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Applied Ethics for Entrepreneurial Success: Recommendations for the Developing World

2018 Griffiths School of Management Annual Conference (GSMAC) on Business, Entrepreneurship and Ethics

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Preface

The GSMAC 2018 Conference, organized by the Griffiths School of Management and IT within Emanuel University of Oradea, explores the theme of Applied Ethics for Entrepreneurial Success.

From a superficial perspective, entrepreneurial behavior does not amalgamate well with ethical behavior. Entrepreneurship is oftentimes perceived as "success at all cost" with disregard to the interest of various stakeholders and sometimes even the law. Ethics is sometimes viewed as metaphysical, having little to do with business and organizational financial success, an ideal state never to be achieved. Both concepts are relatively new research topics in the developing world, an area of the global economy that is expected to contain most of the population growth over the next few decades.

The present volume attempts to present various ethical and entrepreneurial situations—mainly from a Eastern European perspective—but with global applicability. Furthermore, it does not limit itself strictly to the business world; rather, it reaches into the nonprofit and the governmental sectors. It investigates certain social phenomena and their impact upon the general understanding and applicability of entrepreneurship and ethics in an attempt to offer some lessons to the developed world.

In emerging economies, entrepreneurship is oftentimes associated with a negative image, and entrepreneurs are seen in a detrimental light. As a result, it is important to underline the importance and the role of entrepreneurship in the development of an economy and the success of a company. Ethical decisions are a significant part of an organization, and ethical behavior impacts organizational culture. Beyond the moral aspects associated with business ethics, companies that practice ethical demeanor have an increase in profitability due to the fact that investors, employees, and consumers seek out companies that engage in fair practices.

This volume brings together different themes that pertain to the discussion on entrepreneurship, ethics, and business. The subject of medical ethics is debated in articles that highlight the importance of *ethical behavior in healthcare organizations* and the diverse aspect that can impact the medical world, a theme debated in the article "Exploring nursing team conflict Health Care Team Interactions."

The subject of business education and ethics is explored through articles such as "Indicators system for quality assurance in higher education within the economic field" and "Customer focus in European higher education systems." These researches offer an outlook regarding the current trends and influences that shape the higher education arena in the economic and business field.

An essential aspect in business ethics is the relationship between employers and employees and the way in which the ethics of both can positively impact a firm's success. The study *Is the employees' performance appraisal process different in the large Romanian companies? An empirical research* analyzes the key characteristics that improve organizational performance: the employees' motivation and productivity. *New perspectives in performance management. Appraising employees based on computer usage patterns* proposes to find and apply certain patterns in top performers' behavior to other employees and through data analysis, to try and improve employee performance.

Ethics in business is a debated topic, and it is considered to be one of the most important aspects of long-term success. The study *Exploring the Identity of Family Businesses and its Role in Stakeholder Relations* highlights the challenges and opportunities family firms have in leveraging their unique identity to create distinctiveness and obtain a competitive advantage.

On the topic of consumer behavior, the article *Millennials versus Gen Z: online shopping behavior in an emerging market* contributes to the development of the literature on generational theory, while the study *Exploring omnichannel retailing differences and preferences among consumer generations* offers an analysis on the relationships and the differences between consumer generations in the context of omnichannel retail.

From a governance perspective, *FDI Motivations in CEE Countries. The role of governance ethics* investigates the FDI determinants and the principal incentives for investors from both emerging and developed countries.

This publication includes articles from practitioners and researchers from around the world that explore the various dimensions of these aspects, providing invaluable information in the field of business, management, public administration, and sociology to tackle new approaches to business, ethics, and entrepreneurship.

We trust that you will find this useful.

The Editors

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Millennials Versus Gen Z: Online Shopping Behaviour in an Emerging Market

Dan-Cristian Dabija and Lavinia Lung

1.1 Introduction

In an era of global communication and development of the Internet and social media, when people make increasingly frequent use of modern technical devices, such as smartphones and tablet PCs not only to communicate with their peers, but also to get information about the characteristics of their favourite products and/or services (Dabija et al. 2017), retailers need to keep up with the new trends and devise their general business strategies in line with the current behaviour of their target groups. Unlike the fully mature or elderly, young people have a penchant for mass communication, for enjoyable leisure periods and effective use of time, tending to focus on those activities that yield the greatest benefits and maximize their experience (Dabija et al. 2018; Dabija 2018). Therefore, online shopping within a well-developed technical infrastructure, enabling easy and swift connectivity (Dabija and Grant 2016) represents an excellent premise for e-commerce.

Drawing on generational theory, in which individuals are grouped according to their year of birth, the societal events in their life, and the traditions, values, preferences, norms, etc. that shape their behaviour (Inglehart 1977; Egri and Ralsston 2004; Williams and Page 2010), the authors carried out exploratory quantitative research on two generations—Millennials and Generation Z—in an emerging market. For marketers, these market segments are becoming more and more important, due to their ever-increasing purchasing power (Sox et al. 2014), their proclivity for the use of modern means of communication and their being tech-savvy, having grown up with technology, with the Internet playing a major role in their life. Since they are familiar with online shopping (Nusair et al. 2013), the study of their online

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behaviour is of paramount importance. Millennials represent 25% of the world's population, spending around $ 200 billion annually in the U.S. alone. Consequently, in 2018 this has become the generation with the greatest buying power (Schroeder 2017). Generation Z spend about $ 143 billion annually in the U.S. alone, their consumption increasing with every passing year (Fromm 2018). Although young people do a certain amount of shopping, as they advance in age and career, they are more and more likely to buy the brands they know. Since they prefer social media communication and the use of technical devices, it would be reasonable to expect that this generation do most of their shopping online (Dabija and Grant 2016).

The research was conducted on consumers in an emerging market—Romania—because in recent years this market has witnessed some of the greatest economic growth in the area (Obucina 2017). The e-commerce local market increased by 35% in 2017 compared with 2016 (GPEC 2018), making a quantum leap in terms of quantity and value, which aroused the envy of traditional markets. Romania has another asset: according to Speedtest Global Index (SGI 2018), in 2017 it was ranked fifth in the world in terms of Internet speed, which is a further impetus for e-commerce and retailers' development of online stores.

The structure of this paper is in four sections. Following the literature review on generational theory and manner of approach to Generations Z and Y, the main characteristics of online shopping and their bearing on Millennials and Generation Z are presented. The second part contains the research methodology, and the third analyses the online behaviour of the 1233 young people interviewed. The final section contains discussions and conclusions as well as managerial and theoretical implications.

1.2   Literature Review

1.2.1   Generational Theory: Millennials and Gen Z

Introduced by Inglehart in 1977, generational theory holds that population can be categorized into similar groups of individuals, or generations, according to their values, norms, characteristics, expectations, experience, history, lifestyle and the major events that have impacted on their life. Each generation has its own values, beliefs, experiences and expectations, which are preserved by and ingrained in its members. These define the identity of the generation (Egri and Ralsston 2004), shaping the shopping behaviour of its members and their preference for certain brands and products, modes of obtaining information, doing shopping, returning products, etc. (Parment 2011, 2013).

Generational boundaries are set according to members' years of birth, and usually span intervals of 20–25 years (Williams and Page 2010). This period represents the time an individual need to become adult and give birth to the next generation (Strauss and Howe 1991; Meredith and Schewe 1994). From this perspective,

six generations spanned the twentieth century: the generation before the world crisis of the 1930s (Greatest Generation), the generation of the world crisis or the senior/ silent generation, Baby Boomers (1946–1964), Gen X (1965–1979/1980), Millennials or Gen Y (1980/1–1994/1995) and Gen Z (1994/1995–2010/2011) (Weingarten 2009; Williams and Page 2010; Twenge et al. 2010; Gurău 2012; Dabija et al. 2017). From a managerial and practical viewpoint, generational theory can be applied in different industries and sectors, being extremely relevant and significant for companies in designing and developing product and/or service offers for each particular generation. The applicability of this theory has relevance in marketing, retail, education and human resources, etc. (Leask et al. 2014).

Millennials or Generation Y consist of people born in a period of economic growth, marked by the emergence and strong development of social media and reality television, and by the fading of modernist values influenced by the pop culture (Parment 2011). Overall, Millennials are optimistic, highly tech-savvy and great entertainment lovers (Spiro 2006). The Internet has a strong impact on their life (Nusair et al. 2013). The members of this generation were the first to know and embrace modern communication technology and its various devices from their first years of life, and, therefore, can rightly be viewed as early adopters of modern technology means. Technology has actually become a quasi-indispensable part of Millennials' life, being used on a daily basis in various activities (Mangold and Smith 2012) such as the search for information on product and/or service offers, comparison of products, communication with peers, identification of opportunities for career advancement, the use of internet banking, making travel bookings, etc. Social media is highly important to them because it facilitates interaction and helps them obtain relevant information from peers about preferred brands, successful companies and producers of high-quality products (Nusair et al. 2013; Dabija et al. 2017). Millennials often place more trust in strangers using social media than in producers or retailers (Ordun 2015).

Unlike their predecessors, Generation Z may be reckoned as the true cohort of digital natives. As children of Generation X, they were the first to have grown up with the Internet since birth. A world without online communication is inconceivable to them (Wood 2013). Gen Z members have access to global information, maintaining round-the-clock and instant connection with their friends, favourite brands and companies, and the celebrities and celebrity endorsers they follow. Generation Z are highly skilled in the use of technology, demonstrating natural and innovative creativity. They constantly seek solutions individually, as they want to create their own products and/or services. Having themselves developed in a dynamic environment, they try to use their imagination in every aspect of life, which directly influences their information-seeking and shopping behaviour (Matthews 2008). Companies are, therefore, compelled to keep up with this new reality, since product/service tailoring and customization is essentially the only lever to gain their loyalty (Merriman 2015; Young 2015). Their remarkable technological skills are a major challenge for marketers, who are only able to target them by means of social media, their virtual friends and the unlimited possibilities provided by mass communication (Merriman 2015).

1.2.2   Online Shopping

The Internet is viewed as the fastest-growing shopping medium, being a swift and effective method of selling goods and services (Dhanapal et al. 2015). It has radically changed the way of doing business, enabling producers to turn into retailers, and retailers to expand by providing unlimited product and service offers available anytime and anywhere in the world (Lau et al. 2010). The development of new communication and shopping technology has also fostered change/evolution in retail consumers' behaviour, leading to a shift from classical shopping in traditional bricks-and-mortar stores to online, click-and-collect stores (Rudolph et al. 2004). The emergence of the smartphone/iPhone and tablet/iPad brought about the exponential development of online shopping. More and more customers prefer the new technologies, as these allow them to avoid crowded stores, make purchases at the click of a mouse, save time as well as financial resources and use their free time more effectively (Erikssona et al. 2017).

Traditional retailers with physical stores have shifted from the multi-channel strategy to the omni-channel strategy, where the different distribution channels are handled simultaneously and synergically so that the customer may be monitored according to his/her behaviour in both the physical and the online store (Dabija and Grant 2016). This allows enhancement of the customer experience, regardless of the channel used for obtaining information on products/services and for purchases (Xing et al. 2010). To implement this strategy, some retail chains have invested in self-service technologies (cash registers, info points, touchscreen displays, smartphone/iPhone apps, etc.), while other retailers have developed virtual stores, enabling the identification of products on the shelves via smartphone/tablet (Pantano and Timmermans 2014). Thus, retailers try to meet as fully as possible the preferences and expectations of tech-savvy consumers represented mostly by Millennials and Gen Z (Williams and Page 2010).

The dynamics of online information differs from that of information available in physical stores. Consequently, consumer needs vary considerably depending on the shopping medium (Burke 2002). E-commerce evolved from a distribution channel focused on meeting utility needs to a medium where experience plays a key role (Merriman 2015; Young 2015). Online shopping is no longer an exercise for obtaining a product and/or service, but has become a unique, relevant and important experience (Van Rompay et al. 2012), a multisensory, interactive and holistic experience that triggers consumers' emotions and challenges their creativity (Foster and McLelland 2015). Enhancing such a unique shopping experience might result in customer satisfaction, in gaining their trust and, ultimately, their loyalty (Pine II and Gilmore 2011).

In line with these facts, the generations who grew up with these digital technologies—the "digital natives" Y and Z—are likely to be more familiar with online shopping and place greater trust in it (Trevinal and Stenger 2014). The members of both generations are tech-savvy, that is, they have a good command of digital communication technology, being avid users of social media and the Internet, and

very familiar with online shopping. It is true, however, that their average spending on shopping is generally lower than that of other generations (Gen Xers or Baby Boomers) (Lissitsa and Kol 2016). The different online consumption behaviour also accounts for the way in which the members of each generation have been able to cope with the recent economic recession, each adopting a very different approach to shopping and savings, depending on age and family responsibilities (Wood 2013).

1.2.3   Consumer Generations and Online Shopping

Having grown up with the advent and development of the Internet, Millennials are a generation that makes use of online shopping much more frequently than their predecessors, Generation X (Lissitsa and Kol 2016; Dabija et al. 2017). It is a well-known fact that Millennials visit a great number of stores prior to making a purchase, exhibiting stronger preference for online retailers (Brosdahl and Carpenter 2011). The likelihood of Millennials shopping online grows as they advance in age. Their needs increase as they approach the age of 30, because it is around this age that they get married and start a family, build or buy their own house and seek products designed for a life of domesticity (Lissitsa and Kol 2016). Marketers need to adopt a different approach to Millennials, because they grew up in the era of the Internet and no longer view shopping merely as an act of purchasing, but more and more frequently as a means of entertainment and undergoing new experiences (Lehtonen and Maenpaa 1997).

   In order to create a distinctive perception in the minds of new generations, brands need to be "on the menu" of their daily needs, stimulating them emotionally and/or socially by bringing added value to their lifestyle, and enhancing their experience through the possibility of purchasing via technical devices, apps or other gadgets (Terblanche 2018). Millennials' purchasing decisions are strongly influenced by recommendations and advice from family members, friends and/or colleagues and people of the same social class. That is why the reviews or opinions of strangers on social media are highly popular among Millennials, because they represent an important and relevant source of information about products and their characteristics (Mangold and Smith 2012).

   Millennials tend to spend their money on unique and attractive experiences, rather than on material goods. Their response to online marketing is different, because they process information from websites five times faster than Gen Xers. Therefore, when communicating with Millennials, marketers have to include visual stimuli, images or spots that are able to draw and hold their attention. In comparison with Gen Xers and Baby Boomers, Millennials get bored quickly because their attention is distributive, and they exhibit multitasking behaviour (Jain and Pant 2012). Recent studies indicate that Millennials' actions are driven by emotional reasoning, displaying weak loyalty towards brands and companies (Bilgihan 2016). Therefore, it is highly important to create a strong image of these brands, deeply embedding them in young people's minds (Lazarevic 2012). Millennials prefer

brands with higher brand equity, as brand awareness plays an important role when they decide to shop online. In the case of luxury brands, they opt for original and creative brands capable of triggering their emotions, at the expense of the popular ones (Miller and Mills 2012).

Bakewell and Mitchell (2003) suggested that Millennials' online purchasing is often associated with shopping pleasure and impulse-based sudden inspiration. However, getting to know the price of preferred brands sometimes has a negative effect on their online behaviour. A user-friendly online store with an attractive design and a creative and intuitive layout may capture Millennials' attention, encourage them to return to the store, describe it favourably to friends and acquaintances and recommend it to others (Park et al. 2007). The pleasure and sense of adventure felt by Millennials during online shopping is a driver in generating their experience and in encouraging them to repurchase from that store (Lissitsa and Kol 2016). However, Millennials are cautious about online purchasing, sometimes refraining from paying by credit card if the visited e-store does not inspire sufficient trust (Trevinal and Stenger 2014). To gain their trust and make shopping easier, the e-store must always provide customers with up-to-date information and detailed visual access to products, enabling them to make comparisons with similar own products or with the products of other producers (Merriman 2015).

The next generation, Z, is viewed as an even greater challenge for marketers, because it is completely different from all previous generations, being the exact opposite in terms of behaviour, and calling for different approaches (Schlossberg 2016). The members of this generation are very well informed and always on the look-out for new data/information. They want to have control over their own life and future, and are a lot less loyal to retailers than Millennials (Merriman 2015). Recent research has shown that the loyalty of Gen Z cannot be gained by traditional schemes, models and programmes such as cards, cash-back bonuses or discounts (Merriman 2015).

Belonging to friend and peer groups and social acceptance are highly important goals that Generation Z members vigorously and relentlessly pursue. This is so because their self-perception is partially determined by the group they belong to and identify with (Soltan 2004). When they shop online, Generation Z members communicate with their social media friends, making product comparisons and taking heed of the opinions of friends and acquaintances, asking for their advice and help to identify the best and most attractive solution (Trevinal and Stenger 2014). Moreover, as they try to make the most of their available shopping, entertainment and leisure time, Gen Z place great importance on online orders and product delivery at preferred pick-up points (Merriman 2015).

Wood (2013) points to four major trends typical of Generation Z members as consumers: keen interest in the new technologies; ease of product use; need for safety in communication and shopping; need to temporarily escape from everyday reality. Generation Zers use the various apps on their smartphone/iPhone or PC tablet to purchase from online stores (Bernstein 2015). These devices are also useful in purchasing from traditional, physical stores, because one can swiftly make a price comparison with online products as well as a careful analysis of product

characteristics and usage advantages (Priporas et al. 2017). Gen Zers have always had a plethora of options to satisfy their consumer needs. When choosing products, Gen Z members rely very much on design and aesthetics, regardless of the type of store, physical or online (Wood 2013). Just like their older parents and friends— Generation X and Millennials—Gen Zers are heavy consumers of entertainment (films, music, games), and enjoy these favourite activities by means of technical devices. However, there are some risks incurred in the use of such devices, as they are sometimes associated with obesity, erosion of social relationships and living in a predominantly virtual world which affects their relationship with the real world (Wood 2013).

1.3 Research Methodology

Drawing on generational theory (Inglehart 1977), the authors conducted exploratory quantitative research (an empirical investigation) among Romanian young people with the purpose of highlighting behavioural differences in online shopping via the use of technical devices between Millennials or Gen Y (people born between 1980 and 1994) and Gen Z (people born between 1995 and 2002) (Barber et al. 2010; Parment 2013; Dabija et al. 2018). The research was conducted by means of the survey method, and used a face-to-face questionnaire, administered by volunteers, as a working tool. The volunteers were instructed to follow a sampling plan by gender and age, designed on the basis of data from the latest statistical yearbook of Romania (ASR 2014). Respondents had to be at least 16 years old, as, according to the literature, it is at this age that individuals start to develop shopping behaviour and preferences for various goods and services.

The resulting sample shared the characteristics of the total population (Churchill 1991), answers being received from 569 Millennials (305 males and 264 females) and 664 Gen Z members (302 males and 362 females), respectively (see Table 1.1). Respondents were approached in public places, at home, or in the workplace. Over 1400 questionnaires were collected during 2017. Out of these, 1233 valid

Table 1.1 Breakdown of respondents by gender and residence

		Millennials		Gen Z		Total	
		n	%	n	%	n	%
Gender	Male	305	24.7	302	24.5	607	49.2
	Female	264	21.4	362	29.4	626	50.8
	Total	569	46.1	664	53.9	1233	100.0
Residence	Cities over 100,000 inhabitants	377	30.6	416	33.7	793	64.3
	Smaller cities	145	11.8	191	15.5	336	27.3
	Rural area	47	3.8	57	4.6	104	8.4
	Total	569	46.1	664	53.9	1233	100.0

Source: Own research

questionnaires remained, after those with more than 10% missing answers had been
excluded (Plăiaş 2008; Dabija 2013). The questionnaire contained closed and open-
ended questions on respondents' online behaviour, their preferred online stores and
types of goods purchased, and the technical devices used to select information and
make actual purchases. The results were interpreted using absolute and relative fre-
quencies, as well as the mean analysis (Churchill 1991; Plăiaş 2008; Dabija 2013).

1.3.1   Sample's Socio-Demographic Characteristics

The data were collected in both urban and the rural areas (Table 1.1). Most respon-
dents were residents of or living at the time of the interview in large cities with more
than 100,000 inhabitants. The concentration of respondents in these cities was
mainly because most members of both generations still attended various forms of
educational training (high school, vocational training, college education) (Ordun
2015). While most Gen Z members had graduated from high school (530 persons
representing 43% of the sample), the Millennials had already completed a graduate
(10.3%), MA or PhD degree (18.8%). It is, however, interesting to note that a great
number of Millennials had not yet pursued higher education but had only obtained
a high school diploma (10.1%) or vocational training degree (2.9%) (Table 1.2).

Recent studies indicate that most members of this generation are more concerned
with developing their skills in order to have a better chance in the labour market
(Hershatter and Epstein 2010). 143 Millennials and 323 Gen Zers still lived with
their parents or relatives (38% of the sample), while 300 Millennials (24.5%) and
264 Gen Zers (21.5%) lived with friends or partners. This living-with-parents trend
is a result of the booming real estate market in recent years, and of the fact that many

Table 1.2 Breakdown of respondents by education and living conditions

		Millennials		Gen Z		Total	
		N	%	n	%	n	%
Education	High school	124	10.1	530	43.0	654	53.0
	Vocational training	36	2.9	14	1.1	50	4.1
	Higher education	127	10.3	35	2.8	162	13.1
	Postgraduate education	232	18.8	54	4.4	286	23.2
	Other	50	4.1	31	2.5	81	6.6
	Total	569	46.1	664	53.9	1233	100.0
Living with …	… parents/relatives	143	11.6	323	26.3	466	37.9
	… friends	99	8.1	185	15.1	284	23.1
	… partner	201	16.4	79	6.4	280	22.8
	… alone	84	6.8	60	4.9	144	11.7
	… another situation	39	3.2	16	1.3	55	4.5
	Total	566	46.1	663	53.9	1229	100.0

Source: Own research

members of both generations were still students and likely to be thinking about cost of living and trying to make savings (Bulman 2017). On the other hand, living with other people entails the common use of some purchased goods and/or services by all members of a household, calling for a targeted approach on the part of brand manufacturers and retailers.

While most Millennials (328 persons) were already in employment, working in various companies, most Gen Zers (480 persons) were still pursuing various forms of educational training (Table 1.3). A small number of Millennials had managed to secure management positions (35 individuals) and set up their own business (27 persons), compared with only 15 Gen Z members who held management positions and 13 who were entrepreneurs. Support from parents and/or relatives, and online freelancing as a means of gaining extra income (French 2017) are excellent opportunities seized by some young people, but most of them only seek to gain experience at this stage of their life.

Out of 1233 interviewees, 65% agreed to reveal their monthly net household income (Table 1.3). Of these, 176 Millennials (21.8%) and 169 Gen Zers (20.9%) stated that they had a monthly household income of between 501 and 1000 euros. At the time of the research, the paid minimum salary was about € 266 per person, and the average net salary was almost € 530 per person (Economica 2018). Furthermore, consideration of the residency situation of the respondents living with friends/partners or parents/relatives (Table 1.2) reveals that most members of both generations (42.8%) earned an average net salary per person, at the very most. This means that they allotted only small amounts of money to their online purchases. The average net income per household for a third of the sample (34.9% of respondents) ranged between € 1001 and 2000 (134 Millennials—16.6% and 148 Gen Zers—18.3%). As they earned a higher salary, it seems plausible that they could afford to buy more expensive products and/or services online.

1.4   Results and Discussions

1.4.1   *Frequency of Online Versus In-Store (Offline) Purchases*

There was quite a difference between Millennials and Gen Z in terms of the frequency with which they made offline versus online purchases. Thus, as Table 1.3 shows, both generations preferred shopping from traditional, bricks-and-mortar stores over shopping from online, click-and-collect stores. This is also confirmed by the studies of Accenture (2017) and the National Retail Federation 2018 (NRF 2018). None of the respondents made purchases from physical stores less than every other month, while 8.8% of Millennials and 17% of Gen Zers stated that their online purchases were fairly infrequent, occurring at most once every 12 months (Table 1.4). Only 5.3% of respondents shopped online two or three times a year. What is quite surprising is the fact that a quarter of the young people interviewed stated that they made online purchases at most once a year. It is possible that, at the time of filling

Table 1.3 Breakdown of respondents by occupation and income

		Millennials		Gen Z		Total	
		n	%	n	%	n	%
Occupation	Business/manager	35	2.8	15	1.2	50	4.1
	Government employee	68	5.5	18	1.5	86	7.0
	Private employee	328	26.6	80	6.5	408	33.1
	Self-employed	27	2.2	13	1.1	40	3.2
	Student	82	6.7	480	38.9	562	45.6
	Other	29	2.4	58	4.7	87	7.1
	Total	569	46.1	664	53.9	1233	100.0
Net monthly income per household	Under 500 EUR	53	6.6	46	5.7	99	12.3
	501–1000 EUR	176	21.8	169	20.9	345	42.8
	1001–2000 EUR	134	16.6	148	18.3	282	34.9
	Over 2000 EUR	41	5.1	40	5.0	81	10.0
	Total	404	50.1	403	49.9	807	100.0

Source: Own research

Table 1.4 Frequency of online versus offline purchases

	Millennials				Gen Z				Total			
Frequency of shopping	n	%	n	%	N	%	n	%	n	%	n	%
	Online		Offline		Online		Offline		Online		Offline	
Once a year	108	8.8	–	–	210	17.0	–	–	318	25.8	–	–
2–3 times/year	35	2.8	–	–	30	2.4	–	–	65	5.3	–	–
Every other month	49	4.0	96	7.7	43	3.5	203	16.5	92	7.5	299	24.2
Monthly	169	13.7	17	1.4	171	13.9	15	1.2	340	27.6	32	2.6
Weekly	154	12.5	334	27.1	160	13.0	342	27.7	314	25.5	676	54.8
Daily	54	4.4	122	9.9	50	4.1	104	8.4	104	8.4	226	18.3
Total	569	46.1	569	46.1	664	53.9	664	53.9	1233	100.0	1233	100.0

Source: Own research

in the questionnaire, they had in mind the purchase of material goods rather than services (payment of phone bills, 'plane tickets, tickets for events), the purchase of books, or paid for downloads of programmes or games.

It is interesting that a significant number of Gen Z members preferred shopping from physical stores every other month (203 persons), but only 196 Millennials opted for this method to purchase food, clothes or other products. The number of respondents making online purchases every other month was relatively equally divided between generations: 49 Millennials and 43 Gen Zers (Table 1.4). Monthly online shopping was more frequent among Millennials (169 persons) and Gen Zers (171 persons), while only 32 respondents stated they purchased from physical stores once a month at most. Weekly shopping from traditional stores was most frequent, 334 Millennials and 342 Gen Zers buying food, clothing, etc. at least once a week (54.8% of the sample). Weekly online shopping was also fairly frequent among respondents, almost a quarter of them buying online various goods and services on a weekly basis.

1.4.2 Preferred Online Retailers

Respondents indicated many retail stores where they overwhelmingly preferred to shop online. These were brands of domestic and foreign retail chains, with stronger preference shown for the Romanian ones (over 90%). As can be seen in Table 1.5, most Millennials (295) and Gen Zers (288) preferred making their e-commerce purchases from domestic retail chains carrying a varied range of products and services: electronic and household appliances, IT, fashion, food, hobbies, drugstores, etc. Some of the Romanian retailers that respondents found most appealing were: E-mag.ro, cel.ro, Evomag.ro, olx.ro, okazii.ro, PCGarage.ro and elefant.ro, while the most appreciated international e-commerce retailers were Alibaba, aliexpress, Amazon, ebay, GearBeast, ipon.hu other wish.com. Far fewer international e-commerce retailers were preferred by respondents for online shopping, probably because their product delivery is often a lot costlier and time-consuming than that of Romanian/domestic retailers. Some domestic retailers, such as Emag.ro, have showrooms in the country's large cities, allowing orders placed online to be picked up for free (emag.ro).

Fashion stores were the next group of e-stores preferred by respondents (287– 23.3% of the sample), specifically by 122 Millennials (9.8%) and 165 Gen Zers (13.4%). They bought from Romanian and international specialist retail chains offering clothing articles for men, women and children: Alcott, Answear, Asos, Atmosphere, Bershka, bestsecrets.com, Bmall, Body Chain, Bogas, Bonprix, Zara, Stradivarius, H&M, C&A, chanttal.ro, Dorothy Perkins, Dyfashion, exclusives.ro, farfetch.com, Fashion Days, garagestore.ro, Guess, Hollister, Kurtmann, krasserst-off.com, New Yorker, Only Brands, Orsay, Pull & Bear, Zoot, Stradivarius, Mycloset. In addition to clothing-only stores, respondents also mentioned e-retailers selling shoes (Benaza, bmxmagazin, massimo dutti, Collective, Cutoc.ro, Ecco, Epapuci.ro, Footlocker, fashion shoes, Kalapod, Zalando, Sneaker Industry) and sportswear articles (Adidas, Decathlon, Intersport, Nike). Young people's prefer-

Table 1.5 Preferred online retail formats for purchases

Online store category (retail format)	Millennials		Gen Z		Total	
	N	%	n	%	n	%
E-commerce RO	295	23.9	288	23.4	583	47.3
E-commerce INT	40	3.2	61	4.9	101	8.2
Fashion	122	9.8	165	13.4	287	23.3
Services	25	2.0	44	3.6	69	5.6
Electronics	32	2.6	30	2.4	62	5.0
Hobby	20	1.7	23	1.8	43	3.5
Drugstore	11	0.9	27	2.2	38	3.1
DIY	17	1.4	13	1.1	30	2.4
Food	7	0.6	13	1.1	20	1.6
Total	569	46.1	664	53.9	1233	100.0

Source: Own research

Table 1.6 Retail brands of online retailers

Online store category (retail format)	Retail brand
DIY/interior decoration	Bricodepo, Clessidra, Dedeman, Leroy Merlin
Drugstores, including pharmacies, perfume shops	Aoro, Bioportal, Catena, Douglas, Forever Living, Pet-Shop, Jeffree Star Cosmetics, Make-up Shop, Oriflame, Sephora
Electronic and household appliances	Altex, Apple, Samsung, Demax, Domo, Flanco, Media Galaxy, Germanos, Ideall, IQOS
Food	Carrefour, Kaufland, Casavaida.com, Metro, Food Panda, PizzaFresh, Hipmenu
Hobby	Airsoft, Battle, bimax.ro, F64, Flashtattoos, Zoomania, Thomann, sportvision.com, Noriel, Argintbijuterie.ro, B&B, Divacharms, Gothic Fairy
Services	*Communication* (Orange), *banking* (ING, Raiffeisen), Istore, lensa.ro, lajmutate.ro, *real estate* (Piata A-Z, Imobiliare.ro), *air transport* (Blueair, Lufthansa, UPC, Wizzair, Taro), Vola, AutoEco, cars.ro, *cultural* (Biletmaster, Eventim), *books* (Humanitas, Libris, Okian, Elefant, Cărturești), *accommodation* (Airbnb, Booking, Kampos, TUI, Trivago, Ztour)

Source: Own research

ence for international fashion retail chains is also confirmed by previous studies (Dabija et al. 2018; Dabija 2018).

In addition to the e-retailers specializing in a wide range of products and the fashion e-retailers, Millennials and Gen Zers also mentioned among the e-stores where they had purchased products and/or services in the last 12 months, those selling electronic and household products (62 respondents), articles for play and leisure activities (43 persons), pharmacies and drugstores (38 persons), DIY and interior decoration e-stores (30 persons) and food e-stores (20 persons). The names of these domestic and foreign retail formats are presented in Table 1.6. Respondents' preferences regarding air transport, accommodation, communication, cultural, etc. services were also noted. Interestingly, Gen Z members (44 respondents) preferred purchasing online services to a greater extent than Millennials (25 respondents), probably because a great amount of time was saved with this method.

1.4.3 Frequency of Use of Technical Devices for Online Shopping

Respondents used their mobile devices more or less frequently to access and collect information about retailers' online offers, identify discounts, look for data on product and/or service characteristics, place orders and return purchased items. The literature shows that young people make quite extensive use of various technical devices, from laptops and personal computers to smartphones/iPhones, tablets and other gadgets (Priporas et al. 2017).

Table 1.7 Devices used for online shopping

	Millennials		Gen Z		Overall	
	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.
Use laptop	4.18	1.168	4.12	1.114	4.15	1.139
Use smartphone/iPhone	4.02	1.340	4.03	1.252	4.02	1.292
Use PCs	3.15	1.614	3.18	1.543	3.17	1.574
Use other device	2.00	1.732	3.13	1.180	2.72	1.211
Use tablet/iPad	2.62	1.529	2.54	1.409	2.57	1.463
Use Mobile hotspots	1.50	1.023	1.88	1.278	1.71	1.187
Use kiosk	1.52	1.007	1.76	1.237	1.65	1.143

Obs.: mean evaluations measured on a Likert type scale in 5 points from 1-use very seldom to 5-use very frequent
Source: Own research

As can be seen in Table 1.7, the devices most frequently used by both generations to place online orders were laptops (mean overall evaluation 4.15) and smartphones/iPhones (mean overall evaluation 4.02). Although both devices were most frequently used in online shopping, Millennials seemed to exhibit greater preference for laptops (mean 4.18) and Gen Zers for smartphones/iPhones (mean 4.03). The likely reason is that these devices have accessible applications and can be used frequently to communicate with peers. Both generations used personal computers to shop online with average frequency, with Gen Zers (mean 3.18) revealing a slightly stronger preference for them than Millennials (mean 3.15). Although used with average frequency for the online purchase of products and/or services (Table 1.7), other mobile devices were favoured more by Gen Zers (mean 3.13) than by Millennials (2.00). Other mobile devices used by Millennials to shop online were portable speakers (one nomination) and smart TVs (two nominations), while Gen Zers used portable speakers (4), eBookReader (1), Kindle (1), Play Station 4 (1), smart watches (2) and smart TVs (one nomination). The naming of these gadgets used for online shopping is borne out by the findings of previous literature showing young people's—notably Gen Zers'—proclivity for the use of, and communication through various gadgets and technical devices (Wood 2013).

Tablets and/or iPads were used by respondents for online shopping with average frequency, more by Millennials (mean 2.62) and less by Gen Z (mean 2.57). The latter generation's less frequent use of these technical devices was due in particular to the fact that they are more expensive and are larger than respondents' smartphones/iPhones, which may affect their appeal. Other technical devices, such as mobile hotspots and kiosk systems, were rarely used by respondents, with Gen Z being more attracted than Millennials to using both of them (Table 1.7).

1.4.4   Tools Used for Online Shopping

When making online purchases using search engines, respondents could do this on various technical devices: PC computer or laptop, tablet/iPad or smartphone/iPhone. Millennials used search engines on laptops more frequently (mean evaluation 3.78)

Table 1.8 Search engines used for online shopping

	Millennials		Gen Z		Overall	
	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.
When shopping online, I rely …						
… on the search engines through smartphone/PC tablet (such as Google, yahoo etc.)	3.44	1.347	3.52	1.314	3.47	1.329
… on search engines through laptop	3.78	1.299	3.30	1.335	3.58	1.319
… on search engines through PC	2.81	1.571	2.82	1.511	2.81	1.539

Obs.: mean evaluations measured on a Likert type scale in 5 points from 1-use very seldom to 5-use very frequent
Source: Own research

than Gen Z (mean evaluation 3.30), whose favourite tool for making online purchases were search engines on their smartphone/PC tablet, such as Google, Yahoo, MSN etc. (3.52). Desktops were used to a much lesser extent by both generations (Table 1.8).

1.5   Conclusions

Targeting the members of the young generations of consumers (Millennials and Gen Z) with individualized products and services suiting their needs, preferences, expectations and attitudes is a well-thought-out strategy of retailers at the moment, because it is expected that these generations' buying power will increase in the future, and they will show greater preference for the brands, products and services they have known for a long time and the companies whose offers they have been familiar with. However, it is difficult to gain their loyalty as they would rather exhibit multifaceted behaviour (Pop and Dabija 2014) through which they seek maximum benefit than show loyalty to a particular retailer and/or its products (Merriman 2015; Young 2015). From this perspective, the study of the current online purchasing behaviour of Millennials and Gen Zers is of considerable relevance (Lester et al. 2006).

Even if the two generations are tech-savvy and have grown up with the Internet, their members still prefer shopping from traditional, bricks-and-mortar stores to online, click-and-collect shopping, a fact also borne out by the studies of Accenture (2017) and the National Retail Federation 2018 (NRF 2018). Millennials and Gen Z are more interested in the experience they encounter during shopping (Merriman 2015) than in the actual shopping. Therefore, it is important that retailers provide them with a pleasant, unique and attractive experience, because once customers are drawn to the store, the chance of having them buy increases if they were previously informed about product characteristics.

