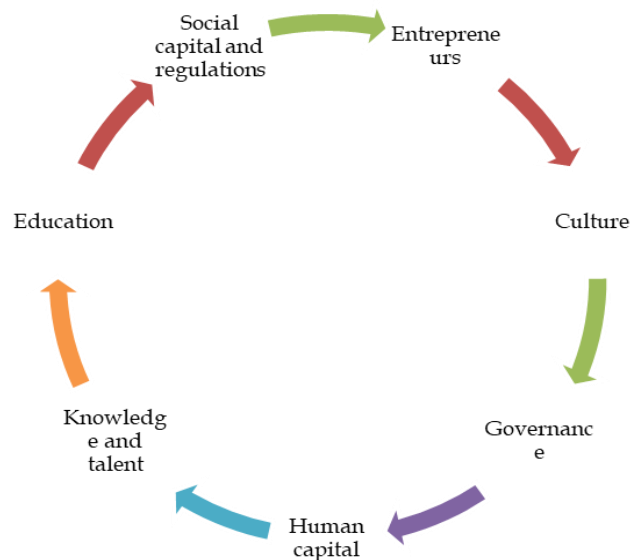


Figure 2.1: Elements of “entrepreneurial ecosystem”
(Source: Self-developed)

An effective connection among all the elements of the “entrepreneurial ecosystem” is important for the development of business companies. Effective interaction between talent, knowledge and human capital of the start-ups enhances performances as well as interaction between culture, governance, education and regulation leads to the maintenance of sustainability. Therefore, the “entrepreneurial ecosystem” makes the companies more responsible towards the development of communities, environment and societies (Malecki, 2018). Hence, the “entrepreneurial ecosystem” is all about the improvement of entrepreneurs or start-up companies which leads to the development of societies economically and environmentally.

On the other hand, micro businesses and SMEs play crucial roles in social development through “entrepreneurial ecosystem”. SMEs are focused on gaining competitive advantages and enabling local developments and that result in overall social development. Personal investments, commercial bank loans, venture capital and governmental loans are the funding mechanism of micro businesses and SMEs which creates financial issues for ecosystem.

2.2 Overview of “social entrepreneurship” and “social innovation”

A brief overview of “social innovation” and “social entrepreneurship” is presented in this portion of the study. The concept of “social entrepreneurship” refers to the identification of social issues and solving them by an organisation (Gupta *et al.* 2020). There are several start-up companies that are focused on developing different practices that are positively effective on social development. The figure below represents the process of “social entrepreneurship” and its contribution to positive changes in societies. It can be identified that entrepreneurs identify innovative ideas and strategies for mitigating different environmental, economic and health-related issues in society which is eventually beneficial for the companies (Bansal *et al.* 2019). As an example, producing products from sustainable materials leads to providing sustainable services which lead to the environmental development of society as well as the financial development of companies. Reducing poverty, accessing better health care and education, improving financial conditions, protecting natural resources and improving the overall lifestyle of communities are the main goals of “social entrepreneurship”.

This can be used as an effective strategy by business companies for developing an effective reputation in the marketplace and improving the financial stability of companies. Entrepreneurs in developing countries must be aware of this strategy which is not only good for enhancing the sales rate of companies but also for improving the condition of communities and societies (Rawhouser *et al.* 2019). The study identifies the role of “social entrepreneurship” in the “entrepreneurial ecosystem” and social development. On the other hand, “social innovation” is another important factor of this study which refers to the implementation of new practices with the purpose of solving specific social issues (Avelino *et al.* 2019). The development of education, economy, healthcare and working conditions of community people through some specific practices is called “social innovation”.

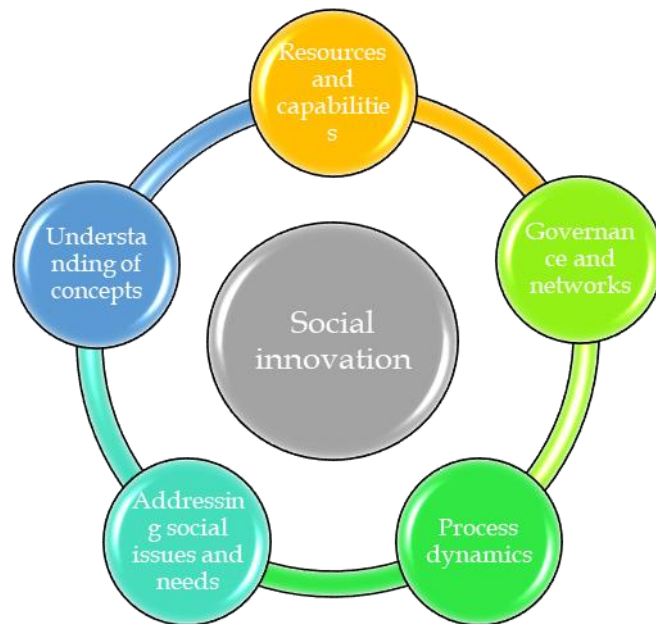


Figure 2.2.2: Key dimensions of “social innovation”
 (Source: Influenced by Schröder and Krüger, 2019)

The figure above represents the key dimensions of “social innovation” which includes a total of five dimensions. Resources and capabilities, governance and networks, process dynamics, addressing social issues and needs, and understanding of concepts are the dimensions of “social innovation” (Schröder and Krüger, 2019). Identification of social needs and completing them through implementing new practices is the main objective of “social innovation” within specific organisations. In other words, it can be stated that “social innovation” is important for economics, environmental and overall social development which is quite similar to “social entrepreneurship”. Hence, the significance of “social innovation” in the “entrepreneurial ecosystem” is one of the crucial focuses of the study.

2.4 Role of “social entrepreneurship” and “social innovation” in the “entrepreneurial ecosystem”

A brief overview of “social entrepreneurship” and “social innovation” is presented in the previous section of the study. The role of these two components in the “entrepreneurial ecosystem” is presented in this section of the study. “Entrepreneurial ecosystem” is all about maintaining an effective interaction among the components of start-up companies which automatically benefits social development (Ratten, 2020). Apart from that, in “social entrepreneurship” start-up companies generate strategies purposely to contribute to social development along with organisational growth. “Social entrepreneurship” can help to address social and economic issues which will make the entrepreneurs more responsible towards social development and that can help to get a better result from the “entrepreneurial ecosystem” (Thompson *et al.* 2018). In addition to that, “social entrepreneurship” helps to gain knowledge about the ecosystem between social people and companies and that is important for getting improved results from the “entrepreneurial ecosystem”.

It is identified that there is an effective connection between “social entrepreneurship” and the “entrepreneurial ecosystem” which ultimately result as positive changes in society. On the other hand, “social innovation” also plays a crucial role in the “entrepreneurial ecosystem”. It is identified that, “social innovation” process is highly capable of identifying innovation solutions for solving critical issues related to economy, healthcare, environmental and other factors. “Entrepreneurial ecosystem” is also focused on developing organisational growth for contributing to social developments. Hence, “social innovation” can help to

provide innovative and strategic ideas or solutions to social issues for completing the fundamental needs of society and the objectives of the “entrepreneurial ecosystem” (Goswami *et al.* 2018). Therefore, it can be stated that “social entrepreneurship” and “social innovation” are the two major components of the “entrepreneurial ecosystem” which is beneficial for social and community development.

3. Research methodology

3.1 Research design

Research design refers to the specific structure based on which a research study is conducted. Two categories associated with research design are qualitative design and quantitative design. Qualitative design includes non-numerical data and narrative analysis whereas quantitative design refers to numerical data and statistical analysis (Rutberg and Bouikidis, 2018). Gathering numerical data which are genuine is more relevant as well as statistical enhances the significance of a research study. Therefore, **quantitative design** has been chosen for this particular article which suggests gathering original and numerical data by using specific sources and evaluating all the findings with statistics and graphs.

3.2 Data collection

Using accurate methods for data collection that supports quantitative design is important. Primary sources such as surveys and secondary sources such as financial reports are capable of gathering numerical data (Moser and Korstjens, 2018). Based on the requirements of this article, **primary sources** have been used and a **survey** has been conducted among a total of **51 managers of different start-up companies**. It was important to ensure that all the participants have adequate knowledge about “social entrepreneurship”, “entrepreneurial ecosystem” and “social innovation” for gathering relevant data. Considering this, only managers of start-up companies were allowed to participate in the survey and answer the **10 questions** related to the research topic. Hence, a questionnaire (appendix 1) has been used as an instrument for collecting original and numerical data.

3.3 Sampling technique

There are different types of sampling methods such as systematic sampling, random sampling, cluster sampling and stratified sampling. Random sampling technique has been used for collecting samples which refers to giving equal opportunity to each of the data being selected as samples (Stratton, 2021). As all the participants had adequate knowledge about the concept therefore selecting any of the collected data randomly is accurate.

3.4 Data analysis

There are different techniques of data analysis and among them the appropriate one for evaluating primary quantitative data is important. It is previously mentioned in this study that quantitative design supports **statistical analysis** and that has been chosen for this study. Statistical analysis refers to the evaluation of findings through different statistics such as descriptive statistics, correlation statistics and others (Wang *et al.* 2019). SPSS software and excel have been used as the instruments for statistical analysis which helped to generate the statistics and graphs. Hence, all the findings are statistically presented in the next section of the study.

4. Findings and results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
3. Entrepreneurial ecosystem is important for enabling financial developments of start-up companies	51	0	4	3.24	1.031
4. Entrepreneurial ecosystem allows the companies to maintain effective interaction among different factors of businesses	51	0	4	3.25	.891
5. Fast flow of talent, resource and knowledge due to entrepreneurial ecosystem boosts overall organisational growth	51	0	4	2.59	1.374
6. Social entrepreneurship enables social developments through businesses as a part of entrepreneurial ecosystem	51	0	4	2.82	1.410
7. Social entrepreneurship helps to identify issues and challenges in society that are disrupting development of society	51	0	4	3.18	.910
8. Social innovation should also be a part of entrepreneurial ecosystem for ensuring both organisational and social growth	51	0	4	2.88	1.291
9. Social innovation is helpful to identify innovative ideas and strategies for preventing social issues	51	0	4	2.94	1.256
10. Social entrepreneurship and social innovation are important in entrepreneurial ecosystem for start-up companies to establish a great position in the market	51	0	4	3.06	1.333
Valid N (listwise)	51				

Figure 4.1: Descriptive statistics
(Source: SPSS)

Descriptive statistics is used for understanding the average of responses are acceptance or rejections which is based on mean values of the variables (Amrhein *et al.* 2019). The mean statistics should be more than 1 for evaluating that the participants have accepted the statements and lower than 1 value indicates rejections by the participants. Considering this, the mean values are 3.24, 3.25, 2.59, 2.82, 3.18, 2.88, 2.94 and 3.06. All of these values are greater than 1 and that signifies that most of the participants have accepted the statements in the survey.

		Correlations							
		3. Entrepreneurial ecosystem is important for enabling financial developments of start-up companies	4. Entrepreneurial ecosystem allows the companies to maintain effective interaction among different factors of businesses	5. Fast flow of talent, resource and knowledge due to entrepreneurial ecosystem boosts overall organisational growth	6. Social entrepreneurship enables social developments through businesses as a part of entrepreneurial ecosystem	7. Social entrepreneurship helps to identify issues and challenges in society that are disrupting development of society	8. Social innovation should also be a part of entrepreneurial ecosystem for ensuring both organisational and social growth	9. Social innovation is helpful to identify innovative ideas and strategies for preventing social issues	10. Social entrepreneurship and social innovation are important in entrepreneurial ecosystem for start-up companies to establish a great position in the market
3. Entrepreneurial ecosystem is important for enabling financial developments of start-up companies	Pearson Correlation	1	.957**	.832**	.868**	.935**	.878**	.907**	.921**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000
	N	51	51	51	51	51	51	51	51
4. Entrepreneurial ecosystem allows the companies to maintain effective interaction among different factors of businesses	Pearson Correlation	.957**	1	.823**	.864**	.955**	.879**	.890**	.880**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000	.000
	N	51	51	51	51	51	51	51	51
5. Fast flow of talent, resource and knowledge due to entrepreneurial ecosystem boosts overall organisational growth	Pearson Correlation	.832**	.823**	1	.922**	.827**	.920**	.855**	.855**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000	.000
	N	51	51	51	51	51	51	51	51
6. Social entrepreneurship enables social developments through businesses as a part of entrepreneurial ecosystem	Pearson Correlation	.868**	.864**	.922**	1	.851**	.977**	.909**	.921**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000	.000
	N	51	51	51	51	51	51	51	51
7. Social entrepreneurship helps to identify issues and challenges in society that are disrupting development of society	Pearson Correlation	.935**	.955**	.827**	.851**	1	.886**	.919**	.865**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000	.000
	N	51	51	51	51	51	51	51	51
8. Social innovation should also be a part of entrepreneurial ecosystem for ensuring both organisational and social growth	Pearson Correlation	.878**	.879**	.920**	.977**	.886**	1	.921**	.923**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000	.000
	N	51	51	51	51	51	51	51	51
9. Social innovation is helpful to identify innovative ideas and strategies for preventing social issues	Pearson Correlation	.907**	.890**	.855**	.909**	.919**	.921**	1	.958**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		.000
	N	51	51	51	51	51	51	51	51
10. Social entrepreneurship and social innovation are important in entrepreneurial ecosystem for start-up companies to establish a great position in the market	Pearson Correlation	.921**	.880**	.855**	.921**	.865**	.923**	.958**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	
	N	51	51	51	51	51	51	51	51

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

Figure 4.2: Correlation statistics
(Source: SPSS)

Correlation statistics are based on the probability (P) value of the variables which are used for evaluating the relationship among the variables (Obilor and Amadi, 2018). In this section, the IV which is “entrepreneurial ecosystem” and the DVs which are “social innovation” and “social entrepreneurship” have been measured. The P values of variables require being less than 0.05 for indicating positive relationships. Hence, the figure shows the P values are 0.957, 0.832, 0.868, 0.935, 0.878, 0.907 and 0.921. All the values are lower than 0.05 which signifies that there are positive relationships among the variables of this study. In other words, there is a positive relationship between “entrepreneurial ecosystem” and “social innovation” and “social entrepreneurship”.

