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IMMIGRANT ENTREPRENEURSHIP IN TURKEY: HISTORY, DEVELOPMENT AND CURRENT MARKET

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ABSTRACT

Purpose – The aim of this study is to understand the entrepreneurial activities of immigrants in Turkey through a review of available literature and data. This article arises from the deficient immigrant entrepreneurship literature and aims to examine the history and the recent developments of immigrants and immigrant businesses in Turkey. This will provide the reader with a general overview and in-depth information about immigrant businesses in Turkey. A detailed industrial view can help to

Methodology – Through an investigation of literature and secondary data, this study provides a survey on immigrant businesses. Literature review is a critical method to understand the history of migration movement and migrant entrepreneurship development in Turkey while secondary data is reasonable source to maintain qualified information about the current situation of migrant entrepreneurship.

Findings – The number of foreigners residing in the Turkey has increased immensely since 2010. There is a seven-fold rise in the number of immigrants in Turkey from 2005 to 2022. This shows the rapid changes that Turkey is going under especially since the beginning of the Syrian Refugee Crisis in 2011. Turkey has quickly become a hub for foreign nationals which is influencing different facets of the country including the demographics, society, and economy. The number of firms established with foreign partners has followed a similar pattern, with a nearly five-fold increase from 2011 to 2021. Turkey is seeing an increasing interest within the immigrant communities from Asia, Africa, and MENA countries.

Conclusion – Immigrants face many difficulties in establishing and sustaining a business. These difficulties can be mitigated through government policies and support programs that focus on assisting both immigrant and local community in their business endeavors. Government can support immigrant entrepreneurs by providing language learning opportunities that focus on business Turkish and culture. This will not only help immigrants to learn the language but also assist them in adaptation of the local culture which may speed up their integration process.

Keywords: Entrepreneurship, international migration, regional migration, immigrants, migrant entrepreneurship

JEL Codes: L26, F22, R23

1. INTRODUCTION

In the literature, different titles related to the causes of migration are listed. If we aim to gather these titles under a general heading, the push and pull factors are the first ones that come to our mind. Push factors are reasons why individuals decide to move from their home country, these include political instability, economic hardships, persecution, and natural disasters. Pull factors, on the other hand, include the fact that the destination country offers better opportunities in economic, social, and political areas than the home country. Migration movements that Turkey has experienced since the republican era are caused by push factors rather than pull factors. Turkey has always been the first-choice country for the citizens of neighboring countries, who seek better living conditions due to the economic, social, and political instability. There are two main reasons why Turkey comes to mind as the first choice. The first of these is that Turkey is close to the countries that have difficulties in providing stability in the economic, political, and social fields, and a road to reach European countries. The second is that Turkey's economic, political, and social situation is relatively better than that of the immigrating countries. Therefore, most of the historical migrations in Turkey can be classified into either forced migration or utilizing Turkey as a transit state. However, Turkey's

migration experience has begun to differ in the last two decades. In addition to forced migrations or transit migrations targeting Europe, Turkey has also become a destination country.

Studies in the national and international migration literature generally examine Turkey in the category of country of emigrant, transit or forced migration. Factors such as the inclusion of immigrants in business life and entrepreneurship, which are among the pull factors, constitute only a small part of this literature. Most of these studies begin with the arrival of Syrian immigrants in Turkey after 2011. Characteristically, Syrian immigrants, who were initially included in the category of forced migration, are also included in economic life as time goes on. Various studies on the entrepreneurship of Syrian immigrants and the economic effects of the Syrian influx are also found in the literature. Apart from these studies, there is no research that examines immigrant entrepreneurship by placing Turkey as a target country. Based on this deficiency in the literature, our research aims to reveal the typology of general migrant entrepreneurship in Turkey.

In the first part, our research examines the reasons and socioeconomic outcomes of Turkey's migration experience during the republican period. In the second part, the development of migrant entrepreneurship in Turkey is analyzed by using the general migration data of the Directorate General of Migration Management and the foreign entrepreneurship data from the Union of Chambers and Commodity Exchanges of Turkey. In the last part, we discuss our findings and self-criticism about the data, method, and results of our research.