The results obtained reveal that Millennials make purchases more often than Gen Z, also borne out by Schroeder (2017). They have greater buying power because

they already receive an income, while most Gen Z members are still college or high school students (Ordun 2015). The Romanian young people preferred shopping from domestic online retail chains, online fashion stores and electronic appliance stores. The purchase of online services is the preserve of Gen Z rather than Millennials. Both generations are very knowledgeable about the mobile devices they use for shopping, with Millennials showing greater preference for laptops and Gen Z for smartphones. Wood (2013) reaches a similar conclusion, showing that Gen Z members use smartphones more frequently than laptops in their everyday activities.

Retailers' understanding of, and approach to these consumer generations according to their online and offline behaviour allows them to better target specific products and/or services and create a shopping experience as pleasant as possible through smartphone and/or PC tablets apps. This adds great impetus to shopping. Results also reveal that the two generations differ substantially in terms of online shopping frequency and the devices used for this purpose but are similar in their preference for traditional as well as online stores. The results obtained in the present research concur with previous research, but their special merit is to better indicate the manner of approaching various consumer generations with characteristics different from those of their parents and/or grandparents.

Any future research should also consider other aspects related to online shopping, such as the manner of placing orders and returning products, satisfaction with online orders and return policies, and individuals' behaviour in saturated versus emerging markets. One of the research limitations is the fact that the study only deals with generations Z and Y. Future studies should consider a comparison between the online shopping of mature persons (Generation X) and that of more elderly people (Baby Boomers), both cohorts still being sufficiently large and attracting the interest of online and offline retailers. This research has confirmed that generational theory has great relevance to retail, as marketers' knowledge of the behaviour of various generations and how they think, and act is more than useful in defining strategies for approaching target segments.

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Chapter 2
Exploring Nursing Team Conflict in Health Care Team Interactions

Randolph Wilt

2.1   Introduction

Nurses have strived for decades to alter the handmaiden image that once defined the profession. Over the years, the profession has moved toward a professional identity based on expertise and greater autonomy (Gardner 1992). However, as health care organizations changed, so did the roles of the nurse—moving from subservience to a hierarchy with varying levels of professional status (Apker et al. 2005). As these new roles emerged, new levels of cultural conflict surfaced among team members, as nurses found themselves engaging in communication styles implying a preemptory attitude about performance, age, and education. This conflict in nursing communication led to the development of this study.

Conflict due to diversity, ethics and communication is a daily encounter for nurses, due to the nature of the medical profession. The potential for conflict to arise from cross-cultural values is well documented in the nursing literature (Nelsey and Brownie 2012). As health care facilities continue to experiment with collaborative team-based nursing, nurses are faced with role transitions that demand trade-offs between their personal needs and those of their health care team and organization (Miller et al. 2000). Nurses' identities are defined by their education, experience, age, and personal understanding of their role as a nurse. Conflicts emerge as nurses attempt to control perceptions about their cultural identity characteristics, and then communicate those perceptions to their team members (Cox 2003; Rahim and Bonoma 1979). Kavanagh and Kennedy (1992) elaborate that there is now a requirement in health care to understand the contributions and lifestyles of those from different cultural groups; consequently, health care workers need to recognize personal

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biases, discrimination, and prejudice that can prevent positive interpersonal relationships. Inter-cultural communication conflict can adversely affect patient care and the successful functioning of the nursing team in a medical environment.

2.2 The Field

The nursing profession comprises multiple groups, segmented by age, practice, experience, and education. Older nurses, including some in their 1960s and 1970s, work alongside younger nurses (Smith-Trudeau 2001), and both age groups often have similar education and skill levels. However, Associate Degree nurses (ADNs) work with Bachelor of Science nurses (BSNs); while both are licensed as registered nurses (RNs), they often have demonstrably different levels of education and training. Within a single organization, different individuals view their work in different ways. This mixed workforce is an environment of conflict (Peplau 1953); as such, it provides fertile ground for research.

In the past, the nursing industry and professional publications have devoted considerable attention to nursing conflicts (e.g., Swearingen and Liberman 2004), demonstrating how various groups of nurses compete for power and control (Adams and Bond 2000). Regarding just the issue of age, the consensus is that nurses of different generations simply do not understand one another. Nursing and health care professionals believe such situations demand attention, as conflict can negatively affect productivity, staff turnover (Smith-Trudeau 2001; Swearingen and Liberman 2004), and the quality of patient care (Cox 2003). These conditions are believed to contribute to monetary and personnel losses (Antonazzo et al. 2003; Barney 2002) that damage both institutions and nurses. When teams are dysfunctional, interpersonal conflict, role misunderstandings, and hierarchical differences cause problems that degrade the services those teams provide (Thornton et al. 1980). However, when a health care team practices more effective communication, that team's functionality is enhanced and patient outcomes are improved, thus increasing nurses' professional satisfaction (Apker et al. 2005).

Nursing satisfaction is important to the profession, as conflict can directly affect the success or failure of a nursing team. But what relevance has a team nursing study to culture and communication scholars? By investigating nursing conflict from a theoretical communication perspective, supported by stories from the field, a defined and theoretically supported view of why cultural conflict exists begins to emerge. Through this insight, resolution strategies may become more apparent for nurse administrators. Therefore, vis-à-vis conflict situations encountered daily, it is plausible that the theoretical information presented in this study may benefit not only the nursing profession but also the corporate arena.

According to a generally accepted definition, conflict is an expressed struggle or effort involving multiple, interdependent parties with incompatible goals (Folger et al. 2005; Hocker and Wilmot 1978). Another dimension is Fink's (1968) explanation that conflict is a social situation in which two or more entities are connected by

antagonistic psychological interaction. Hunter (1994) extends the definition to team dynamics, asserting that conflict can define a group when its members are polarized in how they perceive one another and their actions. These three definitions effectively describe the past literature on the team nursing environment. However, much of the initial research into cultural conflict in team nursing has not been updated; moreover, it contains very little from a communication perspective. Unfortunately, rather than diminishing, conflicts in the nursing profession have continued to persist, with limited theoretical communication solutions.

In defining culture, Merriam-Webster refers to customary beliefs, social forms, and material traits of a racial, religious, or social group (Gray and Thomas 2006). In nursing, this has become the essentialist perspective in observing team culture as it relates to ethnicity, national origin, and religion (Gray and Thomas 2006). However, the modern explanation of culture is broader, including shared attitudes and values, goals and practices, and generational and educational connections. Though some are not viewed as within the traditional definition of culture, these characteristics are prominent in contemporary nursing.

As noted above, there have long been differences among nurses. However, two significant changes in nursing culture have occurred in the past 60 years. First, hierarchy in the nursing profession has changed. Previously, younger nurses at entry level would report or answer to senior nurses, often from the previous generation. Consequently, younger nurses took directions from older nurses with little question. Second, the transformation of the Information Age has resulted in younger nurses possessing more current and up-to-date information than their older counterparts. This is a departure from the traditional hierarchy of seniors passing down information to juniors (Weston 2006).

Identifying cultural conflict interactions in team nursing is not difficult. Nurses work in teams in various venues; however, the most common is the hospital floor. Floor nursing is not a typical profession; it is unusual in often disregarding power and seniority relations. It is this characteristic of the profession—the unusual ability to provide a level playing field—that presents an interesting canvas on which to observe conflict interaction. As nursing researchers McNamara (2005) and Dunn-Cane et al. (1999) observe, different groups in nursing can perceive their profession from different perspectives. Where one nurse sees compassion and commitment, another sees an avenue for delivering service and personal growth. Although these issues may be considered problematic, they provide a fascinating foundation for a story-based situational study of nurses in mutual conflict.

2.3 Methods

Grounded theory, as defined by Glaser and Strauss (1999), is an effective approach for analyzing the complexities of human conflict interactions. Using grounded theory, I was able to systematically derive categories and themes from nurses' own stories of conflict (Gubrium 1988), allowing for the emergence of the meaning

behind their actions. This narrative style of data collection organically created categories and themes that became the foundation of my research. The result was a naturalistic model that allowed me to consider unexplored social-realities inside real-life experiences. In studying specific behaviors in authentic situations, I was able to view participants as integral parts of their environment. This broadened my perspective and allowed me to interpret one subject's actions in comparison with those of other individuals in similar circumstances.

2.4   Data Collection and Sampling

The goal of my collection method was to gather stories via face-to-face interviews. These stories not only provided insights into nursing conflict but also allowed the subsequent identification of conflict themes. All the participants were nurses employed by health care organizations in Central Texas. The facilities ranged from medium (150+ beds) to large (500+ beds), and represented non-profit and for-profit organizations, adult and pediatric care, acute and emergency care, and rehabilitation and skilled nursing facilities.

The study group comprised 24 participants licensed by the Texas Board of Nursing. Most participants were board-licensed RNs; however, licensed vocational nurses (LVNs) and licensed practical nurses (LPNs) were also included. Each participant's certification was defined by the credentials they had been awarded or earned through academic, state, or nursing organizations. These credentials included a broad list of specializations, practice areas, and academic degrees. All participants were selected via convenience sampling, with the goal of data saturation based on their stories of nursing conflict interactions. The number of participants was subjectively determined to allow for diversity of narratives and the probability of saturation within the dataset. From the 24 participants, 94 rich nursing narratives were recorded for analysis.[1]

The participants were aged 23–58, with a gender distribution of 13.6% males and 86.4% females. Face-to-face, semi-structured, in-depth interviews solicited responses to open-ended questions. In talking freely and conversationally, participants were able to develop their own "lived-narratives," which allowed for additional probing of conflict events and exploration of the emerging conflict themes. Each of the 24 interviews lasted 90–120 min, resulting in 840 transcribed pages from the audio recordings.

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) can pose ethical challenges for any researcher in this field, as it restricts access to clinical and acute areas, in addition to the revelation of personal names to conditions. In pursuing my aim to collect rich data through personal interviews, I endeavored to ensure that my study would not contravene HIPAA. By taking the opportunity to

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[1] For the purposes of this research, my intent was not to target a specific number of participants, but rather to collect a sufficient number of conflict stories.

visit the nurses' workplaces and engage in casual conversations with them prior to conducting the interviews, I was able to address any HIPAA-related concerns and reassure the nurses that I would neither contravene nor implicate them in any contravention of HIPPA.

This study strived to achieve internal validation through an extensive literature review and rigorous, triangulated research measures. Although in-depth interviewing was the study's predominant technique, triangulation supported the findings by incorporating professional nursing literature and nursing blogs, along with observational notes.

2.5   Data Analysis

Using the Strauss and Corbin (1998) method of comparative interpretation of qualitative data, the transcribed interviews were coded into identifying categories classifications, and then into a list of conflict themes. The coding process proceeded through three phases: (1) comparing categories to other categories, (2) categorizing and comparing incidents to specific categories, and (3) identifying theory (Glaser and Strauss 1999). The qualitative coding software NVivo8 was used for the coding and analysis tasks. This software assisted in basic coding, axial coding, vista coding, comparison, and report generation. Five conflict themes emerged from analyzing the interviews. The data collection and analysis continued until conflict theme saturation was achieved.

2.6   Emergent Themes

I had not originally planned to approach this research from the standpoint of "cultural problem areas" in nursing. However, after the first few interviews, I came to realize that the nurses wanted to discuss their frustrations with the profession. I also came to recognize that nurses are passionate about their profession and the quality of practice within it.[2] They stay attuned to what is happening around them and continually evaluate their professional interaction, particularly how it may affect them personally and professionally. Their commitment to the profession and their patients became obvious, albeit not without signs of frustration vis-à-vis their fellow nurses. The nurses appeared concerned and, on average, skeptical of one another. They

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[2] It is not uncommon to become dissatisfied and disenchanted due to frustrations with their work, especially in dealing with patients, their families, and doctors. However, for some, the trade-off is a profession that provides stability, job security, competitive wages, and flexible work hours. In my interviews with the 24 nurses, I was surprised to find that most participants ranked passion for taking care of people over the profession's other benefits. With the continual drive for more nurses due to ongoing nursing shortages, it was encouraging to learn that, at least in the interviews, passion outweighed both employment benefits and compensation.

were judging others using their own thoughts, values, and practice style as guidelines. At the same time, they are, to a point, also forgiving. It is these thoughts and values, developed and learned through the formative stages of life, and later refined through their training, that define what nurses perceive as right or wrong: not just at a particular time but consistently throughout their years of practice (Parry and Urwin 2011). This became more evident as the conflict themes emerged. As the nurses' stories revealed conflict themes, I analyzed their interactions and created a list of corresponding organizational and interpersonal theories. By the conclusion of the interviewing process, five nursing-specific conflict themes were identified, noted, and matched to several communication-related theories, which support and help to define what was occurring in their conflict interactions.

Theme 1 "Since When is it Okay to Do That?" A Question of Ethics, Morals, Values, and Best Practice

The nurses reported various instances and issues directly contravening their training, morals, and ethics. This conflict interaction theme is presented first because it was the most-reported and seemingly greatest concern. Interviewees reported concerns about losing their own license if implicated in an action considered unethical, illegal, or a danger to the patient. The nurses did not initially volunteer many of these stories, but as they began to open up, more egregious accounts focused on ethics, legalities, and practices surfaced. These were stories that made them shake their heads in disbelief.

The theme *"Since When is it Okay?"* implies not only questioning the action, knowledge, and intent of others but also making judgments based on the nurse's own thoughts, beliefs, and education or training. The most common of the reported actions involved medications. In the following story, a participant questioned the ethics and the practice technique of the night nurses.

> They give their patient too many sedatives, too many narcotics, and that patient's really sedated in the morning. I have to deal with it. And I need to follow up on it. I need to explain to the family why Grandma won't wake up, you know. But, I'm going to guess that that night nurse probably doesn't care because she wanted the patients to sleep all night.

Nursing values and ethics was another area of concern. Participants related that one nurse's actions directly affected other nurses, particularly in questionable situations. This issue is similar to the moral-sense theory (see Broad 1944; Firth 1952). Every person maintains a moral faculty that causes them to react in a certain way—with sympathy, approval, etc.—when faced with another person's behavior. This reaction is dictated by whether the individual perceives the event as right or wrong, prompting a moral feeling (Kuklick 1969). Using the Schwartz Value Survey (Schwartz 1992), Lyons et al. (2007) found significant differences in values between generations. Most notably, Gen X (1961–1981) scored higher on openness to changing values and lower on conservative values as compared to those generations on either side—Boomers (1943–1960) and Gen Y (1982–2001). In this study, participants expressed significant disdain for and dissatisfaction with the nursing ethics and values of other nurses. Particularly notable in their responses was the issue of value and how it connects to the concept of moral feelings. Many participants questioned

the ethics of other nurses and, in turn, the value of their actions. In this context, value refers to importance, rather than worth. Thus, another's action evoked a moral feeling and led the nurse to lose respect for their co-worker; in turn, this triggered an interpersonal conflict that was then embedded in their future trust and confidence in the other nurse, negatively impacting their intercommunications.

Theme 2   "You Really Don't Know What You're Doing!" Questioning of Training, Education, and Competence

This section explores the theme of nurses' diversity in training, education, and competence through their stories of conflict. In terms of education and training, nursing is not "one size fits all": nurses come from varied backgrounds, degree programs, and clinical training. The RNs who participated in the study reported that BSNs view ADNs as clinically experienced but lacking in critical thinking skills and theoretical knowledge. Conversely, ADNs view BSNs as well-grounded in "book smarts," but with limited or sometimes no "hands-on" training and knowledge. A third category of professional nurse, the LPNs and LVNs, may enter the profession without a post-secondary degree. In the participants' stories, each nurse approached the topic in a matter-of-fact way, justifying their own education while downgrading that of others. This perhaps implied a perception that one is superior to others in training and practice. The following story exhibits conflict due to frustration vis-à-vis competence:

> Clinical? There's the whole thing about, if you go to a Community College, the rule is you'll get hired faster, cause you—you have more skills. And the '4-year university students,' they're not gonna—they're not gonna hire you as fast, because you don't know your skills as well. But [Community College nurses] don't do any theory. They do little, if any, leadership skills. They do all their skills really fast, because most of the students have CA [career nurse assistant] backgrounds. Our [university] students, they are not. They've never been in a hospital. So, we have a huge ramping-up. Basically we, we have research. ADNs do not. They don't look at research the way we do. They don't compare. They may have the skills, but certainly no evidence-based practice.

This statement reveals judgmental tendencies and competitive instincts regarding the education, licensing, and training of fellow nurses. Citing actual hospital situations, nurses told stories supporting the conflict theme of questioning another nurse's training, education, age, and competence. The following story describes a situation in which, while licensing was not the specific issue at hand, the recounting RN subconsciously equated the other nurse's LVN status to having a lower level of education and knowledge. She implied that the LVN did not recognize her higher level of knowledge as an RN, even though, hierarchically, the LVN should have been respected and valued due to her age and experience. This statement was later explained to mean that nurses of different education and licenses may avoid asking one another for advice, especially if one nurse views the other as inferior in terms of education, license, or knowledge.

> I had an LVN that hung a piggy-back [a second IV medication hung alongside the primary medication and attached to the primary set of IV tubing]. She hung it below the thousand— the bag that's a thousand cc's. The piggy-back was about fifty cc's. Of course, it didn't run

in. Because you have to hang it higher. Otherwise the larger bag will overtake gravity. She kept arguing about that, because she didn't understand the logistics, nor would she take instructional criticism. She'd been a [nurse]a lot longer than I had, but she didn't understand the principle behind it—perhaps she wasn't taught it. And, of course her piggy-back was not going in the main IV bag. But she never wanted to admit it. Admit that—that she was wrong. And basically, when she left the room, I just switched it around, because she wasn't going to change it. I probably should have written a complaint, but I didn't. Even though I was the RN, I felt belittled, because I did know what I was talking about. But the point is, I stopped trusting her and relying upon her for anything. She didn't know the basic principles. Oh, she never thought I knew anything either.

The nurses' stories not only posed issues of education, training, and licensing but also communicated that individual competence is based on these issues, and not on personality. In the interviews, each story of competence was prefaced by citing the other nurse's qualification, e.g., ADN, LVN. The comparison of education/licensing credentials as a form of competence aligns with Berger et al. (1977) "expectation states" theory: this posits that people assign a competency level to one another by means of "status characteristics" and/or "performance expectations." This was clearly supported in the RN's "piggyback" story concerning the actions of an LVN. Participants also described nurses assuming they were acting correctly even though they were later informed their actions were incorrect, thus degrading the nursing process and potentially harming the patient. They acted incorrectly because they failed to seek advice or verification of their action from perhaps a younger nurse or older nurse than they. These situations relate to the research findings of Kruger and Dunning (1999) that incompetent individuals may not know they are incompetent. Kruger and Dunning proposed that incompetent people may: overestimate their own skill level; not recognize the legitimate skills of others; and fail to recognize the limits of their own competence. Further, because they do not ask or inquire of others, their inadequacies persist. Regarding the communications between different levels of nursing competency, Apker et al. (2005) found that those in lower status or subordinate positions will resist and argue against hierarchical communication, especially if they are treated as subordinates or inferior by a fellow nurse. Twenge et al. (2008) found evidence that generational difference leads to personality factors that promote conflict in a hierarchical situation. Stewart and Bernhardt (2010) also found that neuroticism and narcissism increased the successive generation, with self-assuredness and achievement focus declining. Such personality traits have also encouraged increased self-esteem (Gentile et al. 2010), self-confidence (Twenge et al. 2012), and creativity (Kim 2011), and decreased need for social approval (Twenge and Im 2007). The nurses in this study related that they like to think they are equal and collaborative team members. However, as Finkelman (2001) discovered, despite the existence of collaborative teams with implied equality among the members, the overarching institution may place certain nurses in a hierarchical position over lower-level or lower-status nurses in the team. The issues of hierarchy or status, as dictated by education and competency levels, contribute to team tension (Apker et al. 2005) and escalating conflict. Therefore, the theme *"You Really Don't Know What You're Doing"* concerns conflict grounded in the theories of competency and expectation states.

Theme 3 "Don't Make Me Come After You!" Dealing with Slackers

"No one likes a slacker!" This was frequently repeated by participants as they described slacking off by other nurses, who thus create undue and unnecessary work for nurses on succeeding shifts. This creates a situation in which the conscientious nurses demonstrated "follow through," picking up the pieces left behind, and simply doing what is needed to avoid a delay in patient care. The reasons for the perception of slacking ranged from "incomplete charting" to "incomplete patient care." Based on these stories, it became clear that participants were often ready to literally "chase down" the slacker(s) and make them do their job correctly: hence the theme's title of *"Don't Make Me Come After You."*

Shift-change communication is a primary issue of concern. Mahon and Nicotera (2011) note that shift-change or "handoff communication" is a significant challenge in the nursing profession. There is substantial industry literature examining the issue of effective versus ineffective handoffs (e.g., Amato-Vealey et al. 2008), and how ineffective communication can lead to sentinel events, such as serious injury or death (Kohn et al. 2000). Therefore, handoff communication can be further complicated by slacking. In the story below, the recounting nurse reveals frustration due to not only handoff communication but also her experience with the slacker she was following. Knowing already what she would encounter on her shift, she entered the situation frustrated and conflicted. It is interesting to note that the other nurses on the floor knew who was the "team slacker," as her reputation preceded her. The offending "slacker" nurse, aware of the correct procedures to follow, continued to practice in her usual way, communicating an ineffective "handoff," and leaving work for the oncoming nurse to complete.

> The nurse that I followed yesterday tends to leave things unfinished for you—making more work for you. She seems to be lazy. She doesn't seem to follow up on what she's supposed to be doing and so when you come to work, you're like—you get real frustrated and angry that you're even following her. You're like, 'huhhh… I'm following [her] again. Great. I know I'm gonna have to do my work plus hers—and all the work that she didn't do.' So, I came on last night. And she's already making excuses for something that she should've done at the beginning of her shift. And I'm like, 'Okay, just what needs to be done, so I know what I need to do to help.' She's pretty pleasant and, you know, doesn't make apologies for anything. She's not mean about it or ugly about it. She just seems to be, like, ho-hum. Like, 'I'm out of here and leaving you all this stuff to do.'

In the nurses' stories of slacking, most complaints involved the other nurse failing to chart, giving an incomplete report, or performing incomplete (or, in some cases, failing to perform) patient care. Participants frequently referred to slackers as "someone with a 'careless' attitude" or one that would constantly say, "Yeah, I'll get to that when I get there." Noteworthy was the notion of nurses "pretending to chart," described as the most common action of a slacker: nurses explained that a slacker would pretend to be writing in the chart before exclaiming, "I'll be right back," only to return after an extended period of time, and sometimes not at all. Several other examples of "slacking" were described, each building on the basic concept that "someone else" would take care of the situation in place of the offending nurse.

Much of the concept of slacking off is related to motivational drivers, referring to the factors that energize and further sustain individual motivation (Wong et al. 2008). A commonly held belief in management literature is that Gen X members are less loyal and believe that "hard work and follow through does not pay off" (Adams 2000; Huntley 2006). The conflict theme of *"dealing with slackers"* follows the research of multiple theorists. Most notable is the concept of the free rider: someone who believes not only that their contribution to the process is small but also that the probability of success is high due to the number of individuals working toward the collective good (Klandermans 1984), who will likely complete the task at hand. The stories related to this conflict theme match various theories: (1) free-ridership—the concern that co-workers not completing tasks and leaving work for others still benefit from a positive outcome without personal cost (Arneson 1982; Coleman 1988); and (2) the principle of fairness—the expectation that other co-workers will pick up the slack, even if this entails extra work for them (Arneson 1982; Rawls 1971). Also relevant are the findings of Apker (2001) that higher status nurses (RNs) were expected to engage in "invisible" work, such as additional recordkeeping, paperwork, and duties intrinsic to the supervision of other medical personnel, including other nurses. Given these issues, and the overarching role expectation of nurses, some have to "take up the slack" by performing the tasks that other nurses within their teams either do badly or not at all.

Theme 4 "So What's Your Problem?" Nurses Choosing Not to Help Other Nurses

Perhaps it is the nature of the health care industry that dictates instant action when a crisis arises. As an unspoken rule, nurses typically help one another, jumping in and moving quickly to handle a situation. This teamwork attitude, as taught in many nursing schools, is commonly conveyed by nurses as a means of providing total quality patient care. In many of the stories told by participants, the nurses endeavored to emphasize that nursing teams work coherently and in unison for the benefit of patients. Just as plentiful were stories in which conflict interaction surfaced, as nurses discussed non-helpful or team-blocking coworkers who fail to help another team member, even when a patient could be harmed by their inaction. Nurses recounted stories of being overloaded while their coworkers remained inattentive to their needs and silent or combative when asked for assistance. It was from these stories that the fourth conflict theme of "*So What's Your Problem*?" evolved.

In the following story, a nurse overloaded with work and in desperate need of help sought assistance from her "pod-mate" (another nurse who works at the same nursing station, known as a "pod"); she became combative and confrontational when approached.

> They all arrived at once and there was no way I could handle it all. I looked for my pod-mate. I was looking for her to say, 'Hey, could you give me hands?' but I couldn't find her. We all carry little phones on our pants and so I called my pod-mate, but she didn't answer. Another nurse on the floor said 'Oh, she's in the break room', and she was sitting there with her phone turned off and she was like 'Yeah, yeah, yeah, I'll help you when I'm done with my break.' I couldn't believe it. This is an example of when you drop your lunch and your

break and you take it later and you go and you help because people are dying. It was incredibly frustrating to me. And I said, 'But this is really important.' And she was like, just kinda blowing me off and checking her personal phone, checking her text messages and stuff. She was just not taking me very seriously at all, and I knew now that she wasn't gonna come and help. She did eventually come out, but was kind of cold to me the rest of the night. She did say to me at one point as she was going to the bathroom: 'I'm going down around the corner to go to the bathroom. Are you going to be alright or are you going to have to call me when I'm in the bathroom?'

According to Sargeant et al. (2008), teamwork in nursing is based upon achieving safe outcomes for both the patient and the nurse. Dysfunctional teams inhibit work performance and substantially increase job dissatisfaction. According to Nelsey and Brownie (2012), significant variations in training, skills, and education in different generational groups can inhibit understanding of a nurse's responsibility, therefore directly affecting the team's success. The conflict theme conveyed in the story above, helping behavior centers around competing response tendencies: sympathy for the other person, and the desire for avoidance stemming from reduced cultural attractiveness to the person in need, and the discomfort or cost associated with helping that person. These tendencies relate to various theories, including the effects of stigma on helping (Ungar 1979), the arousal: cost-reward model (Dovidio et al. 1991; Piliavin et al. 1981), and policy-capturing for decision making (Donnelly and Bownas 1984). Each of these interpersonal theories addresses a different reason for the "unresponsive bystander" electing to deny the petitioner's request. According to the arousal: cost-reward model, the distress projected by the petitioner has a physiological, motivational effect on the observer. This effect triggers an internal decision process in the observer as they consider whether to help or stay uninvolved. According to Fritzsche et al. (2000), the observer's decision as to the course they take depends upon the cost and reward of their action. What starts as arousal in the observer becomes an issue of them calculating the smallest net cost. For the nurse who remained on her break instead of helping her pod-mate, the perceived helping cost (effort that must be asserted in patient care, loss of free personal time, and the delay of her lunch break) was greater than the cost of staying where she was and not helping (guilt, criticism, and loss of professional collaboration). These costs, also known as "cues" or policy capturing (see Donnelly and Bownas 1984), define a group of variables that an observer may consider in reaching a decision or determining their personal interest level. Therefore, the actions of the nurse on her lunch break are consistent with the arousal: cost-reward model, possibly triggered by a culture-related element. Therefore, as helping the other increases, the cost of help decreases, and the cost of not helping increases. However, for this particular nurse, the opposite occurred. She perceived the cost of helping as higher and less desirable than the cost of not helping (i.e., in her estimation, the cost of not helping was lower than the cost of helping). Ungar's (1979) theory of stigma, as related to the willingness to help, further supports Piliavin et al. (1981) theory that the petitioner's attractiveness can influence whether the observer accedes if the observer feels any level of discomfort about the petitioner.

The issue of helping another colleague in the workplace is common in almost all professions. Its unique dimensions in nursing are the issue of patient care—potential life and death situations—and nurses being academically trained to come to the aid of fellow nurses in their team. When this sense of team member responsiveness is interrupted or not followed, nurse managers are faced with the issue of patient health being jeopardized by internal conflict. Is such conflict due to personality, or an issue of cost-reward? In either case, understanding why nurses choose not to help one another can prompt prevention of future team dysfunction.

Theme 5 "You're Becoming a Threat, But I Know Best!" Nurses' Inter-generational Differences

The final conflict theme that surfaced from the interviews was inter-generational differences among nursing staff. The characteristics of interpersonal conflict among nurses have been studied in-depth. However, the concept has not been studied in combination with other conflict themes. Nursing conflict interactions, as related by participants in this study, emphasize generational threats: both young to old and old to young. Each generation of nurse's knowledge—acquired through experience, tenure, education, and research—becomes a threat to the other generation, leading to conflict. Because the elements of knowledge and generational differences are intertwined, the title of this theme is twofold, *"You're Becoming a Threat, But I Know Best."*

The most compelling stories regarding conflict due to inter-generational differences illustrate concern about trust issues and possible frustrations between generations.

> If they are much older or much younger, then I think it's almost like a generation-gap. So then there's generational differences…With an older nurse they learned how to do some procedures, for example IV starts, they learned it the old school [way]. One thing is that they don't all wear gloves, you know, because that's not how they learned so they don't always do it. And so you just kind of like—'Oh well—It's just old school.' But the new nurses, they're still very textbook, you know, they haven't become comfortable in their position as a nurse yet. That is—that's when you get more open-minded to certain things. But those new nurses, they're just kind of narrow focused—very narrow focused because they're brand new.

> There is a possibility for older nurses to—not lose interest—but lose the edge that you have when you're first starting out and you want to stay up on things…some of the older nurses, well, they are a little bit more complacent.

> There's a real attitude among really young nurses, those that just got out of school. It's with—well it can be, especially with the ones that got hired right away. There's a big ego trip like, 'I know everything, and there's not much to learn here.'

Do nurses "eat their young"? From participants' stories regarding generational differences, I am compelled to believe they eat both their young and their old. It has been more than 30 years since Meissner (1986) wrote her article about nurse bullying, provocatively titled "Nurses: Are We Eating Our Young?" That article not only enlightened the profession but also challenged it to make changes in the treatment

of young nurses by their educators, administrators, and senior nurses. Subsequent industry research has identified health care organizations as especially susceptible to workplace bullying (Dzurec and Bromley 2012; Hutchinson et al. 2006). The statistics of nurse bullying are overwhelming, with 31% reporting being subjected; the majority of the victims are young nurses, who often leave the profession within the first year of employment (Sauer 2012; Simons 2008). This implies that inter-generational conflicts have been and continue to be an issue for the nursing profession.

2.7   Discussion

The participating nurses generally described themselves, and others, as busy, pressured, and having limited time. The stories they shared indicate they must constantly prove themselves to others to earn and maintain respect. This respect is partially generated by practice and experience, but more so by education and tenure. Seniority, rank, and placement within the system are critical elements in the profession, affecting how nurses regard and act toward one another. Education and age also play pivotal roles in the nursing world. According to the participants, as more ADNs enter the profession, the divide between the levels of knowledge and that of skills between ADNs and BSNs grows. Age was also found to be a major factor in the profession, considered to be a major catalyst for conflict, but also a matter to be respected. However, a major discovery was the self-protection strategy that each nurse maintains: participants clearly expressed that they continually look out for themselves to protect their credentials and licenses.

According to some scholars, nurses intrinsically avoid conflict (Cavanagh 1991; Eason and Brown 1999; Hightower 1986; Marriner 1982; Valentine 2001). In this study, while nurses tended toward avoiding confrontation and accommodating others, they became confrontational when ethics, patient care, or procedure/best practice were threatened and infringed. Nurses who avoided confrontation in these contexts reported subsequently suffering self-doubt. Thus, there does not seem to be much middle ground in their approach to conflict with other nurses. This is especially visible in the theme *"You've Become a Threat, But I Know Best!"*

Regarding culture and nursing conflict, today's health care professionals see value in a diverse workforce. Differences in age, education, ethics and experience can bring value to the health care environment. When managers understand and effectively mesh cultural differences in a positive manner, the value of each rises, helping to support the overall success of the team and profession. As success grows, job satisfaction follows. The nurses in this study conveyed wanting to be recognized for their value, expertise, and, especially, their enthusiastic and effective style of getting things done in the best and most efficient way. Ultimately, they wanted to succeed and provide the best possible care for their patients.

2.8   Limitations

Overall, the study successfully explored cultural conflict themes in nurses' conflict interactions. However, its limitations should also be noted.

The first limitation concerns the sample's gender distribution. Regarding gender, the Texas Department of State Health Services Center for Health Statistics (2010) states that, in 2009, 89.3% of the nurses in Texas were female and 10.7% were male. My dataset did not reflect these numbers, as it contained only one male. The response rate from males to my invitation to participate in the research was less than 5%. This could be due to the characteristics of male nurses: most are ex-military and have families; they work traditional shifts and may not be as enticed by money as their female counterparts, who are more often single parents, divorced, and/or working weekend shifts to boost their income. Future research should seek to analyze more male nurses in conflict interactions.

Another future research avenue regarding male nurses would be to examine if they follow current trends in how genders communicate at work. To my knowledge, there has been no prior research on male-to-male conflict interaction within nursing. Future research should investigate male gender issues that may exist in the profession.

The study's second limitation concerns geography. As stated earlier, the participants came from a broad variety of hospitals within the local area. These hospitals ranged from medium (150+ beds) to large (1000+ beds); the facilities represented both non-profit and profit, adult and pediatric care, acute and emergency care, and rehabilitation and skilled nursing care (non-rehabilitative). Though it was valuable to be able to gather data from such a broad range of facilities, all participants were residents of Central Texas, key features of which are as follows:

- predominantly middle- to upper-class residents;
- decreasing families-with-children;
- an urban core;
- declining black population;
- strong growth in the Hispanic population;
- a skyrocketing Asian presence;
- a sharp increase in affluence;
- a concentration toward urban growth and living, rather than rural or suburban (Robinson 2010).

Such characteristics are not typical of most American cities. Therefore, attempting to compare this study's results with research in a different geographic location may be difficult due to differing demographic trends. Nonetheless, future research in nursing cultural conflict may yield similar findings, as nurses are not typically native to their worksite. Many of the interview participants, especially the older nurses, reported having moved to their current residence to follow their husband's job or to pursue an economic or job surge in the area. Therefore, this limitation presents opportunities for future findings in regional cultural conflicts.

2.9   Practical Application

The five conflict-themes, including their frequency and sequence, revealed that nurses are deeply concerned with team communication, performance, patient safety, and self-protection. These issues were repeated numerous times in the nurses' stories, along with issues of ethics, training, education, and generational practice. Interpersonal and organizational theories were identified with each theme to further explain the conflict involved; however, the theories considered are clearly not exhaustive of those potentially related to the identified conflicts. This study is intended to draw attention to the relationship between nursing conflict themes and how they relate to cultural differences in various organizational and interpersonal theories.[3] It employs a process not previously considered by the nursing profession to uncover and explain conflicts in the context of specific organizational and interpersonal theories. In thus identifying conflicts, this process can play a critical role in developing future nursing intervention training.

Nurse-to-nurse communication is just as important as nurse-to-doctor and nurse-to-patient communication (Morse and Piland 1981). This report opens with: "The nursing profession is comprised of multiple groups…everything from age to practice to experience to education" (Smith-Trudeau 2001). These two statements are the reason that conflict themes and theory identification are both practically and theoretically important. Collaboratively, these two components can influence and lead the profession to better and more proficient nurse-to-nurse communication, through interventions and training specifically designed for relevance to the conflict issues faced by nurses in the twenty-first century.

2.10   Conclusion

During this study, it became evident that team-based nursing conflict is omnipresent. Unfortunately, the average health care patient is likely unaware of the level of conflict between nurses. Additionally, from the stories told by the study's participants, it is evident that nurse managers and administrators may also be unaware of the persistent conflicts within their ranks. As a researcher, I was taken aback by these nurses' stories. They were surprising, engaging, but very alarming, especially as they related to life-and-death situations.