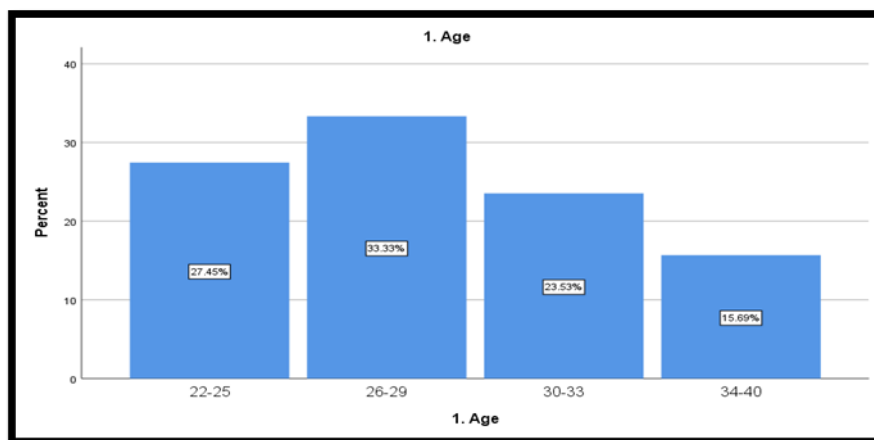


Figure 4.3: Age of the managers in the survey
(Source: SPSS)

At first, the managers were asked about their age and they were between 22-40 years old. Therefore, all the participants were split into four categories which are 22-25, 26-29, 30-33 and 34-40. The first category includes 27.45% of the participants, the second category has 33.33% of the managers, the third category includes 23.53% of the respondents and the fourth category includes 15.69% of the participants.

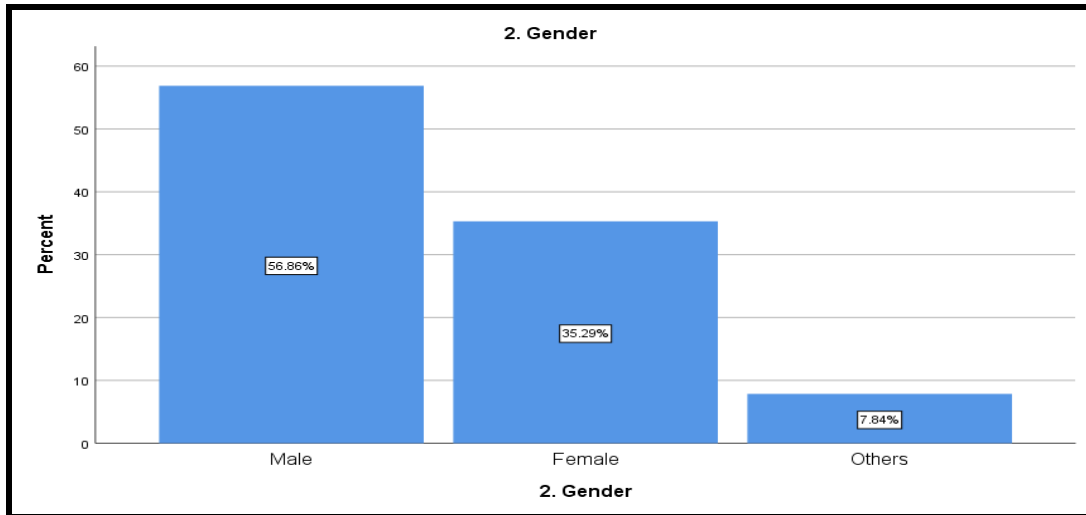


Figure 4.4: Gender of the participants
(Source: SPSS)

About 56.86% of the managers were male, 35.29% of the managers were female and 7.84% of the managers were from other sexual orientations in the survey.

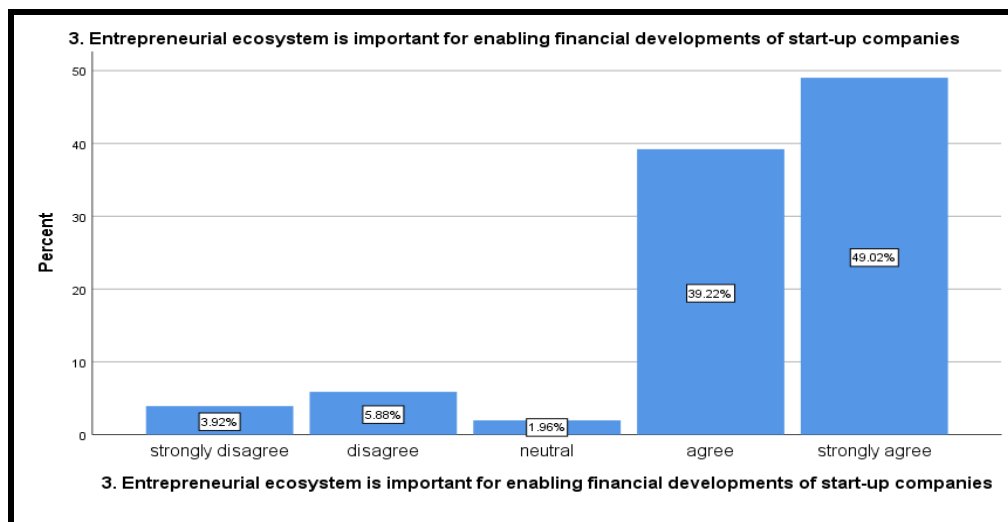


Figure 4.5: “entrepreneurial ecosystem” is important for enabling financial developments of start-up companies
(Source: SPSS)

The very first statement regarding the research concept was about the importance of the “entrepreneurial ecosystem” for companies. About 39.22% of the managers have accepted and about 49.02% have “strongly agreed” with the statement and stated that the “entrepreneurial ecosystem” is significant for financial growth of start-up companies. Nearly 3.92% of the managers have declined and about 5.88% have “disagreed” with the statement by stating that the “entrepreneurial ecosystem” improves operation performances but not financial performance.

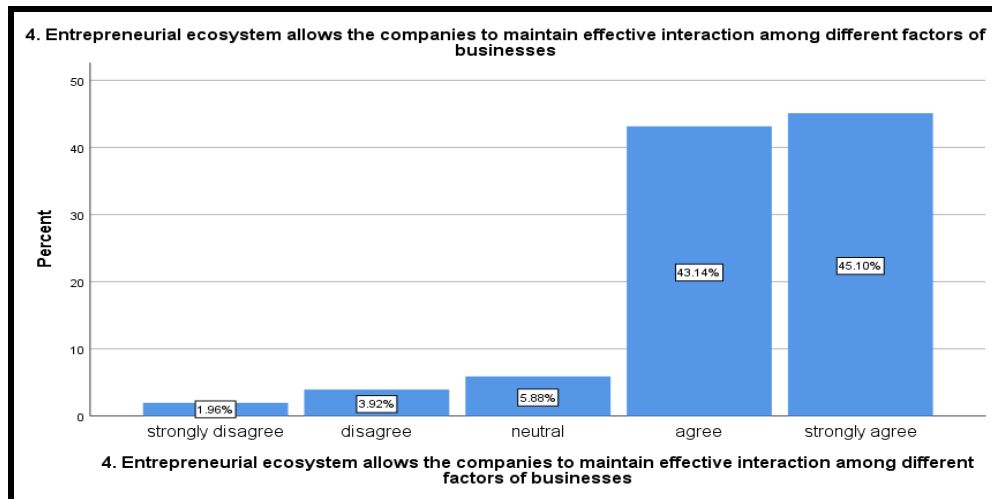


Figure 4.6: “entrepreneurial ecosystem” allows the companies to maintain effective interaction among different factors of businesses
(Source: SPSS)

About 43.14% of the managers have “agreed” and nearly 45.10% have “strongly agreed” with the next statement as they believe that successful interaction among operational components is called “entrepreneurial ecosystem” which improves business performances. Besides, 1.96% of the participants have “strongly disagreed” and 3.92% have “disagreed” with the same statement without any proper reason.

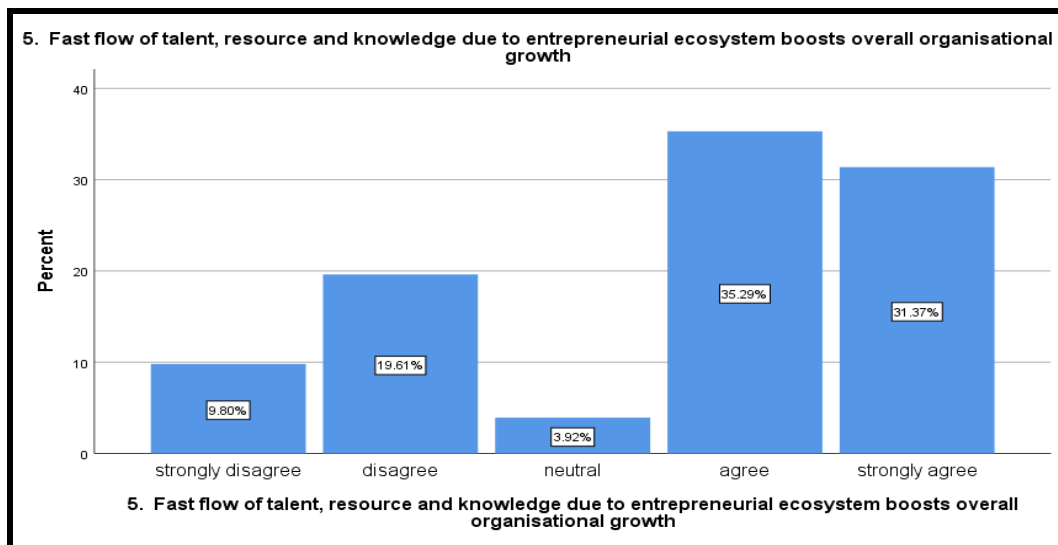


Figure 4.7: Fast flow of talent, resource and knowledge due to “entrepreneurial ecosystem” boosts overall organisational growth
(Source: SPSS)

Nearly 35.29% of the managers have accepted and about 31.37% have “strongly agreed” that the “entrepreneurial ecosystem” supports the flow of knowledge, resources and talent which contributes to overall organisational growth. Further, 9.80% of the participants have declined and about 19.61% have “disagreed” and stated that “entrepreneurial ecosystem” refers to the connection between each element of business operations, not only the particular elements.

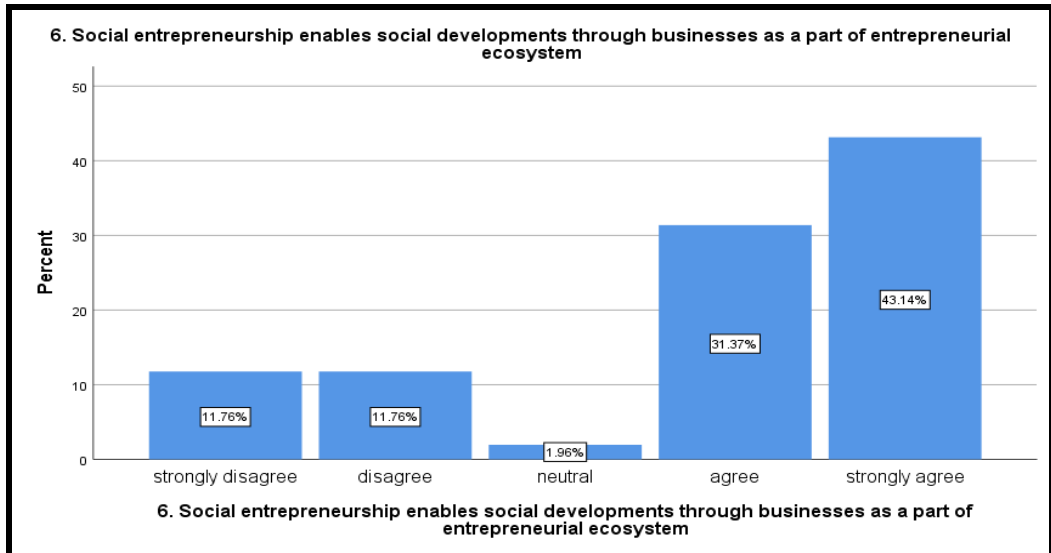


Figure 4.8: “Social entrepreneurship” enables social developments through businesses as a part of “entrepreneurial ecosystem”

(Source: SPSS)

The next statement was about the role of “social entrepreneurship” in the “entrepreneurial ecosystem”. Around 31.37% of the managers have “agreed” and about 43.14% have “strongly agreed” with the statement and stated that “social entrepreneurship” in the “entrepreneurial ecosystem” enhances the capabilities of companies to identify social issues and solve them along with organisational growth. In contrast, 11.76% of the participants have “disagreed” and 11.76% have “strongly disagreed” and opined it becomes complex for new businesses to include “social entrepreneurship” in the “entrepreneurial ecosystem”.

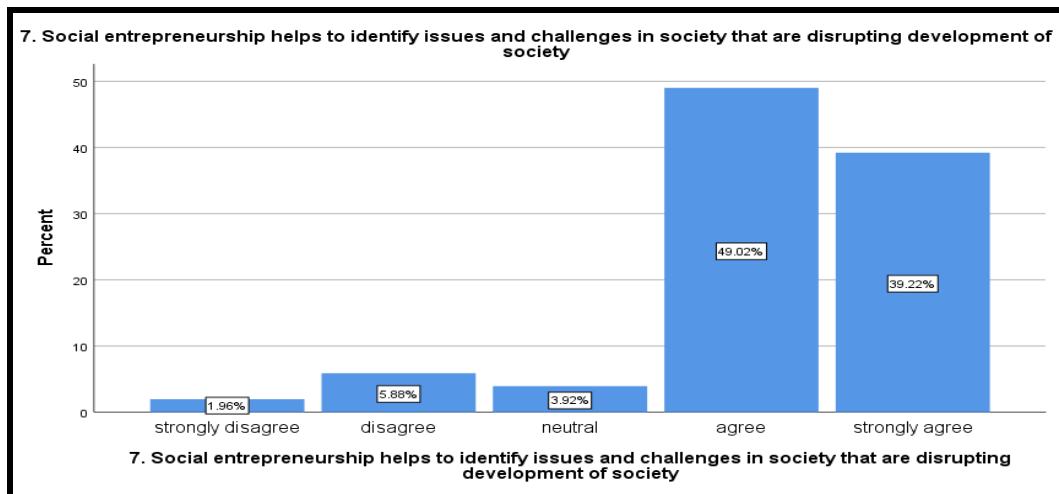


Figure 4.9: “Social entrepreneurship” helps to identify issues and challenges in society that are disrupting development of society

(Source: SPSS)

Nearly 49.02% of the managers have “agreed” and about 39.22% have “strongly agreed” with the next statement as they believe that “social entrepreneurship” is an effective strategy to identify potential challenges in society that disrupts social growth. Besides, 1.96% of the participants “strongly disagreed” and 5.88% of them have “disagreed” with the same statement and 3.92% of the managers avoided providing any kind of answer to the question.