2. HISTORY OF MIGRATION MOVEMENT IN TURKEY

Turkey has faced many migration flows throughout history. While examining the migration history of Turkey, some historians such as Akgündüz (1998) started their research chronologically from the Ottoman Empire. Some writers accepted the collapse of the Ottoman Empire as a transitional period and examined the migration history of the Turkish Republic starting from the last years of the Ottoman Empire. The main shortcoming of all these studies focusing on migration history in Turkey was the lack of a holistic economic evaluation (especially in the field of entrepreneurship). The reason of deficient economic migration literature is that Turkey experienced only forced or transit migrations as stated by İçduygu (1997). While being a transit route to Europe is the factor that triggered transit migration, it was the wars, conflicts and political changes in the surrounding countries that triggered forced migration (Sirkeci & Martin, 2014). In addition, Turkish migrants and minorities abroad have greatly triggered migration to Turkey. Therefore, Turkey's migration was mostly from Germany and Bulgaria (Sirkeci, 2009). However, today Turkey is not only a transit center but also a destination for migrants (Akcapar, 2006). On the other hand, despite being a center of transit migration throughout history, Turkey received a significant number of migrants and they made certain contributions to the socio-economic life in Turkey. This part of the research chronologically examines the socio-economic effects of migration flows to Turkey.

Turkey's general migration scheme is divided into two as transit and forced migration. Due to the nature of transit migration, it is assumed that these migrants did not contribute to Turkey economically. Forced migrants, on the other hand, make an economic contribution because they must spend time in Turkey for a short or long duration. When viewed chronologically, Turkey's first migration experience begins with the Balkan countries. In addition to the devastation brought by the war, the lack of general health services and the increase in the death rate of diseases such as typhoid, syphilis and dysentery caused the population to decrease from 16 million in 1914 to 13 million in the 1920s (Courbage & Fargues, 1998, Smoke, 2008). To provide the needed population to accelerate economic development, Turkish-speaking Muslims or migrants who could easily convert to Turkish identity such as Bosnian, Circassian, Pomak and Tatar were granted privileges (Kirişçi, 1996). Considering its characteristic feature, this type of migration does not have the feature of forced migration. Another influx of migration in the first years of the republican period took place with the exchange between Turkey and Greece within the scope of the Treaty of Lausanne. Within the scope of the agreement, approximately 150,000 Greek-Orthodox people migrated from Turkey to Greece, and approximately 450,000 Muslims who classified themselves as ethnic Turks, Turks and Albanian Muslims migrated from Greece to Turkey (Ari, 1995, Geray, 1962, De Rapper, 2000). According to Akgündüz (1998), between 1923 and 1933, approximately 700,000 people immigrated to Turkey from the Balkan countries (Bulgaria, Greece, Romania, Yugoslavia, and other countries). All these migrants were ethnic Turkish and Muslim migrants. Although it is compulsory, it is possible to say that these migrants came to Turkey permanently due to their ties of origin and are included in the labor market.

The second part related to the migration history of the Turkish Republic covers the period of the Second World War, 1939-1945. In order to expand the academic fields of Istanbul Darülfünun (Istanbul University), which was inherited from the Ottoman Empire and was the only university of the period, German academics who opposed Hitler were invited to Turkey with the offer of political asylum and work (Ergin, 2009). Some Austrian, Italian, French and Hungarian academics who were opposed to the fascist movement also immigrated to Turkey (Widmann, 1973). During this period, there were 98 refugee German or Austrian academics working at Istanbul University between 1933-1945, and 56 refugee German or Austrian academics working in Ankara, including government offices, while 21 non-refugee German professors worked in Ankara between 1933-1942 (Widmann, 1973). Although

they are few, foreign academics have made great contributions not only to Turkish higher education but also to socio-economic life. German academics, who played an important role in the restructuring of Istanbul University and the creation of Ankara University and Ankara State Conservatory, published academic research in addition to giving lectures and took part in the weekly conferences of Istanbul University for the public (Akgündüz, 1998). Returning to their countries after the war, German professors succeeded to establish links between their universities in Turkey and Germany. Moreover, the reason why Turkish citizens preferred to go to Germany rather than France, which adopted an open-door policy in the 1960s, was the influence of German academics in Turkey in the previous period (Bohning, 1983). More than 60% of the Turkish workers who went to Germany during this period were from the cities of Istanbul and Ankara (Abadan, 1964).

After the Second World War, between 1950 and 1980, Europe tried to recover economically; It was a period in which mass labor migration from Turkey was experienced due to the lack of population. The economic return of this period to Turkey was remittances. While Turkey has been providing foreign exchange inflows of over \$75 billion from the 1960s until now (İçduygu, 2005); The rate of remittances, which covered more than one-third of the trade deficit in the 1990s, declined to 20% in the early 2000s and 2% in 2004 (İçduygu, 2011). In this period, Turkey dealt more with migration problems at the national level rather than international migration. Economic modernization and intense urbanization have led to an increase in migration from rural to urban areas.