Conflict is inevitable and cultural and ethical differences can exacerbate the situation. Furthermore, conflict will occur any time two people with different views depend on each other. As demonstrated in this study, nurses encounter conflict as they act upon their own learned body of knowledge and practice, their experience,

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[3] Culture is often perceived as primarily ethnic and religious affiliation. This research omitted these two cultural characteristics due to their broad nature, concentrating instead on the cultural characteristic of generational and educational attributes.

and their understanding of what it takes to be a good nurse. This study provided a personal and contextual view of the conflicts that nurses encounter on a daily basis and how, in some cases, it affects patient care. These same nurses also face other challenges, such as unrealistic patient demands and excessive expectations from doctors and hospital administration. Their job is not easy.

It would be ideal if, by studying the actions, characteristics, and corresponding interpersonal and organization theories of conflict, it could be eradicated from the nursing environment. However, this is unlikely. The health care domain is one of conflict and instability. Patients are witnessing changes in the health care arena, affecting the quality and frequency of care, the personnel involved, and how care is delivered. Consequently, the public's understanding of the traditional nurse is changing. Today's nurses will become the general-medicine practitioners of the future. They will have a greater number of titles and educational avenues, some more and some less advanced than today's lowest nursing level. Thus, cultural conflict in the profession is likely to escalate.

As society moves into new and uncharted health care territory, understanding conflict and the means to avoid or resolve it may become paramount to the success of the overall health care system. Nurses are and will be assigned greater and more demanding roles in patient care and administration. Helping them to succeed by learning to recognize and understand their own cultural differences and conflicts can have a significant and worthy impact on the future of our health care system.

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Chapter 3
Indicators System for Quality Assurance in Higher Education Within the Economic Field

Diana Ivana, Mihaela Drăgan, Diana Pitic, and Liviu Ilieş

3.1 Introduction

The quality assurance is defined as being part of the quality management system focused on the idea that the quality requirements will be fulfilled (SR EN ISO 9000:2006). This paper proposes a holistic approach of the term "quality assurance" in a higher education institution but the relevance of quality assurance instruments in the university proposes the focus on the implications of this component in understanding and underlying performance in universities.

According to the Report of the European University Association (2010), the higher education institutions have been affected in the past decades by a number of changes regarding higher rates of participation, regarding internationalization, as well as regarding the increased global competition in this sector. The mentioned changes are nowadays the basics for the principles of Bologna Process and Lisbon Strategy. The main goals of the Bologna Process and Lisbon Strategy is to establish a common structure with three levels (Bachelor, Master and Doctoral studies), a common credit system (European Credit Transfer System—ECTS) and to promote the mobility and employability among graduates (Stwine and Alves 2010, p. 32).

Actually since 2000, the Bologna Process and the Lisbon Strategy were the driving forces for educational reforms across Europe. Both refer to the establishment of

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Table 3.1 Comparison Bologna process and the Lisbon strategy

Bologna process	Lisbon strategy
Focus on adapting the higher education system to the needs of companies	Has a basis the economic needs of Europe
Can be described as a process characterized by cooperation, diversity, flexibility and creativity	Can be described as a process characterized by competitiveness, excellence, academic research, ratings, technology and innovation

Source: Froment (2007), quoted in Bollaert et al. (2007), p. 11

a European Higher Education Area and examine the structure of academic programs, the international qualifications of doctoral programs, the level of graduates' employ-ability, the international mobilities, and the relationship with stakeholders and the quality assurance process in higher education institutions (Froment 2007 quoted in Bollaert et al. 2007, p. 11). The Bologna Process refers to 45 countries in Europe, including national authorities, higher education institutions and students. This process promotes an agenda of reforms and the adoption of a common structure of higher education. The Lisbon Strategy covers EU Member States promoting ambitious social and economic goals. The Lisbon Strategy promotes excellence in research and innovation, focusing on global competitiveness, on resources for employability and skills development. Table 3.1 brings to the fore the main characteristic features of the two processes regarding their objectives:

In fact, the current trend in Europe is to take into account the principles of the Bologna process as an integrated part of the Lisbon Strategy. In terms of quality assurance strat-egy, the Bologna Process has evolved from external quality assurance to institutional (internal) quality assurance. The Lisbon Strategy relies more on external quality assur-ance, accreditation and quality assurance of study programs, promoting communication tools with stakeholders and focusing on excellence and comparing universities through charts (Bollaert et al. 2007). The development of an internal/institutional quality evaluation system highlights actually the key-reform in the European Higher Education Area. Universities have, from this point of view, the responsibility of ensuring the quality of teaching, researching and of the internal organizational pro-cesses. Everywhere in Europe, universities are in a process of assessing systematic quality assurance tools and implementing a quality management system.

Further, the Berlin Communiqué (2003) supports the idea that the responsibility for quality assurance in higher education belongs to each institution and it is provided basically according to the national quality assurance system. According to International Quality Glossary: Quality assurance in higher education is a process of establishing stakeholder confidence that the educational services meets their expectations, taking into account the minimum requirements" (http://www.qualityresearchinternational. com/glossary).

Georgevia (2008) identifies the following objectives for quality assurance in higher education:

- providing information regarding the quality processes;
- continuous improvement of educational services;
- efficient management of resources.

Moreover, the author states that, quality assurance illustrates the actions and activities in higher education institutions in order to ensure that the study programs meet quality specifications and the specifications belonging to authorized bodies in this sector"(Georgevia 2008).

Also, according to Popescu (2004), the goal of quality assurance is to deliver trust among stakeholders, mainly referring to the means of achieving stakeholders' satisfaction. In this authors' opinion (Popescu 2004), following steps are necessary in order to achieve quality assurance:

- preparation of documents that support the organizations' policy in the quality field;
- organizing resources necessary in order to implement the above mentioned policy;
- establishing the degree of meeting stakeholders' needs and expectations;
- evaluating processes, products and services provided by the organization and determining type of risks that may take place and influence quality;
- determining the degree to which the above mentioned risks are being controlled;
- determining how the product complies with the prescribed characteristics.

Actually, the quality assurance processes in higher education institutions have become an integrating part of the total quality management system, from this point of view being important to note that this system is based on a quality culture, which is extended to the whole organization and refers to the involvement of all persons that take part in academic activities.

The introduction of a quality management system in the higher education institutions refers to the establishment and fulfillment of institutions' objectives. However, adopting a quality management system based on indicators is on the one hand a key-component of the Bologna objectives and on the other hand involves a major change in the organization, because the staff is one of the key factors undergoing transformation and shift towards a quality culture in the university.

3.2   Objective

Through this paper we aim to develop and present a quality management system based on quality assurance principles in higher education institutions within the economic field. Actually, many universities have adopted this mechanism for measuring universities outcomes through performance indicators. In fact, the most effective system of performance indicators is the one that most accurately reveal the specific objectives of the higher education institution and have been developed taking into account the requirements of the stakeholders. Developing a quality management system based on performance indicators is an essential facet of achieving academic excellence.

The establishment of performance indicators is based on the following essential objectives (Board of Education, State of Illinois 2001):

- supports the economic growth by means of graduates' skills and competencies designed to meet the labor market requirements;
- improves the processes of research and teaching activities;
- promotes partnerships between universities;
- increases access to education;
- meets the needs of internal and external customers;
- encourage excellence and accountability at the organizational level.

For example, the "Babeş-Bolyai" University adopted as performance components specified in the strategic plan 2012–2015 following relevant indicators:

- Education;
- scientific research;
- service to the community;
- management and support services.

According to the above mentioned quality assurance dimensions at university level, this paper points out the importance of developing a quality management system based on performance indicators, as part of the institutional strategy.

3.3   Methodology

In the last years, ensuring a quality assurance framework at institutional level had a great impact for the strategies regarding competitiveness and excellence. In order to develop a framework for quality management the ENQA standards are taken into consideration and recognized as being the reference tool for the quality assurance system. The objective of developing a quality culture at institutional level reveals also the presence of operational structures at university and faculty level, for example by means of the Centre for Quality Management as part of the Quality and Competitiveness Department since 2006. Also, so that quality values and practices across the university could be developed the Quality Assurance and Evaluation Committees (QAEC) were established. From this point of view, at university level the general quality objectives are yearly defined and included in the operational plan. In addition, more specific objectives are developed and then are included in the quality assurance programs at faculty levels.

The paper is based on developing a quality management/assurance program at institutional level in the economic field including the performance evaluation within the faculty's departments including three sections:

- Institutional capacity;
- Educational Efficiency;
- Quality Management.

In this case, the data collection from each department took place in February 2014 and highlights each departments' performance regarding the quality requirements at institutional level, revealing in the same time their involvement for achieving academic excellence at institutional level by taking into account following dimensions: research activities, teaching activities, infrastructure, academic offer, students' and other stakeholders' requirements and quality management.

3.4   Results and Discussions

When presenting authors' vision upon designing future initiatives in setting up the framework for quality planning and evaluation, one must view the prior initiatives at faculty level. Traditionally, planning and evaluating quality were based on an internally proposed framework, that took relevant items into consideration (Table 3.1). Further, the authors present the currently used quality assurance program by describing quality domains and associated objectives, targets to achieve, estimated costs of the planned activities and also planned deadlines and responsible actors. This overview is to be taken as a sample of prior practices. Each department receives the requirements of quality, represented by quality domains and objectives (columns nos. 1 and 2) and is required to initiate and propose targets, designate responsible actors, estimate costs and deadlines for each activity (columns nos. 3–6) (Table 3.2).

This filled out form is then forwarded to faculty's management, assuring a clear overview on necessary actions, funding to be assured and deadlines to be achieved by each department (Table 3.3). One year later, departments are questioned regarding the fulfillment of their planned actions. This process of evaluation currently takes place using another internal form, structured as follows:

As can be seen, there are notable differences between the descriptors of objectives in the quality assurance program and the ones used to measure the proposed objectives within the internal evaluation process. These slightly different topics among the two initiatives might be difficult in their implementation by the departments and then by faculty management, because of possible confusions when comparing planned and reached targets, resulting a probable incomplete overview on department and therefore on faculty level. Thus, based on authors' experience in using current approach, the authors propose taking into consideration on department level only the form used when evaluating prior proposed targets, focusing mainly on the use of objective indicators. The authors consider that departments should focus on following targets that can be exactly measured (Table 3.2).

This way, ambiguity and lack of coherence can be easily avoided. Also, it is the opinion of authors that objectives such as "Developing a quality assurance system oriented towards competitiveness and internationalization" and "Integrating international criteria and criteria specific to hierarchization into the quality assurance system", as being currently part of the quality assurance program (planned actions)

Table 3.2 Currently used quality assurance program (planned quality)

Quality domain	Objectives/targets	Achieved targets/ planned targets — Specified targets to be reached within next months	Responsible actors — Specified internal actors, designated to take responsibility for current objective	Estimated costs. Source of funding — Specified internal, or external funding, including the planned amount	Deadlines — Specified deadlines to be reached within the next 12 months
Institutional capability	Developing a quality assurance system oriented towards competitiveness and internationalization	–	–	–	–
	Integrating international criteria and criteria specific to hierarchization into the quality assurance system	–	–	–	–
	Developing the operational plan on faculty level (prior year)	–	–	–	–
	Improving management and efficiency of administrative activities	–	–	–	–
	Developing the infrastructure	–	–	–	–
Educational efficiency	Improving the curriculum content	–	–	–	–
	Continuous improvement of teaching-learning processes	–	–	–	–
	Increasing the quality of students' preparation	–	–	–	–
	Increasing universities' and faculties'/ international visibility	–	–	–	–
	Improving the quality of scientific research	–	–	–	–
	Improving the quality of specialized services towards the community	–	–	–	–
Quality management system	Developing a strategic quality management system	–	–	–	–

Source: (Quality Assurance Program within the Faculty of Economics and Business Administration, BBU 2014)

Table 3.3 Evaluating the quality assurance program (prior planned actions)

Quality domain	Objectives	Actions planned to achieve specified objectives	Achieved targets/ planned targets	Responsible actors	Deadlines	Actual achieved target(s)	Reasons for failing the achievement of proposed targets
Institutional capability	Improve management and administration	What exact actions were planned?	What specific targets were reached, comparing to planned ones?	Which were responsible actors among the department	Specified deadlines that had to be reached within the last 12 months	Currently achieved targets (%)	Stating objective reasons for un-accomplishment
	Internationalizing departments' activity	–	–	–	–	–	–
	Developing the infrastructure	Purchased laptops, computer, projector, equipment, etc.	Directly measured by the number of purchased computers, etc.	–	–	–	–
		Founding/modernizing labs specific to each department in order to perform seminars/practical work	Directly measured by the number of new founded labs	–	–	–	–
		Developing centers/structures	Directly measured by the number of new centers/structures	–	–	–	–

(continued)

Table 3.3 (continued)

Quality domain	Objectives	Actions planned to achieve specified objectives	Achieved targets/planned targets	Responsible actors	Deadlines	Actual achieved target(s)	Reasons for failing the achievement of proposed targets
Educational effectiveness	Improving curriculum development	–	–	–	–	–	–
	Effective learning processes	–	–	–	–	–	–
	Increasing quality of students' preparation	–	–	–	–	–	–
	Increasing the quality of scientific research	Organizing conferences on department level involving national and international participants	Directly measured by the number of organized conferences	–	–	–	–
	Improving the quality of specialized services towards the community	Presence in boards and advisory boards	Directly measured by the number of teaching staff members providing consultancy services	–	–	–	–
		Offering trainings in partnerships with professional bodies	Directly measured by number of provided trainings	–	–	–	–
		Providing consultancy and training programs companies through the center Virgil Madgearu	Directly measured by members the teaching staff acting as board members on company level	–	–	–	–

	Establishing partnerships with companies	Directly measured by the number of new established partnerships				
Connections to the business environment; consultancy towards the business environment	–	–	–	–	–	–
Procedures designed for quality assurance	–	–	–	–	–	–
Evaluating the teaching staff	–	–	–	–	–	–
Accessibility of learning resources	–	–	–	–	–	–
Ensuring transparency of public information regarding study programs and the teaching and learning staff	–	–	–	–	–	–

Source: (Quality Assurance Program within the Faculty of Economics and Business Administration, BBU 2014)

should be maintained as an internal quality assurance indicator on management level, but not on department level.

Also, issued raised when evaluating the reached targets on department level, already focus on the main aspects of quality assurance in higher education, further additions being possible. Among the possible additions one can note determining the type of risks that may take place and influence quality and determining the degree to which the above mentioned risks are being controlled. Therefore, the authors propose that the departments within the faculty should focus from now on only on completing the issued raised within the current form "Evaluating the quality assurance program", proposed to be renamed. Also, evaluating the achieved targets one year later should focus on the exact sheet used when planning actions and initiatives.

3.5   Conclusion

Quality assurance, as a part of the quality management system should be one of the main preoccupations of higher education institutions, on international, national, but also on institutional level. In striving towards organizational excellence, institutions should first develop a framework that enhances quality at all levels, the implementation and then enhancement of a quality culture among human resources (management team, teaching-staff and support staff) being of utmost importance.

Planning and later controlling the results of planned actions as parts of the universities' quality management system should also be linked to processes of continuous improvement and also an adjustment of processes to changing politics and objectives of the higher education institutions is needed. This leads to the necessity in being aware of a certain degree of flexibility when designing the steps necessary for quality assurance.

Also, although not explicitly mentioned within this paper, it is the opinion of authors that a continuous integration of stakeholders' needs and expectations should be one of the results of the quality assurance process. Still, current paper focused on the lessons learned when proposing a certain set of indicators on two quality issues: institutional capability and educational effectiveness. These two issues are to be monitored with priority on department level.

Further work may focus on establishing a set of indicators that may ease the assessment of the accomplishment level of indicators such as: improving curriculum development and effective learning processes, both quality assurance processes that are a compound of needs and requirements specified by a greater number of stakeholders and are therefore more difficult to measure.

Also, the authors will assess the quality evaluation program proposed to be modified on a twelve months timeline and note future lessons learned that can be used for continued process improvement.

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Chapter 4
Is the Employees' Performance Appraisal Process Different in the Large Romanian Companies? An Empirical Research

Viorel Lefter, Adriana Ana Maria Davidescu, and Alexandra Beiu

4.1 Introduction

The performance evaluation systems is an important part of the management of human resources system.

Performance appraisals are important for motivating staff, attitudes and behavioural development, communicating and aligning individual and organizational goals, and promoting positive relationships between management and staff.

By evaluating performance, what the employee actually does (from a strict evaluation of his performance to an evaluation of the personality and how it interacts) must be appreciated.

Performance appraisal uses the most well-known tools, indicating the direction in which we can use the evaluation and the functions it performs, and finally puts you in charge of the errors that can be made in the evaluation, errors that can lead to the failure of the whole process.

Performance ratings are essential for efficient staff management. Evaluation helps individuals develop, improve organizational performance and business planning. Performance appraisals are made annually for all the employees in the company. In a big company there are a lot of steps which every employee should take, it means that the steps are hierarchical.

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The employees, they have become more and more interested in the results of their professional evaluations, therefore every year they take the performance appraisal to check their level of competencies. In Romania, employees are more interested in the financial rewards than their own assessment.

In this context, the paper aims to highlight the key characteristics of the employee performance appraisal process in the Romanian companies trying also to emphasize significant differences in this process of evaluation, depending on company size pointing out if this process is going differently in large companies.

The main element of originality of the paper resides in the results of the most recent empirical research concerning the employee performance evaluation and motivation process among Romanian employees.

The paper is organized as follows. The second section is dedicated to the presentation of the most relevant studies in the area of employee performance evaluation, while the following section is dedicated to methodology and data. The section of empirical results is structured into three distinct sub-sections: sample profile reflecting the main features of interviewed employees, the sub-section of the main characteristics of the Romanian employee performance evaluation process and lastly the sub-section of differences in the employee performance evaluation process depending on the company size. The paper ends with the main conclusions.

4.2   Literature Review

Even if in literature, there are many studies analysing this topic of performance appraisal, there is a lack of studies examining this theme for the case of Romanian employees, mostly lack of empirical studies.

Evaluation of employee performance (Performance Appraisal—PA) was defined by Pearce and Porter (1986, p. 1) as "a structured, formal interaction between a subordinate and supervisor, which provides the basis for the identification and elimination of differences in performance among employees".

Kotey and Slade (2005) asserted that the evaluation of the workers' performances by the middle level managers extended alongside the company size. As the company size increased, one could note the use of more evaluation methods at the managerial level than the operational level.

MacMahon and Murphy (1999) have brought arguments according to which the entrepreneurs don't usually have, the necessary training in order to make concrete evaluations of the performances and they might perceive the formal systems for the evaluation of performances as a waste of time. In very small companies, the evaluation of the performance is informal and continuous because the entrepreneurs-managers control directly all the activities. As the control space increases, the evaluations are expected to be more formal and to take place at bigger time spans.

Murphy and Cleveland (1991) proposed the idea of a simple model for the appraisal process in an organization, elaborating a four-component model in his book, highlighting the most relevant issue of this process.

Decotiis and Petit (1978) shows in their study the model which indicates the major determinants of accuracy: rater motivational, rater ability and the availability of appropriate judgmental norms.

According to Wiese and Buckley (1998), the performance appraisal process draw the attention of various researchers and practitioners, but the methods used for the evolution of employee performance have been proven to be inefficient in increasing the outcomes of such a process.

Murphy and Cleveland (1995) presents a perspective that emphasized the role of the goals pursued by rates, rates and various users of performance appraisals in understanding and improving the appraisal process.

It is useful to periodically consider the current state of performance research and its relation to performance appraisal practice. Their review examines the performance appraisal literature published in both academic and practitioner outlets between 1985 and 1990 (Bretz et al. 1992).

Fetcher (2001, p. 1) considered "performance appraisal has widened as a concept and as a set of practices and in the form of performance management has become part of a more strategic approach to integrating HR activities and business policies. As a result of this, the research on the subject has moved beyond the limited confines of measurement issues and accuracy of performance ratings and has begun to focus more of social and motivational aspects of appraisal".

Levy and Williams (2004) believe that the focus of recent performance appraisal research has widespread implications ranging from theory development and enhancement to practical application.

Woehr and Huffcutt (1994) presented four rating training strategies (rate error training, performance dimension training, frame-of-reference training, and behavioural observation training) and four dependent measures (halo, leniency, rating accuracy and observational accuracy.

The authors Keeping and Levy (2000) attempted to comprehensively examine the measurement of performance appraisal reactions.

Performance appraisals provide employees with feedback that helps them improve subsequent performance, with acceptance of feedback as a key precondition to improve performance (Pichler et al. 2018).

Kuvaas (2006) analysed the potential link between performance appraisal satisfaction and employee outcomes on the basis of self-reported work performance, affective organizational commitment and turnover intention.

Selvarajan and Claninger (2012) analysed into a unitary manner the characteristics of performance appraisal (appraisal source, appraisal purpose and feedback richness), perceived reactions of employees to the appraisal characteristics (perceived fairness and perceived accuracy of appraisals) and appraisal outcomes. Table 4.1 summarizes the most relevant studies concerning the topic of employee performance evaluation process in the literature both at national and international level.

Table 4.1 The summary of the most important studies concerning employees' performance appraisal

Study	Sample	Methods	Key findings
Bucurean and Costin (2011)	Online questionnaire Sample size-75 managers and entrepreneurs	Descriptive statistics	Even of the general perception is that work is a very stressful factor, the results pointed out the fact that working conditions and social environments are in fact the main sources of stress
Grigore et al. (2011)	Sample of 72 respondents	Descriptive statistics	Having as main objective to present the key elements of performance related to the cosmetics sector, the results revealed that most of the multinational have managed to be competitive on the Romanian market
Matei and Abrudan (2011)	National survey Tested four work hypotheses using a combination of quantitative methods (investigation) and qualitative methods (focus group)	Combination of quantitative methods (investigation) and qualitative methods (focus group)	The empirical results pointed out that extrinsic incentives may have a negative impact on overall performance Most likely female students registered a higher level of performance at university level
Popescu et al. (2011)	Sample-117 managers and entrepreneurs-86 are from Romania and 31 are from Spain	Descriptive statistics	The results of the study pointed out that a custom made type and form of motivation for each employee is needed taking into account his results
Savlovschi and Robu (2011)	Theoretical approach	The use of the evaluations carried out by peers and of self-evaluations was extended alongside the size of the company	The results pointed out the active role of managers in motivating their employees

4.3   Methodology and Data

The paper aims to analyse the main characteristics of the employee performance appraisal process in the Romanian companies highlighting the existing differences in large companies using the opinions offered by 301 employees.

The empirical research was carried out on a sample of 301 individuals with ages between 15 and 64 years old having the status of employee from micro-enterprises (21.9%), small enterprises (32.9%), medium enterprises (23.6%) and large

companies (21.6%) conducted in the period March 2018. The sample obtained was considered to be representative at the national level.

The main research questions of the study are: what kind of employee performance evaluation is present in most Romanian companies and how often have the employees been evaluated? What kind of elements of performance evaluation have been targeted in different companies? What is the level of satisfaction related to the results of the last evaluations? What are the main characteristics of the employee performance evaluation process from the perspective of Romanian employees? Is a professional career pilot program is present within the Romanian companies?

The study targeted elements of evaluation from the two perspectives-the employee perspective (auto-evaluation) and also the hierarchical superior perspective, elements related to the increase of professional training and personal development.

In order to capture all these, different types of variables have been used. Therefore, the methods used for the evaluation of employee performance and the main elements of evaluation, the elements related to the increase of professional training and personal development have been quantified using dichotomous variables coded by 1-for the presence and 0-otherwise.

The periodicity with which the evaluation is carried out was measured using an ordinal variable, while for the measurement of the satisfaction level related to the results of the last evaluations has been used a four point Likert scale (1—very satisfied, 2—satisfied, 3—dissatisfied, 4—very dissatisfied). The main characteristics of the employee performance evaluation process targeting four perspectives objectivity, professionalism, impartiality and rightness have been evaluated using a 10 point Likert scale (1-very weak, 10-very strong).

The presence of a professional career pilot program in the company has been evaluated using a dichotomous variable while the elements of employee performance evaluation from both perspectives have been evaluated taking into account the performance at work, the quality of work in the team, the adaptability to changes to the workplace and the quality of the decisions taken using a 10 point Likert scale (1-very weak, 10-very strong).

The empirical analysis was based on frequencies and descriptive statistics, while the non-parametric Kruskal-Wallis test was applied to point out the main differences according to the company size. The Statistical Package for Social Sciences version 20 (SPSS) was used to perform the analysis.

4.4 Empirical Results

4.4.1 Sample Profile

From the total of 301 respondents, almost 21% of them are from Bucharest-Ilfov region, while 13% are from North-West and Centre. Only 8% of the respondents are from South-East-Oltenia. The gender distribution revealed that the most of them are

males (53.5%), have ages lying between 36 and 45 years old (32.2%). The majority of them are from the rural area (69.7%) and work in companies from services area (44.1%) respectively manufacturing industry (23.9%). Almost half of them (44.9%) completed their education at 17–19 years old. Almost 24% of employees have as length of service 1–3 years while 19% of them have between 5 and 10 years.

The company size distribution revealed that 21.9% of employees come from micro-enterprises, 32.9% from small enterprises, 23.6% from medium companies while 21.6% from large companies.

It is worth to mention that a large proportion of interviewed employees have salary under the threshold of 2500 lei and only 27% of them earned between 2500 and 5000 lei.

Almost 41.2% of the investigated employees were skilled workers, while 21.3% were higher education specialists. About 3.7% of employees were general managers occupying a medium management position while 4% of employees belong to medium management.

4.4.2 Main Characteristics of the Romanian Employee Performance Evaluation Process

Among the main methods of performance evaluation existent in the Romanian companies, it can be mention in most of the cases the analysis of superiors 'opinion (40.9%), followed by self-evaluation questionnaires (36.2%) and informal free talks (28.9%) (see Fig. 4.1). At the opposite side, the least used method was feedback from subordinates (6.3%).
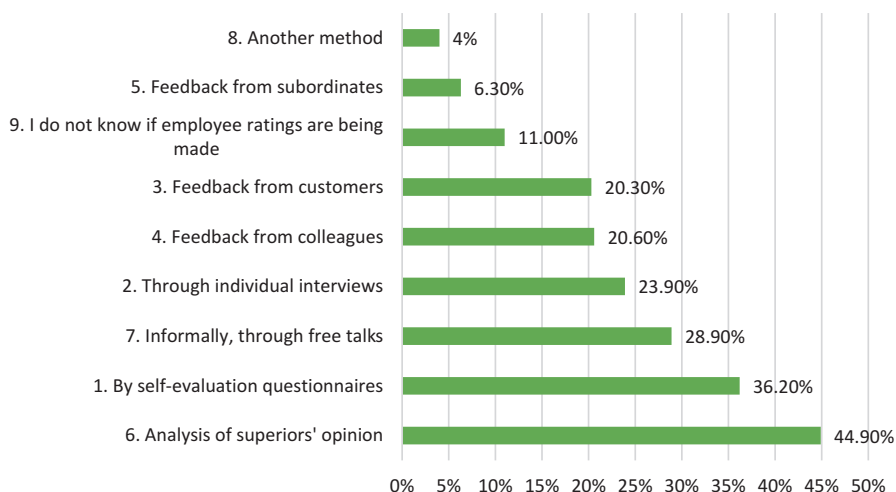

Fig. 4.1 Types of employee performance evaluation present in Romanian companies

Most of companies evaluated their employees one per year (45.8%) or quarterly (15.9%) (see Fig. 4.2).

In Romanian companies, the main elements followed in the process of employee performance appraisal were the quality of work (67.1%), the knowledge level of the job (63.8%), teamwork and cooperation (56.5%) and punctuality (54.8%) (see Fig. 4.3).
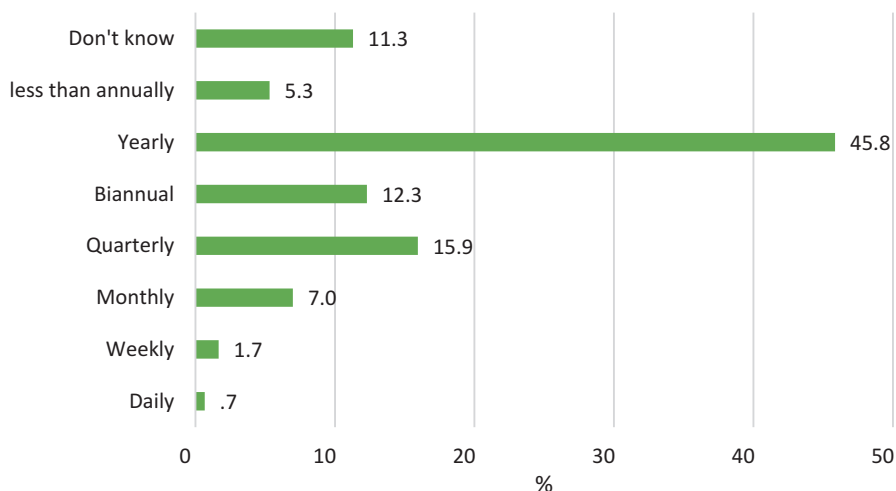
Fig. 4.2 How often the evaluations of employee performance are done in Romanian companies
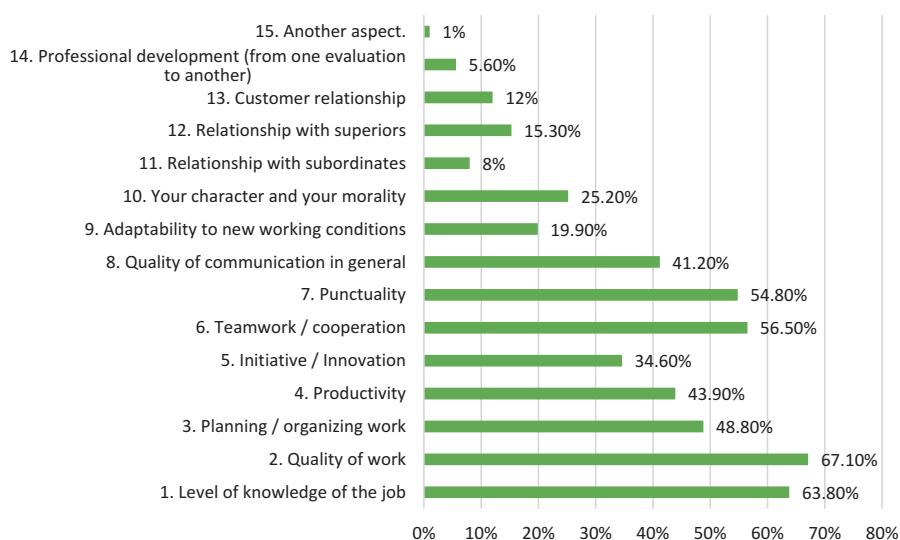
Fig. 4.3 Main elements analysed in the employee evaluations in Romanian companies

Fig. 4.4 Changes in salary
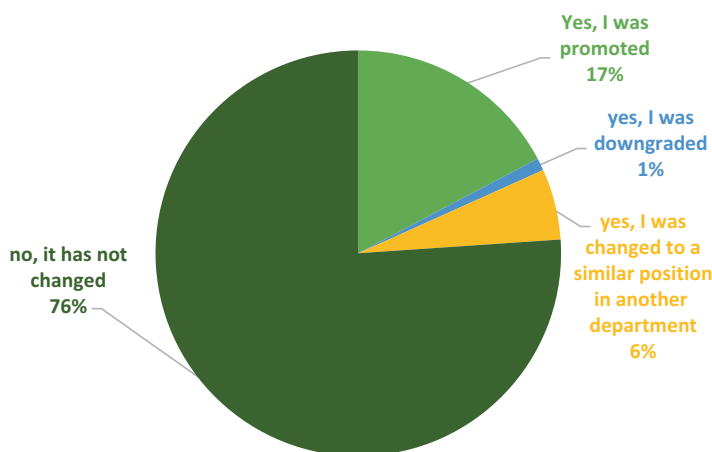after employee
performance evaluation
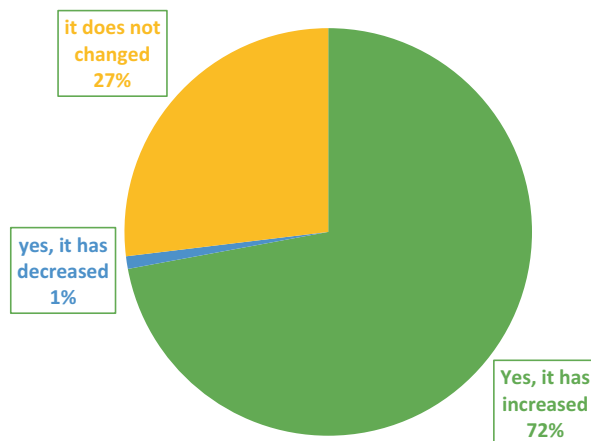
Fig. 4.5 Changes in job assignment after employee performance evaluation

In the questionnaire, changes in salary and job assignment after the last employee
evaluations have been evaluated, most of the Romanian employees declaring that in
the last 3 years, after the evaluations, their salary has increased (72%, see Fig. 4.4)
while job assignment does not changed significantly (76%, see Fig. 4.5). Only 17%
of the interviewed employees stated that they were promoted and 6% declared that
they changed to a similar position in other department.

Within the survey, it was worth to analyze how employees have been led to
increase their professional training and personal development, the responses of
interviewed persons highlighting that most of Romanian employees (50%) were not
guided n any way to increase their professional training and about 40% of them
benefited by internal courses. Only a small percentage, 9% of them declared to
participate in external courses including public education institutions (see Fig. 4.6).

Fig. 4.6 Have you been led to increase professional training?

yes, by attending internal courses 40%

yes, by participating in external courses (including public education institutions) 9%

no 51%
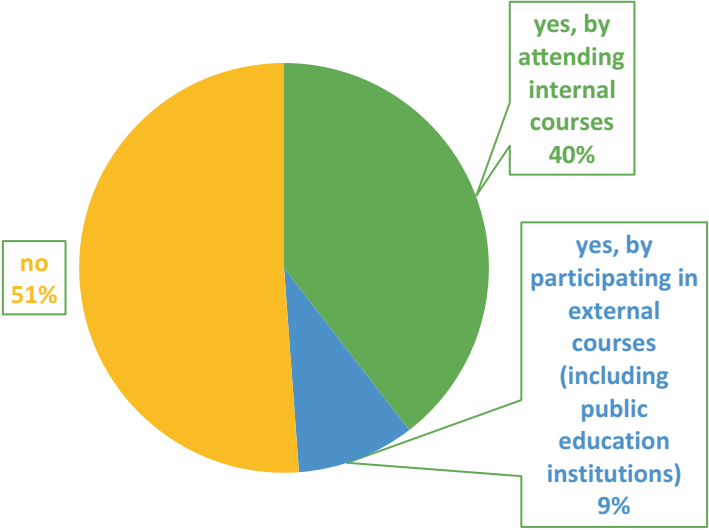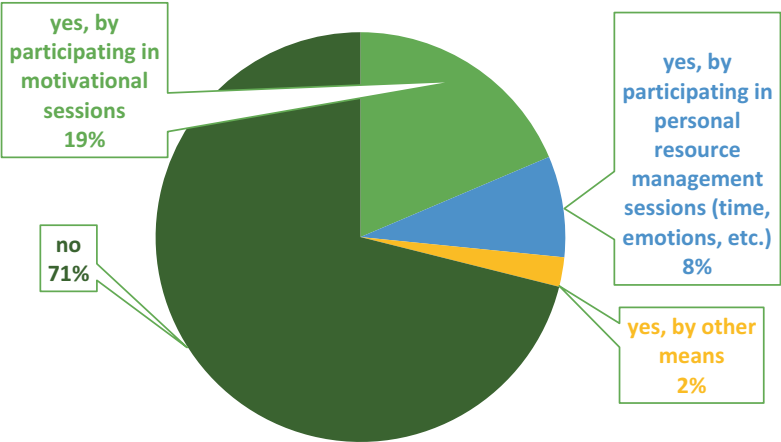
Fig. 4.7 Have you been guided to the growth of personal development?

yes, by participating in motivational sessions 19%

yes, by participating in personal resource management sessions (time, emotions, etc.) 8%

no 71%

yes, by other means 2%

Regarding the guidance offered to the growth of personal development, the situation is quite similar, 71% of interviewed employees stated that they did not benefit by any type of courses intended to increase their personal development and only 19% of them declared to participate in motivational sesssions (see Fig. 4.7).