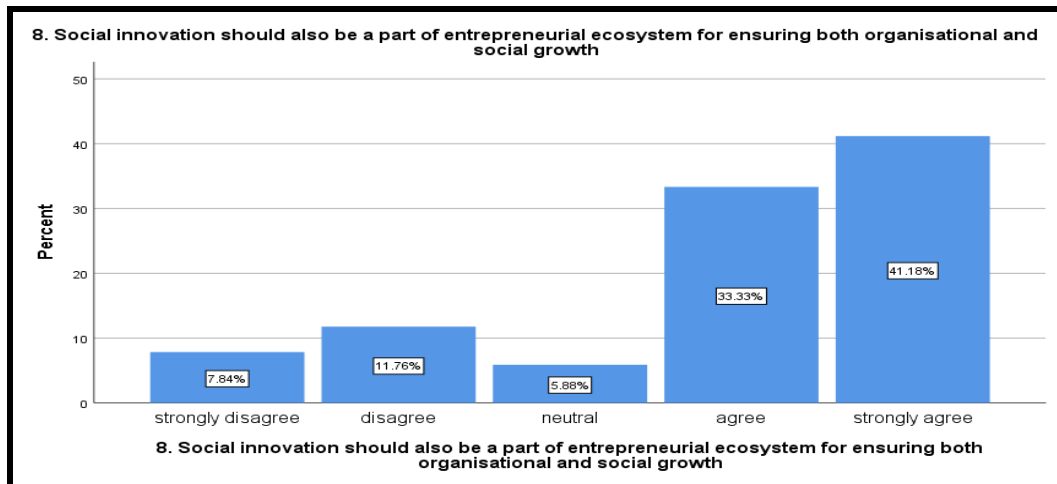


Figure 4.10: “social innovation” should also be a part of “entrepreneurial ecosystem” for ensuring both organisational and social growth
(Source: SPSS)

Around 33.33% of the managers have accepted and 41.18% of them have “strongly agreed” that “social innovation” is also an important strategy for developing a positive reputation in the market as it ensures the contribution of start-up companies in “social innovations. Besides, 7.84% of the participants have strongly declined and about 11.76% have “disagreed” and stated that integrating “social innovation” requires efficient skills among the team members to develop innovative ideas for social development and that might be challenging for start-up companies.

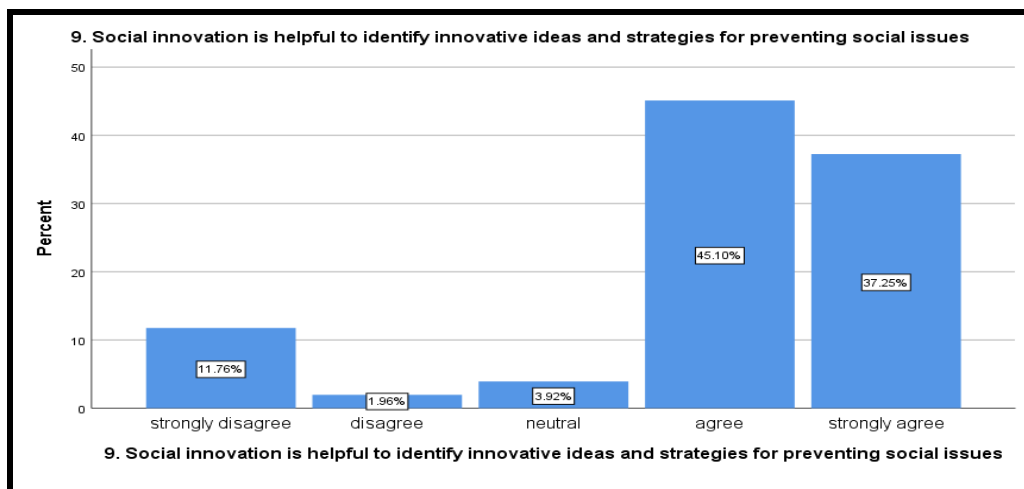


Figure 4.11: “social innovation” is helpful to identify innovative ideas and strategies for preventing social issues
(Source: SPSS)

Next, the statement was about “social innovation” and its significant role for diminishing social issues. About 45.10% of the managers have “agreed” and 37.25% of them have “strongly agreed” with the specific statement by stating that “social innovation” enhances the capabilities of companies to generate innovative ideas for resolving social issues which are effective as well. Apart from that, 11.76% of the participants have “strongly disagreed” and about 1.96% of them have “disagreed” with the same statement and opinionated that “social innovation” might require technological implementation which demands financial resources. Further, each and every idea of “social innovation” might not be effective for social developments.

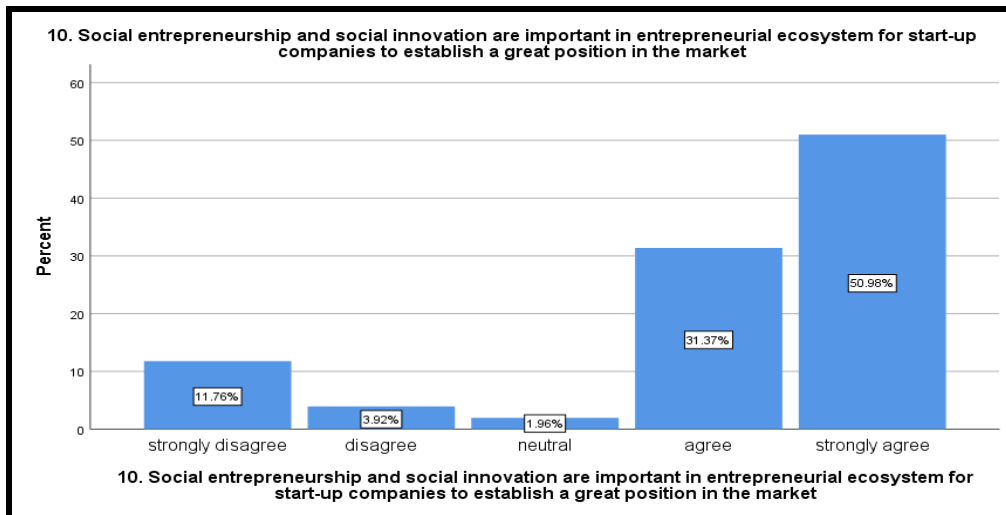


Figure 4.12: “social entrepreneurship” and “social innovation” are important in “entrepreneurial ecosystem” for start-up companies to establish a great position in the market
(Source: SPSS)

The last statement for the managers was about the role of both “social entrepreneurship” and “social innovation” in the “entrepreneurial ecosystem”. Nearly 31.37% of the managers have accepted and 50.98% of them have “strongly agreed” with the fact that these two strategies have crucial and positive roles in the “entrepreneurial ecosystem”. It enables the capability of start-up companies regarding the identification of social issues and effective strategies for resolving those issues. Besides, 11.76% of the managers have strongly declined and 3.92% of them “disagreed” with the statement and opinionated it might be complex for companies.

5. Discussions and conclusions

5.1 Discussion

HOW does the entrepreneurial ecosystem affect organizational growth?

It is identified that all the mean values are greater than 1 and that proves that most of the participants have accepted the statements regarding "entrepreneurial ecosystem", "social innovation" and "social entrepreneurship". "Entrepreneurial ecosystem" is highly preferable for all start-up companies to maintain a successful interaction among different resources, talents, technology and knowledge which leads to the overall growth of organisational performance (Elnadi and Gheith, 2021). About 45.10% of the managers have also agreed with the statement that the “entrepreneurial ecosystem” is beneficial for business companies.

What are the impacts of social entrepreneurship on social development?

“Social entrepreneurship” should be a part of the “entrepreneurial ecosystem” for ensuring organisational development and identification of social problems as well (Castellas *et al.* 2018). Nearly 50.98% of the participants agreed with the fact that "social entrepreneurship" in the "entrepreneurial ecosystem" is significant. Apart from that, “social innovation” could also be a crucial part of the “entrepreneurial ecosystem” as it helps to gain effective and innovative ideas to resolve social problems (Van *et al.* 2019). More than 80% of the managers in the survey have accepted the fact that “social innovation” should be a part of the “entrepreneurial ecosystem” for both organisational and social developments. Implementation of "social entrepreneurship" and "social innovation" in the "entrepreneurial ecosystem" contributes to the development of a positive reputation and brand image of start-up companies which enhances competitive advantages in the market.

What are the roles of social entrepreneurship and social innovation in the entrepreneurial ecosystem?

It is identified that about 50.98% of the respondents have opinionated that “social entrepreneurship” and “social innovation” helps to establish a reputed and great position in the marketplace. Therefore, it can be stated that these two components play crucial roles in the "entrepreneurial ecosystem" which not only improves the system but also contributes to the development of organisations.

How does the entrepreneurial ecosystem contribute to the economic growth of developing countries?

"Entrepreneurial ecosystem" enhances the capability of business companies to generate financial growth. About 49.02% of the managers in the survey have stated that the "entrepreneurial ecosystem" is significant for the economic development of business companies. Entrepreneurial growth contributes to the enhancement of the GDP of countries and in this way, the "entrepreneurial ecosystem" is important for the economic growth of developing countries.

5.2 Conclusion

It is identified that “social innovation” and “social entrepreneurship” have crucial roles in the “entrepreneurial ecosystem”. Both of these components make start-up companies capable of enhancing organisational capabilities, competitive advantages and social contributions. Participating in social developments is important for start-up companies to create a positive reputation in the market which gives competitive advantages. Hence, the “entrepreneurial ecosystem” enhances the competitiveness of start-up companies and that reflects in their financial growth.

6. Limitations and future scopes

6.1 Limitations of the research

Primary sources have been used for gathering original data but this led to less review of previous articles which is important for gaining more knowledge about the research concept. Besides, collecting data from only 51 participants due to lack of time and expenses is another limitation of this study.

6.2 Future scopes

This study can be used by other researchers in future for gathering relevant data about the “entrepreneurial ecosystem” and its importance for start-up companies. Along with that, there are scopes to research only on “social entrepreneurship” and its significance for business companies and society.

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Appendix 1: Questionnaire
Section 1: Demographic Block

1. Age
 - a) 22-25
 - b) 26-29
 - c) 30-33
 - d) 34-40
2. Gender
 - a) Male
 - b) Female
 - c) Others

Section 2: “social entrepreneurship” and “social innovation” in the “entrepreneurial ecosystem”

(Please rate your opinion against the attached statements based on the scale suggested below- 0 = disagree, 1 = strongly disagree, 2= neutral, 3 = agree, 4 = strongly agree)

Statements	0	1	2	3	4
3. “entrepreneurial ecosystem” is important for enabling financial developments of start-up companies	2	3	1	20	25
4. “entrepreneurial ecosystem” allows the companies to maintain effective interaction among different factors of businesses	1	2	3	22	23
5. Fast flow of talent, resource and knowledge due to “entrepreneurial ecosystem” boosts overall organisational growth	5	10	2	18	16
6. “social entrepreneurship” enables social developments through businesses as a part of “entrepreneurial ecosystem”	6	6	1	16	22
7. “social entrepreneurship” helps to identify issues and challenges in society that are disrupting development of society	1	3	2	25	20
8. “social innovation” should also be a part of “entrepreneurial ecosystem” for ensuring both organisational and social growth	4	6	3	17	21
9. “social innovation” is helpful to identify innovative ideas and strategies for preventing social issues	6	1	2	23	9
10. “social entrepreneurship” and “social innovation” are important in “entrepreneurial ecosystem” for start-up companies to establish a great position in the market	6	2	1	15	27

List of changes

- Figures are explained in the body of the text and properly cited
- Clear objectives and questions
- Sampling technique added
- Research questions are answered
- Purpose of the data collection, respondents are specifically described
- 5-point scale has been used

COMMUNICATION OPTIONS FOR RETIREMENT HOMES

Rebecca Spenner¹
Prof. Dr. Dr. habil. Patrick Siegfried²

Abstract

Purpose: This work aims to ascertain which communication opportunities would benefit the reputation of retirement homes and to determine the target groups this communication should address to procure new residents.

Research Methodology: To explore these topics, this paper will assess the retirement homes' current situation and with which target groups the communication must take place. The target group analysis will examine consumer preferences. The results' derived to the reviewed literature, an objectivist approach in form of a standardized online survey, and interpretivist approach was adopted through a problem-centered interview, which completes the quantitative findings with special knowledge.

Results: This research has found that retirement homes' restorative communication must be predominantly with women. Communication with them should occur through comprehensive websites, followed by consultations. Such consultations concerning care dependency can be standardized, but the social background of the decisionmaker must also be considered.

Limitations: not be shown how the communication possibilities of the high-cost facilities compare to the lower-cost facilities. It was not possible to accompany the decision-making process of the families actually affected. Furthermore, it was not possible to take a closer look at possibly existing communication between the old people's homes, e.g. via social networks.

Contribution: Management of retirement homes, communication for care givers, communication and care crisis

Keywords: care crisis, retirement homes, SINUS milieus, nursing homes, generation 50+, marketing mix

JEL Code: M31

1. Introduction

Demographic change is in full swing. One manifestation of this is that people are getting older and older and this ageing is happening in good health. This may seem positive at first - at least until the older years are reached. When the very old become ill, the course of the disease is usually more serious than in younger years. This is one of the reasons why many people become in need of care sooner or later. Approximately 2.6 million people are currently considered to be in need of care according to the Social Code Book XI (Grünheid & Sulak, 2016), by 2030 it is estimated that there will be 3.4 million. Further problems reveal themselves at this point: The willingness of relatives to care for the person in need by themselves at home is decreasing. This is due, among other things, to the rising (female) employment rate, increasing childlessness and the decreasing willingness of life partners to take over care. At the same time, there will be fewer and fewer caregivers to take over care in place of relatives: By 2030, there may be a shortage of almost half a million caregivers (Rothgang, Klie, Müller, & Unger, 2012). Accordingly, it is often not possible to give those in need of care the attention they need. This in turn results in dissatisfaction on the part of those in need of care and their relatives. This dissatisfaction is reflected in people's attitudes to care in general and to retirement homes in particular: over 90% would not want to move into 'residential care' under any circumstances (Klindt, 2018; Rothgang et al., 2012). They fear the intrusion of self-determination, being poorly cared for and being 'shunted away' from the family - these are just a few reasons (Lambers, 2016). The scandals that repeatedly make negative headlines do the rest. However, once a move to a retirement home has taken place,

¹ International Management, International School of Management, Dortmund, Germany. <https://orcid.org/0000-0002-6885-3574>

² University of applied sciences Trier, Schneidershof, 54294 Trier/Germany, <https://orcid.org/0000-0001-6783-4518>

the attitude of those affected usually changes to the positive (Thiele, Feichtinger, Baumann, Mitmansgruber, & Somweber, 2002). A lot of persuasion and education is needed before this often compelling step is taken. Due to the fact that probably everyone is concerned at some point with the decision for or against a retirement home - whether for relatives, e.g. parents, or for themselves personally - early discussion is indispensable. This in turn means that retirement homes have to communicate specifically with a large potential target group, while at the same time facing a serious image problem.