One of the key questions in the survey has quantified the satisfaction level with the results of the evaluations made over the past 3 years, pointing out that 86% of the Romanian employees that have been interviewed stated to be satisfied and very satisfied with their last evaluations, while only 14% mentioned that they have been

Fig. 4.8 The satisfaction level with the results of the evaluations made over the past 3 years

Table 4.2 Mean scores and SD of the main characteristics of the employee performance evaluation process

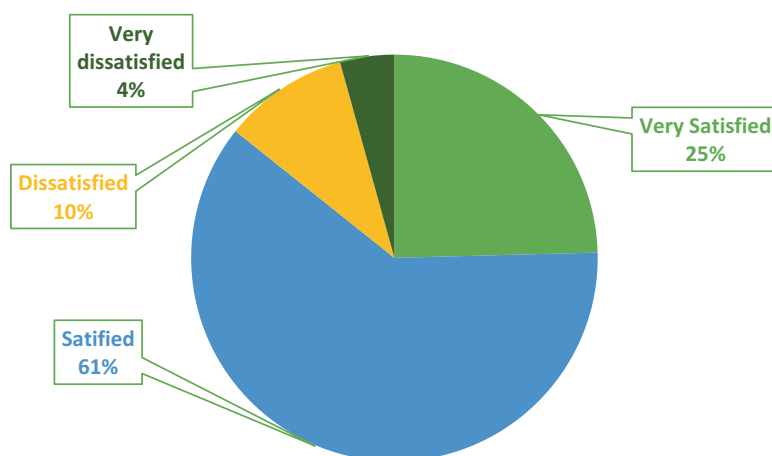|	Mean	Std. deviation
Satisfaction level with the last evaluations	1.94	0.72
Main characteristics of employee performance evaluation process		
Objectiveness	8.01	1.94
Professionalism	**8.18**	1.91
Impartiality	7.97	2.04
Rightness	**8.05**	2.06

The bold values of the mean pointed out the highest values revealing the main characteristics of employee performance evaluation process, meaning that the Romanian employees considered the evaluation process as being professional and right

dissatisfied. The average level of satisfaction 1.94 pointed out a general level of satisfaction among Romanian employees (see Fig. 4.8).

Characterizing the evaluation process of employee performance from the perspectives of objectiveness, professionalism, impartiality and rightness, the empirical results pointed out most of employees considered the evaluation process as being **professional and right** (Table 4.2).

From the employee perspective, the main reason for the evaluation in the company is the increase of labour productivity (47%) followed by the increase of professional training (36%) (see Fig. 4.9).

Regarding the employee enrolment in a personalized professional career pilot program, the majority of Romanian employees (89%) declared not being enrolled in such a program, most of the Romanian companies not having such a program (see Fig. 4.10).
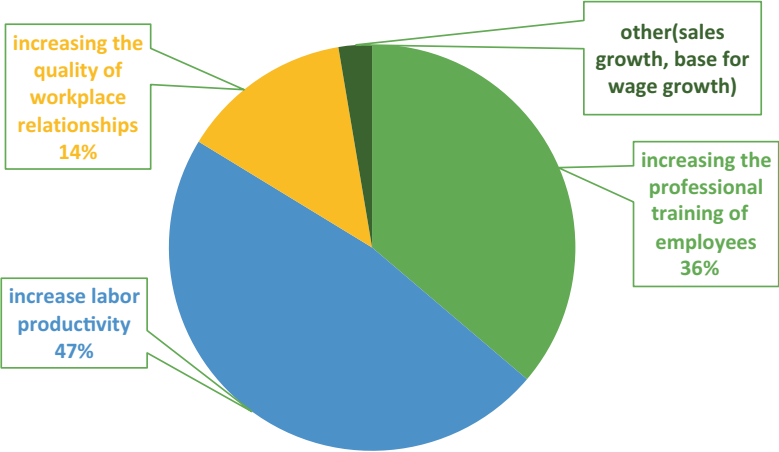
Fig. 4.9 The main reason for the evaluation in the company from the employee perspective

Fig. 4.10 Are you, as an employee, enrolled in the company you are working on in a personalized professional career pilot program?
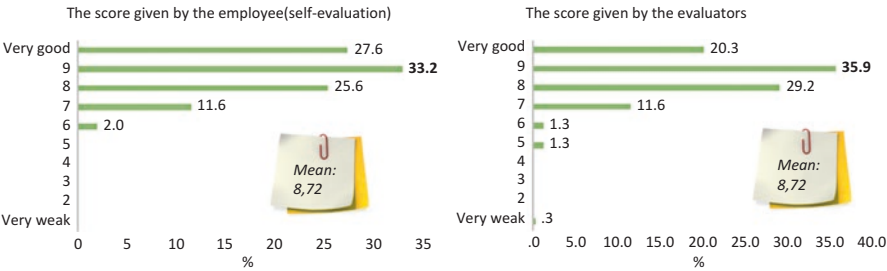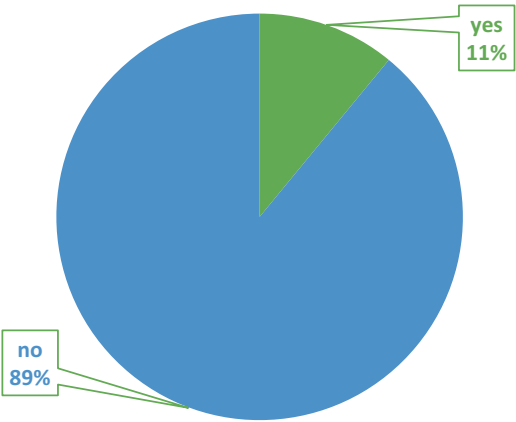
Fig. 4.11 Evaluations of both employee and evaluators concerning the workplace performance
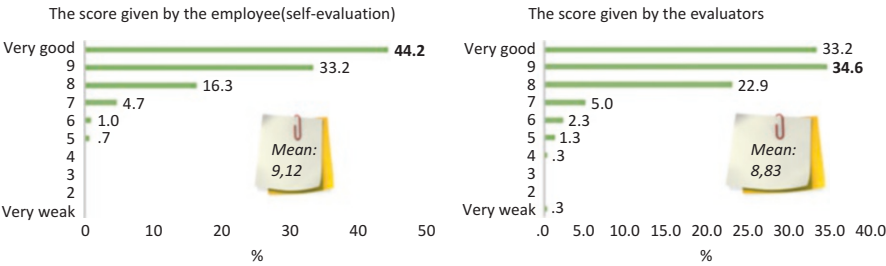
Fig. 4.12 Evaluations of both employee and evaluators concerning the way of working in the team
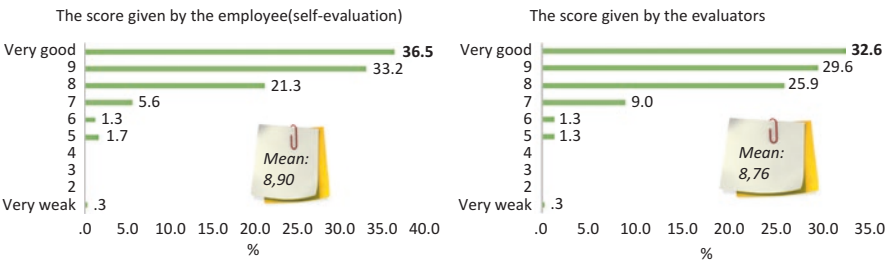
Fig. 4.13 Evaluations of both employee and evaluators concerning the adaptability to changes at the workplace
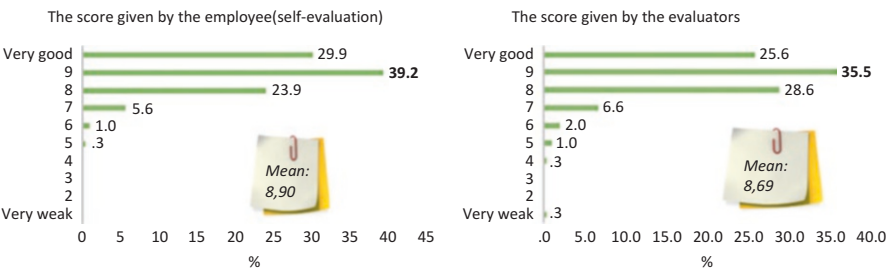
Fig. 4.14 Evaluations of both employee and evaluators concerning the quality of decisions

Figures 4.11, 4.12, 4.13 and 4.14 present the score given both by employee (self-evaluation) and the score the employee thinks that the evaluator would give it to him, concerning four characteristics of the evaluation process-workplace performance, the way of working in the team, the adaptability to changes to the workplace and the quality of decisions.

Among all four analysed criteria, most of the employees (44.2%) evaluated themselves to be very good in the way of working in the team, while their perceptions regarding the score given by evaluators were that they were very good in work-

place performance and quality of decisions. It is interesting to point out that the scores given by the employees tend to be a little bit higher than their perceptions about the scores that evaluators would offer.

4.4.3   Analysing the Main Differences in the Employee Performance Evaluation Process by the Company Size

Analysing the potential differences in the individuals perceptions using statistical tests, can be mentioned the following:

The empirical results of the statistical test confirmed the existence of significant differences on the following methods used in companies for employee performance evaluation by company size: self-evaluation questionnaires, feedback from customers and analysis of superiors' opinion (Asymp. Sig < 10%), stating that self-evaluation questionnaires are more widespread in medium and large companies, while the evaluation based on superiors' opinions is more present in small companies. Feedback from customers is mainly used as an evaluation technique in micro companies with few employees (see Fig. 4.15).

The results of the research infirmed the existence of differences between companies in the case of individual interviews, feedback from colleagues, feedback from subordinates and informal free talks.

There have been also statistical differences regarding the periodicity of evaluation in different companies, since the probability Asymp.Sig. is less than 10%, revealing that medium and large companies made the employee evaluations yearly.
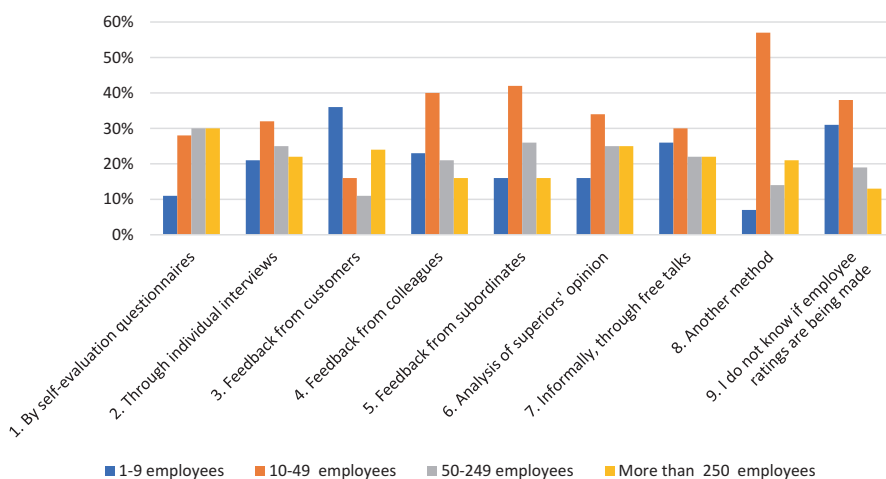
Fig. 4.15 Distribution of performance evaluation methods existent in Romanian companies by company size
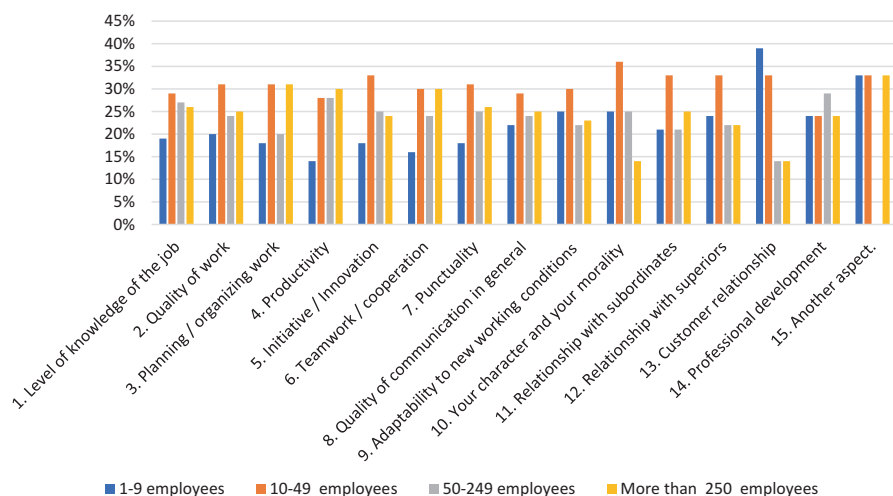
Fig. 4.16 Distribution of main elements of employee performance evaluation in Romanian companies by company size

Table 4.3 The empirical results of the Kruskal-Wallis test

Main features of the employee performance evaluation process	Chi-square	Asymp. sig.
Main methods of employee performance evaluation		
Self-evaluation questionnaires	19.455	0.**000***
Individual interviews	0.174	0.982
Feedback from customers	12.474	**0.006***
Feedback from colleagues	2.625	0.453
Feedback from subordinates	1.248	0.741
Analysis of superiors' opinion	6.341	**0.096****
Informal free talks	1.628	0.653
Periodicity of employee evaluation	6.732	**0.081****
Main elements applied in the employee performance evaluation		
Level of knowledge of the job	10.414	**0.015***
Quality of work	4.583	0.205
Planning/organizing work	14.581	**0.002***
Productivity	19.217	**0.000***
Initiative/innovation	1.540	0.673
Teamwork/cooperation	20.259	**0.000***
Punctuality	6.369	**0.095****
Quality of communication in general	2.115	0.549
Adaptability to new working conditions	0.733	0.865
The character and morality	3.116	0.374
Relationship with subordinates	0.239	0.971
Relationship with superiors	0.178	0.981

(continued)

Table 4.3 (continued)

Main features of the employee performance evaluation process	Chi-square	Asymp. sig.
Customer relationship	8.096	**0.044****
Professional development (from one evaluation to another)	0.789	0.852
Changes in salary in the last 3 years	4.090	0.252
Changes in job assignment in the last 3 years	16.387	**0.001***
Have you been led to increase professional training?	15.503	**0.001***
Have you been led to increase personal development?	8.783	**0.032****
How satisfied are you with the results of evaluations made over the past 3 years?	0.309	.958
What do you think is the main reason for the evaluation?	2.117	0.548
Enrolment in a personalized professional career pilot program	6.654	**0.084*****
(a) Kruskal Wallis test		
(b) Grouping variable: Company size		

Note: * means significance at 1% level; ** means significance at 5% level and *** means significance at 10% level

The bold values revealed the probabilities of the statistical test who are statistically significant for different significance level
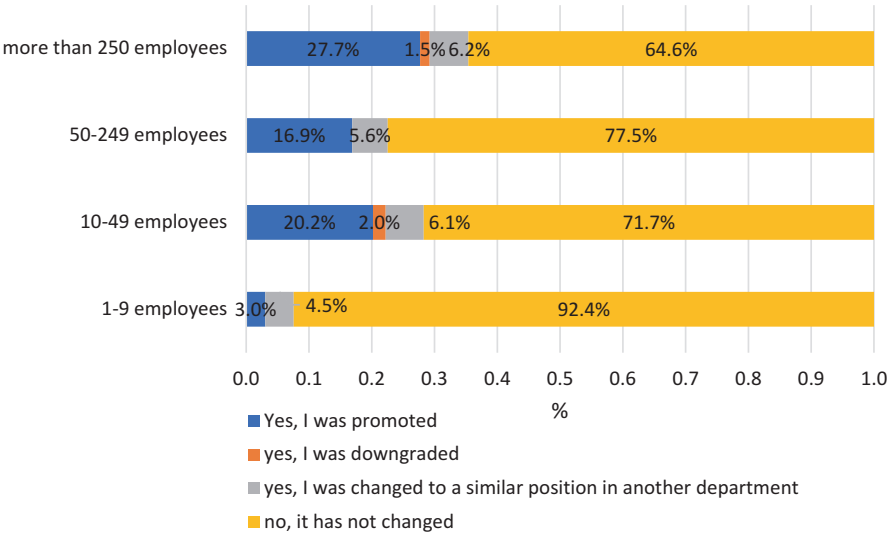
Fig. 4.17 Changes in job assignment by company size

By company size, there are statistical differences between micro, small, medium or large companies concerning the main elements analysed in the process of evaluation: the level of job knowledge, planning/organizing work, productivity, teamwork/cooperation, punctuality, customer relationship. Therefore, large companies are more concerned with level of job knowledge, planning/organizing work, productivity, teamwork/cooperation, punctuality, while customer relationship is more widespread in micro and small companies (see Fig. 4.16 and Table 4.3).

After the last evaluations, changes in salary were not dramatically different according to the type of company. Therefore, the Kruskal-Wallis did not exhibit significant differences.

In the case of job assignment, significant changes could be observed depending on the company dimension, the highest percentage of promotion after the last evaluations being achieved in large companies (27.7%), while in micro-enterprises the percentage was only 3%. In small companies, there is the highest percentage of downgrading approximately 2% (see Fig. 4.17).

It is interesting to mention that there were also significant differences in the Romanian companies regarding both the guidance offered to increase the professional training and also the personal development, the probability being lower than
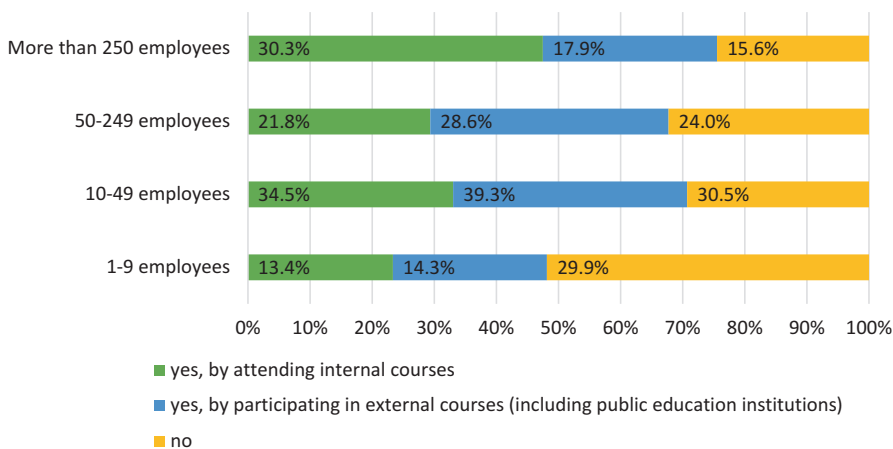
Fig. 4.18 Guidance in increasing the professional training in different categories of companies
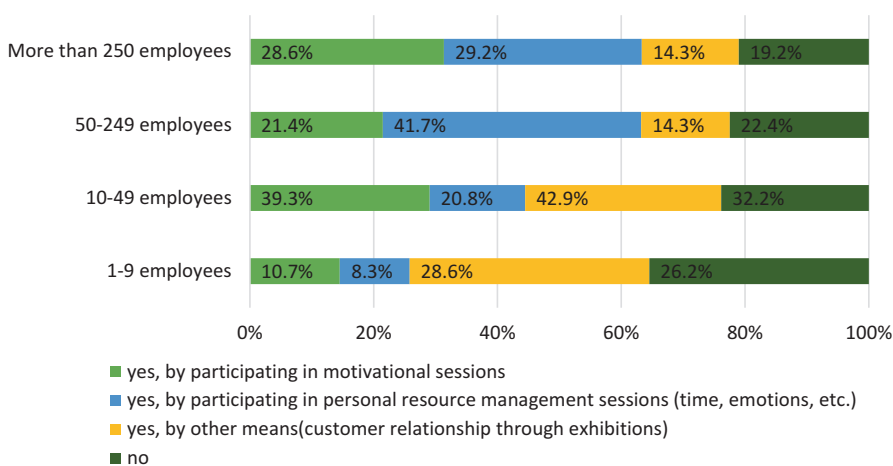
Fig. 4.19 Guidance in increasing the personal development in different categories of companies
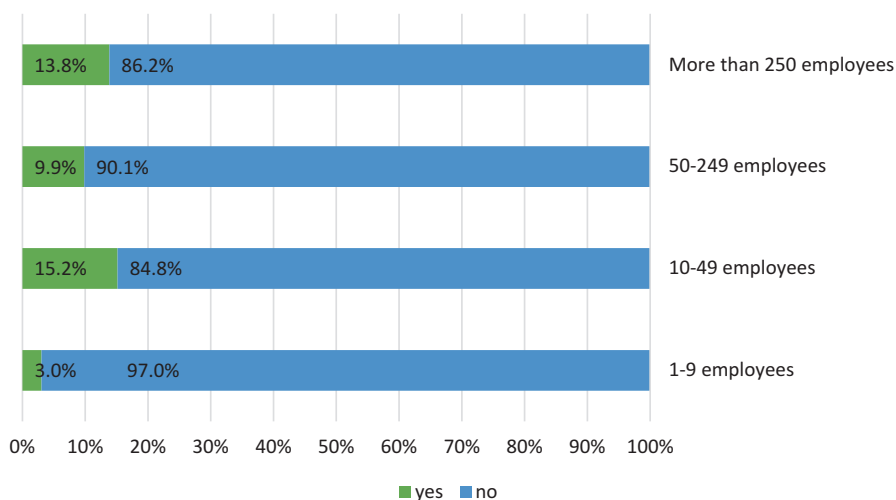
Fig. 4.20 Enrolment in a personalized professional career pilot program existing in different companies

the significance level of 10%. Therefore, employees especially from small companies declared to have participated both in internal courses and also in external courses (34.5%, respectively 39.3%), while the large companies seem to be oriented only on internal courses (30.3%) (see Fig. 4.18).

Regarding the personal development, there are significant differences between companies. In medium and large companies, employees declared to participate personal resource management sessions mostly, while in micro and small companies it is quite important the customer relationship through exhibitions (Fig. 4.19).

There are statistically significant differences regarding the enrolment in a personalized professional career pilot program in various Romanian companies. Approximately 15.2% of employees from small companies declared to be enrolled in such a career pilot program, while 13.8% of employees from large companies are enrolled in such a program. At the opposite side, only 3% of micro-enterprises employees stated to participate in such a program (see Fig. 4.20).

4.5 Conclusions

The main aim of the paper was to underline the essential characteristics of the employee performance appraisal process within Romanian companies using the opinions of 301 employees from micro, small, medium and large enterprises aiming to highlight the significant differences according to the company size. As methods used, descriptive statistics, correlation analysis and non-parametric tests (Kruskal-Wallis test) were used.

The empirical results pointed out that the main methods of evaluation for Romanian employees were the analysis of superiors 'opinion, self-evaluation questionnaires (36.2%) and informal free talks and the evaluation is done once per year. In the process of evaluation, the main elements that are followed have been the quality of work, the knowledge level of the job, teamwork and cooperation and punctuality.

Regarding the changes in salary and job, most of the Romanian employees declared that in the last 3 years, after the evaluations, their salary has increased, while job assignment did not change significantly.

Asked about the guidance in increasing professional training and personal development, most of the employees stated that they have not been guided in any way and a high percentage of the employees declared not to be enrolled in a personalized professional career pilot program. The process of evaluation is regarded to be professional and correct.

The empirical results of the Kruskal-Wallis test highlighted statistically significant differences concerning the methods used for employee evaluation (self-evaluation questionnaire, feedback from customers, analysis of superiors' opinion), stating that self-evaluation questionnaires are more widespread in medium and large companies, while the evaluation based on superiors' opinions is more present in small companies.

There are also statistical differences between companies concerning the main elements analysed in the process of evaluation, revealing that large companies are more concerned with the level of job knowledge, planning/organizing work, productivity, teamwork/cooperation, punctuality, while customer relationship is more widespread in micro and small companies.

The results also pointed out differences regarding job assignment, guidance offered by increasing professional training and personal development and also the enrolment in a professional career pilot program. Therefore, the highest percentage of promotion after the last evaluations have been achieved in large companies and in these companies, we can also see that the guidance offered to increase the professional training and also the personal development has materialized in internal courses and personal resource management sessions.

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Chapter 5
Ethical Behavior in Healthcare Organizations

Crina Simona Poruțiu, Ciprian Marcel Pop, and Andra Ramona Poruțiu

5.1   Introduction

The current research reflects the link between business ethics and medical ethics within private medical practices, as there are debates on the fact that some business decisions might not be considered ethical, medically wise and the other way around.

There are many opinions on how business ethics should be defined, but there are certain common aspects that are generally accepted as links to morality in business: emphasis on honesty and fairness, values that are in accord with common behavior, obligations, responsibilities and rights toward conscientious work or enlightened self-interest, philosophy of what is good and bad ability to clarify the issues in decision making, focus on one's individual conscience and/or legal system, focus on social responsibility, concern for integrity, emphasis on virtue, leadership, character, confidentiality, judgment of others, all in the context of the continuous pursue of achieving profitability (Lewis 1985).

On the other hand, medical ethics approaches subjects like acting in the best interests of patients, upholding professional standards, collaboration with other professionals and last but not least offering effective therapy efficiently (Seedhouse 1997).

The research is exhibiting an overall picture of how ethical aspects, from both business and medical points of view, influence the profitability and reputation of private medical organizations. This study is a part of a more extensive doctoral research on patient satisfaction within private medical sector. The aim of this article

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is to display how the issues of profitability and high-quality healthcare merge under the roof of ethics, business and medical alike, in private healthcare organizations, as it is believed that the medical private sector is the one environment in which these two concepts should perfectly interconnect in order to achieve success.

5.2 Literature Review

Business ethics in healthcare services is most likely to be an issue of interest for healthcare practitioners in the private sector. "Healthcare organizations such as hospitals and clinics are themselves businesses with commitments to care as well as to efficiency and profitability" (Toenjes 2002, pp. 120–121).

Leonard J. Weber states that healthcare organizations should take into consideration that in order to make de providing of medical service possible, the need for financial back-up must be acknowledged. Thus, every decision has practical business implications that need to be carefully taken into consideration by the medical management who is primarily responsible to patients, but also needs to create a more equitable, accessible, effective and efficient healthcare system of activities as it is stated in the Preamble to the American College of Healthcare Executives Code of Ethics (Weber 2001).

The compatibility and comparability of business ethics and medical ethics has been an issue of interest to many authors. While there are different opinions on the subject Wendy K. Mariner believes that medical ethics are put to the test when it comes to pursuing the goal of profit (Mariner 1995).

It is commonly believed that in business, the most important purpose is profit, whereas in healthcare the ultimate objective is helping the patient and that these two goals have nothing in common. As it turns out, from both business and medical points of view, an organization can have an indefinite number of goals to pursue, regardless of their importance or priority and when it comes to ethics, business and medical wise, there is no right or wrong (Andre 1999).

In most businesses, efficiency and profit are considered the goals to be pursued, whilst in healthcare, the quality of service provided by the physician is foremost. In terms of costs, these two aspects can never be included in the same ethical standardization (Mariner 1995). Wendy K. Mariner emphasizes that medical ethics offer a set of principles regarding the relationship between the physician and the patient and the delivery of the medical services and that private medical businesses have no moral obligations as they function and act like typical business organizations (Mariner 1995).

A study conducted on medical auxiliary staff in order to establish the influences of ethical behavior within healthcare organizations, revealed that peers' ethical conduct has a strong impact on the ethical behavior of employees, even stronger than managers', as well as the level of emotional intelligence of the employees and also the creating of an independence organizational climate in which organizations encourage employees to make decisions based on their personal moral beliefs (Deshpande and Joseph 2009).

Richard H. Toenjes explains how a successful business is an ethical business using a business ethics model—the stakeholder model, that can be applied in healthcare businesses and how the perceived conflicts between business and medical ethics such as treating or not the uninsured and underinsured, healthcare employee management, un-needed or needlessly risky care and advertising and marketing of healthcare, can be ameliorated (Toenjes 2002).

> With these tensions clearly in view, a stakeholder model of corporate social responsibility can be applied, with explicit identification of the legitimate interests of the three major stakeholders (payers, providers and recipients) as well as others, including suppliers, communities, healthcare organizations (such as hospitals, clinics, etc.). Decisions made by any stakeholder will have to effectively consider the interests of other stakeholders. Providers will have to recognize the legitimate stake held by payers. And those paying fees will have to, in an enlightened grasp of social responsibility, Contribute, Comply, and deal properly with Consequences (Solomon's three Cs) while maintaining sustainable profitability. (Toenjes 2002, pp. 124–125).

When it comes to accepting business ethics and practices in healthcare services, medical professionals can build in their ongoing professional development programs, business ethics lectures provided by business ethics professionals (Toenjes 2002). A survey conducted on medical students and residents reveals that in a medical business ethics curriculum should be included topics concerning medical business ethics and their impact on patient care (Kraus et al. 2014).

Richard H. Toenjes also states that there are a number of business ethics related issues` that conflict with the sphere of medical ethics which are fundamental: capitation, gate-keeping, incentives to control costs and limit access or treatment, competition among hospitals and clinics for profit and shareholder return and self-interest (even greed) of providers disguised under the mantle of professional autonomy or professional privilege. These aspects can be ameliorated through the lens of a social contract model of social responsibility in business in which there is a system that is fair and accepted by all parties involved (payers, providers and recipients of healthcare) (Toenjes 2002).

In order to ensure that business decision making in healthcare organizations is governed by morality and in regard of patients' welfare, the need for a robust concept of organizational ethics needs to be acknowledged. That is why, the corporate ethics culture needs to include a set of core values that must be incorporated in an ethics infrastructure through all activities within a healthcare organization, in order to ensure organizational integrity (Silverman 2000).

5.3 Material and Method

The interconnectivity of business and medical ethics is revealed by interviewing entrepreneurs in healthcare service and medical managers, the kind of actors that usually have to deal with financial aspects of the business as well as procedural features and activities concerning legislation in the medical field. The interviewed persons are either physicians turned entrepreneurs, either former nurses turned managers and even managers with sole business and management education.

The interviews were conducted face to face, in the first trimester of the year 2018, a period with significant legislation changes regarding taxes, human resources and contracting in medical field.

The extended doctoral research on patient satisfaction within private medical sector aims to discover all the influential aspects for reaching different levels of satisfaction in consumers of private medical services, in the context of imperativeness of imminent accreditation from The National Quality Management Authority in Healthcare of all healthcare services. A unified approach of all medical service providers is expected in order to achieve adequate and safe care of the patient's health at all times and in all medical fields. The purpose of the entire research is to discover how certain regulation set ups can affect patients' satisfaction, business success and profitability and to establish the parameters that actually have an influence on the outcome of medical activities.

Ethics, the importance of ethics and the interest for it within private healthcare organizations is one of the identified factors of influence on patients' satisfaction as a medical service outcome and the current research aims to emphasize the medical service providers' views on the matter.

The medical businesses approached were either policlinics (with different medical specialties such as cardiology, dermatology, gynecology, pediatrics and nutrition and diabetes), either one specialty medical clinics (ophthalmology and dentistry). There was a specific reason for choosing to interview managers and entrepreneurs in different medical fields—the possibility of extrapolating the answers provided and outcome of research on the entire private medical field.

As a qualitative research technique, the interview implies "conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program or situation." (Boyce and Neale 2006, p. 3). The interview used in order to obtain data for the research is a structured interview, consisting of a series of pre-determined questions that all interviewees answered in the same order. Therefore, the information gathered made possible comparing and contrasting different answers given to the same questions. The interview consisted of a series of questions that the managers in healthcare were more than interested to answer and discussing issues concerning business success, purpose and goals in medical service, ethical behavior, ethical decisions and how all these reflect on patient satisfaction, market position and business profitability overall, was appealing to them, taking into consideration that they are managing medical businesses that have been developing for more than 20 years on the market and have more than 20 people employed as medical staff.

5.4   Results and Discussions

The most important purpose of all these private medical businesses was stated to be reaching profitability, this making possible reaching another purpose of a medical business—attending to patients' welfare and providing better quality service in a fair value for money.

Regarding what makes a medical business successful, there were more opinions on the subject. Some believe that it is the qualification of staff that uppers the quality of service, while others think that it is the endowment and facilities that make the difference. Nevertheless, addressability is believed to be key in private healthcare as well as assuring a constant quality of service throughout time by defining and implementing a set of procedural aspects that govern de entire activity. All the interviewed persons strongly believed that the most important factor in reaching all these goals for success is a proper management. The medical management is considered to be very different from management in other fields, because it requires being as much of a doctor as a manager, with a constant struggle between financial efficiency and medical proficiency. Concerning the morality of providing medical service for a price, medical managers have found that profitability in the medical field only occurs on the long run and only when the prices are fairly set according to the quality of service and value of staff. On the long term, making profit by helping and treating patients, not only provides the opportunity of practicing medicine at the highest levels of proficiency, but it creates the means for embracing social responsibility management. Even so, it is believed the profit margin in private healthcare is low, due to the fact that the medical service is of high necessity and customization, which implies a high level of costs in human resources, equipment and keeping pace with medical progress.

Making of profit in a private healthcare organization can be possible in several ways: personal solicitation from patients, contracting the National Healthcare Insurance Agency and contracting private insurance agencies. Whereas, the financial gains from contracting private insurance agencies and from out-of-pocket payments are high, the incomes achieved through contracting the National Healthcare Insurance Agency are lower but make up for it by making it possible for the organizations to exhibit a high level of addressability by making the medical service available to all market segments. From marketing and management points of view, this aspect is measured as a great business strategy, but usually these patients are underinsured and a decision that appeals to business and medical ethics is required. In this situation physicians have two alternatives: provide the medical service for which the patients are insured which can be incomplete and negatively affect the medical outcome of the service or provide a complete high quality service which is only partially covered by the national insurance. It is considered to be a medically ethical decision to provide the full medical service, in the detriment of profitability and is usually accepted as the course to be followed. This happens mostly due to the fact that in private healthcare organizations, it is implied that all patients should benefit from the same treatment, medical or not, regardless of the method of reimbursement (direct, through national insurance or through private insurance).

As much as consumer behavior is concerned, medical managers believe that they are either attracted by the renown of the medical staff, either by the reputation of the clinic itself. They consider that as long as the patients' need for health is of high necessity, they are more preoccupied with the medical outcome of treatment than with having a mindful consideration on the providing of medical service. That is why, in most cases consumer satisfaction is lowered when the medical outcome does not reach their expectations, rather than when other aspects concerning the

profitability of business occur, such as charging extra costs for the medical follow-up. Nevertheless, managers believe that the main reasons for which patients choose the private medical sector, are that usually the awaiting time is considerably shorter, as well as price transparency, price level, convenience of location, better endowment of clinics and better service overall due to high qualified staff that follow certain procedures and make professionalism their ultimate goal. On the other hand, some medical managers consider that the overall activity in providing a high quality medical service should not be strictly regulated through a set of predefined procedures that can limit the power of decision in all staff in certain situations.

Healthcare managers state that in the private medical field, encouraging ethical social and medical conduct within the company makes a huge difference between the private and public medical sector. Customer service aspects are highly taken into consideration, although they believe that the level of respect must be implied by both the physician and the patient. Medical service is not to be compared with the business aspect of making a sale. An ethical balance in the doctor–patient relationship is reached only when common sense, empathy and same level of comprehension occur from both sides. Medical service usually implies a high level of empathy which is an aspect that could be considered a downside in businesses of all kind. What actually happens is that the physician experiences a certain degree of satisfaction when the medical outcome reaches his and the patient's expectations and it is not usually associated with the actual cashing of that service. Managers consider that in private healthcare, doctors have a great work ethic sense, due to a superior work environment made available for practicing medicine that makes possible their validation as medical experts. Overall, managers believe that morality should govern the medical service at all times, while also finding a way of covering expenses and avoiding making medical or business unethical decisions in the chase of profit. There is a common direction undertaken by medical managers, towards making healthcare service available in one way or another to all consumers that might request it at some point in time, on the grounds that there is a certain moral obligation implied by the profession of medicine to provide service in almost every circumstance.