The aim of this paper is to find out what communication options are available to senior citizens' homes for this persuasion and education work. In other words, the following question is addressed: What has to be communicated, how and through which channels, to which target group, in order to revise the above-mentioned prejudices and to create a positive image that manifests itself even before moving in? Research to date in the field of care facilities has tended to concentrate on the socio-medical aspects. It was not possible to research a target group analysis in the classical sense of business management, although economic aspects are definitely also involved in the area of care facilities. Furthermore, there seems to be a research gap in the area of preparation processes for moving into a retirement home. For this purpose, this study also analyses the general status quo, both in terms of image and in terms of people's information behaviour and level of knowledge.

2. Literature review and hypothesis development

Various terms can be found in the literature: Target group, partial public, interest groups, dialogue groups (Hansen & Bernouilly, 2013). All these terms describe a group of people who, compared to the population as a whole, show homogeneous behavioural patterns in some areas. This group will now be illustrated with the purpose of influencing their opinions. This definition will serve as the basis for this work.

However, 'target group critics' point out that the classic classification according to demographic (age, gender, place of residence) and socio-economic (level of education, profession, salary class) (Pepels & Ammann, 2007) aspects is not sufficient (Judt & Klausegger, 2012). Accordingly, the following people fall into the same target group and should be addressed in the same way:

Two male English-men, both the same age and of advanced age, already divorced as well as remarried, with a good education and high income. The children of these men are also already adults. This description applies to both Prince Charles and rock star Ozzy Osbourne (Blumenrath, 2017; Kelber, 2018). Society is becoming increasingly individualised. Due to these overlaps, which emerge from the example, further criteria are added for a more precise delimitation (Hansen & Bernouilly, 2013):

- psychographic (attitudes, values, motives);
- functional (position in the company/club);
- media use (which media are used and with what habit);
- purchase and consumption behaviour (price sensitivity).

In order to take all these dimensions into account, so-called milieus were created. According to Émile Durkheim, the term 'milieu' refers to social groups that come together through commonalities, for example relationships, and which establish and follow moral rules that apply to them. However, these rules are not only formed when the group of people is in a comparatively close relationship to each other, but also in social classes. In the course of time, these still light and flexible rules solidify into lines of tradition (Vester, Oertzen, Geiling, Hermann, & Müller, 2001), from which the beginnings of milieus are formed.

One of the best-known milieu models that attempt to represent and examine these outwardly homogeneous groups is represented by the Sinus Milieu. This model "(...) provide[s] a true-to-life picture of the socio-cultural diversity in societies (SINUS Markt- und

Sozialforschung GmbH, 2018c). The accurate/holistic description of people's circumstances, their attitudes and values is intended to create an understanding that is "from the inside out" (SINUS Markt- und Sozialforschung GmbH, 2018b). Thus, in using this model one obtains information about the structure of the group and its individuals that relates to a specifically analysed society.

The grouping of people into, in comparison to the other groups, homogeneous blocks takes place in two dimensions:

- the social situation, defined by the level of education, the occupation and the available financial means/income, as well as
- the normative basic orientation. Formulated differently, this means: In the classification into the respective milieu, the individual's attitude and set of values are also taken into account.

These groupings are then illustrated as 'bubbles', the edges of which overlap and accordingly branch out in such a way that there is no sharp distinction, but rather the transition between the milieus is. By means of this categorisation, differentiated descriptions of e.g. customer (groups) can now be made, which subsequently serve to position products and/or services or to identify market niches and define market segments (SINUS Markt- und Sozialforschung GmbH, 2018a, 2018b).

Over time, the Sinus Institute has carried out a 'line extension'. This involved a reappraisal of the milieus for more than 40 countries worldwide. The Sinus Milieus can also be used specifically for individual districts through the specification 'geographical area'. With the development of digitalisation, 'digital Sinus Milieus' have also been created, which enable the identification of target groups among internet users. Two further extensions are also the youth milieu, which deals with the "diversity of youth lifeworlds" (SINUS Markt- und Sozialforschung GmbH, 2018b) of Germans under the age of 18, and the migrant milieu, which examines the background to migration and aims to portray the lifeworld and lifestyle of migrants.

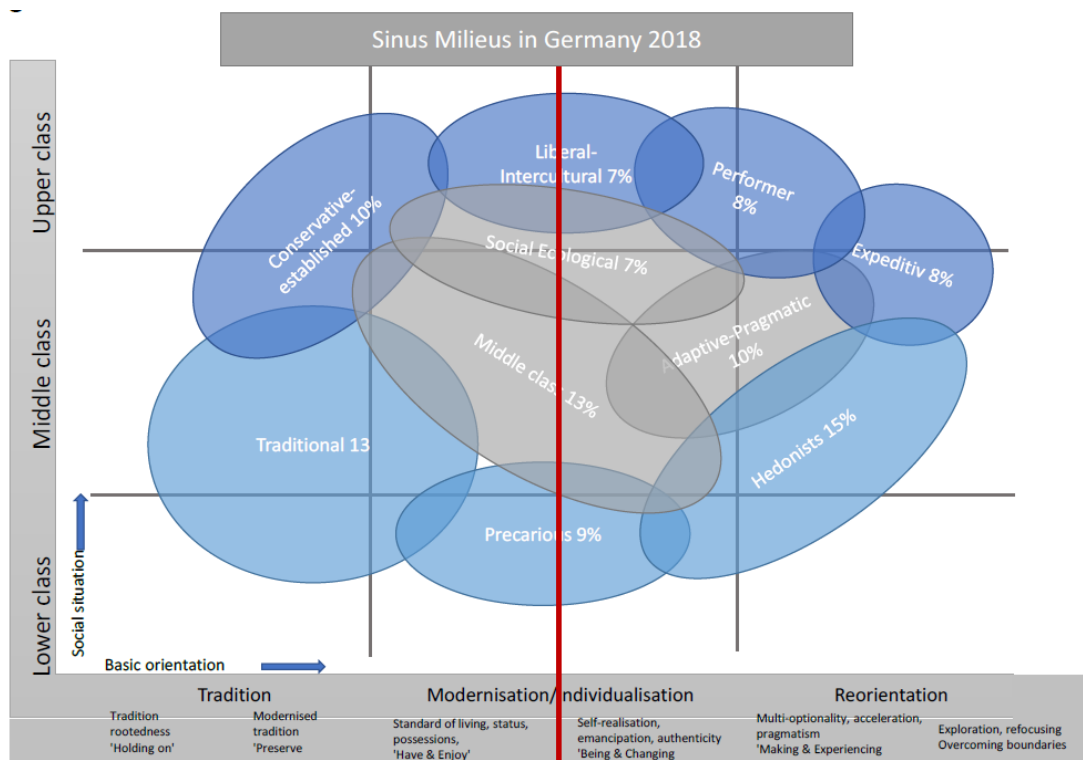


Figure 1: Sinus Milieus in Germany 2018

Source: Own representation according to SINUS Markt- und Sozialforschung GmbH, 2018a

The higher up one of these 'bubbles' is in the figure, the higher the education and income of the group members. In addition, the positioning towards the sides says something about whether the people in the respective milieu are more bound to tradition or have a modern attitude (SINUS Markt- und Sozialforschung GmbH, 2018a). The percentages within the 'milieu bubbles' are to be seen as an indicator of the proportion in the German population who belong to this milieu (SINUS Markt- und Sozialforschung GmbH, 2018c). The Sinus Institute distinguishes between three main groups of milieus (Judt & Klausegger, 2012), which are briefly explained below. Notwithstanding this, it is added what percentage of the Generation '50+' belongs to the respective milieu. Here, however, the Sinus Institute has grouped the generation '50+' into only eight milieus. The selection of this generation can be justified by the fact that both the (future) residents themselves and their children fall into this age group, because it is both parties who make a decisive decision about moving into retirement homes (Händler-Schuster, Kolbe, Koppitz, Dreizler, & Mischke, 2014).

Socially sophisticated milieus

The following four milieus fall into this superordinate milieu category:

The *conservative-established* milieu upholds traditions and strives to preserve them. Its members have a claim to leadership in society. In order to maintain this, they are inclined to allow moderate modernisation (Halfmann, 2014). The milieu also referred to as the 'classic establishment' values the combination of responsibility and exclusivity (SINUS Markt- und Sozialforschung GmbH, 2018c). 11 % of people older than 50 belong to this model (Deutsche Seniorenwerbung GmbH, 2018).

The *liberal-intercultural* milieu has a high level of education (SINUS Markt- und Sozialforschung GmbH, 2018c). For them, self-determination in all situations in life is essential (Halfmann, 2014). This milieu sees itself as a pioneer of modernisation and individualisation (SINUS Markt- und Sozialforschung GmbH, 2018a). 6% of the 50+ generation are part of this milieu (Deutsche Seniorenwerbung GmbH, 2018).

The members of the *performer* milieu are seen as so-called 'doers' who are keen to accelerate developments in order to enable a reorientation (SINUS Markt- und Sozialforschung GmbH, 2018a). When accelerating developments, these people always have to keep the international processes in mind. They use technological progress to prepare society as a whole for the future (Halfmann, 2014). 4 % of the over-50s are 'performers' (Deutsche Seniorenwerbung GmbH, 2018).

The *expeditive* milieu tries to overcome hurdles and thus create a new orientation. These people are perceived as hyper-individualistic. This milieu sees technical innovations as a challenge in which they can exploit their creativity (SINUS Markt- und Sozialforschung GmbH, 2018a, 2018c).

Milieus of the middle

The *middle-class* milieu forms the so-called mainstream of society. It strives for security in life - this applies to family life as well as professional life. With 21%, the group of plus 50-year-olds is the second largest here (Deutsche Seniorenwerbung GmbH, 2018; SINUS Markt- und Sozialforschung GmbH, 2018a).

The *adaptive-pragmatic* milieu, strives for security, but these people are willing to compromise and have flexibility. The majority of Germany's younger people can be assigned to this milieu. Therefore, in addition to security, the maxims are 'experiencing' and 'doing' (SINUS Markt- und Sozialforschung GmbH, 2018c).

In a way, the *socio-ecological* milieu forms a border to the upscale milieus. This grouping is seen as 'globalisation sceptics', so that they are always concerned about 'political correctness' and

'versatility' when it comes to critically discussed issues. 7% of the 50+ generation can be found in this milieu (Deutsche Seniorenwerbung GmbH, 2018; Halfmann, 2014).

Milieus of the lower class

In the Sinus-Milieu model, the lower class milieus consist of 37% of Germans. In this distribution, the *hedonists* and the *traditionalists* embody the largest groups.

The *traditional* milieu attaches great importance to traditional values and tries to hold on to them. The reason for this is assumed to be that many members of this milieu were shaped by the war years in their childhood (Halfmann, 2014). These children subsequently grew up in 'working-class Germany' with traditional role models (SINUS Markt- und Sozialforschung GmbH, 2018c). The group of over-50s is the largest in this milieu with 30% (Deutsche Seniorenwerbung GmbH, 2018).

The *precarious* milieu is characterised by fear of the future, and members of this milieu also isolate themselves from others. As a result, integration is difficult and possible opportunities for advancement are almost non-existent. 11 % of the 50+ generation are classified as 'precarious' (Deutsche Seniorenwerbung GmbH, 2018; SINUS Markt- und Sozialforschung GmbH, 2018a).

The *hedonistic* milieu comprises the fun and experience-oriented people in. These people are always looking for new orientation. In order to find this, however, they would not overcome hurdles or submit to socially determined behavioural patterns. 10 % of the 50+ group are hedonistic (Deutsche Seniorenwerbung GmbH, 2018; Halfmann, 2014; SINUS Markt- und Sozialforschung GmbH, 2018a).

Target group preferences

The term, 'preference' is understood as a "certain preference[s] in the behaviour of market participants" (Bibliographisches Institut GmbH, 2018b). These preferences are now presented for the eight Sinus-Milieus of the 50+ generation in relation to communication options. In the following, a distinction is made between new (internet: websites, emails, blogs) and classic (radio, TV, print media) communication options.

11% of the 50+ generation are assigned to the *conservative-established* milieu. Due to the characteristics explained above, it is important to note that communication takes place via the classic instruments, but here especially via TV and radio. The willingness of this milieu to take on responsibility and leadership may mean in communication terms that members of this milieu will attach great importance to continuing to 'hold the reins' when choosing an institution. Both in communication and later on, the aim is to maintain autonomy.

For the *liberal-intercultural* milieu, autonomy also represents an essential factor. Due to the affinity to modernisation and individualisation, this milieu can be addressed by modern means of communication such as individualised e-mails and articles available online. Nevertheless, the high level of education demands a classy approach that offers the person added value, e.g. exclusive knowledge; colloquial language is to be avoided. This milieu also uses TV and radio quite heavily (Teske & Wittenzellner, o. J.).

The 50+ *performers* are comparatively underrepresented at 4%. However, since they keep an eye on society as a whole in their actions and promote innovations, they can later be used as multipliers who pass on information to others, e.g. in the form of word of mouth. These people are 'doers' with a progressive mindset. Therefore, communication must be done through the new media and must be short and concise so that these people can then directly 'take action'. Recommendations for action and guidelines that can be found online or sent directly 'would-be' advantageous here (Kalka & Allgayer, 2007).

The *middle-class* striving for security can also be used to advantage in communication. For example, informative articles that tell the reader in great detail what he or she must do in

order to certainly do something right are advisable - especially in relation to relatives. Communication should take place primarily via television and then through the radio (Teske & Wittenzellner, o. J.).

The 'borderline' *social-ecological* milieu must be dissuaded from their existing scepticism by comprehensive information. Here, the content must illuminate numerous points of view and the political order must be secured in order to convince this milieu. Communicatively, this can be done through online articles and TV reports, but also through radio reports.

The largest milieu among the 50+ generation is *tradition-bound*. As a result, these people prefer simple, clear communication via traditional channels, with television being preferred by a wide margin over radio and newspaper use being among the highest compared to the other milieus. Here it is not the political correctness that is important, but the respectful address (Kalka & Allgayer, 2007).

The isolated, *precarious* milieu can also be reached via the classical route. Here, care must be taken not to overwhelm people and to take away some of their fears. This milieu prefers television, but uses newspapers just as often as the traditional milieu (Teske & Wittenzellner, o. J.).

The *hedonistic* milieu prefers communication that matches their experience-oriented basic attitude. These people want to discover new things and have fun doing so. This can be achieved through interesting media content in the new media, e.g. articles with curiosity arousing titles (Kalka & Allgayer, 2007).