Encouraging an ethical behavior within the medical organization is believed to be even more valuable than an ISO certification. Managers consider that advertising the clinics as ethical business, with fair practices and quality certifications are not necessarily causing extra profit or a higher reputation. They believe it is most important to promote ethical behavior within the organization for the sake of creating a superior work environment for all staff, which will eventually lead to increases in patient satisfaction for overall experience and will automatically translate into a competitive advantage. Some managers believe that encouraging ethical conduct and great work ethics in private medical businesses could only be accomplished by their own example as the sense of morality is an aspect too profound to be regulated and taught/learned. At the same time, others believe having internal regulations concerning moral values and procedures regarding ethical behavior (on aspects such as punctuality, observing the timetable, compliance with the program, conducting the same social behavior on every patient in every situation) and even applying a set

of reward and penalty methods as extrinsic motivation is more efficient in reaching the goal of morality in all business activities. Delivering a high-quality medical service also requires the support and input of a highly qualified auxiliary staff and it implied that all staff should acknowledge that ethical or unethical behavior on behalf of only one of them has repercussions on the entire clinic, regarding the perception of the patients on the overall experience. Managers stated that there is direct causal relationship between ethics as a foundation for the work environment and patient satisfaction. That is the reason for which there is a certain inclination to promoting and displaying morality related principles, attitudes and behaviors within the organization.

All managers strongly believe that a family business is more likely to reach the goals of morality and constant ethical sense in private healthcare, as they take into consideration that the work environment and organizational culture is governed by a family feel in which it is thought that the extended family includes employees and in which certain moral values like caring, loyalty, humbleness, understanding, commitment and hard work for the same purpose are flowing from all activities and are directly perceivable by all patients and staff. From the healthcare managers' point of view, this is the ultimate competitive advantage and like some might say "the recipe for success" in private healthcare practices.

In comparison with medical corporations, family medical businesses are more likely to succeed in maintaining a more personal relationship with the patient by extending the timeframe of the medical service, while attending more effectively to the patients' needs and expectations without concerning about periodically reporting a set of figures to a board of directors.

5.5   Conclusions

In a private healthcare organization, the goals of all activities concern reaching profitability, providing a high-quality medical service throughout time, considering value for money and aiming for high levels of patient satisfaction.

The aspects that are considered to lead to business success in private healthcare organizations are highly qualified staff, proper endowment, addressability, establishing sets of procedures for all activities and specific management. Business success is measured in the level of patient satisfaction regarding the medical outcome and patients' satisfaction for overall experience.

Profitability is reached on the long run in private healthcare organizations by establishing fair prices and by creating an organizational culture that sustains healthy relationships between all staff members and with patients, while promoting morality and ethical behavior through each step of the medical service. High levels of profitability are hard to reach due to high expenses in human resources (medical service requires high levels of customization), endowment and reaching adaptability to medical progress.

Ethical behavior is a subject approached in internal regulations within private healthcare organizations, as it is an important aspect in all medical activities.

All staff is required to follow a certain social, ethical and professional conduct in order to achieve and maintain great reputation of the business itself. Medically ethical decisions prevail, leaving profitability aside in certain situations, in order to attend to the patients' welfare at all times.

Patients choose private medical service primarily because they expect high quality medical service provided by highly qualified personnel, longer timeframes for attending to their needs, shorter awaiting time, well equipped facilities, price transparency and convenience of location. Patients are usually attracted by the renown of the medical staff or of the healthcare organization itself, but do not necessarily respond to advertising. Recommendations are most effective in medical field and that is why private healthcare organizations opt for promoting ethical behavior and fair practices within their business. Promoting business and medical ethical behavior within private healthcare organizations is a job for the management that needs to constantly juggle with aspects of maintaining efficiency and profitability and keeping all medical activities at high levels of proficiency while creating a superior work environment. Superior work environments are usually promoted in family business, in which certain moral values are present and facilitate a proper flow of activities while maintaining a more personal feel in staff and patients.

As a final note, private medical businesses are the kinds that succeed in redefining ways of doing businesses in a continuous socially responsible manner. Every business decision made for gaining competitive advantage or keeping up with progress in the industry or even pursuing certain levels of profitability is ultimately reflected in increases of benefit in patients. Medical businesses are governed by a high sense of morality, as the goals of all activities are making good at all times, helping and treating patients as well as possible regardless of the level of profitability and keeping the bar high when it comes to better quality medical service. Overall, private medical businesses succeed in merging business and medically ethical visible features, in a way in which the outcome is mostly aimed at determining high levels of patients' satisfaction, not only as a mean of measuring profitability, but as a feedback for the well providing of service.

There are certain limitations regarding the current study. By interviewing managers in healthcare services, the information gathered is only from the providers' point of view. The recipients' point of view on ethics in medical service is taken into consideration for a further study, in order to determine whether the same aspects regarding ethics within private healthcare organizations are or could be influential on their perception and satisfaction concerning the actual providing of the service. There is also the limitation of time and circumstance: the study was conducted over a relatively short period of time in which due to rapid and serious changes in legislation, the business environment was unstable, and managers were in a continuous process of making efforts in order to adapt to new regulations. As a direction for a further study, the interviews can be conducted over an extended period of time, gathering information from a larger number of interviewees and covering as much medical fields as possible. Another relevant aspect for a future study could be identifying other influential parameters for patient satisfaction, from the providers' and from the recipients' point of view, that directly relate with the parameter of ethics by derivation or causality.

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Chapter 6
Exploring the Identity of Family Businesses and Its Role in Stakeholder Relations in an Emerging Market

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6.1 Introduction

Family firms are considered to be the backbone of most economies in the world (Fotea and Echevarria 2017). The attractiveness of this group is considerable for researches and policy-makers alike given their pervasive presence in the economies of the world—more than 60% of the firms around the globe are considered family firms, and their important role in these economies—approximately 50% of GDP and more than 60 million jobs are generated by family firms in Europe's private sector (Carrigan and Buckley 2008).

Although family firms are ubiquitous in Romanian economic landscape as well (experts estimate that approximately 50–60% of businesses in this country are family firms), little attention is given to the opportunities and challenges they are facing and limited action is taken to support them in their development due to the fact that they are neither tracked nor analyzed as distinct entities but rather included in the large category of SMEs (Szabo and Szabo 2014).

Research in the field of family business argues that communicating the "family firm" label can represent an advantage in developing and maintaining superior relationships with customers (Carrigan and Buckley 2008), can enhance a positive corporate reputation, can lead to a favorable differentiation from non-family counterparts (Binz 2013) and can improve performance (Craig et al. 2008). A prompt reaction to customers' inquiries, an authentic passion to provide remarkable customer service, an intensified concern for the quality of products featuring the family name,

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are positive characteristics of family firms identified by the research literature which help them score high in the eyes of their customers (Orth and Green 2009; Memili et al. 2010; Blombäck 2011; Astrachan and Astrachan 2015).

In spite of this supporting literature the empirical evidence is scarce (Carrigan and Buckley 2008; Binz 2013) and little is known about the specific approaches taken by them to manage and communicate their identity (Fotea et al. 2018). The present study aims to address this gap in the context of Romanian family firms selecting for analysis a direct communication channel at the disposal of any organization, namely the official website. This means of communication has been selected for analysis due to the fact that it is a controllable communication channel which enables the organization to plan both the content and manner of communication with the external environment, therefore reflecting an intentional message (Balmer and Greyser 2002).

Also, the use of Internet as a means of communication and acquiring information by Romanian customers is unprecedented. According to the data supplied by the Romanian National Institute of Statistics the number of Internet users aged between 16 and 74 years old has risen to 73.3% representing 11 million people who use the Internet on a daily basis in Romania (INS 2017). Such a context requires organizations not only to have an official online presence in order to be in touch with their market but also to manage the online communication process in an intentional manner so that the content of communication transmits the message the company wants to convey and influences the consumers' behavior in the direction desired by the organization. Given its manageable nature the official company website becomes a critical communication channel (Botero et al. 2013).

The current research study aims to answer the following questions:

1. Do (If) the Romanian family firms communicate their family identity within their official websites?
2. What strategic approach do Romanian family firms adopt to communicate their family identity within the official website?
3. Do the firm characteristics—age, size, activity sector—influence (1) *whether* and (2) *how* the Romanian family firms communicate their family identity within the official website?

6.2   Research Methodology

In order to answer these questions, we designed an exploratory, quantitative and descriptive study using the content analysis method on a sample of Romanian family firms' websites. Content analysis is a research technique that allows making repetitive and valid text-based inferences that can be applied to two levels of content, namely the primary content—the main themes and ideas of the text and the latent content represented by contextual information (Bălan 2014). For the application of

this research method it is necessary to delimit the analyzed categories or the group of words with similar meanings and connotations (Botero et al. 2013).

Given the objective set for this study—identifying the incidence and mode of communicating the family identity within the official company website—the analyzed categories have been grouped on two dimensions, namely:

– *explicit* communication which includes direct and clear references to the family identity of the firm through the use of words such as: "we are a family firm/business", "a family-owned company/firm/business", "family ownership";
– *implicit* communication which includes indirect reference to the family identity of the firm through the use of words such as: "third generation", "the two brothers/spouses run the business", "an activity started by our grandfather", "inheritance/legacy", "the young generation joined the business".

The analysis was conducted based on the texts of the "**Home**" page and "**About Us**" page within the selected websites due to the fact that these pages meet two important criteria, namely (1) are most likely to be found by an user within the average time interval and numbers of clicks an online visitor stays on an website and (2) are the most probable sections to be used for presenting company information. The "Home" page represented the landing page, the first page the website's URL opens to, the entry gate to the website while the "About Us" page represented any section within the website that was labeled using the following expressions: "About Us/Company", "What we do", "Company history". The content analysis was carried out between February 1–25, 2018.

Due to the fact that Romanian family firms are neither studied nor tracked distinctively from an academic and economic point of view (Fotea et al. 2018) the information regarding the size and structure of the entire universe of such businesses is insufficient. Therefore, for this analysis we "built" a non-probability sample resulted from the previous research efforts by the authors. The sample consisted of 365 Romanian firms which have identified themselves as "family firms" in other studies carried out by the authors. In order to increase the sample size, we consulted with the Romanian Family Business Network Organization and included 22 of its members in our sample. The inclusion was performed following a matching process with the existing sample in order to avoid duplicates. Another step towards increasing the sample size was to identify Romanian publications that deal with the subject of family affairs, both journalistic and professional publications. Thus, reports from PriceWaterhouseCoopers (PwC) and KPMG, which include examples of successful family businesses in Romania, and the journalistic publications such as Ziarul Financiar and Wall-Street Journal, which include sections dedicated to family affairs in Romania, have been identified. As a result of reviewing these publications, a number of 58 businesses have been added to the sample, again following a matching process to avoid duplicates.

As a result of the sample-building process described above a total number of 445 Romanian family firms have been included in the analysis.

6.3   Data Collection

The data collection process was carried out in two stages. First, for all the 445
Romanian family firms included in the analysis a set of characterization data was
collected, namely:

– main sector of activity (CAEN/NACE code);
– year of incorporation;
– turnover;
– number of employees;
– ownership structure;
– website URL;
– contact data.

This data was collected using a dedicated online database named Listă Firme
(www.listafirme.ro) and transferred into an Excel file. At this stage, it was ascer-
tained whether or not the businesses included in the sample had a website. Following
this analysis, 178 were identified as either not having a website or entities or their
page was inaccessible during the analysis, which led us to exclude them from the
sample. This generated a final sample of 267 businesses taken into analysis.

In the second stage, the website of each organization included in the sample was
accessed to collect data related to the communication of family firm identity. Each
of the two pages selected for analysis—the **Home** page and **About Us** page—were
reviewed thoroughly and the references to the family identity were transcribed
into the research excel file where four fields were created for this data, namely
(see Table 6.1 for the structure of the file created for data collection):

1. HOME—EXPLICIT (HE) for explicit references to family identity of the business
   identified on the Home page.
2. HOME—IMPLICIT (HI) for implicit references to family identity of the business
   identified on the Home page.
3. ABOUT US—EXPLICIT (AUE) for explicit references to family identity of the
   business identified on the About Us page.
4. ABOUT US—IMPLICIT (AUI) for implicit references to family identity of the
   business identified on the About Us page.

If a company's website included texts such as "a proud 3rd generation company"
in the Home page and "our grandfather started the business in the year …" in the
About Us page, this data was encoded in the excel file as follows: the notation 1 was
inserted in the Home Implicit (HI) column, the notation 1 was inserted in the About
Us Implicit (AUI) column and 0 (zero) in the other columns. If a statement such as
"We are a family business" was identified only in the About Us page and no other
mention or clue could be found in any other pages, then the notation 1 was inserted
in the About Us Explicit (AUE) column and 0 in all the others. It should also be
stated that the frequency of mentions was not recorded, but only their existence in
the established categories.

Table 6.1 Categories of data collected

Listafirme.ro						Website				
Turnover 2017	Year of incorporation	No. of employees 2017	Ownership structure	CAEN	Contact person	URL	HOME		ABOUT US	
							Explicit (yes—1)	Implicit (yes—1)	Explicit (yes—1)	Implicit (yes—1)
EUR			Sole properietorship, Two owners with same family name	4 numbers	Name, Phone, Email	www….				

6.4   Data Analysis and Results

For the data analysis the calculation of the absolute and relative frequencies was used and the bivariate correlation between the business characteristics and the family identity communication practices within the official website, using the StatPlus software for Mac.

6.4.1   Sample Characteristics

Depending on the field of activity, the sample taken in the analysis was characterized by diversity (see Table 6.2) with a concentration of organizations in the manufacturing sector (22.56%), trade (17.67%), services (15.04%) and food industry (12.4%).

The 267 family firms included in this analysis are for the most part businesses with considerable market experience, over 89% of them having more than 10 years of existence, as it can be seen in Table 6.3 which presents the structure of the sample by age group.

From a legal status point of view, the family firms under consideration fall into the category of SMEs, the majority of them having less than 250 employees and a turnover less than one million EUR. The characteristics of the sample by number of employees and turnover are depicted in Table 6.4.

The majority of the businesses included in the sample (51.3%) have two persons with the same name in the ownership structure while 20% of them have two administrators with the same name, usually opposite-sex persons with an age difference of maximum 10 years which points to a couple business (spouse).

Table 6.2 Sample structure by sector of activity

Main sector of activity	N	%
Manufacturing/production	60	22.56%
Retail and wholesale	47	17.67%
Services	40	15.04%
Food industry/agriculture	33	12.41%
Constructions/real estate	22	8.27%
Health/Pharma	16	6.02%
Other (please specify…)	11	4.14%
Transportation	10	3.76%
Chemical industry	6	2.26%
Publishing/printing	6	2.26%
Tourism	6	2.26%
IT	3	1.13%
Energy	3	1.13%
R&D	2	0.75%
Telecom/media	1	0.38%

Table 6.3 Sample structure by age group

Age of the business (calculated based on year of incorporation)	N	%
Under 5 years	8	3.00%
Between 6 and 10 years	21	7.87%
Between 11 and 15 years	69	25.84%
Between 16 and 20 years	55	20.60%
Between 21 and 25 years	75	28.09%
Over 25 years	39	14.61%

Table 6.4 Sample structure by number of employees and turnover

	N	%
Number of employees		
Between 1 and 9	103	39.16%
Between 10 and 49	106	40.30%
Between 50 and 249	38	14.45%
Between 250 and 499	6	2.28%
Over 500	10	3.80%
Turnover		
Under 200,000 EUR	58	21.80%
Between 200,000 and 500,000 EUR	68	25.56%
Between 500,000 and 1 mil. EUR	44	16.54%
Between 1 and 3 mil. EUR	53	19.92%
Between 3 and 10 mil. EUR	19	7.14%
Over 10 mil. EUR	24	9.02%

6.4.2 Analyzing the Incidence of Family Identity Communication Through the Official Web Page

To answer the first question raised in this research—"*Do (If) Romanian family firms communicate their family identity within the company official web page?*"—we calculated the percentage of organizations in the sample that make any reference (both explicit and implicit) to this identity within their official website. In order to have a better understanding of the results, four categories of percentages were cal-culated, namely: (1) the percentage of businesses that make any reference to their family identity on *any of the two* pages, (2) the percentage of businesses that make any reference to their family identity on the **Home** page, (3) the percentage of busi-nesses making any kind of reference to their family identity on the **About Us** page, and (4) the percentage of businesses that make any reference to their family identity in **both** pages. As Table 6.5 shows, only 19.70% of the family business included in the analysis present their family background through the company's official website, the page most commonly used to include this kind of information being the About Us page.

Table 6.5 The percentage of Romanian family firms that make any reference to their family identity on any of the two website pages

Any reference to the family background/identity	N	%
Any of the two pages	53	19.70%
"Home" page	16	5.95%
"About Us" page	49	18.22%
Both pages	12	4.46%

Table 6.6 Percentage of explicit and implicit references by page categories

	Explicit		Implicit	
References to the family background/identity	N	%	N	%
"Home" page	10	3.72%	9	3.35%
"About Us" page	32	11.90%	30	11.15%
Both pages	7	2.60%	5	1.86%

The second question formulated for this study concerned the strategy used by the businesses included in the study to transmit their family identity within the company's official website. To answer this question, we calculated the percentage of businesses that make *explicit* and *implicit* references to their family identity. For the *explicit* references category, three values were calculated, namely: (1) the percentage of businesses that communicate explicitly their family identity on the **Home** page, (2) the percentage of businesses that communicate explicitly their family identity on the **About Us** page, and (3) the percentage of businesses that communicate explicitly their family identity on **both** pages. The same procedure was also applied for the *implicit* references category and the obtained results are depicted in Table 6.6.

As shown by the results of this analysis the businesses included in our sample use the *explicit* and *implicit* communication of their family identity in a balanced manner, with a concentration of both categories on the About Us page at the expense of the Home page.

In the last step of the analysis, the relationship between the business characteristics and the practices of communicating the family identity within the official website was explored. In order to perform this analysis, we calculated the bivariate correlation between each of the company's characteristics—*age, number of employees and* turnover—and each of the family identity references categories taken into analysis—*explicit* and *implicit* references on *both* pages, *explicit* references on *both* pages, *implicit* references on *both* pages, any references on the Home page, any references on the About Us page. The results of the bivariate correlation are shown in Table 6.7.

The bivariate correlation analysis between the characteristics of the business and the incidence of references to family status reveals a weak intensity relation between all the variables taken into consideration. These results are supported by the findings of Botero et al. (2013, p. 18) who obtained similar results in a study of 1036 family firms from three countries (Australia, USA and UK).

Table 6.7 Bivariate correlation between characteristics of family firms and their identity communication practices within company official websites

	Any of the variables	EXPLICIT (Home and About Us)	IMPLICIT (Home and About Us)	HOME (Explicit and Implicit)	ABOUT US (Explicit and Implicit)
Employee number	0.0182	0.0514	(0.0043)	0.0281	0.0225
Age of business	(0.0157)	0.0767	(0.0455)	0.0106	(0.0231)
Turnover	0.0045	0.0288	(0.0131)	0.0310	0.0085

() indicates a negative value

As presented in Table 6.7, the number of employees and the turnover have a positive relationship with the references to the family identity within the website, while the age of the business is in a negative relationship. Also, all three characteristics are in positive relation with the explicit references, while their relationship with the implicit references is negative.

6.5 Conclusions, Contributions and Limitations of the Study

The objective of this research was to empirically explore whether and how the family firms in Romania communicate their family identity through their official web site. In order to achieve this objective, the content analysis method was applied to 267 websites pertaining to Romanian family firms.

A first conclusion of the study emerged from the data collection stage following the removal of 178 businesses from the initial sample of 445 organizations due to the lack of an official website. Such a result can be explained by the fact that the sample used was a non-probability sample and that a large part of the businesses included in the sample were small businesses (39.16% of them have a maximum of 10 employees). However, this result raises questions regarding the degree of digitization of family businesses in Romania, implying the need for additional studies to provide a clear perspective on the adoption and use of technology among this class of economic agents.

The results show that only 19.7% of the businesses included in the study communicate their family identity to external stakeholders through their official website, this communication being made mainly within the About Us page. These results, consistent with the extant literature (Sundaramurthy and Kreiner 2008; Fischer and Reuber 2011; Micelotta and Raynard 2011; Botero et al. 2013) lead to the conclusion that family firms do not use their family status to create a distinct identity that can single them out them in the market. The literature offers considerable support to the idea of integrating the family and business systems in order to obtain a package of unique resources that has the potential to foster competitive

advantage (Habbershon et al. 2003; Kalm and Gomez-Mejia 2016) and also to the existence of a general positive perception among external stakeholders (customers, suppliers) towards family firms (Carrigan and Buckley 2008; Krappe et al. 2011; Binz 2013).

Putting together the recommendations of the literature and the results obtained, one can conclude that Romanian family businesses do not capitalize on their own internal potential nor on the positive stakeholders' perceptions associated with the involvement of the family in the business.

In view of this situation, a first recommendation of this study concerns the education of Romanian family firms on the benefits of communicating the family ownership and the development of a set of good practices regarding strategies for developing and communicating a family identity in the online realm. Also, taking into account the average time spent by an internet user on a web page (Keller 2012) it is recommended that the references to the family identity be made on the Home page in order to activate the positive perceptions as soon as possible in the decision making process.

This study is exploratory in its nature, therefore its results do not allow to make inferences for the entire population of Romanian family firms. In spite of this, the present study represents an important step in understanding the behavior of family firms in Romania and contributes to the opening of research directions with great potential for the Romanian academic environment and practitioners alike.

A major contribution of this study is the creation of a database with 445 Romanian family businesses that can be used in future studies. Given that currently there are no objective criteria to delimit this class within the broad universe of economic agents in Romania, this database was built on the criterion of self-identification, considered as the most appropriate one by the extant literature (Howorth et al. 2010) which makes this database highly relevant for the study of family firms. Another contribution of the study results from the applied methodology, namely the content analysis, which allows to identify the real, not declared behavior of the analyzed subjects.

The limitations of the study include the fact that the analyzed sample is a non-probability one, but in the context of Romania a probability sampling method could not be applied. Also, the study took into consideration only one channel of communication, namely the official website of the company. Given that businesses also use other channels and methods of communicating with their stakeholders—in person, through printed materials—the study offers a unilateral perspective regarding the use of the family identity. It is therefore recommended that further studies be carried out to include other channels of communication in order to assess the family firms' practices of disclosing their family identity in a more complete manner. Due to the applied methodology—content analysis—the study does not answer the question "*Why do businesses choose or not to communicate their family identity to external stakeholders*?", therefore further studies need to explore this question also.

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Chapter 7
FDI Motivations in CEE Countries. The Role of Governance Ethics

Oana Cristina Popovici and Adrian Cantemir Călin

7.1 Introduction

In the context of FDI, emerging markets have been associated with the recipient locations for a long time (topic), while developed economies represented the largest sources of foreign investments. The economic developments favoured by globalization in the last decades have contributed to the transformation of emerging countries in important FDI providers (UNCTAD 2006).

However, there is still a large amount of literature focusing on the behaviour of developed countries multinational enterprises (MNEs), as compared to the ones from the emerging markets, as initially, the FDI theoretical framework was built for developed countries MNEs (DMNEs). The eclectic theory of Dunning (1988), which explains the emergence of FDI under the fulfilment of conditions related to the possession of ownership (O), location (L) and internalization (I) advantages, continues to be the most comprehensive framework under which FDI determinants and motivations are analysed (Chudnovsky and Lopez 2000). However, several deviations from the traditional theory have been observed in the practice of emerging markets' MNEs (EMNEs), with both endogenous and exogenous causes. The lack of similar ownership advantages between MNEs based on the development level of the home country (Duanmu 2012; Dunning et al. 2008) and the need for overcoming the latecomer disadvantage (Child and Rodrigues 2005) are leading to different consequences in the MNE behaviour, starting with the location decision-making process. Stronger promotion of FDI and the enhanced role of the country specific ownership advantages (Dunning et al. 2008; Narula 2012; Pananond 2015)

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in emerging markets as compared to developed countries are exogenous factors with the same disturbing effects on the path of MNEs originating in countries with different levels of development.

Such mutations could affect FDI traditional motivations, built on the foundation of the OLI paradigm and cast disturbances on the policy measures for attracting FDI. The impact of good governance in attracting FDI is of a vivid relevance in this context. It is of interest to know whether poor institutions could attract FDI and if positive, what type of FDI are enhanced in these circumstances and with what consequences for the host location.

The Central and Eastern Europe (CEE) region provides an appropriate framework for testing the hypothesis in the literature related to the different behaviour of MNE originating in countries with different levels of economic development, as it recently came into the spotlight of the EMNEs' interest and was confronted with the difficult process of adapting to the market economy and enforcing institutional reforms.

The aim of this paper is to explore the motives for FDI emerging from developed and developing countries in the CEE region and to establish if good governance is of importance in explaining FDI distribution. Our contribution to the literature is manifold. First, we will use the CEE countries as a laboratory for testing the actual debates in the literature related to the difference between DMNE and EMNE motivations and determinants. At present, the results of the empirical studies related to the CEE region as host destination are scarce due to lack of data and conclusions could be mainly drawn based on theory. Second, CEE countries, at their turn, challenged FDI theories as a result of the unique process of building their appropriate formal institutions for responding to the requirements of the market economy. Still, the gap in institutional quality persists as compared to Western European Union (EU) countries, therefore we investigated whether such environments are more attractive for emerging or developed market outflows. Third, we validate our results through empirical models that test FDI motivations on flows originating from several emerging and developed countries.

The remainder of the paper is structured as follows. The next part discusses the classical taxonomy of FDI motivations and how it is affected by the distinctive features of emerging markets FDI outflows. The third part presents the data and methodology, while in the following section we display the results and discuss them. The study's conclusions are presented in the last section.

7.2 Literature Review

7.2.1 General Taxonomy of FDI Motivations

A large part of the literature deals with FDI motivation in CEE countries. The theory usually draws on four major types of motivations that drive the investment decision of foreign investors (Dunning 1993), taxonomy which is built on the OLI paradigm

developed by Dunning (1988). The *resource-seeking FDI* are related to the acquisition and use of the existent resources in the host market which are less available at home or are cheaper, such as natural resources and low-cost unskilled labour (Dunning 1993, 2004). *Market-seeking FDI* are driven by the dimension of the host market, the growth perspectives and the openness towards regional and global market (Dunning 2004). *Efficiency-seeking FDI* "take advantage of differences in the availability and costs of traditional factor endowments in different countries" (Dunning 1993, p. 60). It usually refers to the transfer of production in cost-efficient locations, such as countries with low labour costs (Bellak et al. 2008). *Strategic asset-seeking FDI* include both tangible and intangible assets, such as technology and other created assets, infrastructure and its quality, or adequate environment for conducting business (Dunning 2004).

If these motivations are related to the O advantages in the OLI paradigm, literature identifies two types of categories: the first three motivations are enclosed in the asset-exploiting category, being based on exploiting the existing ownership advantages, while the last one is also known as asset-augmenting FDI, as MNE search for complementing or acquiring assets and capabilities that supplement their technological base (Franco et al. 2008).

7.2.2   Theoretical Insights Related to EMEs Features that Could Affect FDI Motivations

According to the literature, EMNEs have a distinctive set of characteristics as compared to their counterparts in the developed countries.

- *An enhanced support of home governments* (Dunning et al. 2008) for both state owned or private companies carrying out FDI, as outward FDI benefits returns in the form of increased competitiveness and economic growth in the home country (Kim 2000; Lipsey 2004; Padilla-Perez and Gomes Nogueira 2016).

A special place could be attributed, in this context, to State-Owned Enterprises (SOE) which, as compared to developed countries, carry out large FDI volumes, as in the case of China. Chinese SOEs play an important role in pursuing the "Go Global" strategy (Duanmu 2012) applied by the government since 1999. This could alter the location decision, which is chosen based on state interests rather than on efficiency criteria. In this context, the risk of doing business abroad ("liability of foreignness") would be easier to overcome. Duanmu (2012) indicates that SOEs manifest a higher tolerance for the risk of internationalization due to high financial resources made available through state intervention and less interest for the economic performance of the company on the long-term, as the focus is on fulfilling state goals and objectives. In fact, Duanmu (2012) points that SOEs were the major carriers of Chinese OFDI, as a result of the state support and rich resource endowment. The pursuance of political goals would target countries rich in natural resources.

- *Different types of ownership specific (O) advantages: firm versus country specific advantages.*

The classical theory postulating the eclectical paradigm of Dunning states that DMNEs start the internationalization process in order to exploit their firm specific ownership advantages which were gained in their developed home markets ("sophisticated firm-specific assets", according to Pananond 2015). On the contrary, EMNE lack this type of firm-specific advantages, but are rather endowed with country specific ownership advantages (Dunning et al. 2008; Narula 2012), as they are mirroring the conditions in their home countries. Such types of country specific O advantages could rely in a better identification and knowledge of the host emerging market, based on their home experience. For example, Duanmu (2012) cautions that SOEs from China could be more insensible to risks emerging from weak institutions, as they already have more experience in dealing with such type of constraints.

Returning to the FDI taxonomy, while the asset-exploiting FDI are associated with the existence of the firm specific ownership advantages that allow for natural resources or market seeking motivations (Buckley et al. 2016), asset-augmenting FDI are related to the behaviour of EMNEs to acquire the needed strategic assets or resources for overcoming the competitive weaknesses (Child and Rodrigues 2005; Luo and Tung 2007). Pananond (2015) also explains the quest for asset accumulation rather than asset exploitation as a consequence of the need of upgrading the firm's activities and climbing the global value chains.

- *Different stages of corporate evolution when expanding abroad.*

The usual path to internationalization for DMNE was to firstly become a well-established player on its own market, after which the tackling of the foreign markets started (according to the product life-cycle theory of Vernon, 1966). The actual globalization framework allows the international presence at much earlier stages, as companies could gain from a large panoply of incentives, such as lower costs due to liberalization and deregulation and attractive corporate tax rates or scale economies enhanced by the global integration of markets (Dunning et al. 2008). One of the explanations for the internationalization of emerging markets companies is, at least in the first phase, the existence of a "relative disadvantage" in the home country, which determined the quest for acquiring the needed assets for catching up (Child and Rodrigues 2005).

7.2.2.1 Motivations of FDI Outflows from Emerging Countries

The market-seeking FDI motivation is largely used for explaining FDI from emerging markets. Specifically, companies from emerging economies will be interested in the host countries that provide them the possibility to access distribution networks or to further expand theirs exports to other large markets (Buckley et al. 2007). Buckley et al. (2007), Gammeltoft and Fasshauer (2017), Kolstad and Wiig (2009), Quer et al. (2017), and Zhang and Daly (2011), identify a positive and significant correlation among the level of outward FDI from China and the GDP level.

Chudnovsky and Lopez (2000) reached a similar result for MNE from Latin America during the 1990s. Still, it seems that the seeking of markets as a major motivation was more important prior to 1991; afterwards, resource-seeking motivations and other advantages of the location (such as those related to transaction costs and institutional factors) attracted investors' interest.

The asset-augmenting view of FDI from emerging markets supports the fact that EMNE are also interested in technology or know-how (Luo and Tung 2007) that could be found in developed markets, as a way of compensating for their competitive weaknesses, and securing critical resources and markets as a way of overcoming the latecomer disadvantage.

Under these conditions, the resource-seeking motivation of EMNEs is limited to the need for fulfilling the objectives of the government for ensuring the endowment with natural resources. An enhanced attention would be granted to acquiring technology and therefore strategic asset-seeking resources. In fact, Dunning et al. (2008) state that prior to 2000, EMNEs' major interests were related to market and resource-seeking determinants and were replaced by asset augmenting motivations after this period. For China, Buckley et al. (2007) found that the resource-seeking motivation had an increased importance in the 1992–2001 period, while diminishing the impact of the market dimension variable. Still, the variable taken into account for assessing the impact of the strategic asset seeking motivation (the total number of annual patent registrations in the host country) was not significant for attracting FDI. A lack of significance for resource endowed locations is also found by Duanmu (2012), Duanmu and Guney (2009), Kolstad and Wiig (2009), and Zhang and Daly (2011) for the later period of analysis. On the contrary, Quer et al. (2017) obtain positive results for determinants expressing both the resources and strategic resource-seeking motivations for the 2005–2014 period. Moreover, the study of Quer et al. (2017) indicates that strategic asset-seeking motivation is stronger than the market-seeking one. This confirms the Buckley et al. (2007) supposition that the search for strategic assets is a subsequent motivation of Chinese investors.

On the topic of efficiency-seeking motivations, namely cost minimization, the interest of EMNE would not be that significant, as they already have the advantage of low cost labour and resources (Luo and Tung 2007). Given that the main interest in this category of motivations is related to cost and China has a competitive advantage at the labour cost, Buckley et al. (2007) consider that this type of motivations for Chinese investors are less likely. Still, McCaleb and Szunomar (2017) find that the most important variable that shapes the attractiveness of a location is the cost and the quality of the labour force, in the opinion of the Chinese representatives of companies in CEE countries interviewed in their study.

7.2.2.2 Motivations of FDI Outflows from Developed Countries

The attractiveness of CEE countries for foreign investors (especially from developed countries) is generally known of being shaped by the dimension of the market and the low labour costs (Carstensen and Toubal 2004; Janicki and Wunnava 2004), thus pointing to market and efficiency-seeking motivations.

   Market-seeking motivations continue to be prevalent for investors in developed countries, who search for markets with high potential demand for their products and the possibilities of obtaining scale economies (Bellak and Leibrecht 2009; Estrin and Meyer, 2008; Lopez 2010; Mateev 2008; Tintin 2011). In the early transition stages, the market dimension was affected by specific determinants, such as the progress in the transition process (Tondl 2001; Altomonte, 1998). There is a large literature regarding the efficiency-seeking motivation of investors in the CEE countries, due to the fact that low labour costs were usually considered the main factors attracting FDI in these countries (Bellak and Leibrecht 2009; Bevan et al. 2004; Carstensen and Toubal 2004).

   Several studies (such as Kinoshita and Campos 2003, 2006 or Lopez 2010) indicate that the natural resources endowment was important for foreign investors in the first stage of transition. After that, created resources which point to more strategic asset-seeking motivations, become prevalent. In fact, the change of FDI determinants from natural to created resources was already signalled by Dunning (2000), and motivated by the development of a global knowledge-based economy. The location advantage of a country, at present, resides in its capacity to provide a comprehensive set of distinctive and hard to be imitated assets. Several mutations took place: while the physical distance between the home and the host country is no more that important, localization matters equally in terms of endowment with capital, labour costs, obstacles and difficulties in doing business; in addition, technological developments and different strategies developed for keeping the pace with globalization also drive the change in FDI determinants (Te Velde 2006). Therefore, we expect a more significant impact of strategic-assets on FDI attractiveness in the CEE countries, at least for the investors in the developed markets. In an early study, Lansbury et al. (1996) find a statistical positive and significant impact of innovation capacity, expressed through the number of patents, on FDI inflows. Later, Guimon (2009) demonstrates that FDI intensive in research and development (R&D) must be attracted by a favourable environment, which provides financial and fiscal incentives for R&D activities and gives importance to the development of human capital. Kayalvizhi and Thenmozhi (2018) point to higher volumes of FDI in countries where technology absorption is enhanced and where innovation capacity is supported.

7.2.3   What Is the Role of the Good Governance Determinants?

In the framework of FDI motivations emerging from developed or developing countries, the impact of the quality of the governance on location attractiveness is a challenging issue. Theory associates host country's bad governance with higher risks which further represent high costs for foreign companies, therefore predicting a negative relationship with FDI inflows.

   For FDI from developed countries, usually studies tend to converge on the fact that good governance further enhances FDI inflows, irrespective of the host location

level of the development (Cole et al. 2009; Gani 2007; Goodspeed et al. 2006). The CEE countries had an unique experience of building their appropriate formal institutions for responding to the requirements of the market economy, which further enriched the FDI determinants literature. Therefore, the quality of governance is crucial for attracting FDI, especially for transition countries. Pournarakis and Varsakelis (2004) conclude that the institutions contribute more to shaping the attractiveness of their country than the size of the market, factor endowment or internationalization. Kinoshita and Campos (2006) note that for the transition countries, institutions are much more important to foreign investors than traditional determinants such as market size or low labour costs. The study of Kayalvizhi and Thenmozhi (2018) proves that country governance has a major impact on attracting FDI due to the fact that it also stimulates other strategic assets for investors, such as technology absorption and innovation capacity. As related to good governance, many studies took into consideration the impact of the rule of law, the corruption susceptibility, or political stability etc. Generally, studies point to the expected result, indicating that lower risks will attract more FDI (such as Bellak and Leibrecht 2009; Rihab and Lotfi 2011). Still, results depend on the period that is investigated and on methodology. In this context, the debate in the literature does not provide a clear-cut result in this direction.