Demographic changes

The much-used term 'demographic change' refers to the changing age structure (Landesinstitut für Arbeitsgestaltung [LIA.nrw], 2016). This change has been taking place in Germany since the beginning of the 20th century and not, as widely assumed, only since around 1950 (Grünheid & Sulak, 2016). As early as 1910, the trend became visible that the declining birth rate (number of live births in one year per 1,000 persons of the average general public) was outstripped by the death rate (number of deaths in one year per 1,000 persons of the average general public). In other words: Fewer people are born in Germany each year, than die each year.

At the same time, average life expectancy is rising. This is due to better health care, advancing medical possibilities and greater knowledge of the causes of disease and the associated preventive options (Pöttsch & Rößger, 2015). More people are dying, but at a much higher age.

While the German population is getting older and older and the proportion of old people continues to increase, the total population of Germany is declining at the same time (Grünheid & Sulak, 2016). This applies regardless of which scenario is used for the calculations. The following chart illustrates the population development taking into account two scenarios: a) weaker immigration and b) stronger immigration.

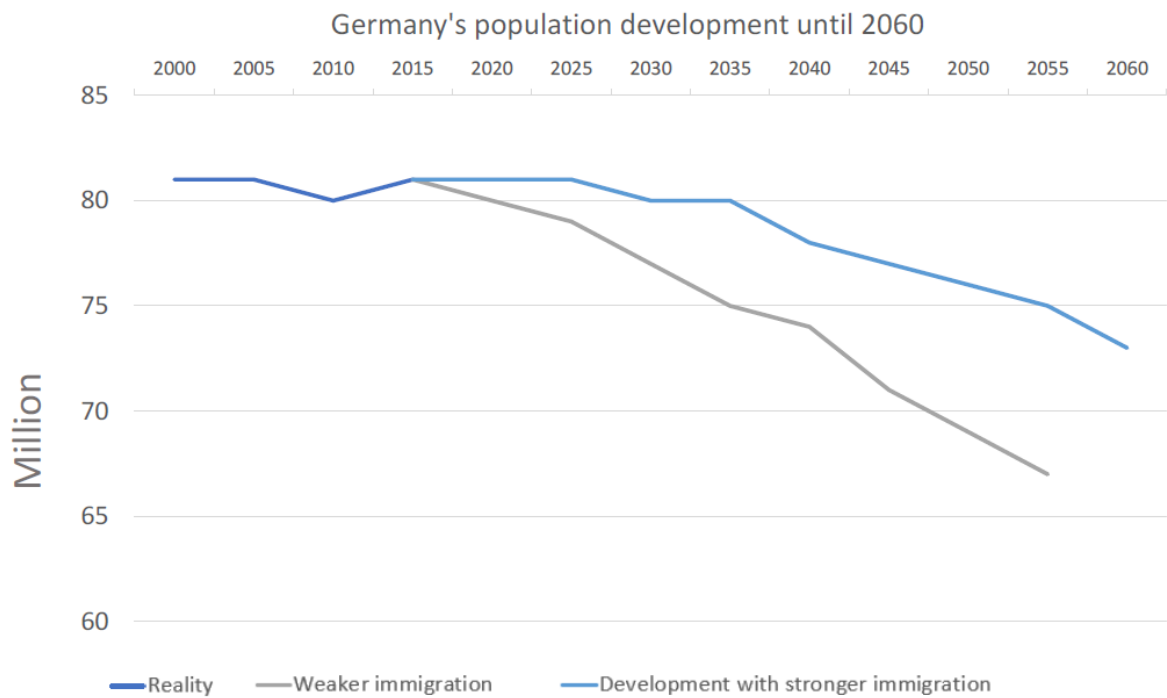


Figure 2: Population development in Germany until 2060
 Source: Own representation based on Statistisches Bundesamt, 2018

This development can hardly be stopped, and if it is, it is only possible in the long term, since with each shrinking generation there are also fewer potential mothers. Another emerging trend is the conscious decision to become childless: almost 20% of German women are childless. This in turn decimates the proportion of women who could potentially bear children.

After reaching a low point in 2011 with approx. 663,000 births, the number of births is, however, rising again. However, a shift in the age at birth is becoming apparent. This means that compared to 1970, women are about 6.5 years older when they have their first child. The reasons given for these older first-time mothers are the longer period of education and the increased employment of women as well as partner lessness.

Another aspect that has changed is the gender ratio. In the past, there were 280 women for every 100 men, whereas today there are 186 women for every 100 men. The reasons given for this are the low (male) infant mortality rate, a decline in male casualties from unnatural causes of death, such as traffic accidents, as well as the end of wars in which predominantly men fought and died on the battlefields. For retirement homes, this means that any existing focus on female seniors must be expanded to include male seniors (Grünheid & Sulak, 2016).

If the generations are also put in relation to each other, it is noticeable that the working population has to finance more and more senior citizens. Whereas in 2013 there were only 34 people over the age of 65 for every 100 people of working age, the Federal Statistical Office estimates that in 2060, with lower immigration, there will be 61 people over the age of 65 for every 100 people in employment. Should immigration amount to 200,000 persons instead of 100,000, the age ratio will fall only minimally - there would then be 61 persons over 65 for every 100 gainfully employed persons (Pötzsch & Rößger, 2015).

Figure 3 below contains an overview of the development of the main age groups. It can be clearly seen that the population structure in Germany is shifting. There will be a decrease in the 20-64 age group, whereas there will be an increase in the over-65 age group.

(Predicted) age distribution in the population of Germany

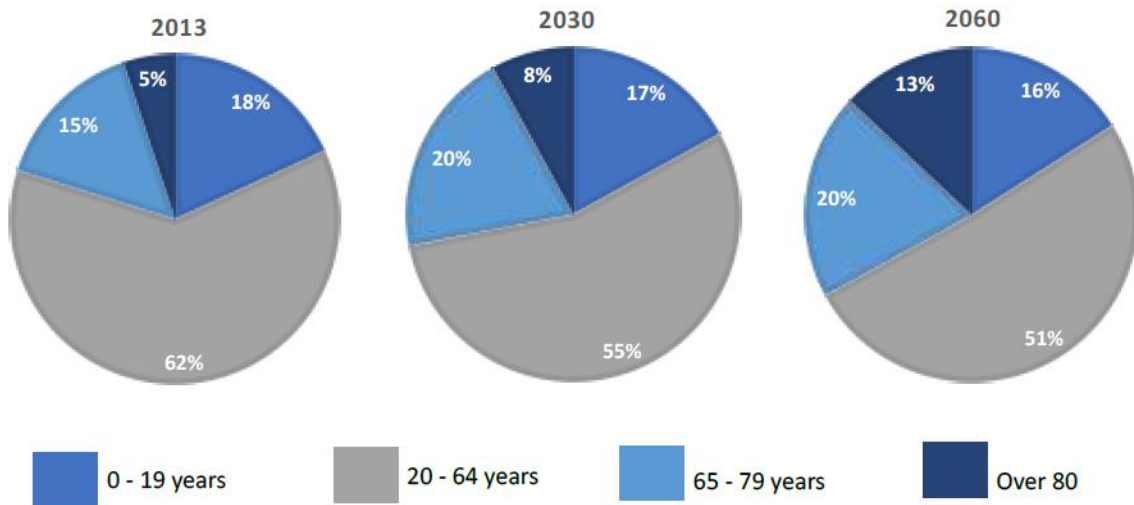


Figure 3: Age distribution in Germany

Source: Own representation based on Pöttsch & Rößger, 2015

What initially appears to be problematic for many sectors of the economy can be seen as an opportunity for the (elderly) care market (Grünheid & Sulak, 2016). In the long term, an increased demand for care positions can be expected, because the baby boomers will retire in the foreseeable future and will most likely need care and assistance a few years later (Kühn, 2017).

Analysis of the Status Quo of Senior Citizens' Homes in Germany

The following is a situation analysis for assisted living for the elderly based on literature and online sources. First, however, the terminological inconsistencies should be addressed. There are numerous terms for the facilities discussed below: Home for the Elderly or Nursing Home. In the past, it was still extremely relevant to pay attention to the differences when making a choice, because there was more 'care' in a nursing home for the elderly than in a residential home. Nevertheless, the 'living' factor increasingly took a back seat and facilities had to offer more and more 'care services' (pflege-deutschland.de, 2018 Thor & Siegfried, 2021a).

In this work, the above-mentioned terms are used alternately as synonyms and mean the following in this context: a facility in which older people with differentiated care needs live communally and are cared for by specially trained staff.

Current image

The terms 'image' and 'attitude' are widely used synonymously in the literature (Freyer, 2011; Kroeber-Riel, Weinberg, & Gröppel-Klein, 2011) and both refer to the consumer's basic attitude towards an object of opinion; this can be tangible or intangible (Freyer, 2011). This idea of something - be it a product or a service - is not only influenced by the manufacturer, but also by the environment (Ball, 2000). This environment, consisting of media and the opinions of others, influences this image.

In relation to the image of retirement homes, this means that the person who begins to look into the subject is initially dominated by the image that has already been created in his or her own mind. This image is negative for people who have not (yet) dealt with the subject of old people's homes (Altmann, 2014; Thiele et al., 2002). The following section illustrates the prejudices that shape the 'bad' image:

One of the reasons for the negative image is seen in the history of retirement homes. In earlier times, there was no retirement and people worked until it was no longer possible for them physically and mostly in terms of health. When this time of fragility came, the elderly were cared for by the family and died shortly afterwards. For those who had no family to care for them, and who also had no assets to pay someone for these services, the only option was to go to the ancestor of today's homes for the elderly: Poorhouses or also called infirmaries. However, not only old, poor people lived there, but also sick and disabled people as well as orphans (Thau, 2018). Despite the fact that these communities were mostly financed by the churches and run in a totalitarian manner (Lambers, 2016), food was inadequate and the communities were rather self-sufficient. At the end of the 19th century, the first purely elderly asylums were established by the Diakonie - but these were again only reception centres for senior citizens without money or family (Riedel, 2011). These characteristics, that only impoverished and elderly people lived in such institutions, persisted until around 1950. It was not until the last stages of the 20th century that homes were created in which normally situated senior citizens also spent their last years (Otto, 2001; Thau, 2018).

In the 21st century, it is no longer only the poor who live in old people's homes, but rather people of all classes - and they usually have the same fears. Nevertheless, many people still believe that only the poor need to live in a retirement home (Lambers, 2016). Those affected are also afraid, for example, of being limited in their valued independence (Altmann, 2014; Haimann, 2005) and of being 'shunted away' from the family, because they could be a 'nuisance' to relatives (Seifert & Schelling, 2011). Relatives also struggle with the stigma that their relatives are a burden to them (Beck, 2001; Illies, 2015; Lambers, 2016). Furthermore, people feel that they will be isolated in the old people's home and too dependent on the staff there and their states of mind (Seifert & Schelling, 2011), which may result in poor care (Lambers, 2016). Another aspect that negatively influences the image is that many know about the high costs, but do not look more deeply into the financing options (Maercker, 2012). The aspect that moving into a retirement home is seen as a final decision also brings with it the idea of dying, which most probably preferred being able to avoid (Eichhorn-Kösler et al., 2010).

Since care in a retirement home should be seen as a service, this negative image is particularly critical, because a positive image has a considerable influence on customer satisfaction and lowers the purchase risk perceived on the customer side. In this case, however, a negative attitude prevails, which means that the customer - whether resident or relative - becomes an ambassador through communication, which in turn warns potential new customers through (negative) communication to purchase this 'product'. The image thus represents an important quality assessment feature for the customer, which in turn means for the providers that the image passed on to them by acquaintances, for example, already gives the customer presumptions about the quality of the facility (Meffert, Bruhn, & Hadwich, 2018).

Facility providers

When choosing a suitable facility, the people have to decide from which provider they want to receive the service. Due to this compelling decision that people must to make, the individual providers are presented below.

First of all, the so-called carrier can be either a natural person or a legal entity. The provider is responsible for the entire process in the facility - this begins with the procurement of workers and their supply with the necessary materials. Furthermore, any costs incurred are passed on to him, and the provider is obliged to pay them (pflgering.de, 2018). The contract that is concluded in order to be able to move into such a facility is always concluded between the facility and the resident. Only in exceptional cases, such as legal guardianship (formerly incapacitation), e.g. in the case of dementia, is the contractual partner not the resident himself,

but the appointed guardian (Schebitz, 2018). Basically, a distinction must be made between three basic types of nursing home providers:

Communal providers

On the one hand, there are the *communal* or *municipal* homes (pflege-deutschland.de, 2018). However, these providers only manage 5% of all homes in Germany (altenheim.net, 2018). This type of facility does not have the primary goal of making a profit through the residents. Accordingly, it is more likely that they are seen as 'people' and not merely as a source of income. At the same time, it should be noted that *communal* providers can rarely build up reserves due to the lack of profit orientation, which means that the available budget is usually only used to cover running costs and not, for example, for modernisation (Schmolke, 2018, Thor & Siegfried, 2021b).

Non-profit providers

On the other hand, 53% of the facilities are financed by *non-profit* (secular and church welfare associations) providers (Schmolke, 2018). However, these institutions also have to struggle with a lack of monetary resources, which is not least due to declining membership figures (tagesschau.de, 2018). The salient aspect of this type of retirement home is the fact that the resident has a higher probability of meeting like-minded people, which counteracts the natural decline of social contacts. In addition, with church-based providers, it is easier to practise one's religious faith, if it corresponds to the denomination of the facility, even in old age, for example through a church service that takes place in the senior citizens' home, thus making the sometimes tiring journey superfluous (Schmolke, 2018). Well-known associations here are the Catholic or Protestant churches, but Caritas also runs such homes for the elderly (Statistisches Bundesamt, 2017).

Private providers

The last option is represented by *private* retirement homes. These can operate either as small individual facilities or in the form of large 'chains'. Well-known providers here are, for example, the Korian Group, Alloheim and the ProSeniore Group (Statista GmbH, 2018). With a market share of about 42%, they are the second strongest force. The advantage of these facilities is that profits do not only go to the owners, but are also invested in equipment or staff, e.g. in the form of training and further education (Schmolke, 2018). Due to the providers described above, there is no monopoly in this market. Accordingly, *private* providers are forced by competitive pressure to present their services to the customer in a differentiated manner in order to make the added value clear. This also leads to low-quality providers disappearing from the market over time.

Another difference between the providers is the size or, in other words, the number of places for residents and the location of the facility. *Communal* providers offer an average of 119 places in cities and only 87 places in rural areas. *Non-profit* providers also have a reduced number of care places: 98 urban places compared to 87 rural places. *Private* providers, for example, have an average of 91 places in cities, whereas they offer only 68 places in rural areas. In summary, it can be stated that there are about 30 % higher capacities in cities compared to rural regions. Furthermore, there are far more retirement homes in Germany (almost twice as many) in cities than in rural areas, which applies equally to all types of providers (Meißner, 2016).

Care crisis

The term 'Pflegenotstand' (engl.: care crisis) first appeared in the German Duden in 2004 with the meaning explanation: "great shortage of caregivers (in hospitals and other

facilities serving the care a [sic!] of the sick and elderly)" (Bibliographisches Institut GmbH, 2018a). The Bertelsmann Foundation also defines the nursing shortage as a supply gap resulting from an increasing need for nursing care and a simultaneous shortage of labour (Rothgang et al., 2012). This work is based on these interpretations of the term. According to estimates, there will be a shortage of about half a million care workers in 2034 (Hoffmeyer, 2014), and these are only the figures to cover the minimum demand. According to experts, the causes are easy to identify (aerzteblatt.de, 2018b): poor pay, overwork - physical and psychological, permanent stress, unpopular training profession, negative image, hardly any chances of promotion, bullying.

Another problem is the rapid increase in the number of people in need of care. According to estimates, about four million people will need care by 2035 if the state of health does not change. But even if this changes and people not only get older but also stay healthy longer, the difference of 200,000 fewer people in need of care is only minimal (aerzteblatt.de, 2018a).

Possible solutions to combat the nursing shortage are manifold. First of all, a lower limit is to be created by the politicians, with the consequence that 'beds will be blocked' in case of non-compliance. This means that both hospitals and nursing homes will not be allowed to admit any more patients, and ambulatory care services will not be allowed to start any new patients either (Sterloh, 2018). However, this 'block' is initially only being tested in individual hospitals - nursing homes have not yet been affected in real terms.

The German workers' union Verdi, on the other hand, pleads for a uniform collective agreement. This should contribute to making the profession not only more attractive but also sufficient to cover the cost of living through fair pay (aerzteblatt.de, 2018b).

Another attempt to alleviate the emergency is to recruit foreign professionals. This has at least helped the Katharinenhof Seniorenwohn und Pflegeanlage. There, they wanted to avoid using staff from leasing companies, who may be barely qualified. Fully trained Albanians who have not been able to find employment in their home country in the field they have learnt, have been employed and there are plans to recruit more. This institution is of the opinion that investment is needed and that it costs more to leave the positions unfilled and thus turn away patients (Sterloh, 2018).

In addition, there has also been an increased focus on training new recruits. In 2017, for example, almost 30,000 more people were trained in geriatric care than in 2008/2009 (aerzteblatt.de, 2018c).

Finances

When a senior wants or needs to move into assisted living, there are many details to consider. For example, the need for care plays a major role in how the costs are to be met. With the so-called 'care degrees' in effect as of 01.01.2017, there is a scale according to which the person in need of care receives support from the long-term care insurance. However, the person only receives this support if expert opinions have previously confirmed the need (Appelt, 2018). If someone without an established need for care wants to move into a retirement home, average costs of about €3,000 can be assumed (BIVA, 2018). However, these average costs are very vague, as the respective price for a place in a residential home depends on the condition of the home itself, the room furnishings, the location of the home and the federal state (pflege.de, 2018). If a place is taken up (with or without indigence), a personal contribution is nevertheless incurred. This co-payment also depends on the criteria mentioned above. In principle, this share is usually several hundred euros.

Another cost aspect - similar to owned flats or multi-party houses - are the so-called investment costs, which are used for the general maintenance of the building and the facility (BIVA, 2018). Here, too, each home calculates its own amounts - an average price that is difficult to determine can be estimated at around €500. To cover all these costs, a person in

need of care must disclose his or her complete assets. They and their spouse, however, are entitled to a one-time allowance of €5,000 each; the property (if any) may also be included in this amount (pflege.de, 2018). Furthermore, the entire pension of the person in need of care must be used to cover the costs, with the exception of approximately €100. The children of the person in need can also be charged for the accommodation - regardless of the relationship between parents and child (Hafler, 2016). Nevertheless, the child is only forced to pay if they have more than about €3,000 per month at his or her disposal (wohnen-im-alter.de, 2018).

Nevertheless, it is also possible for those affected to receive additional funds. For this, however, it may be necessary to pay attention to the specifics of the respective federal state. For example, some federal states provide for a so-called care housing allowance, which, however, must first be applied for again. Furthermore, seniors who are also dependent on social assistance can apply for 'pocket money' of about €100, which can be used for additional wishes, such as sweets or similar (pflege.de, 2018). Help for care' can also be applied for if there are insufficient assets to finance it (wohnen-im-alter.de, 2018). However, this financial support from social assistance requires perseverance through the bureaucratic procedures, which may take longer than the life of the beneficiary.

Hypotheses

From the analysis of the target group and the current situation of senior citizens' homes, the following hypotheses can be formulated:

1. Those involved have a negatively influenced consumer knowledge regarding senior citizens' homes.
2. Senior citizens' homes do not use the possibilities of the marketing mix as a stimulus to a sufficient extent.
3. Senior citizens' homes have to communicate through many channels because they are not being perceived.
4. Interested parties need to experience intensive counselling.
5. Due to regional variations, many are not aware of the costs of a place in a senior citizens' home.
6. The staff in the facilities is of crucial importance.
7. It is relevant for people to be cared for individually when choosing a facility.
8. The decision to move in is made by both residents and their relatives.
9. Since both sexes are affected by ageing and thus the possibility of needing a place in a retirement home exists, both sexes inform themselves.
10. The potential target group to be addressed by communication measures is broad. Men and women of all ages must be addressed.

The hypotheses established are deductive in nature, as the assumptions formulated in the hypotheses are based on the previous literature study and the resulting theory section (Hussy, Schreier, & Echterhoff, 2013).

Research methodology

Sample selection

Due to the fact that the selection of a retirement home does not only concern the future resident himself, but also his relatives and a possible carer, a broad survey group was selected (Berekoven, Eckert, & Ellenrieder, 2009). In the first part of the field research, an objectivist approach is followed due to the quantitative nature of the survey. The second part in this study will be based on ontology through an interpretivist approach. The interpretivist approach, instead of the positivist approach, is to analyse the individuals perception of the situation, i.e. how the participants perceived the situation and thus built a reality for themselves (Saunders, Lewis, & Thornhill, 2015).

Data Collection

The collection of data is done through the creation of primary data. In order to conduct the survey as time- and cost-efficiently as possible, an online survey was chosen. Therefore, the sample selection, i.e. the subset of the population to be surveyed (Raab-Steiner & Benesch, 2012), was arbitrary. This sample selection is not representative, i.e. a generalisation to the entire population of Germany is not possible. The reason for this is that the composition of the group lacks an equal distribution of random probability, because it cannot be assumed that the population (all Germans) had the same chance of taking part in the survey (Raab-Steiner & Benesch, 2012). When selecting the sample, an attempt was also made to avoid the so-called undercoverage error. This error is understood to mean that participants belong to the population but cannot take part in the survey, for example because they do not have internet access (Berekoven et al., 2009) or there is no possibility of sending them the survey link. An attempt was made to circumvent this problem through the form of delivery. The respondents were provided with a tablet computer connected to the internet. A brief explanation of how to use the device was also provided to alleviate any conditional difficulties.

The qualitative semi-structured interview will be conducted with an expert. Experts' are characterised by two features: First, they are not 'objects', but people who are rather to be seen as witnesses of the respective facts. Furthermore, 'experts' possess accumulated knowledge and experience due to their long connection to the topic; this ensures that this person holds a significant position (Gläser & Laudel, 2010). The expert is between 45 and 55 years old and has been working in the field of care for almost 30 years - both in a leading position in outpatient care and in inpatient care. Consequently, the expert has been in close contact for a long time both with those in need of care and with their relatives, whereby she additionally knows how to explain the perspective of the employees.

The interview is expected to last between 30 minutes and one hour (Saunders et al., 2015)

The targeted interview has a problem-centred character, it focuses exclusively on the topic of the work. Furthermore, the interview will follow the phases developed by Döring and Bortz (2016). According to this, the interviews start with an explanation phase, in which the interviewer informs about the circumstances of the interview and the topic (Kurz, Stockhammer, Fuchs, & Meinhard, 2009). In this part, the participant is also assured that the answers will be treated confidentially and anonymity is guaranteed. It is also explained that there will be no evaluation of the answers, so that the participants know that there are neither right nor wrong answers. This is followed by a request for biographical data (Döring & Bortz, 2016).

The semi-structured interview require an interview guide. This will contain the most important questions and themes that have emerged from the hypotheses. These are in turn based on the critical literature review and the previous theoretical discussions. When the interview is conducted, the actual order of the questions may change, depending on how the interviews proceed (Bogner, Littig, & Menz, 2014). Furthermore, ad-hoc questions based on the guide can occur if necessary. These serve to clarify or specify explanations given by the interviewee. This increases the quality and counteracts misunderstandings (Kurz et al., 2009). The interview guide serves as an orientation aid and also makes it possible to compare the interviews. A certain level of standardisation is created by the uniform aspects of the guide. The interview is recorded with the permission of the participant and special aspects or anchor points for follow-up questions are noted by hand. Later, the transcription takes place and a copy is sent to the participant. This gives the opportunity to change, add or delete statements (Döring & Bortz, 2016). Only with the participant's approval does the analysis take place.

The second part of the primary data collection will take place through an online survey. When selecting the survey method, the time and financial limitations were taken into account. Due to these limitations, the online survey method was chosen. Despite the criticised shortcomings, such as coverage errors (Berekoven et al., 2009), explanatory deficits (Pfaff,

2005), non-existent representativeness (Raab-Steiner & Benesch, 2012) and the possibility of the respondent dropping out of the survey, the advantages of the online survey outweighed the disadvantages, the advantages of the method outweighed the disadvantages, for example, the anonymity and voluntary character as well as the highest possible heterogeneity of the sample characteristics (Berekoven et al., 2009). The sampling approach will be purposive sampling. The survey was presented to 188 people in digital form. As the respondents were mainly 'non-digital natives', assistance was offered in completing the questions. However, this was limited to a short briefing on how to use the device used (tablet computer) and the answers were entered by the respondents themselves. Accordingly, this survey is to be regarded as a written survey (Raab-Steiner & Benesch, 2012). The standardised online survey, requires a fixed sequence of questions. This will include the most important specific questions and themes that have emerged from the hypotheses. These are based on the critical literature review and the previous theoretical discussions. The sequence is subject to thematic order as well as psychological aspects, such as asking the demographic questions at the end to avoid a break-off at the beginning and to build trust. The answer options will never contain more than seven options so as not to overwhelm the participant. A pre-test is conducted to prevent misunderstandings and comprehension problems (Raab-Steiner & Benesch, 2012) Ten people will fill in the questionnaire on paper and write down comments. The survey took place in the period from 12.11.2018 to 23.11.2018. In addition, the expert interview was conducted on 11.12.18.

Data Analysis

The questions on the socio-demographic characteristics of the respondents, which were deliberately asked last, are preferred in the evaluation in order to get a first impression of the respondents. Subsequently, all other questions are evaluated and compared with the expert's reality-based answers; here, the order of the online questionnaire is maintained. However, for some of the online questions, such as the socio-demographic questions, the comparison with the expert's opinion is omitted, as these questions were specifically addressed to the survey participants. Furthermore, cross-tabulations were used for the data analysis. These should enable a comparison between the genders as well as between age segments if serious differences were to be recognised or expected.

For the data analysis of the interview the thematic analysis according to V. Braun and Clarke (2006) was used. The reason for this is that thematic analysis does not correspond to basic methodological assumptions and is therefore very flexible and adaptable. As a result, it is used in a wide range of disciplines (MAXQDA, 2021). In correspondence with the thematic analysis of Braun and Clarke, a detailed description of the acquired data is to follow. In keeping with the selected analysis method, the aim is thus to penetrate behind the obvious and superficial content and to decipher a meaning, as well as to make transparent what lies behind it. A further advantage of this analysis method, in view of the mixed survey methods and the resulting different data formats, is that this method can be used independently of the survey method and with existing data (Flick, 2017; Stainton Rogers, 2011).

When using this method, the researcher must first familiarise himself with the material at hand. For this purpose, it is advisable, for example, to do the transcription oneself and to read the collected data again and again, to collect ideas and to note down first concepts. Afterwards, the first codes are worked out, but these should not be too complex. This intensive work will then enable the researcher to search for general themes or motives, e.g. based on the literature review. Subsequently, the method requires that the themes found are looked at again and recurring themes are given renewed/particular attention. Finally, the most significant examples of the respective themes are selected together with a final analysis with reference to the research question(s) and the literature the final findings are presented (V. Braun & Clarke, 2013; Stainton Rogers, 2011).

4. Results and discussions

Answering the hypotheses

Hypothesis 1 is confirmed insofar as the majority of respondents and also the experiences of the expert show that a generally negative image of retirement homes is published and anchored in people's opinions (cf. Figure 4).

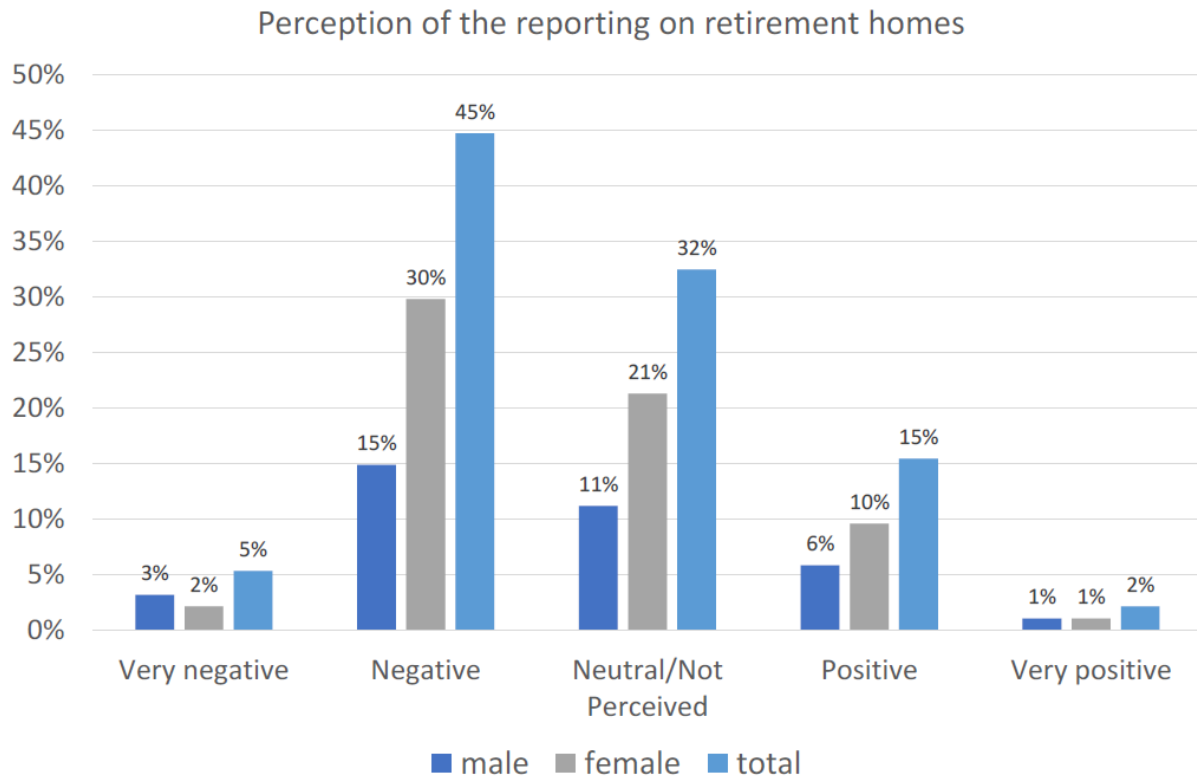


Figure 4: Perception of the reporting on retirement homes

Source: Own survey

The second hypothesis is also verified: If the retirement homes were to actively advertise the components of the marketing mix, significantly fewer people would not yet have experienced contact with advertising for retirement homes. Furthermore, the people concerned would not be largely disinformed during the counselling interviews with the expert.