The EMNE literature suggests two approaches conducive to opposite behaviours related to the quality of institutions. On one hand, international expansion is used for overcoming the home country features with negative impact on company competitiveness, such as institutional voids and political hazards (Luo and Tung 2007). Therefore, EMNE will search for institutionally efficient and predictable environments. On the other hand, the fact that EMNE could be insensitive to the governance of the host locations is supported by their own features, as previously explained: other motives than profit when investing abroad due to the fact that companies are following their governments' aims (Buckley et al. 2007), the habit of operating in similar environments (Dunning et al. 2008; Duanmu 2012), the disadvantage as latecomers to settle in the remaining available locations endowed with a high level of risk (Gammeltoft and Fasshauer 2017). Usually, such results are found for FDI outflows from China (Kolstad and Wiig 2009; Ramasamy et al. 2012; Quer et al. 2017) mainly due to the important presence of SOEs. In a similar vein, while investigating the difference between South versus North MNEs, Darby et al. (2010) conclude that, when MNEs are confronting poor governance quality at home, they tend to ignore the impact of the host country institutional landscape and to be insensitive to institutional risk.

7.3   Data and Methodology

The analysis is carried out for five countries in the CEE region that are also member states of the EU (Bulgaria, the Czech Republic, Hungary, Poland and Romania). We focus on this location as it has had a recent and challenging history in the tradition of FDI theory, as a result of the transition period and the EU adhesion.

The volume of FDI in CEE region from developing countries is significantly lower than that coming from developed countries. Among the emerging economies, China appears as an important investor. Empirical studies related to FDI determinants for investors originating in emerging market are rather low, due to recent surge in such activities. Therefore, due to data availability, the period investigated starts in 2003 and ends in 2012.

In essence, the general form of the model investigates the volatility of FDI in the CEE countries coming from emerging or developed markets based on variables that draw the attention to the major type of investors' motivation in these countries (market, resources, efficiency and strategic asset seeking).

We use as dependent variable the total volume of FDI stocks originating in two different regions, representing both the emerging countries—namely West Asia (and we denote the variable WAFDI) and China (CFDI)—and two others for envisaging the developed markets: European Union (EFDI) and North America (NAFDI). Therefore, we will have four dependent variables that are explained by a set of determinants allowing for the identification of FDI motivations.

We stick to the literature and use as market-seeking variables the GDP level (GDP) and GDP growth (GDPG), while for the resource asset-seeking we use the host countries exports of raw materials, mineral fuels, lubricants and related materials (RES), expressed as percentage of total exports of each country in the CEE region. The search for strategic asset seeking is envisaged by the number of patent applications by the residents (PATENT) and the research and development (R&D) expenditure (denoted as GERD), expressed as percentage of GDP. We further use the human capital related technology (HRST) expressed as the share of the human resources employed in the areas of science and technology. HRST could be considered at the limit between strategic and efficiency asset seeking. For the latter category, we also add the nominal unit labour cost based on hours worked (NULC), as an expression of the labour costs adjusted by productivity, measured as index with the basis of 100 in 2010. The EATR is the effective average tax rates in the non-financial sector, expressed as percentage, and provides a comprehensive extent for measuring fiscal pressure.

In the context of the CEE countries with a long history of transition, institutions and the quality of governance "are fundamental to the effective functioning of market-based economies" (Gani 2007, p. 753). We relate to the term of governance as it encompasses the whole framework of traditions and institutions used for exercising authority in a country. In this context, "good governance" supposes features like economic freedom, respect for the rule of law, transparency in the decision making process, accountability, predictability and effectiveness (Cole et al. 2009). Our present approach is built focusing on the framework shaped by the corruption and rule of law in the host countries, as provided by the World Bank governance indicators.

Similar independent variables pointing to FDI motivations are tested in the studies of Buckley et al. (2007), Carstensen and Toubal (2004), Gammeltoft (2008), Gammeltoft and Fasshauer (2017), Kinoshita and Campos (2006), Kolstad and Wiig (2009), Quer et al. (2017), and Zhang and Daly (2011).

The main sources of the data for building the empirical model are the UNCTAD, Eurostat, European Commission, World Bank databases and MOFCOM for Chinese investments. We usually used the natural logarithm transformation of data for obtaining a sample of stationary data. The correlation matrix is presented in Appendix.

We used the panel data approach with fixed effects models for estimating the main factors attracting investors from developing and developed countries. The main reasons for choosing this empirical approach are, on one hand, its multidimensionality, given the low number of observations which are inappropriate for using other traditional models, such as multiple regressions for each country and, on the other hand, the lack of data that led to unbalanced panels, in which case the use of fixed effects is indicated (Baltagi 2005; Hsiao 2003).

For each dependent variable, we will build two models for avoiding multicollinearity between independent variables. FDI in CEE countries from may be explained by several locational determinants. The general form of the fixed-effect panel is presented in Eq. (7.1):

$$Y_{it} = \alpha + \beta_{it} X_{it} + \delta_{it} Z_{it} + \gamma_{it} + \varepsilon_{it} \tag{7.1}$$

where Y_{it} is the dependent variable, represented by FDI flows from the four different sources, X_{it} is the k-dimensional vector of FDI locational determinants, Z_{it} is a vector of country characteristics, γ_{it} captures the cross-section specific fixed effects, α is the overall constant of the model and ε_{it} is the error terms for $i = 1, 2,…, N$ cross-sectional units observed for periods $t = 1, 2,.., T$. The model is estimated using ordinary least squares.

7.4 Results and Discussions

Table 7.1 presents the results for the investors originating from emerging markets.

Both investors from developed and emerging countries are interested in the market dimension of the CEE region, thus confirming one of the competitive advantages of these locations (see also Table 7.2). The GDP variable is significant for attracting FDI and remains significant irrespective of the source country of FDI. Our results are in line with that of Buckley et al. (2007), Gammeltoft and Fasshauer (2017), Kolstad and Wiig (2009), Quer et al. (2017), and Zhang and Daly (2011) for FDI from emerging market home locations and with the majority of studies focusing on the CEE region from the developed countries, as mentioned earlier. The CEE countries could be a springboard for the EMNE for reaching the entire EU (Zhang and Filippov 2009), as entering one country of the common market means access to the larger market of the EU. In fact, China has developed a strategy in enhancing the bounds with the CEE region once with the announcement, in Budapest, of the 16+1 framework of cooperation which entered into force in 2012 and, afterwards, with the launch of the One Belt One Road (OBOR) Initiative,

Table 7.1 Determinants of FDI outflows from emerging markets

	Dependent variable			
	EAFDI		CFDI	
GDP		4.455494* (2.989034)		9.31276* (3.324749)
GDPG	−0.02487 (−0.92625)		−0.09349 (−1.65886)	
RES	0.081558 (1.212706)	0.010062 (0.137207)	0.311804** (2.179044)	0.20502 (1.487752)
NULC	0.005066 (0.213787)	0.011172 (0.387826)	−0.02574 (−0.50706)	−0.02949 (−0.5457)
HRST	1.260577 (1.241412)	0.75735 (0.582323)	6.477536* (2.976869)	4.489891*** (1.845104)
COR	−3.52461* (−4.03418)		−5.15769* (−2.76328)	
RLW	2.533172 (1.631464)	−2.066 (−1.24733)	6.816374** (2.049054)	−1.22206 (−0.39275)
EATR	−0.08081*** (−1.90294)		−0.04149 (−0.45687)	
PATENT	0.001295** (2.315113)		0.003145** (2.634488)	
DGERD	2.166944*** (1.80483)	2.183812 (1.533332)	1.485323 (0.577506)	1.194665 (0.446429)
C	2.764828 (0.649882)	−50.411* (−3.234)	−20.1582** (−2.21542)	−125.335* (−4.27397)
R-squared	0.909448	0.854459	0.718744	0.653117
Adjusted R-squared	0.87021	0.810355	0.600798	0.551092
S.E. of regression	0.501083	0.605702	1.073771	1.13866
F-statistic	23.17717*	19.37396*	6.093841*	6.401568*
Redundant fixed effects tests				
Cross-section F	25.58864*	15.06939*	7.907369*	8.087489*
Cross-section Chi-square	65.30863*	45.71917*	31.6462*	30.08622*

Source: Own calculations
Note: *, ** and *** denote 1%, 5% and 10% significance levels, respectively
The values in the parenthesis are the t-statistics values

further strengthening the cooperation with China in the CEE region. For developed countries in the EU and North America, market opportunities in the CEE region could emerge as a result of the large demand, proximity to customers and reduced transportation costs (Dunning 1993).

For the GDPG, we find a negative relationship with FDI, similarly to Duanmu and Guney (2009), which points to the need of stable markets. However, the relationship with FDI is not significant, being in line with the outcome obtained by Quer et al. (2017). Gammeltoft and Fasshauer (2017) identify a significant relationship only during the economic crisis, pointing to market opportunities, while the present analysis exceeds this period. The result is similar for FDI from developing countries, signalling the choice of locations with stable economies.

Table 7.2 Determinants of FDI outflows from developed markets

	Dependent variable			
	EFDI		NFDI	
GDP		4.380898* (11.48534)		2.212194* (4.605088)
GDPG	−0.01295 (−1.00891)		−0.00881 (−0.71292)	
RES	−0.05118 (−1.57007)	−0.06146* (−3.27503)	−0.0295 (−0.93984)	−0.03159 (−1.33658)
NULC	0.01014 (0.876721)	0.003752 (0.509771)	0.006895 (0.619234)	0.000951 (0.102555)
HRST	1.857942* (3.748012)	0.697787** (2.105757)	1.598566* (3.349394)	0.855713** (2.050441)
COR	−0.4444 (−1.0451)		−0.43931 (−1.07307)	
RLW	0.10413 (0.137403)	−1.48434* (−3.50315)	0.022408 (0.030711)	−1.03766*** (−1.94453)
EATR	−0.08272* (−3.99787)		−0.01608 (−0.80727)	
PATENT	0.000932* (3.427024)		0.000505*** (1.928231)	
DGERD	−0.11353 (−0.19377)	−0.09963 (−0.2734)	−0.4195 (−0.74363)	−0.51882 (−1.13047)
C	5.169098** (2.493663)	−44.0552* (−11.0321)	2.094654 (1.049548)	−21.7595* (−4.32657)
R-squared	0.915107	0.96259	0.941938	0.95622
Adjusted R-squared	0.879507	0.951587	0.917589	0.943343
S.E. of regression	0.24462	0.155058	0.235519	0.195281
F-statistic	25.70504*	87.48409*	38.6853*	74.26033*
Redundant fixed effects tests				
Cross-section F	31.25193*	59.71336*	38.50256*	46.34101*
Cross-section Chi-square	72.71633*	93.71584*	80.38908*	83.89674*

Source: Own calculations
Note: *, ** and *** denote 1%, 5% and 10% significance levels, respectively
The values in the parenthesis are the t-statistics values

From a resource-seeking perspective, the value of RES is significant and with the expected positive sign only for the Chinese investors, as long as the dimension of the market is not taken into account, thus confirming the above-mentioned potential behaviour of fulfilling the objectives of the government for ensuring the endowment with natural resources. Instead, investors from both regions are looking for strategic assets, which confirms the asset-augmenting hypothesis in the literature. In this way, companies in emerging markets acquire the assets which they lack or assets that cannot be internally developed in a competitive manner (Gammeltoft and Fasshauer 2017). There is a stronger interest for the development potential of the technological base for East Asian inflows, as there is a positive and significant impact of both PATENT and R&D expenditure, while Chinese investors also manifest a

strong interest in the quality of the labour force in technology and science, if we also correlate the significant impact of PATENT with that of HRST. In fact, Ramasamy et al. (2012) explain that China's interest is mainly in countries where core research could be translated into practical knowledge and products.

Studies in the literature hesitate to test the impact of efficiency-seeking assets on FDI, due to the fact that Chinese investors already have at their disposal significant labour force at lower costs as compared to countries in the CEE region. The NULC variable is, still, an expression of the labour costs adjusted with productivity. A lower level of this indicator would mean a higher productivity related to costs, while a higher value is less desirable for employer, because in this case it would mean a disadvantage in terms of to productivity. However, as expected, there is no significant relationship between NULC and FDI for FDI from emerging markets. Instead, we obtain a positive and significant relationship between HRST and FDI outflows from China, thus pointing to the interest of Chinese investors in skilled work force in the fields of technology and science. The significance and positive impact of HRST is preserved even when we control for the dimension of the market. Therefore, our result is partially in accordance with the findings of McCaleb and Szunomar (2017), who state that the cost and the quality of the labour force are the most important variables that shape the attractiveness of a location, based on the opinion of the Chinese representatives of companies in CEE countries interviewed in their study. A variable encompassing only the cost of the labour, as in Jindra et al. (2016), without being adjusted for productivity, would have been probably more useful for a sharper conclusion. The level of taxes, as a variable related to efficiency, has a negative impact on both sources of FDI from emerging countries. Still, it is significant only from the whole volume of FDI from East Asia. This could be an explanation for the fact that the Chinese government provides larger support for companies investing abroad, therefore costs or risks determined by the volatility of tax rates do not put pressure on Chinese investors as compared to other companies originating from emerging markets.

For the good governance variables, we obtain significant relationships only in the models that do not take into account the dimension of the market. The signs of the variables are the expected ones, pointing that a higher level of corruption will deter foreign investors, while the respect for the rule of law will enhance FDI flows. We do not find evidence for the hypothesis suggesting the lack of sensitivity to institutional risk due to similar experiences in home countries (Dunamu 2012), which could support the alternative hypothesis, of attempts to overcome the negative impact on competitiveness of bad governance at home. More clarifications could be obtained in a study using the differentials between the home and the host variables on the quality of institutions.

The results for FDI from developed countries are presented in Table 7.2.

The indicator for resource-seeking motivations, RES, is not significant (with the only exception of FDI from the EU, in the model controlling for the dimension of the market). Moreover, it has a negative sign. Developed countries investing in the

CEE region are not interested in the natural resources these countries could provide (they are either limited, either expensive or other countries provide them cheaply), but in the strategic or created resources they could offer. The PATENT variable is significant and positively influences the FDI inflows in the CEE region, irrespective of the source of FDI. Instead, the R&D expenditures seem not to be attractive and significant for investors; moreover, we obtain a negative sign, contrary to expectations. This could be explained through the fact that CEE countries have a significant gap as compared to developed countries in the area of R&D investments. Therefore, the investor's interest is less in this area and higher in having skilled labour force that will be able to use technology and generate results. In fact, we notice the positive impact of HRST in all models, having a stronger impact than all other variables in the model. The NULC variable is insignificant, but with a positive sign. The impact of taxes is significant only for the investors from EU, who are looking for environments where fiscal pressure is lower, as compared to their counterparts in North America, for which the variables are not significant, although negative.

For FDI from developed countries, we obtain the expected signs for the good governance indicators, but a lack of significance for the relationship established with FDI. Moreover, when taking into account the dimension of the market, we obtain a contrary sign than expected for the RLW variable. There are several factors that must be taken into account in explaining this result. All the five countries in our sample are in the EU, which guarantees in a high proportion that they will not deviate from respecting and implementing law. Also, these countries already started the race for FDI with a gap as compared to developed counties and had a transition period for reforming their institutions. Although this period is considered closed, progress in the quality of institutions is still needed. Finally, other motivations prove to be more important for investors, such as the dimension of the market and the high quality of the labour force.

In all cases, when testing for the redundancy of the fixed effects estimates, the null is rejected, which points to the usefulness of the results. The regressions models fit well the data, as the F test statistics are significant at 1% in each case.

7.5   Conclusions

The research objective of this paper was to establish if there are differences between FDI motivations in the CEE region having as source countries with different levels of economic development. Our theoretical framework related to FDI motivations' taxonomy started from the traditional theory presenting the main factors taken into account in the internationalization process and allocated a significant part for understanding the behaviour of investors emerging from developing markets and how traditional theories could be affected. This investigation was useful for building an empirical model that encompasses the main features of the potential interests of

these investors in the CEE region, ordered according to their scope (related to investors' motivation in market, resources, efficiency and strategic assets seeking). We manifested a special interest in how the good governance of the host locations could be affected by the differentials in behaviour.

The empirical model was built for the 2003–2012 period, on a sample of five CEE countries (Bulgaria, the Czech Republic, Hungary, Poland and Romania), due to data availability. Several sources of FDI in both emerging and developed countries are investigated, in order to assess the robustness of the results. Therefore, we related to FDI originating from West Asia and China as representatives of the emerging countries, and European Union and North America for envisaging the developed markets.

The results of our study confirm the strand of the literature indicating market-seeking motivations as principal factors for attracting FDI from both emerging and developed markets. For investors originating from developed countries, the tendency is to be attracted by newly created resources such as innovation and a high quality of the labour force or having the ability to use technology. Developed countries are less interested in the natural resources' endowment of the CEE countries, but manifest a strong interest in the strategic or created resources they could offer. The lack of R&D attractiveness is overlooked as long as there is a high potential of skilled labour force that is able to use technology and to generate results. In fact, the impact of the labour force employed in science and technology remains significant even when controlling for market dimension, being one of the most attractive variables for FDI. The impact of the good governance is reduced, potentially due to the fact that the EU umbrella guarantees less slips from respecting and implementing law.

In the area of emerging markets' investors, only those from China are interested in the resource endowments of the CEE countries, as long as the dimension of the market is not taken into account. We confirm the large impact of market-seeking assets for these types of investors. Instead, strategic resources gain in importance, such as the capacity of innovation and of providing practical knowledge. Our results support the hypotheses in the literature indicating towards the attitude of asset-augmenting motivation for emerging markets' investors and the behaviour of avoiding domestic institutional constraints in terms of governance.

If it were to sketch the portrait of emerging and developed countries' investors according to their scope, we would notice several specific differences. In CEE regions, emerging investors are market-seeking, but are targeting strategic resources, of a certain type, which allow them to gain practical information and skills. A good presence of highly skilled labour force, acting in the area of science and technology, is important. Riskier countries tend to deter investors, as they are searching for environments with better governance than in their home countries. On the opposite, investors from developed countries are more prone to locations which allow them to use the technology they transfer, therefore to locations where the labour force is well prepared. Locations with reasonable fiscal pressure offer supplementary advantages. The market-seeking motivations tend to be predominant. Instead, good governance has less impact, as CEE countries are under the EU monitoring.

Appendix: Correlation Matrix

	GDPG	RES	NULC	HRST	COR	RLW	EATR	PATENT	DGERD	GDP
GDPG	1									
RES	0.333731	1								
NULC	0.019567	0.214775	1							
HRST	-0.05859	0.067098	0.118296	1						
COR	-0.04176	-0.07364	-0.30647	-0.31121	1					
RLW	0.178305	-0.11808	0.142699	-0.01843	-0.01786	1				
EATR	0.080356	-0.17304	-0.35739	-0.52385	0.640373	-0.1015	1			
PATENT	-0.00481	-0.00557	0.043622	0.111662	0.268038	0.137484	0.102518	1		
DGERD	-0.05391	-0.00731	0.075526	0.031928	0.126657	0.072799	-0.04474	0.234433	1	
GDP	0.026304	-0.37591	-0.26591	-0.09828	0.497944	0.161318	0.555683	0.444764	0.175329	1

Source: Own calculations

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Chapter 8
Customer Focus in European Higher Education Systems

Diana Ivana, Sorin Dan, and Oana Cristina Popovici

8.1 Introduction

This article looks at the idea and practice of "customer focus" in higher education. The European continent constitutes a region that has undergone ongoing experimentation with "turning the student into customer" following the fall of communism, democratization and Europeanization processes.

The importance of this subject is given by the changes that the educational systems in Europe have experienced over the past decades. These changes have included a gradual and sometimes slow change of focus from policies regarding the organization and administration of the university sector—internal change—to policies supporting student learning and customer-oriented initiatives—change that may have a direct influence on the end users of educational services. Particularly in the new member states of the European Union (EU) in Central and Eastern Europe (CEE) this has involved a gradual shift from a limited orientation towards the student in the communist regime to a growing interest in placing the student at the center (Dobbins and Knill 2009; Pădure 2009; Scott 2007). According to this view, students and graduates are seen as a key dimension of measuring university performance and educational outcomes (for example Ek et al. 2013; Elen et al. 2007; Mark 2013).

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Moreover, the customer focus in higher education sector implies a demand for quality educational services regarding teaching activities, administrative processes, infrastructure, and research activities.

While some practitioners have favored customer orientation, some academics have stressed that it may undermine traditional public service values. Furthermore, the idea itself of conceptualizing students as customers has been contested (Eagle and Brennan 2007; Svensson and Wood 2007). These traditional public service values include public service ethos, political accountability, and equity concerning access to services (e.g. Fountain 2001). Some researchers have argued that the customer model and the underlying practices have led to a "commodification" of educational services and labor (Henkel 1997; Lawrence and Sharma 2002). Functional and instrumental practices, they argue, have taken over traditional understandings. Formalized measures of managerial performance and evaluation may have replaced informal means of professional, informal discretion aimed at "soft" values such as motivation and attaining knowledge and academic values for the sake of knowledge and academic values. Quality improvement schemes however, were praised by others, especially practitioners and policy makers, for being "revolutionary"—what public services needed to enhance user satisfaction, savings, efficiency, effectiveness and user accountability (Scott 2007; Mark 2013; Woodall et al. 2014).

Furthermore, over the recent years a governance perspective to public services, including higher education, has become increasingly relevant in that it encouraged a more active participation of citizens and service users in policy making and service delivery through co-production and co-creation of services. This was not necessarily new, but what was new was a gradual shift in paradigms from an emphasis on internal management, which was more prevalent in the 1980s and 1990s as part of the reinventing government and the New Public Management (NPM) movements to a more significant acknowledgement of the potential contribution of the end users in the policy making and service delivery process (Pollitt and Bouckaert 2011; Pollitt and Dan 2013).

This article begins with a discussion of the notion of customer focus as applied to higher education reform followed by an analysis of customer focus policies in European higher education systems. We then look at examples of reforms in higher education in certain new EU member states that have included a customer orientation and discuss possible implications of these reforms while considering the challenges to reform higher education across this region.

8.2   Defining Customer Focus in Higher Education

In what follows we provide an overview of how the literature has conceptualized the notion of customer focus in higher education and distinguished its main directions thus far. Customer value has been explored across a wide range of service contexts, including online retailing, mobile telephony, hospitality, tourism, finance and airlines—almost anywhere where competitive pressures apply. However, whether

students can be considered customers is open to debate in the theory and practice of higher education, but reforms in higher education over the past two decades suggest that higher education institutions now represent an increasingly relevant context in which to evaluate customer issues (for example Eagle and Brennan 2007; Woodall et al. 2014).

Some authors argue that the primary customer of the organisation is "the end user of the product or service, despite who actually pays the bill" (Mark 2013). According to this perspective, there may be other important stakeholders, but the individuals most directly serviced by the organisation are its primary customers. In this view, it is students who are most directly serviced by the educational sector and its mission and considering them as customers can help universities develop and implement policies that recognise the value of the end user, which may channel resources in such a way that improves student satisfaction and educational outcomes (Motwani and Kumar 1997; Mark 2013).

The focus on the end user in practice has been supported by a change of focus in the literature over the years, and increasingly commentators have made use of language derived from governance theory to analyse changes in higher education reform. This has included terms such as accountability, transparency and user participation in policy making and service delivery through co-creation, co-production and co-delivery processes (e.g. Mark 2013). As Mark (2013, p. 3) notes "the supplier—customer relationship in higher education institutions is more collaborative now than it was in the past and customers are no longer viewed as passive recipients, but as active participants in service delivery and co-producers of the service they receive".

Furthermore, the literature has distinguished between a "being orientation" and a "having mode" in higher education institutions. A "being orientation" within education involves the emphasis on the sovereignty of the educational act and institution while a "having mode" resonates more closely with the customer orientation in that ultimate goal is to satisfy the expectations and interests of students through the adoption of values that closely resonate with a marketing/business mindset (Molesworth et al. 2009). The first orientation is also known in the literature under the banner of "academization" while the second is sometimes referred to as "marketization" (for example Ek et al. 2013; Newman and Jahdi 2009).

Demands to meet market requirements and to make education more scientific and better anchored in the realities of the labor market have created tensions between and within these institutional cultures (Ek et al. 2013). Academization and marketization are often seen as opposites in the literature, but in reality, they might be two sides of the same coin and in the current educational environment with increasing interdependencies between universities, industry and government, none can be entirely viewed apart from the other. Ways in which higher education institutions have become more focused on the customer include (1) viewing students as consumers of educational services while emphasizing student expectations; (2) introducing techniques of measuring student satisfaction and the quality of education more broadly; (3) organization change in the relationship between ministries of education and universities with a greater emphasis on the decision-making autonomy

of university management iv) giving marketing a higher profile in the management of higher education institutions.

In order to better conceptualize customer focus in higher education, it is important to distinguish it from related concepts that resonate with the idea of customer focus but originate from a different epistemic perspective. A closely related concept is that of student-centred learning (e.g. Elen et al. 2007; European Students Union 2010; Lea et al. 2003). Student centered learning, however, follows the academization rather than the marketization perspective in that while emphasising the need to better understand student interests, as opposed to a teacher-centered approach, it views this within the "traditional" academic perspective.

Student-centered learning does not have one universally-agreed definition, despite it being a commonly used term (e.g. European Students Union 2010). Jonassen and Land (2000) include a list of 30 aspects on which student-centred environments differ from what they call "traditional instruction." While instruction is characterized by adjectives like objective, stable, fixed, well-structured, decontextualized and compliant, for student-centred learning environments other adjectives are used such as subjective, contextualized, fluid, ill-structured, embedded in experience, and self-regulated. Lea et al. (2003) notes that the student-centered approach embodies the imperative that institutions should move from an "inside out" approach, where those on the inside know what is best to an "outside in" approach where students' expectations are researched and serviced.

As a more concrete framework for the management and governance of the university, there are three models proposed: the state-control (or Napoleonic/French) model, the academic self-rule (or Humboldtian) model and the market-oriented model. With regard to the CEE countries, the general assumption from which Dobbins (2011a) starts is that HE system in these countries tend to converge to the market-oriented model, even if they have roots in either the state-control model, or in the Humboldtian model. Therefore, at present, the HE models applied in the CEE countries are a conglomerate between the old models' features and the market-oriented model.

The three models are assessed under the following criteria: the regulatory framework (to whom belongs the responsibility of the university decision-making), the control and quality evaluation, the funding policy, the personnel governance and the relations to society (Dobbins 2011a, b, 2015).

Under these coordinates, the market-oriented model is structured under the principles of entrepreneurial organization, where the universities are acting as economic enterprises of academic services, which enhances a competition for students, financial resources and research funding while increasing the quality of the pedagogical act and of the research, the students' options and the strategic design of study programmes (Dobbins and Khachatryan 2015). The role of the state is to ensure the environment for promoting competition and transparency, while restricting its regulatory activities. Its function is rather oriented to the evaluation of the HE system, through the state accreditation and evaluation bodies. The university management is responsible for setting the strategic goals of the university; it intervenes in the recruitment of the high-ranking academic staff and engages more easily in

entrepreneurial activities. Strategic decisions (such as the establishment of the curriculum) are taken in collaboration with academic and external stakeholders. Still, such an approach was critically assessed by some for orienting the focus of the university and academic research towards the need of particular industries (Dobbins 2011b).

The funding base is dependent on the external stakeholders and is rather diversified. The tuition fees are an important source of financing, to which are added the funds of private and business donors, the capacity of attracting grants and the contribution of the state in the form of subsidies or taxation incentives for investments in education (Dobbins 2011b).

In comparison, in the other two models, universities are either state-operated or governed by the academia. In the state-authority model, all the processes—starting with the decision-making related to the university goals and curricula or the admission requirements until the personnel nomination, are under the auspices of the state. Moreover, it is the only system where the academic staff is appointed, not elected. In addition, the control and quality evaluation of the academic process is the responsibility of the ministry.

The Humboldtian model is seen rather as a state-university partnership, which puts at the centre of its governance the professoriate; this time, university is regarded as "a higher manifestation of the state as a cultural entity for advanced learning" (Dobbins 2011b, p. 37), which acts independently in the legislative framework provided by the state. Similar with the state in the previous model, academia is involved in the university management and decision-making, and in the evaluation process, usually through the enhanced roles of the academic senates and self-regulation.

While in the state-authority models, universities are instruments for meeting national priorities, oriented towards increasing competitiveness in industry and technology (Dobbins 2011b) and, as a consequence, the relations with the external stakeholders is mediated by the state, the academic self-rule model is guided by freedom in the scientific and research activity, being disconnected by the industrial or political goals. The limits of the Humboldtian model are achieved under the system of funding, which is mainly driven by the state. Still, as universities have the freedom of establishing their own norms and regulations, there is high budgetary discretion in using the allocated funds. Therefore, in this model, the state-university partnership is endorsed.

Several reasons are considered responsible for the convergence of the HE towards this model:

- The increased Europeanization and internationalization of HE (Dobbins and Khachatryan 2015);
- The transnational environment promoted by international organizations, such as OECD, World Bank and EU;
- For the EU countries, the Bologna process (Dobbins and Khachatryan 2015; Leisyte and Kizniene 2006);
- The massification of HE and the changes brought by the knowledge society (Dobbins 2011a).

All these factors lead to transnational communication and exchange of good practices, which is seen as one of the main tools for promoting policy convergence (Dobbins 2011a).

8.3 Customer Focus Initiatives in European Higher Education Systems

The process of Europeanization has led to some degree of convergence in higher education policy, but this has been limited considering that responsibilities over education policy rest with the member states (European Commission 2011). Nevertheless, global trends in higher education policy and EU policy have had an impact on national policies across the EU and the OECD more generally (Dobbins and Knill 2009; OECD 2016). Significant socio-economic differences between EU countries are coupled with different traditions in the higher education sector, which makes it difficult to make sweeping claims that are relevant to all countries. For this reason in this section we look at specific initiatives in customer focus across a variety of EU countries, with a focus on new EU member states in Central and Eastern Europe. In the first part, we will summarize the restoration of the HE systems in these countries after the communist period, highlighting the major model in which they were rooted. In the second part, we will assess the efforts of these countries in implementing customer focus measures.

8.3.1 The Restoration of the HE Systems and the Impact of the EU Accession

The countries in this region had much in common. They shared a communist heritage, similar economic agendas and common problems with regard to political and economic challenges. The overall trajectory of the Central and Eastern European countries after 1990s was marked by massive transformation. These countries embarked on a journey of seeking to "catch up with the West"—a process that continues today. In the transition period of the 1990s, there was generally very limited interest in reform in the higher education sector (Kwiek 2014). Universities in countries such as the Czech Republic, Hungary and Poland were influenced by Humboldtian ideals such as the importance of academic freedom in search of knowledge, while those in Romania, for example, were driven by the Napoleonic concept of state-serving elite university with an emphasis on professional training (Pădure 2009).

The Czech Republic rebuilt its HE system on the Humboldtian principles after the communist era and remained attached to it in the following period. The emergence of strong academic governance in university was more effective in rejecting

external intervention, therefore the convergence towards the market-oriented model was enhanced at a slower pace and it rather envisaged superficial issues, such as the quantitative and structural requirements, at least until the implementation of the Bologna objectives. After that, the marketization of the HE was generally run by an enhanced collaboration between universities and the private sector and the diversification of the funding system. More than being led by the state, the Europeanization of the HE seems to be carried out by the independent strategies of each academic community (Dobbins 2011a, b).

The university system in Hungary was under the coordination and supervision of the Government (of five different ministries, until 1993, according to Vasilache et al. 2012), with two state institutions involved in either the recognition of the HE institution and courses (the Hungarian Accreditation Committee), either in the policies related to HE, such as establishing the priorities in the field of academics and research, budget allocations, the extension of student admissions, the evolution of institution and courses (the Higher Education and Scientific Council) (Csepes et al. 2003). Hungary HE saw a first process of integration in 1996 in order to increase the standards of education and prepare Hungary's accession to the EU; the result was a merger of universities and reduced number of qualifications, better adapted to the requirements of the labor market (Vasilache et al. 2012). The Humboldtian features of the Hungarian HE could be tracked in the resemblance of the reforms with the German system. Vasilache et al. (2012) point that the reform in 1996, related to the HE levels, has several similarities with the practice of short and long-term duration of studies in German universities. Also, the dual system of education recently applied in Hungary has the German model of Baden-Württemberg as reference (Beracs et al. 2017). As a particularity of the Humboldtian model, Hungarian HE institutions also kept a strong influence on the admission requirements (Csepes et al. 2003).

Poland's path towards market-orientation in HE is seen as rather fragmented, as compared with the Czech Republic and Romania (Dobbins 2011b). Although Poland reassumed its inheritance of Humboldtian governance in universities immediately after the end of communism, it manifests several unique issues as compared with similar countries in CEE. Poland passed very quickly to the liberalization of the HE market in the 1990s, as a result of the increasing number of students and underfunding of the HE system—a measure which could be assumed as a market-oriented feature. This led to a sharp competition with private HE providers, which adhered to the Anglo-American management methods, and which required a more entrepreneurial type of behavior from Polish public universities. Still, contrary to expectations, this had limited consequences towards generating a more market-oriented funding system. On one side, as the tuition fees were prohibited for the full-time students (but allowed for the part-time students according to Dobbins (2011b) and Dziawgo et al. (2017)), the part-time curricula and programs saw an important development, for covering the increase in the number of the part-time students and answering the economic demands by emphasizing the importance of the business and economic fields. Furthermore, the funding system remained focused on the state resources, which are disbursed rather on input quantitative

criteria than on the performance of institutions, with the sole exception of the research area (where output-driven issues are considered in funds allotment). However, this type of system generated more responsibility for individual academic staff in attracting external funding.

Romania individualizes itself since the HE system is the inheritance from the Napoleonic model of state-control in the academic institutions, while all the already mentioned countries and, to a certain extent, Bulgaria (Dobbins and Knill 2009), has predominantly followed the Humboldtian model. Following the communist period, the HE system in Romania rested under the control of the state, who was the main provider of not only funding, but also of the curricula framework, as a result of weak reaction and mobilization of the academic community (Dobbins 2011a). This type of model allowed Romanian HE to easily switch to the Western (especially British and American) practices based on competitiveness and entrepreneurialism, promoted when the HE reform was launched in 1997. The major pillars of reform geared towards market-oriented decision-making in universities, performance-based criteria, new teaching methods, and changes to the funding system through the introduction of the lump-sum funding. For example, the public financing to universities was granted based on the number of students (a per capita allocation); starting with 2002, the distribution of the public money also took into account qualitative criteria, which gained in importance yearly, reaching 30% of the university financing in 2010 (Curaj et al. 2015).

8.3.2 Recent Customer Focus and Market-Oriented Initiatives in the New EU Member States

8.3.2.1 Promoting Greater Student Input and Increased Accessibility of Faculty

Available data suggest that the highest net entry rates were observed in two of the largest states in the region, Romania and Poland (Education, Audiovisual and Culture Executive Agency 2012). These countries recorded a net entry rate of more than 80% while the Czech Republic, Slovakia and Hungary recorded a lower rate. Romania and Poland are also amongst those countries with the largest differences between the net entry rate and the net graduation rate, which denotes a high degree of policy change in the sector.

Poland stands out in the region because it has a more developed private higher education system than other countries, which emulates the Western entrepreneurial model of management and funding (Dobbins and Knill 2009). The pattern of growth of private higher education was different in Hungary in comparison to other countries. By the end of the 1990s, 13% of the total student population was enrolled in private universities and the proportion remained the same until the early 2000s (Vasilache et al. 2012). Although state funding has been predominant in Hungarian universities, after 2000 it started to decline, providing room for tuition-based

financing which led to higher access to university education. Poland is among the few CEE countries that introduced the student ombudsman, in 2011, at the University of Warsaw (Behrens 2017), with the aim of increasing autonomy of the HE system; similar institutions or legislative efforts for the creation of such offices in ex-communist countries are also present in Croatia and Lithuania. While the institution was created in order to identify the obstacles in the university to working life (Poland Ministry of Science and Higher Education 2011), it also has the role of settling conflicts in the academic environment and promotion of the regulations and rules of operation (Behrens 2017). In addition, the introduction of the National Qualifications Framework also provides more flexibility for the universities in developing programs suitable for the demands of the labour market.