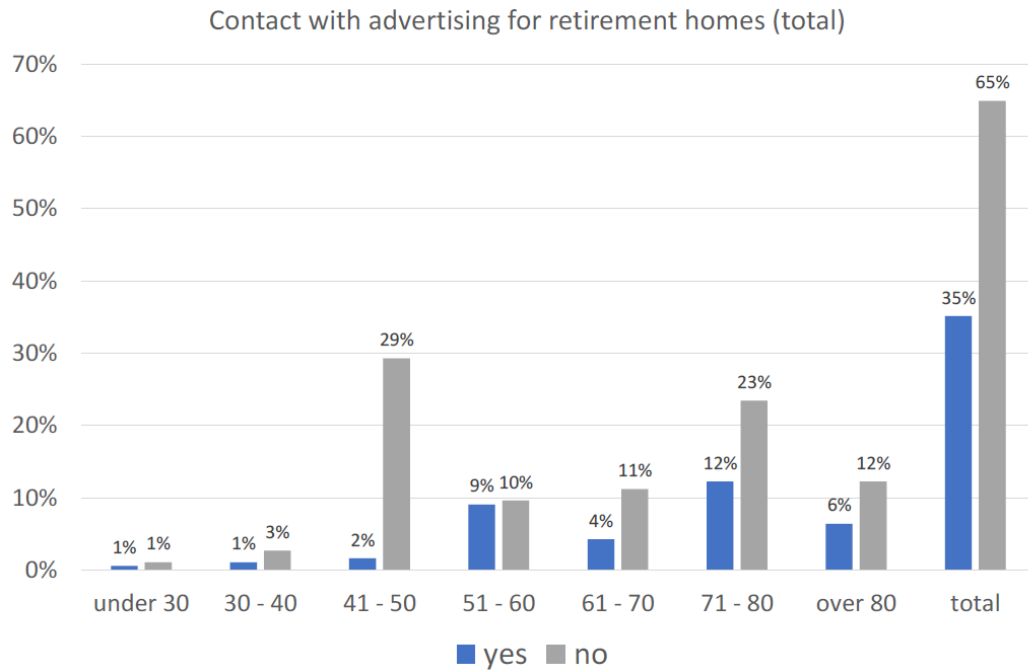


Figure 5: Contact with advertising for retirement homes
Source: Own survey

The third assumption can only be confirmed to a certain extent, since the persons interviewed had had no contact with advertising for senior citizens' homes, but the interview revealed that advertisements in various media formats are perceived as dubious.

Due to the fact that, according to the survey and the interview, the majority of people are not or hardly informed about retirement homes, but at the same time some would pay attention to the fact that counselling is offered when choosing a retirement home, and the expert stated that the counselling interview is very relevant, the fourth assumption that interested parties must receive intensive counselling can be confirmed.

What do you look for when choosing a retirement home?

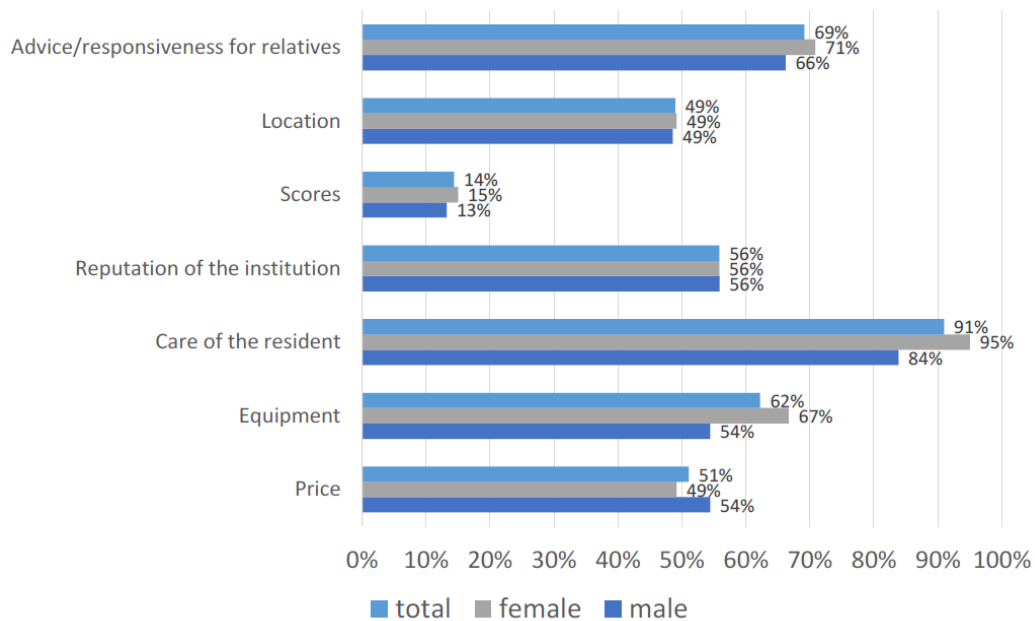


Figure 6: What people look for when choosing a retirement home
Source: Own survey

The fact that many people are not aware of the costs of a place in a retirement home can be confirmed both by the survey and by the expert's statements (cf. Figure 7). However, it cannot be deduced that this ignorance is due to regional variations.

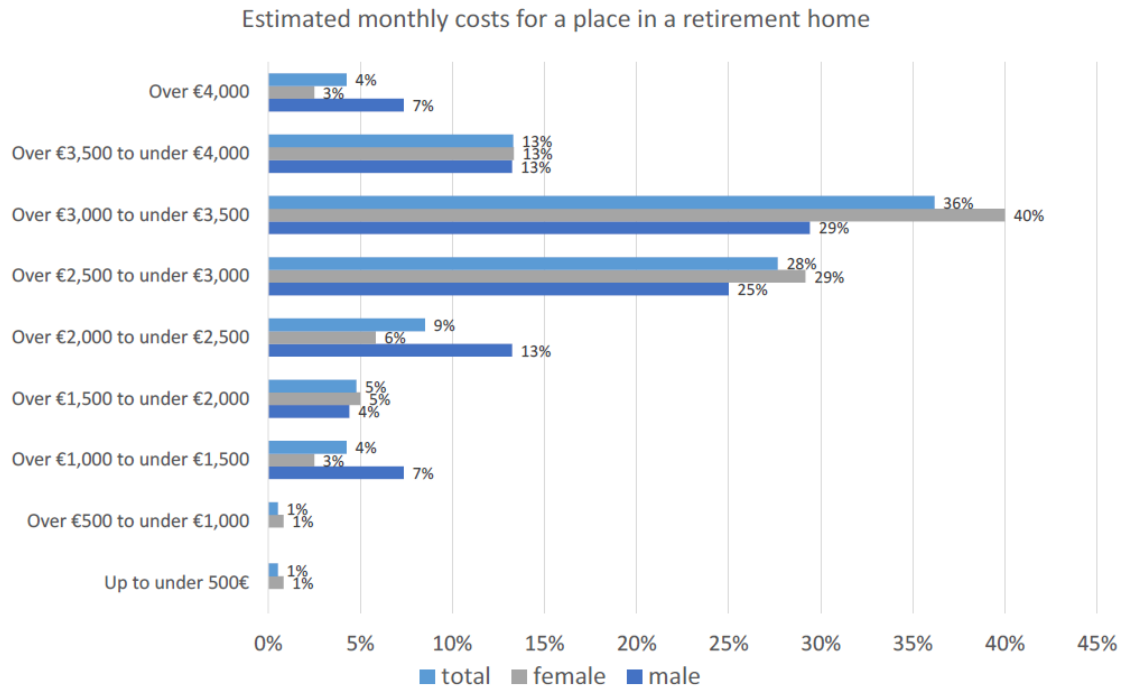


Figure 7: Estimated monthly costs for a place in a retirement home
Source: Own survey

The sixth assumption, that the staff in a retirement home is decisive, can be confirmed as the survey participants stated the care of the residents as a criterion when selecting a facility and that this care can only be provided by the staff. In addition, it was explicitly stated that the staff is also evaluated in the decision-making process (cf. Figure 6).

The hypothesis that the interested parties attach importance to experiencing individual care can be confirmed by the interview. Nevertheless, this point was not considered relevant by all survey participants (cf. Figure 6).

The hypothesis already confirmed in the literature research that residents and their families decide whether to move into a retirement home was perceived differently in reality by the expert. According to her experience, future residents rarely make the decision to move in themselves; it is almost always their relatives. Therefore, this hypothesis is to be classified as false in reality.

The ninth assumption also turned out to be false. Both the survey and the interview revealed that people are almost not at all aware of accommodation in retirement homes (cf. Figures 5, 8). The interview also revealed that it is clearly more often women who inform themselves. This also explains why the proportion of women who were informed was higher than that of men in the survey.

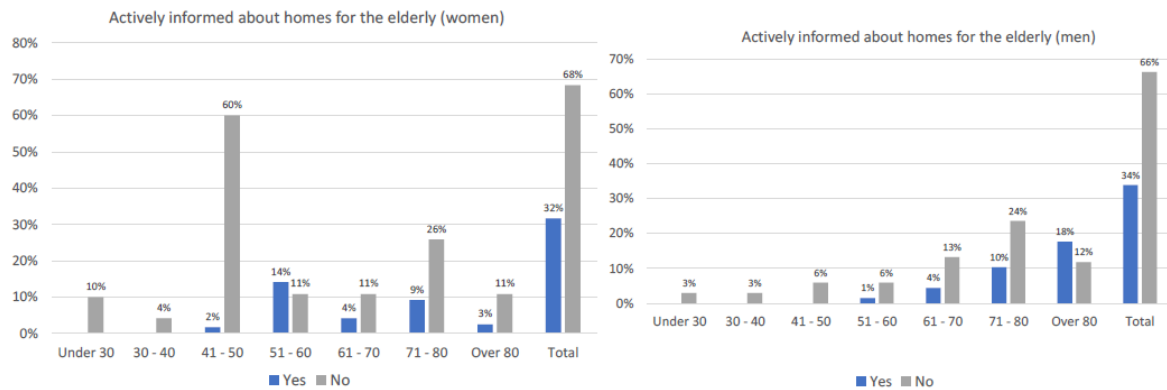


Figure 8: Actively informed (women vs. men)

Source: Own survey

This imbalance in the (informed) sexes also ensures that the tenth hypothesis was falsified: The target group to be addressed is large as well as heterogeneous, and women as well as men must be addressed regardless of age. The interview shows that it is primarily women who are concerned with the topic of 'retirement homes'. Nevertheless, it is the children of the elderly who make the decision to move in (Lambers, 2016), and according to the expert, they are mostly in their 50s. Accordingly, the target group to be addressed is '50+' and female.

In summary, it can be stated that the negative image of retirement homes in the literature is based on real attitudes of people, but that these people are insufficiently informed. Furthermore, although interested people inform themselves online, on the internet the information sites seem to be insufficient. In other words: Those responsible use the marketing mix insufficiently, so that the individual elements (7Ps) are not perceived by the target group, although they perceive the individual parts of the mix as relevant (physical facilities, price, personnel) (cf. Figure 6).

However, if the 7Ps are to reach the consumer through other stimuli, e.g. in newspaper advertisements, they are perceived as unserious. Another point to be noted is the need for counselling of those concerned. This desire for counselling seems to be one of the central decision criteria for a facility. Finally, it can be stated that it is possible to narrow down the target group for communication measures: it is women from the age of about 50 who must be reached, as they are the ones who ultimately make the decision. Nevertheless, it is not all women of the '50+' generation, but only those for whom there is some kind of urgency to place a relative in inpatient care, because without this necessity, people - mainly men - do not inform themselves.

Recommendations for action

If the previously gained insights are now taken into account, the following recommendations for action can be made for the communication of retirement homes:

When selecting the stimuli, it must be taken into account that most likely a negative image has already formed in the long-term memory of those concerned (Altmann, 2014) and that there may be time pressure among the interested parties, which is why they need the necessary information quickly and as uncomplicatedly as possible. Therefore, the general communication should use clear, simple and unambiguous language that conveys a lot of information through supporting images and graphics.

In order to further process the cognitive memories and thus change consumer knowledge as much as possible in a positive direction, the formats consumed by the target group should be played in order to actively educate. However, the information character

should be maintained, as direct advertisements are perceived as unserious. The 7Ps can be applied here as follows:

It should be stated exactly which product/service is involved - only care or also care - and what falls under these generic terms, e.g. (whole) washing, leisure activities.

Furthermore, it should be illustrated which costs the persons concerned have to bear and which financial aids are possible. Although the participants in the survey considered the price to be less relevant than other criteria and also estimated the costs relatively realistically, the expert's experience shows that many interested people have hardly any idea of the costs. Under the point 'distribution policy', for example, it can be addressed which providers run senior citizens' homes, and then for each senior citizens' home in particular, what possibilities the immediate surroundings of the facility offer, e.g. cafés, bookshops and leisure facilities. This 'marketing' of the surroundings meets the seniors' need to remain active in old age and to be as independent as possible despite limitations (Haimann, 2005).

For a retirement home, the aspect of personnel policy could mean that the following is advertised: that the in-house staff is not only paid according to performance, but that they also work with employee-friendly work schedules and thus offer sufficient time for the patients as well as sufficiently high care keys. In addition, the qualifications of the staff can be emphasised. Furthermore, it should be communicated which other staff is available to the resident, e.g. physiotherapists, chaplains, podiatrists.