The same general pattern has been recorded in Romania, which has undergone a major change regarding the number of universities over the past 20 years. The total number of universities grew sharply from 56 universities (with 186 faculties) in 1990 to 107 universities (with 629 faculties) by 2010. After 1990, with the creation of private universities, Romanian students were gradually given the option to choose for a private university—an alternative to public higher education. It is important to note that the number of students was relatively constant during 1971–1989 (approximately 200,000 students), but it dramatically increased to circa 1 million (a five-time increase) between 1990 and 2010. Significant increases have been registered for the economic and law studies while technical education decreased in popularity reflecting the change in the society and economy and the diversification of faculties, study programs and specializations. The sharp increase in the number of students, however, put pressure on the university infrastructure and resources, which also increased but at a lower rate (Drăgoescu 2013). The Romanian laws also integrated the Bologna approach of the Student Centered Learning (SCL), by tackling the quality and methods of teaching, focused more on the participation of the student as an equal partner in its education process. Matei et al. (2015) notes that the concept is not operationalized. The barriers start emerging from a lack of understanding of the concept, therefore 41% of the HE institutions still do not apply any measure for implementing SCL, while the learning outcomes used in the description of the study programs are rather formal.

It is remarkable that the Czech Republic has made decreasing the inequality in the education system one of the three key priorities in the Education Policy Strategy of the Czech Republic for 2020. Czech authorities and policy members aim to focus on equal access to education as well as to ensure that students' personal and social circumstances do not affect their educational achievement (OECD 2014). Austria, for example, launched a reform of university funding to increase the number of degrees and decrease dropout. The university structural funds were implemented in 2012/2013 and the capacity-based discipline specific university funding will be implemented in the course of the decade, depending on budget allocation (OECD 2016).

Reform in Hungary seeks to implement a functional personal mentoring system to center learning on student needs. In order to achieve this goal, policy makers intend to introduce competence tests at the beginning and at the end of the study periods.

The aim is dual: on the one hand to test the efficiency of the study programs, and on the other hand, to be able to provide support for the low performing students and to improve graduation rates (Hungarian Government 2014).

8.3.2.2 Developing a Curriculum Geared Towards Student Needs

In terms of the customer focus dimension that pertains to a curriculum that properly serves the needs of students, employability data help shed light on this specific dimension. In Romania, for instance, there is a larger employability gap between recent graduates and those with more experience, 13.8% and 2.6% respectively in comparison with other countries such as the Czech Republic, Hungary and Poland. These data show that while obtaining a tertiary qualification improves the employability of young people in some new EU member countries, recent graduates face difficulties in integrating on the labor market. This can be explained by the fact that employers value factors such as work experience, but these factors are outside higher education institutions' direct control. Creating work opportunities in higher education programmes and intensifying the relationship with the "real world" holds the promise to change these unemployment patterns.

Answering the requirements of the labour market and thus providing better equipped students drew large scale-interventions on the organization of the HE institutions in Hungary. The Government acted on three directions: the reconfiguration of HE institutions; the introduction of the universities of applied sciences as a new type of institution; and the restructuring of the academic programs. In the first case, the idea was to standardize the profile of the universities and create specialized institutions, even if this meant the relocation of faculties, integration of several institutions or faculty take overs. In the second case, as compared to the traditional universities, whose mission is the academic research, the new institutions are prone to the application of the knowledge; here, practice is oriented towards research and industrial development (European Commission 2016). Finally, the reason for the reorganization of the academic programs was to "prepare specialists for the labor market" (Hungarian Government 2014, p. 18). To this end an enhanced cooperation with employers was put in place. This led to the creation of the community colleges (or "community-based higher education centers") as a way of aligning HE training with the needs of the regions. Beracs et al. (2017) consider that, 2 years after the reform, the results are hard to be assessed. On the one hand, some measures produced the expected results in terms of reducing regional competition, but on the other hand, it increased the complexity of the institutions. This is why, on the long term, incentives for consolidating the new organizations are needed, in the form of resources and clear standards of efficiency and quality, which are not yet provided.

Since the adoption of new legislation in 2011, universities in Romania have been charged with the establishment of their own curricula, development strategy and the management of personnel and funding. In addition, the state shaped the framework for allowing the functioning of the entrepreneurial societies in the HE system in 2017 (the Ministry of Education Ordinance no. 3262/2016). These societies allow

students to develop their entrepreneurial skills by benefiting from materials specially designed for informing and guiding them in developing business plans or financing projects, taking advantage of mentoring activities for building a start-up or participating in competitions to attract funding for the best projects.

8.3.2.3 Regulatory Framework and University Autonomy

Important changes were also made to the regulatory framework of universities and their autonomy. Hungary launched a complex reform of the HE system in 2014, with focused on efficiency and performance, in order to gain international success and established a plan of actions until 2030. Significant measures affected the management system of the HE institutions, as the introduction of the chancellor in 2014 and of the consistories with supervisory role in 2016 were meant to balance the influence of the rector and of the Senate, as the main actors in the organization of the university. In this way, a separation between the academic and economic-strategic competencies was made (Hungarian Government 2014). The stakeholders, including the maintainer, the major actors on the market and the student councils' representatives are, in this way, included in the management of the HE institutions. This action managed to be carried out through specific governmental measures, such as the preparation of the budget for the universities based on the new structure, the facilitation of best practices through meetings on a regular basis and the requirements for monthly providing reports for the Ministry with the progresses in the main areas of interest and in the spending of resources (Beracs et al. 2017).

In Romania, based on the evolutions after the fall of the communism, the changes envisaged by the Bologna Process, starting with 1999, found a fertile field in the HE system, by further enhancing the already developed trends. The control of universities increased in areas related to the research domains, accession criteria, the organization and structure of the personnel, the internal distributions of funds, the empowerment of the rector and the increased role of external stakeholders.

Starting with the six laws related to the research field in 2010 and the HE law in 2011, the HE reform in Poland had the aim of establishing coherence (Kwiek 2012). One of the major objectives is to re-establish the visibility of Polish research at the international level, supported by a competitive funding mechanism. But, instead of being the attributes of market-oriented measure, the laws are rather state-guided, as the "universities are increasingly becoming instruments for national political agendas" (Kwiek 2012, p. 650), research being centred towards governmental priorities. The research funding system was based on two national research councils managed by academics and independent of the state, which were meant to provide grants on an individual and group-research basis. Kwiek (2012) observes a tendency towards a state-oriented model in HE while other public sector areas are converging towards the market-oriented model. The author attributes this evolution on the failure of the Humboldtian model to provide satisfactory international visibility of research outputs.

Polish policy makers are considering new legislative changes regarding HE governance and institutional autonomy. The main provisions emphasize an increased autonomy of university management and a series of focused measures for enhancing research capacities and outputs. In the first case, public universities will be endowed with councils selected by the university senate, having the role of proposing candidates and selecting the rector, establishing the strategy of the university and approving its implementation. Their responsibilities are extended at monitoring the activity of the university, including the spending of the money. A major measure for ensuring the collaboration with the stakeholders is the obligation that half of the council's members are not employees of the HE institution. The autonomy of the university is also increased related to the self-establishment of the statues and mission, through the collaborative triangle between the rector, senate and the university council.

In the second case, the focus is on the creation of a world level research system in Poland. The proposed legislation called the "Constitution for Science," is meant to distinguish between top-level research institutions, through which more funds will be channelled, and universities focused on teaching, which will pursue their educational aims. While a similar distinction of universities failed to be introduced in Romania, the legislative proposal in Poland is already criticized for the negative impact on the smaller regional universities. In the context of the reform, doctoral students are granted a higher importance as younger scientists; while their activity will be better funded through special government scholarships and will have the possibility of taking part in interdisciplinary doctoral colleges. They will also be subjected to more rigorous academic requirements. Through the same legislative bill, the Lukasiewicz Research Network is put in place with the aim of coordinating research among 36 national research institutes. Public funds will be provided for research on national interest themes, the results of which are intended to be commercialized.

8.3.2.4   Evaluation of the Quality of Education and Funding Policy

In terms of changes in the evaluation of the quality of education, in Romania, one of the major achievements of the reform was the implementation of the Romanian Agency for Quality Assurance in Higher Education (ARACIS) in 2006, as an independent public institution meant to guarantee the quality in HE through establishing principles for accreditation of HE institutions, reviewing the procedures, institutional arrangements and curricula in order to comply with reference standards (Curaj et al. 2015).

Although it was state-governed, this reform was meant to drive the whole system to achieve some of the features of the market-oriented model. While in mid-1990, the start of reform was initiated within the Government, the programmatic documents of the HE reform in mid-2000 were established due to the Presidential Commission who launched a National Pact for Education, which led to the reform strategy in 2008, named "Education and Research for the Knowledge Society"

(Curaj et al. 2015). Among others, the strategy aimed at enhancing full university autonomy, improving HE institutions' management and restating the role of the students as partners in the education process, mainly through the adoption of student charters until 2013. The initiatives of reform found their legal roots in the National Education Law adopted in 2011, but the implementation of the legislation was subsequently altered by further amendments. For example, a university and study programs classification mechanisms were put in place and provided the first results of the Romanian HE ranking in 2012. The basic assumption was to stimulate universities to build and implement their mission and to act accordingly (therefore to orient them towards entrepreneurship) and to enhance their quality. Romanian universities have been ranked for the first time in history by European criteria, by the European University Association as the international assessment body. There were three main categories envisaged: universities focused on advanced research and education, universities oriented towards scientific education and research and universities focused only on teaching/education. While the process was intended to take place annually, it failed after the publication of the first results. The classification of the universities was correlated with the tuition figures for the master and PhD levels and therefore with the allotment of public funding. The first classification was, therefore, disputed in the court by the universities ranked in the third category, which would have experienced a cut in the tuition figures and funding, accusing the lack of involvement of ARACIS, the involvement of the Association of European Universities only for the technical criteria, the lack of transparency and of a clear methodology. As a result, a similar further process was suspended even if in 2014, the activity of the Ministry of Education was finally declared in accordance with the law.

In 2016 that a university meta-ranking was firstly launched at the initiative of the Ministry of Education, for establishing the international visibility of the Romanian universities in international rankings based on academic indicators. This type of exercise was meant to be the promoter of further public measures for supporting the universities with real potential. The authors of the report recommended, besides the classical financing of universities, the creation of a competitiveness and excellence fund amounting at least to 20% of the public budget allocated annually to HE for supporting both the internationally visible universities, and the universities with potential for excellence and international impact (Romanian Ministry of National Education and Scientific Research 2016).

The market-oriented model also manifested itself based on the principles of performance-based financial allocations, reducing the state dependency and increasing the applicability of university outputs in acquiring resources. One of the major aims of the HE reform in Hungary has been to ensure financial institutional autonomy. In this way, it is considered that a wider range of resources could ensure greater competitiveness while high dependence on the state may induce instability (Hungarian Government 2014). Hungary reforms plan to increase flexibility and transparency and to decrease the dependence on state resources. The practice in the Hungarian HE system was that half of the total funding should be supported by the state, almost one quarter of the funds to be provided from the EU sources and other

research and development projects, and over one fifth to originate from tuition fees. The reform document is quite pragmatic and relies on the limited capacity of the national and EU resources for covering the educational needs, therefore it envisages an increased capacity of the university to attract market funding by either commercializing the outcomes of the universities, or by increasing the volume of the sponsorship incomes (Hungarian Government 2014).

8.4 Discussion and Conclusions

Over the past years the idea of customer focus has made its way to the policy discourse on higher education. Changing government policy and increased student expectations have put pressure on universities to improve accountability to students and to increase employability while fostering greater access to education and increased quality. The "customer focus" concept is a facet of the market-oriented model and has been adopted by some EU member states to reform higher education. The benefits and concerns regarding customer focus in higher education have been much commented upon. On the one hand, one expected advantage to perceive students as customers is the expectation to see higher quality instruction, greater accessibility of faculty and more efficient processes at every level of the university community (Mark 2013). On the other hand, however, there have been significant concerns that the customer-focus logic, although promising in theory, is neither suitable nor beneficial to the higher-education sector in which academic rather than business values ought to predominate. Nevertheless, regardless of these concerns, what this article has shown is that HE education reform in all EU member states analyzed in the article have been adopting some measures of treating students as customers and marketizing higher education systems.

Countries in Central and Eastern Europe, share a tradition of predominance of theory over practice. Teaching has traditionally been heavily dominated by an *ex-cathedra,* university-centered approach, which may offer little support for the development of intrinsic motivation, self-regulated learning and the development of personal skills based on student interests and educational goals. This is the reason why the customer-centered approach has been repeatedly promoted in the region (Wernisch 2010). Furthermore, a high drop-out and low graduation rates and insufficient labor market relevance of many curricula pose challenges to actively apply customer focus principles. This is partly due to lack of stakeholder involvement in curriculum design and implementation. Moreover, student involvement and participation are relatively low and this involvement tends to be formal with little impact in reality.

What the article has also documented is the ambiguity of the customer focus concept. One reason for the ambiguity lies in its association to student-centered learning. Student-centered learning is typically defined in the literature as a method of learning or teaching that puts the learner at the center (e.g. Machemer and Crawford 2007). This approach has some similarities with the idea of students seen

as customers. Both approaches focus on meeting students' needs, as opposed to an emphasis on the provider/teacher. However, the student-centered learning originates from a different academic tradition and is a pedagogical technique rather than an institution-wide policy to use marketing and business tools to reform higher education.

Of the countries analyzed in the article, the Czech Republic has not embarked on the marketization trend and has still remained strongly attached to the Humboldtian model. Hungary decisively enrolled in reforming HE towards a customer paradigm using a top-down approach, which maintains the duality between the owner and the buyer of HE services. Poland and Romania are still in the process of adopting new and market-oriented measures in their HE system having, as all the other countries, the objective of increasing competitiveness and covering the gap in HE as compared to the Western countries. Nevertheless, customer-oriented reforms in the new EU member countries in Central and Eastern Europe, though promising and aligned with international trends, do not always have the expected results. Two main reasons that we have identified are the ambiguity of the concept and its application/implementation in practice. Attempts have been made to meet the requirements of the labor market when designing educational curricula and in this way to increase employability. Universities have taken steps to adapt their curricula to economic and social needs, have developed partnerships with companies and have provided study programs in international languages that are in high demand. In practice, however, there is much to be desired in this area and there is a perception that there are incompatibilities between the demands of today's labor market and the skills developed in formal higher education programs. Therefore, universities need to consider both their graduates and potential employers as the main beneficiaries of the educational services in order to be able to compete successfully and increase the relevance of their undergraduate and graduate programs.

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Chapter 9
Exploring Omnichannel Retailing Differences and Preferences Among Consumer Generations

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9.1 Introduction

In an era of spectacular technological advancement in which globalization eliminates physical borders between consumers and products, retail stores make use of the most up-to-date and effective customer relationships strategies. Their strategies have developed considerably in the last 20 years due to the technology fostering the emergence of omnichannel retailing, which is derived from multi-channel and cross-channel retailing. Omnichannel is primarily based on the advanced use of portable technology such as tablets and smartphones and allows customers to enhance their experience (Dabija and Grant 2016). Younger consumer generations are more likley to rely on technical devices when shopping (Blom et al. 2017) which will require retailers to consider new or modified strategies in order to better reach them.

Omnichannel has had a strong bearing not only on retailers, who are compelled to adapt their offerings and communication to a new reality, but also on consumer attitudes and behaviour. These advances in technology and customers' technological and 'gadget' know-how have brought about considerable changes in consumer behaviour, preferences and the selection of purchase channels (Verhoef et al. 2015). Thus, retailers must adapt to these onging changes to help consumers obtain information and buy products more easily on these new platforms, regardless of the channel they use and demographic generation they belong to (Priporas et al. 2017).

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Each generation exhibits specific characteristics, attitudes, preferences and behavior depending on events that have marked its existence and the achievements it has witnessed. The values shared by a generation determine its behaviour, which is a key element that sets one generation apart from others. Marketers segment and target them differently according to their lifestyle and way of thinking, focusing on the needs of each generation (Parmet 2013; Williams 2017). Each generation's specific behavior affects members' choice of channel for information about characteristics of products and services to purchase and of the appropriate channel for purchasing and order delivery (Chatterjee and Kumar 2017). A proper understanding of behaviour among different consumer generations is thus a challenge for retailers in order to meet generational expectations and increase satisfaction. It is imperative then for retailers and retail marketers to know, understand and develop strategies suited for each generational consumer segment (Parmet 2013) as such strategies bring forth positioning benefits for retail brands and 'bricks and mortar' and 'bricks and clicks' i.e. online stores.

Since each generational segment is free standing, the literature recommends retailers approach them differently. According to life-cycle theory, cognitive functions change as people grow older which in turn means their behavior changes also (Norum 2003). Generational theory argues that people born in the same temporal period and raised in similar social and economic climates share similar needs, desires and attitudes. Each person's value system is influenced by the referent groups to which he/she belongs, by family, friends and community, and by significant events that marked his/her life (Valkeneers and Vanhoomissen 2015).

This chapter considers these issues by presenting a literature review on the growth, importance and relevance of omni-channel for retailers, and determing which retailers appear more successful in the market by developing proper strategies and offers targeted to each consumer generation. By doing so retailers might gain a better position in the mind of the four major consumer generations: Baby Boomers, Generation X (GenX), Generation Y (Millennials), and Generation Z (GenZ). Based on life cycle and generational theories, this chapter also explains how consumers react, depending on the generation to which they belong, to retailers' actions, and highlight the reasons why these consumer generations are actually real target segments for the omnichannel strategy despite most retailers not yet fully comprehending this. Finally, this chapter offers suggestions for future academic research to understand this phenomenon better and applications for retailers to improve their omni-channel strategies.

9.2   Research Method

A systematic literature review study of omnichannel literature in academic journals was made to investigate positions that various consumer generations adopt in relation to this concept, e.g. whether they change their behaviour, preferences, motivations and attitude to the retailers that implement such strategies. The steps proposed

by Tranfield et al. (2003) were followed to select, systematize and synthesize scientific papers starting from the research objective of deriving a literature review on omnichannel and consumer generations. Two primary key words, 'omnichannel retail' and 'consumer generations', along with sub-topic keywords of baby boomers/seniors; consumer behaviour; gender; generation X; generation Y/Millennials; generation Z; market segmentation; omnishopper; retail strategies; and retail were used to search several journal databases (Emerald, Elsevier, Sage, Wiley, Springer) for relevant journal articles as well as searches in Web of Science and Google Scholar. The resulting list of papers was further refined and double-checked as some papers did not really address the problem of 'consumer generation(s)' per se, but often referred to 'young consumers' or 'Millennials', or to a certain age limit of different individuals in various segments.

The selected papers had to contain relevant key words in the title, the abstract and the body of the paper, otherwise they were disregarded. The 'foundation' for omnichannel was provided by Rigby in 2011 with papers referring to this concept published after and thus only papers published from 2011 were sought. Forty-six relevant papers were initially identified but were reduced to 30; 16 were excluded following a rigorous qualitative selection by the authors, e.g. a paper might have addressed omnichannel but had no rigurous view-point regarding consumer generations. Of the remaining 30 papers, 21 are empirical studies, 7 are theoretical studies, and one paper deals with the topic from the viewpoint of the retail industry.

9.3   Definitions and Characteristics of Omni-Channel Retail

9.3.1   Theoretical Approaches

Rigby (2011) is referred to as the 'father' of the concept of omnichannel. He describes the concept as the way in which the advantages of the physical stores and those of the online stores are harmoniously and successfully integrated. Omnichannel represents retailers' answer to consumers' desire to use classical and digital channels to get informed and communicate retailers' offering, but who also need the physical stores where they enjoy the integrated and careful service, the interaction with the staff, as well as the advantage of seeing, touching and feeling the favorite products. Omnichannel is a real challenge for retailers as they have to adapt to consumers' ever-changing rigour and demands. Retailers that stick to tradition, failing to keep pace with the mobile technology and the digital world, are likely to face 'dangerous' crises.

Omnichannel is thus viewed as the last stage in the evolution of the retail strategies which initially were centered around a single distribution and communication channel, offering a holistic experience that consumers can enjoy by using various channels (Harris 2012; Dorman 2013). While multichannel is based on three distribution and communication channels—physical store, website and direct marketing (catalogue)—omnichannel further includes mobile and digital channels, social

media and components that foster the interaction with consumers (Verhoef et al. 2015; Vatamanescu et al. 2017). All these elements are integrated so as to offer a unique experience.

Theoretical approaches to omnichannel focus on its definition and importance, emphasizing the benefits of its implementation as well as the similarities and differences between omnichannel and similar concepts: multi-channel, social media marketing, retail sustainability, retail internationalization etc. Pawar and Sarmah (2015) analyses the urban consumer and his 'journey' between online and offline when getting informed and making purchases. Brick-and-mortar stores are still indispensable to retailers, representing the norm and a strong anchor of a retail brand's image when it pursues the implementation of the omnichannel strategy (Dorman 2013; Dabija and Băbuţ 2014). The retailers implementing omnichannel strategies reap the benefits thereof unlike those which only have either physical or online stores (Chatterjee and Kumar 2017). Verhoef et al. (2015) point out the similarities and differences between omnichannel and multichannel, describing them as opposite concepts. Zentes et al. (2017) discuss the concept of cross-channel and explain how important it is that more distribution and communication channels exist between retailers and consumers. Cook (2014) deals with consumers who use omnichannel, outlining their expectations and the role of the store characteristics in the buying process. When pursuing the satisfaction of a need, consumers do not care about the store's strategy, but focus their attention on identifying the most favorable solution for meeting their need.

Omnichannel represents a new way of market targeting whereby retailers have the chance of creating a memorable experience for their customers (Blom et al. 2017). An omnichannel strategy enables retailers to approach consumers not only during the purchase stage but also in the pre- and post-purchase stages, with the aim of building a lasting relationship between consumers and retail stores. With the emergence of the smart technology and wi-fi internet, consumers and retail stores have access to a wide range of data and information. This connectivity between retailers and consumers yields numerous mutual benefits: retailers have the chance to better know their customers, draw them to the physical or online store and offer them innovative, unique and interesting experiences; consumers have access to tremendous amounts of information providing support in making purchasing decisions. Due to these major advantages, more and more retailers opt for omnichannel strategies as technological advancement and the appearance of new gadgets foster their successful implementation worldwide (Blom et al. 2017).

Some authors explain omnichannel as a new concept by referring to the concept of multi-channel. The online and social media presence is an essential goal of today's retail stores. In addition to increasing customer satisfaction and creating the opportunity to customize products and services, an omnichannel strategy provides retail stores with more opportunities to offer true and unique experiences to their customers. Unlike the multichannel strategy which refers to attracting customers' attention and building individual relationships with them within each channel, the omnichannel strategy focuses on integrating the interaction between retailer and consumer regardless of the channel being used. This interaction allows the better

understanding and the best possible satisfaction of consumers' needs, as well as the improvement of individual experiences by the simultaneous or nonsimultaneous use of various channels (Dabija and Grant 2016; Vasiliu et al. 2016).

Explaining consumers' switch between online and offline, Zentes et al. (2017) refer to cross-channel, arguing that individuals use several channels in the buying process. A customer may search for information online or in the printed catalogue, examine the products in the physical store but go online to check their price and availability and then go back to the physical store to purchase and, if need be, return them (Dabija and Grant 2016). The development of omnichannel and the evolution of technology run concurrently. Therefore, the adoption and implementation of technological innovations within the processes of communication with the customer is a well-established practice of the retail companies that reach customers through all available means and channels.

Brick-and-mortar stores are still indispensable to retailers in their relationship with consumers as they complement the online ones (Dorman 2013). Analyzing secondary data, Dorman concluded that investments in physical stores has positive effects on online stores. The rise in the number of visits and purchases in online stores is the outcome of retailers' running and supporting physical stores. The simultaneous online and offline presence of retail stores is one of their strongest assets. Consumers' migration between online and offline is described as webrooming versus showrooming (Pawar and Sarmah 2015). Webrooming refers to searching for products and prices online and purchasing them offline while showrooming involves searching for products in physical stores and later buying them online.

The management of these experiences requires that retail stores identify the factors determining and influencing the purchase in both environments and the strategies have to be developed so as to obtain the best synergy and enhance the final experiences. The use of various online and offline communication tools may have consumers enjoying a superior experience. It is essential for retailers that the implemented strategies be integrated so that each channel may give a relevant and representative image of the retail brand, regardless of the information, communication and purchase environment (online, offline or both) used in the customer—retail store interaction (Zentes et al. 2017). However, where young people often prefer the online environment to get information and make purchases, physical stores are still relevant because they generate and influence purchases, being an important factor in building pre-, during and post-purchase customer experience.

The information available in online retail stores, such as product lifetime, the perceived level of risk and the post-purchase expectations, influences consumers in their assessment of products and brands. They prefer purchasing durable goods through the omnichannel retailing because they can make a precise comparison of product characteristics and quickly return the items and/or brands that do not/no longer meet their needs (Chatterjee and Kumar 2017). The online-only retailers attract the buyers who search for non-durable goods at lower prices, which they are familiar with and/or used in the past. When purchasing expressive and functional goods, consumers prefer omnichannel retailing because the experience enjoyed by using several distribution and communication channels is an important asset that

physical-only or online-only competitors do not provide. Retailers' use of the omnichannel strategy increases their competitive advantage over those which do not yet implement this strategy (Chatterjee and Kumar 2017).

Some consumers are willing to take the risk of buying goods online because they are familiar with the characteristics and way of operation of such transactions (Savoiu et al. 2013). Others are more inclined towards omnichannel retail stores because they prefer the physical purchase of goods, but also the online information about the new products and/or offerings. The implementation of the omnichannel strategy attracts both consumer categories, reducing substantially the risk perceived in the physical and the online purchasing. Thus, omnichannel consumers are the subject of literature studies because they purchase through various channels for various reasons. These omnibuyers use the communication mobile technology to search for information and build a connection with the products and brands they desire (Juaneda-Ayensa et al. 2016).

The identified papers also deal with other aspects related to the concept of omnichannel, such as: customer loyalty (Cook 2014), interaction between customers and retailers (Priporas et al. 2017; Pozza et al. 2017), online purchases (Dabija and Grant 2016; Eriksson et al. 2017), smartphones (Eriksson et al. 2017), mobile applications and the level of technology acceptance (Juaneda-Ayensa et al. 2016; Hur et al. 2017), retail logistics (Dabija and Grant 2016), money and time saving (Atkins and Hyun 2016), company-customer distance relationships (Pozza et al. 2017), social media and procurement chains (Piotrowicz and Cuthbertson 2014), competition between retail companies (Dholakia et al. 2018) and proximity marketing (Inman and Nikolova 2017).

9.3.2   *Empirical and Practical Approaches*

In 2013 online sales totaled about US $231 billion and are expected to grow up to US $4.3 trillion by 2025 (Cooke 2014). The exponential development of online commerce is enhanced by omnichannel strategies being adopted by more and more retailers. As consumers change their attitudes and preferences about getting information, placing orders, making purchases and returning the products, this is a big challenge for retailers to manage costs as effectively as possible (Cooke 2014).

Dholakia et al. (2018) studied the behaviour of consumers who purchase from proximity stores in the four largest cities of India using methods of observation, interviews and secondary data analysis. They concluded that small traditional stores preserve their competitive advantage by adopting individualized customer attraction and retention strategies which their competitors, notably the large-surface retail chains, are unable to implement. Some of these strategies are selling items at affordable prices, offering a varied assortment of goods, delivering goods at home or at another place, innovation and constant adaptation to customers' expectations, the use of new technologies in building a unique, strong and lasting relationship with customers.

Customer satisfaction with the shopping experience including post-purchase service provided by third parties such as product delivery, installation, maintenance, etc. influences the amount of money spent during an online purchase (Nisar and Prabhakar 2017). Perceived superior experience depends on the satisfaction with the third-party service providers (Fernie and Grant 2015). A successful implementation of an omnichannel strategy calls for action synchronization and the close collaboration between the companies involved. Retailers make sure that customers enjoy superior experiences by offering personalized products and services, unifying touchpoints across all channels and by developing and strengthening lasting relationships with them (Melero et al. 2016). To improve these relationships it is imperative that the online strategies be synchronized with offline activities.

Consumer demand and the 'rush' for a more attractive experience enhances the possibility of sales growth due to a greater interaction between stores and customers. Optimizing the use of physical channels as places of distribution and/or storage of products and information is a strong motivator for using omnichannel (Kermark and Staflund 2015). Qualitative research conducted with several European retailers including Intersport, BR, Yves Rocher and Hemtex revealed that, prior to its implementation, an omnichannel strategy must be functional and translated into clear procedures adopted within all intra-firm processes. The desire to gain competitive edge, meet customers' needs and desires and improve the touchpoints and the interaction with them are the most important reasons for which retailers give up the multichannel strategy and embrace the omnichannel strategy. The investigated retailers, and other retail chains for that matter, are still in their infancy with respect to implementing omnichannel strategies.

To reach its customers, the vertically integrated retailer Zara uses online and offline channels in an attempt to influence their behaviour towards accepting and adopting new technologies in the purchasing process (Juaneda-Ayensa et al. 2016). The customers who are open to innovation and were early adopters of new technologies easily and swiftly accepted Zara's strategy, being constantly informed about the retailer's new products and innovations. The use of smart and digital technologies depends less on social influence (other people's opinions and recommendations) and more on their performance and on whether less effort is needed to identify relevant information, make purchases and simplify the product order and/or return process.

Modern communications technology may represent a strong income-generating driver fostering the increase in the existing customers' shopping or the reduction in some costs by replacing advisory staff. The digital technology, frequently used by retailers to attract new customers, has intrinsic and extrinsic advantages (Inman and Nikolova 2017): scanning the bar codes and/or products with the smartphone using the retailer's application, in-store displays with product information and promotion, the use of kiosk systems, sales promotion coupons in physical stores and/or through mobile applications, the use of the QueVision system to reduce checkout lines, use of smart shelves displaying promotions or special offers instantly etc. All these omnichannel strategy-specific measures facilitate the flow of information to and from the customer and the development of personalized offerings that provide customers with unique feelings and unforgettable experiences.

The acceptance of the new smart technologies depends on the risk that customers perceive when conveying personal information. The willingness to use smart technologies is driven by time savings, convenience and swiftness of transaction, the possibility to streamline one's own activities as well as the perceived usefulness and added value (Inman and Nikolova 2017). The swifter and more convenient the buying process, the more consumers appreciate their experience as superior and yielding added value. When implementing omnichannel strategies, retailers have to take into account consumers' expectations.

Lastly, mobile commerce is viewed as the second wave of e-commerce (Lu et al. 2005; Juaneda-Ayensa et al. 2016) while omnichannel is viewed as the third wave (Zentes et al. 2017). This spectacular evolution has the major benefit of instant (at any moment) interrelationship by any means (computer/laptop, tablet/iPad, smartphone/iPhone) and contributes substantially to getting consumers and retailers closer to each other. A omnichannel customer therefore becomes 21% more profitable than one who only uses one channel (Arnone 2017). Omnichannel strategies therefore yield financial benefits for retailers, a further reason to encourage customers to use digital channels.

9.4   Consumer Generations and Retail

Retailers' development and implementation of market and omnichannel strategies are accepted differently across consumers. The attitudes, preferences, expectations, interests and motivations of a generational cohort change as people age and the events that define their lives (conflicts, social upheavals, need to work from an early age, etc.) change as well (Brosdahl and Carpenter 2012). Their current consumption behaviour is shaped by the values instilled that they cherish. Therefore, they feature shopping habits such as cautiousness, careful product assessment, hesitation and desire to try a product before buying it etc. (Moschis 2009; Brosdahl and Carpenter 2012). Their upbringing, family, traditions, mentality, social norms etc. shape their behavior and preferences (Dabija et al. 2017; Vatamanescu et al. 2018) when getting informed about, selecting and deciding to buy a brand.

Depending on the year of birth and the period when they come of age, six consumer generations have been identified with four that are the focus of this chapter: Baby Boomers born after World War II (1946–1964), Gen X (1965–1979), Millennials or Gen Y (1980–1993/4), Gen Z (1995–2010/2) (Glass 2007; Euromonitor 2009; Twenge et al. 2010; Raymond 2012; Loroz and Helgeson 2013; Singh 2013; Young 2015). The others are the Matures or the people of the Great Depression (born between 1925 and 1945), and Gen Alpha (born after 2012). The Matures are a dwindling generation while Gen Alpha are not yet a sizable segment.

Baby Boomers grew up in their teens with Bob Dylan and the Beatles, reaping the benefits of trade and culture internationalization (Parmet 2013). Having attained full age, they prefer mostly products and services that are able to reflect youth and

conjure up the time when they were full of vigour (Moschis 2009; Brosdahl and Carpenter 2012). The high divorce rate, single-parent families and personal independence are characteristics of Gen X members who have access to modern communication technology, to more and more information and the online mass communication. As consumers, Gen Xers are sophisticated and choosy in their buying behaviour, pragmatic and flexible when making decisions, sceptical about anything new, sometimes difficult to persuade and searching for the smallest details about the products they intend to buy (Glass 2007; Brosdahl and Carpenter 2012; Dabija et al. 2017).

Millennials or Gen Y are a real challenge for retailers because they are nonconformist and independent in the decision-making process, are relatively self-sufficient, hard to place in behavior patterns, assume high risks and break traditional norms and values (Loroz and Helgeson 2013). For them, education is a key to success, investing in it a great amount of their time (Brosdahl and Carpenter 2012). Being tech-savvy, they use technology for almost anything they need: shopping, socializing, getting information, searching for jobs (Dabija et al. 2017). They prefer to have control in their relationships with other people, are open to communication, curious about new things and innovations and always searching for new ways to satisfy their own needs, desires and interests (Euromonitor 2009; Young 2015). Tolerance and independence are essential values to Millennials (Parmet 2013).

It is after 2000 that the first generation born in the digital world starts to take shape: Gen Z. Educated, familiar with the smart technology and gadgets, innovative and creative, its members are a real challenge for marketers because they are the most difficult to draw and retain. This is because they place great emphasis on the pre-, during and post-purchase experience (Priporas et al. 2017). Gen Z are realistic, focused on achieving clear objectives and willing to try new things. Self-confident, they do not let themselves easily persuaded by companies but rather believe other people even if they do not know them, communicate a lot through social media and are quasi-addicted to modern technology. Being aware of the problems faced by mankind, they are more green-oriented than the previous generations (Raymond 2012; Parmet 2013; Singh 2013; Dabija et al. 2017).

Whereas Millennials use many shopping channels, notably online ones available 24/7, Gen Xers prefer conventional channels operating according to a fixed timetable (Bakewell and Mitchell 2003). There are significant differences between the two generations in terms of their approach to marketing information and tactics. Unlike Gen Xers who rely mostly on information from traditional environments, Millennials pay attention to and trust digital and social media information. This difference is mainly due to the education received and the influence from peers and family, as Gen Xers grew up in traditional families where parents often were role models. Millennials often view their parents' advice as obsolete and prefer instead to socialize with other people, even if they do not know them, in whom they place greater trust. Female Millennials associate shopping with relaxation and pleasure. This provides retail stores with a great opportunity to approach them and enhance their customer experience, no matter the distribution and communication channel being used (Bakewell and Mitchell 2003).

Millennials and Gen Xers opt for large-surface retail stores featuring both a wide and deep product assortment while the elderly prefer specialized stores with a deep product assortment. Millennials and Gen Xers also place more trust in online stores because they have lower perceptions of risk and online shopping is more convenient (Brosdahl and Carpenter 2012). Store proximity is the major shopping argument for the elderly, especially if there were previous good experiences, while Baby Boomers and Gen Xers are willing to patronize new stores as well. All generations see themselves as loyal to their favourite stores but their satisfaction is built on different grounds. Access to mobile and digital technology makes generational cohorts more open to new products, types of stores, forms of distribution and communication channels.

Brand equity influences young people's intention to search for and purchase online their favorite products. This trend is closely related to their impulsivity. A major part of their online purchases are unplanned, swift and impulse-based, and determined more and more frequent use of the smartphone to get information and shop (Eriksson et al. 2017). The satisfaction with shopping via smart devices is not always up to expectations because the products received fall short of the expected quality, triggering consumers' regret (Lee et al. 2014). Retail stores provide friendly and easy-to-use applications to minimize these shortcomings. Age is a major discriminator in the adoption of new digital communication technologies. Thus, young people (Gen Z) use smart technology more frequently than the previous generations (Gen Xers and Millennials). Feeling regrets about shopping with smart technology may indicate a lack of cautiousness and of careful product assessment, which characterizes the older generations who try to prevent the negative effects of online shopping.

One of the drivers of online shopping is the digital buyers' impulsiveness taking precedence over their need to touch and feel the products when shopping from physical stores. Analyzing the primary data collected from a sample of 655 customers of a Spanish fashion company, Torrico-Rodrigues et al. (2017) concluded that online shopping via mobile devices is often based on impulsivity. Impulsive consumers believe that mobile devices address their urgent needs because they can use such devices to search product characteristics and dimensions anytime and anywhere. The authors suggested that companies create applications and websites for quick shopping. Consumers allot more time to shopping online using PCs because they access more information. They often visit the physical stores to touch the desired products. The authors also suggested that information on product characteristics should be provided through websites and return policies should be developed to encourage consumers to shop online without visiting the physical stores.

The in-store shopping experience is stronger with Baby Boomers than with Millennials (Parmet 2013). Millennial young people are concerned with how other people perceive them, therefore, choosing the store depending on the perceived costs and benefits and less on their connection/relationship with a particular retail store. Baby Boomers no longer pay much attention to other peoples' opinions but prefer the stores that they are familiar with and offered them a strong experience. They are much more concerned with the way in which the store satisfies their needs, interacts with them and makes them return.

9.5   Omnichannel Retail Consumer Generations

Bakewell and Mitchell (2003) and Pozza et al. (2017) explored Millennials' behaviour in an omnichannel context. Parmet (2013) includes Baby Boomers in his research while Priporas et al. (2017) direct their attention on Generation Z. Atkins and Hyun (2016) studied the connection between shopping using smart technology and consumer generations, and showed that gender affects what types of products are preferred. Young people's proclivity for using the smartphone to buy clothing articles was dealt with by Eriksson et al. (2017) and by Torrico-Rodrigues et al. (2017). Brosdahl and Carpenter (2012) analysed male buyers belonging to different generations and their satisfaction with and loyalty to retail formats.

Other studies explore omnichannel in connection with consumers' behaviour, characteristics, preferences, motivations and attitudes. Juaneda-Ayensa et al. (2016) identified the factors that influence the behaviour of omnichannel shoppers. The link between consumers' motivations, preferences and behaviour was dealt with by Lazaris et al. (2014) and Park and Lee (2017). Nisar and Prabhakar (2017) analysed customer satisfaction during online shopping while Pawar and Sarmah (2015) referred to the buying journey of the urban consumer through various online and offline touchpoints. Ataide (2017) dealt with luxury retail stores and studies the differences between consumers' and non-consumers' preferences. Piotrowicz and Cuthbertson (2014) considered the impact of IT on retail stores and on their suppliers and customers. Dholakia et al. (2018) investigated the evolution of retail stores combining tradition and innovation on emerging markets and suggested that the good practices in the Indian market can be generalized to other similar countries. Ainsworth and Ballantine (2017) study consumers' response to change and point up the role of the cognitive component represented by curiosity, control, performance, utilitarian value and hedonic value in generating online purchases. These empirical studies conducted in a single market or across many markets highlight the theoretical and managerial implications of omnichannel.

The literature presents consumers' behavior in relation to retailers and smart technologies. Consumers using for various reasons both the physical and the online channels to get informed, purchase and return products are referred to as omniconsumers (Yee and Heuthger 2015). These people use technology to search for information and develop and strengthen the relationship with the brand, the retailer and the favorite product (Juaneda-Ayensa et al. 2016). Omnichannel buyers, aged between 28 and 34 (Millennials), spend the most time online, more than any other generational cohort. It is important and useful for retailers to understand the omnichannel buyers' behavior, characteristics and preferences in order to implement the positioning strategies and select the channels whereby they can be targeted with products via social media. Their sensitivity to social media and digital communication fosters the development of a lasting relationship with retailers as mobile applications enable an integrated and synergetic interaction between buyer and retailer (Lazaris et al. 2014).

A comparison between current customers and potential (i.e. current noncustomers) in luxury retail stores revealed the degree to which digital channels are

used to attract new customers and retain current ones (Ataide 2017). A quantitative online survey conducted with luxury consumers from various countries classified them into four distinct segments (Lazaris et al. 2014): 'full omnishoppers', 'partial omnishoppers', 'in-store internet users and potential omnishoppers' and 'non-omnishoppers'. The first group, aged between 21 and 35 and 83% of whom make online transactions, have at least one smartphone and earn an annual income of over €50,000. Partial omnishoppers come second in online transactions (65% have made online purchases), followed by potential omnishoppers (31% of them have purchased online). Non omnishoppers, aged over 35, have the lowest number of hours spent online, using the Internet to get informed and not for shopping. Full omnishoppers belong to Generation Y while non-omnishoppers are Generation X. All omniconsumers use smart devices on a regular basis to get information, compare prices and read/write reviews (Lazaris et al. 2014; Ataide 2017). While full and partial omniconsumers use social media to get information and the online stores for shopping, non-omniconsumers avoid shopping through digital channels. It is the omniconsumer group that influences the choice of the channel for communicating and distributing luxury products.

Ninety-six percent of the US population with Internet access make online transactions, this purchasing method is mostly preferred by young people (Gen Z and Millennials) (BigCommerce and Square 2017). The time spent online increases as consumers' age decreases. Male adolescents in a household have a direct influence on household purchases online (Arnone 2017). As their parents work and are absent, they carry out the shopping responsibility. The drivers of young people's shopping online are convenience, desire to save time and do other age-specific activities and the thorough knowledge of digital technology. Due to the development of technology and the implementation of omnichannel strategies, it is much easier for young people to buy retailers' products and services. This spending activity in the household while in their teens influences their adult lifestyle choices and decision-making (Sener 2011; Arnone 2017). The change in values (women's emancipation, for example) and mentality were important drivers of young people taking on responsibilities, making decisions, carefully weighing the risks and using technological innovations to simplify their life.

Impulsiveness has been found to be the main driver of consumers' usage of smart devices for shopping (Eriksson et al. 2017). Smart devices allow consumers to get information on the products available in online and physical stores as well as on the prices of online and offline competitors, and to compare prices and product characteristics and/or advantages. Websites and mobile applications should enhance customers' trust and make shopping safer and easier. Therefore, retailers offer wireless internet in their physical stores to enable timely comparison of products and prices, thus enhancing customers' shopping experience. By contrast with smart devices, PCs are used by consumers at their homes when they have time to get informed and/or shop. People often prefer to search for information online and purchase from physical stores (Eriksson et al. 2017). Therefore, retailers should have similar offers both online and offline at as similar prices as possible.

Consumers who grew up with the Internet are different from those who still prefer to interact with shop assistants. The lines between offline and online are blurred due to the frequent use of smart devices and social media. This calls for a rethinking of the approach to consumers in order to attract and bind them to various brands. Generation-specific character traits (impulsivity, cautiousness) influence consumers' choice of channels for searching information and making purchases, respectively. Positioning strategies should be individually designed for each consumer generation (Piotrowicz and Cuthbertson 2014).

Millennials, Baby Boomers and Gen Xers in South Korea were analyzed with respect to what drives them to use mobile devices to buy clothing (Hur et al. 2017). Those with high technological innovativeness accept a lot easier the easy-to-use applications for getting information, shopping and returning products. Persons with high fashion innovativeness use mobile applications because they are fun and interesting. Millennials are interested in using mobile applications, having a high degree of technological innovativeness, but are less sensitive to other characteristics. Gen Xers and Baby Boomers have a lower degree of technological innovativeness, which calls for the development of applications offering emotional and hedonic benefits in order to increase their acceptance.

A large majority of Millennials, referred to as 'human contact seekers', need to communicate with company employees and acquaintances when purchasing complex service products, such as insurance policies. When shopping, Millennials do not rely too much on social media whereas independent seekers rarely visit, or do not visit at all, physical stores as they are not interested in the interaction with retail employees. They use the Internet for information searching and place less importance on physical stores. Parental advice seekers have increased trust in the recommendations of other people (Pozza et al. 2017).

The analysis of Gen Z's perceptions of and expectations regarding retail stores' omnichannel strategies reveals that their use of smart devices for offline and online shopping is driven by the desire to be properly informed and make payment more efficient, the shopping more convenient and the experience more enjoyable. By embracing smart technologies and implementing them within their business strategies, retailers help Millennials to select products and obtain the needed information for enhanced satisfaction and experience, thus making the purchasing process much quicker. Drawing and retaining Gen Zers can be greatly enhanced by employing robots and digital assistants that would improve their shopping experience (Priporas et al. 2017).

9.6   Conclusions and Suggestions

The switch from multichannel to omnichannel was made possible by the emergence of new smart devices, mobile applications and digital technology. As a result, retailers became faced with a shift in how traditional customers searched information and purchased products. Retailers have thus had to adapt their strategies to these new

market trends and embrace the latest technology and modern means of communica-
tion to maintain connection and enhance interaction with their own customers, in
order to target customers, attract young people and increase pre- to post-purchase
experience. Highly influenced by technological advancement, omnichannel is a real
challenge for retailers to develop and strengthen existing experiences, create and
improve new experiences, streamline communication and customer advice, satisfy
customers and develop lasting relationships with them.

Secondly, differences among generational segments remain obstacles to full and
successful implementation of omnichannel strategies. Overcoming them is a topic
that has been intensely debated in the academic literature and has pinpointed char-
acteristics and behavior of various generations and the ways in which individuals in
each of them can be successfully targeted. Some practical and/or empirical studies
deal with the characteristics of those who use and of those who benefit from
omnichannel strategies; highlighting the way in which omnichannel affects cus-
tomer segments. Other studies explain the reasons behind individuals' preference
for certain information-communication, purchase and/or product return channels.
Consumer generations in the context of omnichannel is therefore a distinct subject
explored in relation to the accurate delineation/definition of omnichannel buyers
according to their socio-demographic characteristics.

Thirdly, younger segments, notably Gens Z and Y (Millennials), are more willing
to make use of new technologies and smart devices for information searching and
online purchasing due to time saving, convenience, comfort and the apparent advan-
tage of performing more activities in a shorter period of time. Essentially, these are
the major beneficiaries of retailers' omnichannel strategies. Having grown up with
the internet, Gen Z cannot live without having constant access to digital technology
and smart devices. The internet is their primary means of need satisfaction as they
are always looking for innovations that can maintain their interest during informa-
tion searching and purchasing. The understanding of these realities may help the
retailer to successfully differentiate itself from its competitors.

Fourthly, Millennials, as well as Gen X, also show increased interest in techno-
logical innovations and are willing to try and use mobile applications. As the most
restless generation, Millennials prefer shopping through smart devices for reasons
related to speed, comfort and convenience. Their impulse-driven shopping often
leads to regret as they can easily become victims of their own rash decisions.
Further, due to the spread of social media Millennials are aware of the social risk
incurred by their belonging to various interest groups.

Fifthly, Gen Xers are also an important target for retailers' omnichannel strate-
gies. They are stricter when it comes to information searching and the precise iden-
tification of product characteristics and functionality, using both the online and the
offline channels to make purchasing decisions. They optimize their experience by
visiting and shopping from traditional retail stores even if they embrace components
of the omnichannel strategy.

Lastly, Baby Boomers still prefer traditional shopping, being cautious when pur-
chasing and trying to minimize regrets. Overtaken by technological innovations,
Baby Boomers are distrustful of digital channels and social media, opting for human
contact for information searching and purchasing.

The concept of omnichannel is less than a decade old, and has thus only recently been dealt with in the literature and it continues to be a real challenge for retailers, consumers and researchers. Current gaps in omnichannel theory and practice can be addressed respectively through further research incorporating theory and methods from other domains such as services marketing, consumer behaviour and psychology and complex empirical research with consumers, retailers, suppliers and logistics service providers who fulfill omnichannel orders.

Such research should deal with the impact of omnichannel strategies on consumer generations, especially with regard to information searching, purchasing and product return behaviour. Such studies will have to approach the attitudes, preferences and behavioural responses of each generation in relation to omnichannel. The resulting analysis of these characteristics in each consumer generation should yield valuable information for retailers and their suppliers and delivery partners when implementing omnichannel strategies.

Research to date does not make a distinction in approaches to omnichannel between the large international retailers and the small, local or regional ones, between fashion and food, do-it-yourself (DIY), electronics retailers, and between large-surface physical stores (hypermarkets) and proximity stores and small supermarkets, including delivery to home or collection points. Research of these issues among the generational segments should provide information on how customer satisfaction and loyalty can be achieved through omnichannel strategies.

Research should also investigate the use of technology by the generational segments, especially Millennials and Gen Z who are very tech savvy in different retail contexts, e.g. fashion versus food versus DIY versus electronics retail, to develop appropriate omnichannel strategies targeted to these consumer generations. In some cases, consumers might be more inclined to use the possibilities of omnichannel to find the best suitable offer and/or products for their needs and expectations. Omnichannel also allows consumers to interact with retailers and peers through social media and specialized online platforms, which might lead to quicker, individualized responses according to their needs and past buying/consumption habits.

Existing research also does not go deeply into issues of cost to retailers, delivery partners or consumers, both in fulfilment and return. Economic sustainability or viability requires such research in light of failures in the UK over the past decade of the 'pure player' white goods retailer Empire Direct and the delivery service provider CityLink. The changing nature of retail due to the increasing popularity of online and omnichannel suggests there will be winners and losers and thus there is a demand to understand more about the economics of omnichannel.

Finally, an omnichannel strategy in connection with sustainability, green product sales or pollution reduction strategies should also be the object of future research. Research issues here may pertain to favourite manners of searching information, purchasing and/or returning products in developed versus emerging markets, how a consumer's green orientation influences the use of smart devices and modern technology returning, and the identification of consumers' preferred devices for accessing retailers' online stores.

In summary, the rapid change brought on by omnichannel retailing poses many challenges but also many opportunities for retailers, suppliers, delivery partners and consumers. More evidence-based research is required for this phenomenon to mitigate the challenges and maximize the advantages and opportunities.

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Chapter 10
New Perspectives in Performance Management: Appraising Employees Based on Computer Usage Patterns

Gelu Ionel Vac and Mihai Florin Talpos

10.1 Introduction

The influence of technology on all dimensions of the society has become a planetary truth over the last decades (Irrgang 2007). Nowadays, almost no one contradicts the fact that technology transfers and innovations are directly linked to the efficiency of almost all economic activity, but that it is not enough. The catalyst factor of increased efficiency remains the human, because the human resources management related processes in an organization are the ones to decisively determine its success. People, their skills and knowledge are probably the most valuable resource an organization has, therefore it is necessary not only to reward them properly but also to develop them constantly (Kateřina et al. 2013). That is why, the rethinking of employment in terms of direct correlation with the results obtained by individuals and the computerized pattern-making are essential issues (Mirica 2018) pertaining the new perspectives of performance management.

The present paper aims to create the basis of a theoretical and practical framework that is necessary for adopting a performance appraisal model based on employees' actual actions and ways of accomplishing their tasks, but simple enough to be used by any organization that seeks to streamline processes related to its human resources. In other words, the presented model can be defined as a phenomenological model based on the theory of information. First of all: "phenomenological", because it refers directly to events/actions/activities generated and experienced by the employees during work, and secondly: "based on the theory of information" because the model also integrates principles and knowledge about how to process,

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store and use sensory information or dynamics of attention and memory, with reference to the evaluated personnel. Employees' manifestations while working can be considered as "outside" events, and yet, those events can't be dissociated with certain realities which are subjectively lived and experienced by employees and that are linked with "inside" manifestations. Therefore, the presented model intends to fructify both the so called: "intentionally ordered information" (Csikszentmihalyi 2015) and the one "instinctively ordered" and generated by employees.

10.2   The Need for Objective Employees' Appraisal

Theorists who have analyzed the trends in professional performances' assessment have distinguished at least seven important contexts in which organizations use staff assessments (Pitariu 2014): (1) professional performance prediction; (2) professional development or improvement of employees; (3) complex motivation of employees; (4) rewards allocation; (5) career promotions; (6) internal transfers; (7) dismissals. As such, depending on the context, there are very few organizations which do not need evolved employees' appraisal systems.

Regardless of the context of evaluation, for over 50 years, theorists like Klausner (1965), have identified four necessary directions for exercising checks: (1) performances or behaviors' checks; (2) innate psychological tendencies' checks; (3) intellectual functions' checks, such as thinking; (4) feelings and emotions' checks (Csikszentmihalyi 2015).

More recent approaches focus on controlling the efficiency of employer-employee relationship. For instance, it is said that, in general, employees don't do what their managers told them to do (about eight employees out of 1000 react properly to what their managers told them to do) (Daniels 2007). A 2007 survey by Aubrey C. Daniels reveals the fact that the surveyed managers spent about 85% of their time telling their employees what to do, thinking about what they should ask their employee to do or thinking about what actions to take in the context in which their employee didn't do what they were told to do (Daniels 2007). As such, spoken or written indications seem insufficient in the manager—employees relationship. Under such circumstances, managers have two available courses of action to take: (a) before a certain employee's behavior occurs (antecedent behavior), or (b) after a certain employee's behavior occurs (consequence behavior) (Daniels 2007). Antecedents are preparing the occasions for a certain behavior to occur and consequences are modifying the probability that the behavior will reappear. An organization becomes efficient and receives maximum results from its employees' work only if its managers understand the importance of both those courses of action (Daniels 2007).

However, there are few methods of employee appraisals that cover both antecedent and consequence behavior of the employee. An employee appraisals method (based on computer usage patterns) can efficiently cover both mentioned areas.

An interesting study, conducted in 2017 within Griffiths School of Management (Emanuel University of Oradea), shows that there is a direct correlation between employees' satisfaction and customers' satisfaction (Motogna 2017). It is of general acceptance the fact that employees' satisfaction largely depends on the degree of objectivity displayed by the business owners or managers in evaluating the performance of their employees. As such, any attempt of ensuring a plus of objectivity in the process of employees' evaluation (as the method presented in this paper does) should be more than welcomed by all business owners or managers.

The best-known indexes to assess an organization's sustainability span a whole range of performances: from economic to environmental performances, including the human resources' performances of the evaluated organization (such as: Labor Practice Indicators or/and Labor KPIs) (Amnasan and Candea 2011). This might represent an additional reason to encourage the development of new methods for computerized employees' performance evaluation, based on objective indicators and technology driven indicators (as the method presented in this paper uses).

About 56% of the executives managing the most important Romanian multinational companies say that their management teams are insignificantly involved in issues related to succession planning (Talpos et al. 2014). In fact, among the highly dynamic human resources' processes that take place within an modern organization, succession planning plays an important role and it is directly related to the employees' evaluation. So here's another form of evidencing the fact that organizations should indeed give due attention to modern employees' evaluation methods that can facilitate the efficient integration of the cross-processes that take place at the human resources level, such as: talent acquisition, training and capability development, career management, performance management, leadership development, succession management and, last but not least: rewards management (Talpos et al. 2014).

10.3   Theoretical Background and the Stage of Knowledge in Employees' Appraisal

The quest to find the best way of investigating and appraising employees' performances led to the development of several different evaluation methods (Kateřina et al. 2013). The established methods differ in terms of: suitability in regards to specific work situations; time horizon; usability; laboriousness; costs etc. A possible classification of the employees' appraisal methods can be made according to criteria such as: a) time factor and b) the character of the approach (traditionalist or modern) (Kateřina et al. 2013).

As shown in Fig. 10.1, the methods based on the "time factor" may be grouped in three distinguished types: methods focusing on the past, methods focusing on the present and methods focusing on the future (Kateřina et al. 2013).

Traditional methods are the ones focused on evaluating performances based on: questionnaires, rating scales and reports; paired or group comparisons etc. Modern
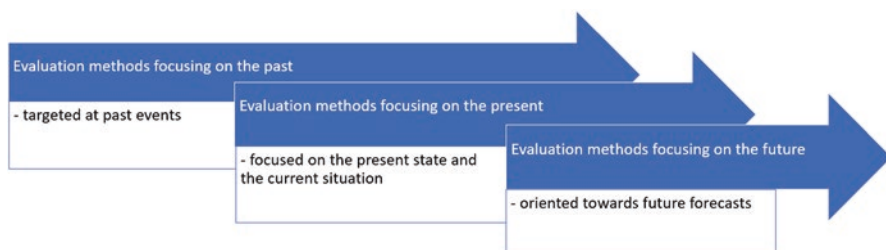
Fig. 10.1 Types of employees' performances evaluations, based on time factor

methods are partly similar to methods focusing on the future, because they are suppose to also estimate employees' development potential. Authors promoting this type of methods (Randhawa 2007; Kateřina et al. 2013; Vac 2015; Lopez 2015; Milligan 2016 etc.) consider the following methods to be modern ones: Self-evaluation against predetermined criteria, Management by objectives, Adaptive Reference System, Assessment center, BARS, Critical Incidents, 360° feedback, and human resources accounting.

Depending on their purpose, the methods used in the employees' evaluation are: (a) objective and (b) subjective (Constantin and Stoica-Constantin 2002). Other theorists (Kateřina et al. 2013) also determine the fact that employees' performance appraisal has two forms: a) systematic (formal) and b) non-systematic (informal) appraisal. Systematic employees' evaluation represents rather a formal organizational process driven on a systematic framework with the purpose of enabling the benchmarking of the expected individual in relation to real performance indicators (Kateřina et al. 2013). Informal appraisal involves the continuous evaluation of the employees by their managers during the work process (Dědina and Cejthamr 2005).

The continuous evaluation of the employees implies the investigation of professional competencies, which can be divided in two main categories: (a) visible competencies/skills and (b) hardly visible competencies/skills (Pitariu 2000). The visible competencies (such as: knowledge, practical skills etc.) can be easily identified especially with the help of computer assisted instruments. The hardly visible competencies (such as: motivation of work, self-esteem, social presence etc.) are quite difficult to detect, because the procedures for identifying such dimensions are much more laborious (Pitariu 2000). As such, setting up bivalent efficient standards of professional competence becomes a challenge for any modern employees' appraisal method.

10.4   Methodology and Constructs' Operationalization

The aim of the presented research was to propose an efficient way to: (a) collect data from any employee who uses a computer in his/her daily job; (b) analyze (in detail) all the captured activity, in a flexible way and based on the peculiarities of each analyzed individual. The method used to reach such a purpose has been generated

by the authors' belief that (as soon as the relevant data is gathered) multiple analysis scenarios, and also combinations of them, may be put in place in order to allow the spotting of certain patterns which could have potentially driven the top performers, and thus creating the necessary operational constructions needed to efficiently score and rank the employees.

Most companies evaluate their employees' performance at least once a year and end up ranking employees from top to bottom performers, per each of the organisation's relevant KPIs. In such a context, the top management of almost any company constantly seeks way to determine (as objective as possible) who scored top, who scored bottom (far extreme end-points) and how the others are positioned in between.

As stated above, the used methodology included the applying of the patterns that cloud be found in the top performers' activities to all the other employees, and analyses the gapping data. This analysis represented the starting point of generating a set of actions meant to either improve the performance of the mediocre employees, or simply reduce the gap between them and the top performers. In a secondary plan, the authors also followed the goal to reduce the risk that any employee might face (namely the risk of becoming a bottom performer) and therefore apply the patterns that could be found in bottom performers to all the other employees, in order to avoid critical situations from due time.

Considering the above, an analysis has been done on several data that have been intercepted from human operated computers, by following the next course of actions (Fig. 10.2):

1. Capture the event of windows switching and mark the timestamp of the beginning of the activity (user switched to) and end of activity (user has switched away from);
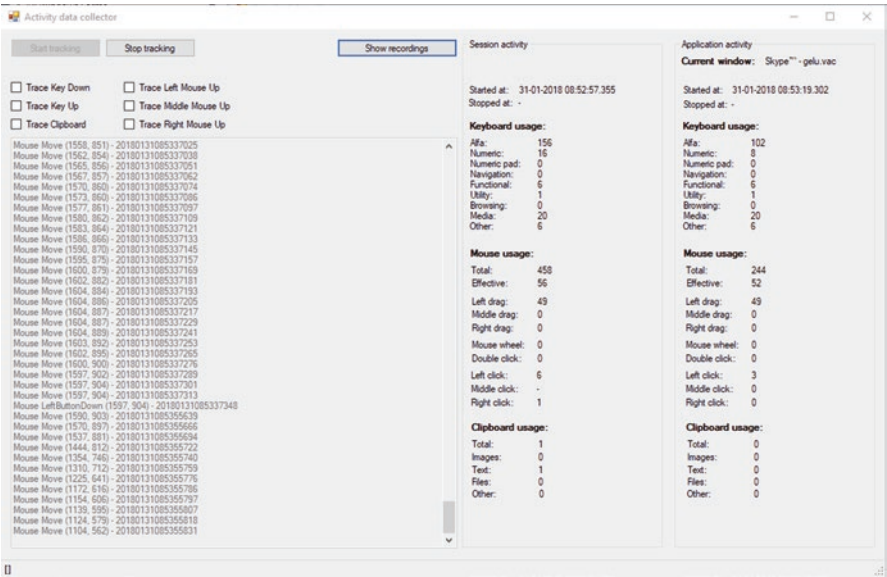

Fig. 10.2 Adaptive reference system (ARS) data collector

2. Capture the keyboard activity—that is which key is pressed (key down), when (timestamp) and when it is released (keyup), in order to compute duration of the key being pressed—and overlap it with the active window;
3. Categorize the keys used as per how the computer keyboards have been designed to be used: letters, numbers, numpad, navigation, utility and media;
4. Capture the mouse activity such as clicks, moves and scrolls, each with time-stamp and also overlap it with the active window. From the mouse activity the authors could actually capture several individualized events which can point out behavioral aspects of the users, such as: preference for left button clicks, middle button clicks, right button clicks, wheel scroll, drag & drop etc.;
5. Categorize mouse activities as per how the mouse has been designed to be used: action triggers (left click, left double-click, hold left click), navigation (scroll), utility (right click);
6. Capture the screenshot (print screen), so that whenever the user switches to another window, images can be taken and used for visual representations of how users act on each specific visual input;
7. Categorize the active application into groups such as: productive or unproductive activity;
8. Capture the Clipboard activity, in order to determine how much copy-paste employees do in each application and thus formally showing employees' tendency to reuse information.
9. Categorize the contents of the clipboard information into either textual, imagery or other media.

As soon as the above mentioned data were collected, preliminary conclusions regarding the users' behaviour could be drawn, on aspects like:

1. What applications is the employee using during each day—to categorize them in either work related or personal related applications—either generically or depending on moment of the day or the day of the week (Currey 2013);
2. For how long are they using each application—whether he/she is going into deep working or not, how often and for how long (Newport 2016);
3. What is the intensity of the keyboard usage per each application—either generically or depending on moment of the day or the day of the week;
4. What is the intensity of the mouse usage per each application—either generically or depending on moment of the day or the day of the week;
5. The ratio of keyboard/mouse usage per each application—either generically or depending on moment of the day or the day of the week;
6. What preferences of inputting data does he/she have per each application: combination of keys, mouse, etc. For example, if using Excel, numpad is more expected, if using Paintbrush, mouse drags are more expected;
7. What preferences does the employee have each day of the week: which applications he uses more and when. E.g. What applications is he using on Monday vs Fridays;
8. What preferences does the employee have in each moment of the day: early in the morning, before lunch, after lunch, before leaving the office etc.;

9. A metrical insight about Innovative people versus common followers: low Clipboard usage for a top performer could be assimilated to positive innovation (Meredith 1991; Mostert 2015).

In order to accomplish the above mentioned research objectives, the following minimum database structure was conceived (see Fig. 10.3).

The Adaptive Reference Systems (Vac 2015) and a part of its structure have been used to describe the relationships between an employee and its hiring organization. Later on, the structure has been extended in order to generate the new needed configuration that will allow the introducing of a big data engine to help storing all the screenshots and recordings logs and later on apply running analytics on top of them.

All the recordings have been evaluated in order to understand (per each application and user) the employees' preference to use the mouse in their daily work and, depending on the application they use, the preferences for usage of certain parts (menus, widgets etc.) (Matejka et al. 2013), either it is browsing web content or exploring Excel reports, just as shown below (Fig. 10.4):

Fig. 10.3 ARS data collector database table structure

Fig. 10.4 ARS data collector recordings reproductions

10.5   Computing the Culture of Productivity

For this iteration of the research, the above mentioned analysis elements were chosen in the awareness that any computer user has the potential to serve as relevant input data from the user's behavior point of view and thus generate the criteria to be used in the productivity culture evaluation (Vac et al. 2016). The analysis of productivity culture evaluation included: the applications stack usage (ASU), the keyboard events (KE), the mouse events (ME) and the clipboard usage (CU) and the assumption that, if ranked by importance/weight, the sum of this indicators equals 100%. (e.g. I_{ASU}, I_{KE}, I_{ME} and I_{CU}).

Then, all the input data were categorized into *productive* and *unproductive* and it resulted in just as many fractions and percentages as the starting of computing the indicators from bottom to top could generate, as follows:

1. Sum up the total duration of focus on each application as TASU to be the 100%, sum up the duration of the productive ones and extract its percentile from the total as PASU;
2. Count the total amount of keyboard events as TKE to be 100%, count the productive ones and extract its percentile from the total as PKE;
3. Count the total amount of mouse events as TME to be 100%, count the productive ones and extract its percentile from the total as PME;
4. Count the total amount of clipboard usage as TCU to be 100%, count the productive ones and extract its percentile from the total as PCU;

As soon as the above numbers (results) were computed, the assembling of the actual culture of productivity per each individual employee (ACP) could be done, for the given context: day, week, department etc. like so:

$$ACP_E = \left(P_{ASU} \times I_{ASU}\right) + \left(P_{KE} \times I_{KE}\right) + \left(P_{ME} \times I_{ME}\right) + \left(P_{CU} \times I_{CU}\right)$$

Once the ACP computed for each employee was generated, the evaluation of this indicator in a wider organizational context (at departmental level or at the company's level) or even in regards to the discipline/technology each employee works on, has become possible. Thus, valuable considerations and evaluations could be made on corresponding indicators such as: ACPC (actual culture of productivity for company) and ACPD (actual culture of productivity for department), in the attempt to compute their values as the average of the results related to the included analyzed employees (Vac et al. 2016):

$$ACP_D = \frac{\sum_{E \in D} ACP_E}{N_E}$$

$$ACP_C = \frac{\sum_{E \in C} ACP_E}{N_E}$$

Having these values computed, it will be fairly easy to evaluate each employee's productivity from several perspectives: deviation from company value, deviation from department value, deviation from top performer, deviation from bottom performer etc.

10.6   Conclusion

The use of an employees' appraisals methods (based on computer usage patterns) can contribute in the achievement of two major categories of organizational goals:

(a) Goals that have diagnostic valences, because they allow the understanding of certain indicators, relevant both for the individual performances of the employees and for the entire company's efficiency.
(b) Goals that have formative valences, because they facilitate the setting of the possible career paths for the employees and the training needs of those employees (Panisoara 2005).

The use of an employee appraisals method (based on computer usage patterns) can also contribute to the setting of efficient scoring grids for different tests of professional competence assessment, especially for jobs that imply computer related work. If managers will add those scoring grids to the rest of the pieces in the candidates' evaluation file (CV, letter of intention, recommendations etc.) (Constantin 2004), the whole selection & recruitment process will gain a plus of efficiency.

New perspectives in performance management are being set daily. The classic performance management models, based on the principle: "offer & urge" seem to fall, being replaced by the new models, based on the principle: "ask & attract" (Daniels 2007). Such a new model implies that the various specific behaviors expected from both employees and managers must be very well-defined or even standardized from the beginning or as soon as possible during the collaboration process. Once employees and managers begin to show these behaviors, based on the already created standards, the premises of an increase in team efficiency are generated (Daniels 2007). An employee appraisals method (based on computer usage patterns) might be a good instrument for implementing such a performance management model, based on "asking & attracting".

Such a employee appraisals method (based on computer usage patterns) as the one described in the present paper helps organizations in setting both realistic organizational objectives and (maybe even more important than that) standards of excellence for employees. Specialized studies conducted by Aubrey C. Daniels in 2007 show that very weak employees, who are referring to certain standards of excellence in measuring their own results, will have significant improvements in their own work performance (Daniels 2007). Similar results are indicated by David McClelland's study (a Harvard psychologist), who also noticed that there is a direct influence relationship between increasing employee performance and setting realistic (moderated to high) goals to guide employees throughout their work (Daniels 2007).

According to John Joung, Hewlett-Packard former CEO, the cohesion and efficiency of a team can only be strengthened by giving each employee recognition for his personal merits and contributions (Daniels 2007), and this has to be done as objectively as possible. An employee appraisals method (based on computer usage patterns) can be a good tool to streamline employees' motivation mechanisms in any organization, as the criteria for receiving incentives and rewards must always be objective, clear and achievable.

Summarizing, the employees' appraisals method (based technology driven indicators) presented in this paper can help business owners or managers to: efficiently assign and evaluate work, set work goals, determine performance standards, forecast training and development needs, provide performance feedback and—last but not least—meritocrately distribute rewards.

10.7   Future Directions for Research Development

– Implementing the possibility to determine mentality and/or attitude towards work, by including new criteria for analysis, based on artificial intelligence and facial recognition (facial expressions) during work. This idea starts from the fact that nowadays, almost each laptop has an incorporated web camera, which can be activated while an employee uses that laptop, in order to capture his/her facial expressions during work. Given the existing European regulations in terms of General Data Protection (GDPR) and the regulations concerning the right to privacy, the implementation of such a feature has to be carefully analyzed and prepared.
– Aligning reports and data extracted from the application described in this paper to certain indicators and criteria found in internationally recognized standards, such as: The International Quality Study (IQS) or Dow Jones Sustainability Index (DJSI). For instance, Dow Jones Sustainability Index includes explicit indexes dedicated to Talent attraction & retention or Labor Practice Indicators (labor KPIs) (Amnasan and Candea 2011).
– Integrating new features, within the presented application, in relation to software tools that offer complex analysis of the text (example: MindWords™, which is a recent text analysis tool, patented by the Romanian inventor: Dumitru Grigore PhD) (Grigore 2018). This idea starts from the fact that any text, conceived by an evaluated employee, while work and by using the company's laptop/PC, can be analyzed with such a tool, that allows the investigation and determination of certain hardly visible competencies/skills such as: intelligence quotient: IQ, emotional quotient: EQ, or even spiritual intelligence (Torralba 2012). The usefulness of such a coefficient (spiritual intelligence) becomes important in the context of employees' appraisal because theorists have long found (eg: Helen L. Bee in 1987) that religious adults are more satisfied with their lives (including their jobs) than adults who do not declare themselves as religious (Csikszentmihalyi 2015).
– Implementing the possibility to early determine ontological anxiety/existential anxiety (Csikszentmihalyi 2015) related manifestations. Such a feature can be

very important given the fact that official statistics say that the number of depressed people is alarmingly growing. A World Health Organization report shows that over 350 million people around the world and over two million Romanians suffer from depression and the number of depressed people is continuously growing (Balinisteanu 2014).

- Implementing the possibility to determine the "self-rewarding ability" (Csikszentmihalyi 2015) of the evaluated employees. The dominance of anxieties and depressions caused by contemporary life demands greater autonomy of individuals towards their social environment and their work environment. Specifically, their reactions and manifestations should not depend solely on their job nor on the rewards and/or punishments received from the managers who lead them at work. To gain this autonomy, each individual has to learn to: reward himself (eg coffee breaks, cigarette breaks, massage hours etc.), to develop the ability to enjoy life and give meaning to their own lives (other than the work lives). In extreme situations, very conscientious employees who have not found this ability, end up tragically, through dramatic episodes of overwork and stress. Eloquent in this respect are the cases of: Raluca Stroescu, a former Romanian audit manager at the renowned Ernst & Young company (Lewis 2007) and Pan Jie, a former auditor in PwC's Shanghai office (Newquist 2011). In 2007, Raluca Stroescu was found dead, due to extreme extinction generated by overwork and the incapacity of "self-rewarding". In 2011, Pan Jie died from work-related fatigue, after she had been working up to 18 h a day and about 120 h a week, prior to her death (Newquist 2011).
- Implementing decision support system to evaluate deviations in real time and propose success alternatives in the context of a given activity or product (Khairina et al. 2016).

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