The process policy can be reflected by first inviting interested parties to an information meeting and not just leaving them alone with information material, but only giving them this as a supplement. This material should be prepared and given to the interested parties as standard - depending on the care needs (dementia, physical limitations). Guidelines can be developed for the counselling interview so that the effort involved in an individual interview can be kept comparatively low. In this way, these appointments flow into the processes and themselves become as standardised a process as possible. Furthermore, these conversations can always take place on certain days and times, so that the employees of the facility always know when conversations are being held, which is why the person in charge is not available for other matters.

The retirement home could already start the equipment policy with a uniform that is different from hospitals and has a friendly appearance. The colours and fonts used in the uniform should then be reflected in the entire appearance of the facility to ensure a recognisable and cohesive appearance. This is how the beginnings of a corporate identity/design are created, which should then be followed congruently. The respective furniture in the rooms could not only offer comfort to the residents, but also physically relieve the nursing staff through electromechanical support. In general, the furnishings should be rather modern and correspond to the taste of the residents' children (Lambers, 2016). Since these tastes do not necessarily coincide with those of the future residents, it should also be explained whether the residents are allowed to bring their own furniture. This possibility of bringing one's own furniture can counteract the negative feeling of 'being a stranger somewhere', which in turn could have a positive influence on the image of the retirement home. Due to the strong recommendation behaviour(cf. Figure 9), the possibility to take away will probably be mentioned as a positive aspect when recommending the home to others.

However, since people - as can be seen from the previous analysis - only actually deal with the topic when the need for accommodation arises and then use the internet for the first search for information, the following should be taken into account here in online communication: Apart from the fact that the advantages of the respective facility must be presented in an understandable way, Search Engine Optimisation (SEO) is recommended. This increases the visibility on Google, which is why more visitors find the website. Accordingly, the probability that one of the visitors will decide in favour of the retirement

home increases. Notwithstanding this, SEO optimally addresses the target group (Grabs & Sudhoff, 2014). The website itself should be structured and all information should be visible 'at first glance'. Whether the website is actually ideal afterwards could be done with the help of test persons who check the site for its user-friendliness (are more contrasting colours and/or a larger font needed?) (Reidl, 2007). Since word of mouth seems to be strongly represented among the target group (Haimann, 2005) (cf. Figure 9), this should also be taken into account in the communication. During counselling interviews, it should therefore be asked how the persons concerned found the facility. If this happened through recommendation, the person making the recommendation should receive attention for this, e.g. during a short conversation, in order to find out again which reasons led to the recommendation, in order to subsequently focus more on these.

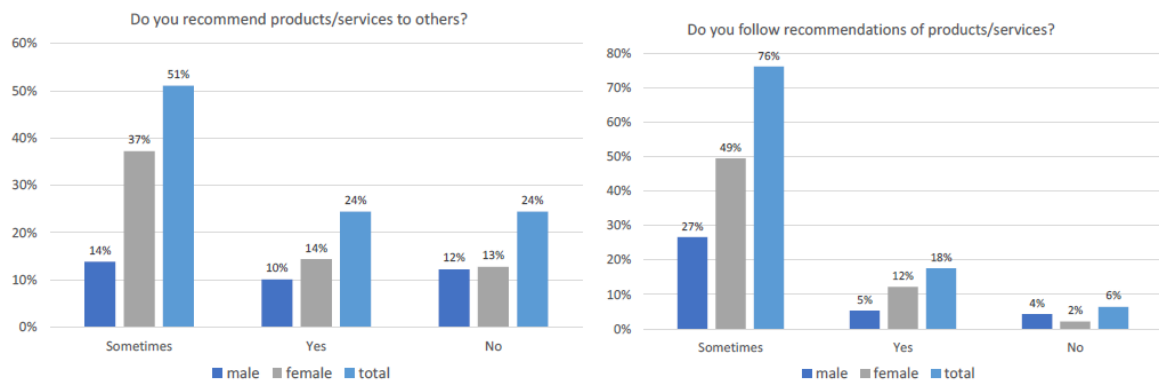


Figure 9: Giving and following recommendations

Source: Own survey

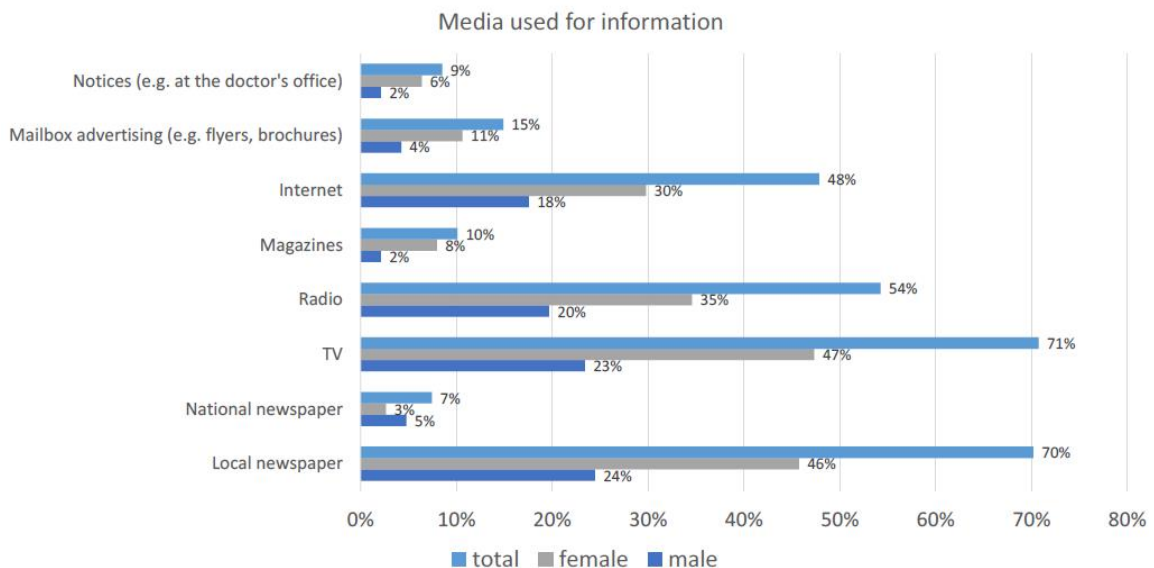


Figure 10: Media used for information

Source: Own survey

Despite the fact that the eight identified Sinus-Milieus are often not averse to social media, however, with the diverse possibilities for communication, retirement homes should not (yet) use them as the main medium, as the target group does not inform itself via these channels according to the survey. It is conceivable, however, that later generations may inform themselves via social media (cf. Figure 11). Therefore, these channels could at least be used in the present to publish impressions of everyday life or special events. In this way,

information/education or advertising is not actively provided, but impressions are conveyed in this way that an interested party cannot obtain through a conversation or a visit alone. The pure presentation of the situation without the placement of advertisements also avoids the factor of dubiousness.

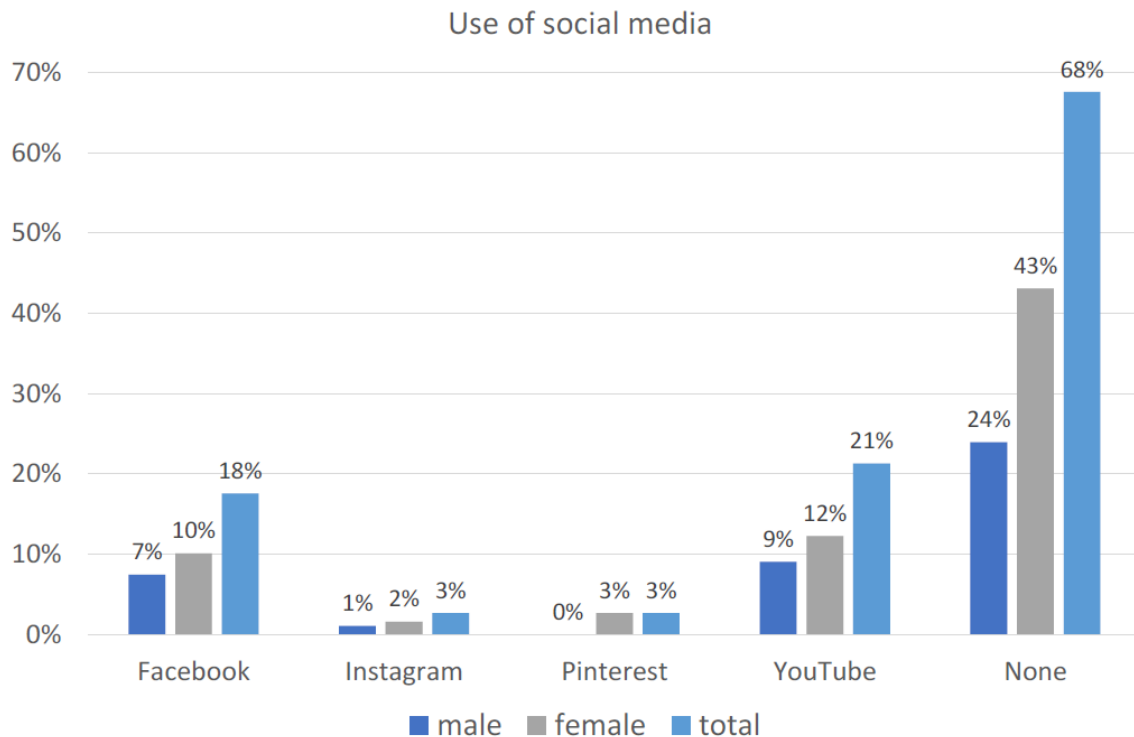


Figure 11: Use of social media

Source: Own survey

If the marketing mix has now been used as a stimulus, consumer knowledge has been built up according to Balderjahn's purchase decision model (Balderjahn & Scholderer, 2007). The majority of this knowledge is negative in relation to retirement homes. However, since the consumer is faced with an urgency to place his relative in care, it can be assumed that they have informed themselves and have also made use of, or will make use of counselling interviews. Here again, the milieu of the interested party plays a key role. In the communication, attention was already paid to which channels are used depending on the respective milieu (mainly the own website).

Now it must be ensured that the milieus have differentiated needs and restrictions. This is illustrated below by means of examples. These examples are derived from the target group analysis and represent only a marginal part of the needs and restrictions that could be of importance in the purchase decision process.

The *conservative-established* as well as the *liberal-intercultural* milieu will pay more attention to the preservation of autonomy as a need, for example, when it comes to furnishings. These two are also milieus that can bear the comparatively high costs relatively unproblematically, as they have the highest incomes and reserves. Consequently, the financial aspect is less of a restriction. However, the (perceived) relinquishment of control can be seen as a greater restriction.

In comparison, the *precarious* and the *middle-class* milieu will pay attention above all to the fact that the relative is safe and always cared for. Nevertheless, one of the major restrictions will be the ability to pay the costs and the belief that only one's own family can best care for the person in need of care. In terms of amenities, the *performer* and *hedonist* milieus are most likely to want residents to remain cognitively and physically fit and to be

'entertained'; they want residents to be able to 'do' and 'experience' something. The restriction of these milieus can be seen in an insufficient programme and the assumption that the person in need of care will remain more active in their own home and will decline more quickly in the retirement home.

The needs of the *socio-ecological* milieu will probably lie above all in the fact that all parties involved are treated fairly, i.e. that not only one's own relative is cared for, but also that the care workers are not exploited and receive adequate remuneration. The restriction of this milieu could be the financial expense, because this milieu only rarely has extensive assets.

The milieu of the *traditionalists* will probably prioritise the need for the classical when it comes to furnishing. Thus, it will be relevant for these people that care is mainly provided by women in order to fulfil the internalised role model. The desire for occupation will also tend to go in the direction of traditional entertainment, such as parlour games, dance afternoons or handicrafts. Another restriction and thus consumption cost for this milieu is the financial cost, because due to the experiences in the post-war period, this milieu is anxious to save. Therefore, they may not be willing to bear the high costs if cheaper alternatives are available, even if they have to do without.

In summary, it can be said that different aspects have to be emphasised depending on the milieu. However, care and finances are important in (almost) all milieus. For this reason, time should be spent during the counselling sessions to explain the costs and support options, as well as to explain in detail what care the resident receives and how other well-being is taken care of. Only in this way can the weighing of consumption preferences and consumption costs for the respective milieu lead to a positive consumption benefit and thus result in a positive purchase decision. Another advantage of intensive consultation is the improvement of the image. If the customer, especially the older ones, are satisfied with the advice, a large number of people will find this out through word of mouth, who in turn could be potential customers (Haimann, 2005).

5. Conclusion

In conclusion, it can be said that the potential target group for retirement homes seems very large at first glance. This is due to the fact that everyone ages and may need assistance at some point. However, this work helps to realise that the target group is primarily the (in-law) daughters and thus the ones to communicate with. Furthermore, it has become clear that in the selection of future communication options, attention must be paid to the tarnished image and general corrective work is needed. However, this cannot be done by one institution alone - higher authorities or politicians have to take action.

Nevertheless, communication should take into account that the decision may be made in a pressure situation, where the person making the decision has not dealt with the issue sufficiently before and now has to process as much information as possible in a short time. For the initial gathering of information, the people concerned first choose the internet. In order to appear as far ahead as possible in this hit list and thus initiate initial communication with prospective customers, retirement homes should pay attention to a number of things when it comes to their Internet presence: SEO optimisation as well as comprehensible transmission of relevant information and a 'barrier-free' layout of the website are obligatory. The empirical part also revealed that personal counselling is important to people. This results in the need for intensive information talks. In these conversations, which embody one of the many possibilities of communication, the person in charge of the conversation should take into account the social milieu of the interested parties in order to be able to convey the information that is most significant for the respective milieu. By taking the preferences and fears of the target group into account in this way, the appropriate stimulus can be used that increases the probability of a positive purchase decision (response).

Limitation and study forward

This work only offers a limited opportunity to explore the communication possibilities for retirement homes. For example, it was not possible to show exactly how the communication possibilities of the high-priced facilities compare to the lower-priced facilities, especially in the case of the private providers. It was also not possible to accompany the decision-making process of the families actually affected. Furthermore, the limitations meant that it was not possible to take a closer look at any existing communication between the homes for the elderly, e.g. via social networks.

During the work, however, not only limitations emerged, but also possibilities for further research activities. For example, it would be necessary to look at the results after the implementation of the recommendations for action in order to check whether specialised communication leads to more success for the facility. For this, it would have to be specified in advance what counts as 'success' for the respective facility, e.g. more satisfied relatives or new interested parties. In addition, it could be investigated what concrete differences there are between the decision-making behaviour of seniors who decide themselves to move into a retirement home and that of relatives who make this decision.

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