Turkey's real test on international migration began in the 1980s. There were four main reasons for the migration flows in the category of transit and irregular migrants; (1) Political turmoil and conflicts in neighboring countries forcing people to seek hope in other countries, (2) Turkey's geographical location, making a transit route in the East-West and North-South axis, (3) European-targeted migration movements to Turkey in the neighboring country, and (4) Better position of Turkish economy comparing with countries in the region (İçduygu, 2004). The migration influx of this period came from Eastern Europe; the group consisted mostly of Bulgarian migrants with Turkish ethnic identity and coming from Middle Eastern countries; two groups with Iraqi, Iranian and Kurdish populations (Kirişçi, 1991). While the foreign nationals coming from Eastern Europe, numbering about one hundred a year, came to Turkey as the first stop, the majority of them sought asylum in foreign countries and only a very small group preferred to stay in Turkey (European Consultation on Refugees and Exiles, 1981). About 310,000 Bulgarians of Turkish origin, who were forced to migrate by Bulgaria in 1989, immigrated to Turkey and more than half stayed in Turkey and integrated (Vasileva, 1992). There were three reasons for migration from the Middle East: The Iranian Revolution, the Iraq-Iran War, and the Gulf War. While the number of Iranians who came to Turkey during this period was between 200,000 and 1 million, about 27,000 of the 60,000 migrants of Kurdish origin from Iraq were placed in camps in the Southeast, and about 30,000 in third countries (Kirişçi, 1991). However, the fact that the definition of refugee covers only European Union citizens as per the agreement with the European Union caused the exact number of migrants to be unknown (Akcapar, 2006). While the literature of this period reveals that Bulgarian migrants of Turkish origin continued to stay in Turkey, it does not include a detailed analysis of Iranian and Iraqi refugees.

Turkey's last migration experience can be called the post-2000 or the millennium. As in the previous period, the reason for migration is similar also in this period. During the millennium, there are two major mass migration movements that Turkey faced, namely the Syrian and the Afghanistan influxes. The Syrian migration influx is an example of the protest demonstrations launched against authoritarian regimes in the Middle East countries in the 2010s and contained in the literature as the Arab Spring (Lynch, Freelon & Candidate, 2014). Turkey, which adopted an open-door policy in 2011 against the influx of migration from Syria, tightened its border management in 2015 due to increasing security concerns (Altıok & Tosun, 2019). The number of Syrians who migrated to Turkey in these four years was 2.5 million (the Directorate of Migration Management of the Turkish Republic, 2022). Since the tightening in border management, this number has increased to 3.7 million. Although initially seen as temporary, it has been proven by many studies that Syrian migrants will continue to stay in Turkey (Kap, 2014). Another influx of migrants seen in recent years was from Afghanistan and Pakistan. According to the data of the Directorate of Migration Management of the Turkish Republic, the number of Afghan and Pakistani migrants entering Turkey reached its highest level in 2018 and 2019. In these years, the number of Afghan migrants was 100 thousand and 201 thousand, respectively, while the number of Pakistani migrants was 50 thousand and 71 thousand. Migration from both countries remained active, although it decreased somewhat in the following years. The main reason for the migration of citizens of both countries is to see Turkey as a transit country to reach European countries (Kuschminder, 2018).

3. IMMIGRANT ENTREPRENEURS IN TURKEY

There exists a lack of literature on immigrant entrepreneurship in Turkey which can be attributed to several reasons. For one, Turkey has been seen as a transit state for many migrants traveling from the East and passing to the West (Europe). The number of immigrants and foreign firm formation before 2010 is a testament to the lack of interest in Turkey as a country of destination. However, in the past 10-12 years, the number of immigrants as well as foreign firm formation have increased immensely. This is in part due to high number of Syrian populations having settled in Turkey because of the war in Syria. This has paved the way for

other foreigners to make Turkey their home. In addition, the Government of Turkey has tried to garner more foreign investment through schemes that result in Turkish citizenship. The culmination of these different policies and events has quickly turned Turkey into a destination country with people from all over the world making it their home. The numbers continue to rise, and with the increase of immigrants, there has been a steep rise in the number of firms with foreign owners.

Naturally, immigrant entrepreneurship literature in Turkey has benefitted with a number of papers in the past 10 years. The focus of the majority of this literature is on the Syrian migrants that are officially registered at over 3.7 million (DGMM, 2022). Most of the studies are of qualitative nature, focusing on various factors such as social mobility, start-up, sustainability, challenges, opportunities, and integration (Demir, 2018; Shinnar & Zamantılı Nayır, 2018; Atasü-Topcuoğlu, 2019; Abbara, 2020; Duman & Özdemirci, 2020; Karan, Çakır, & Kurtarır, 2020; Uygur, 2020; Chang, 2021). There are also some quantitative studies that examine the effects of Syrian refugee flow on the firm performance and entry (Akgündüz et al., 2018), their effects on business and the informal economy (Altındağ, 2018), and present empirical evidence on microenterprises in refugee camps (Kachkar, 2018).

Entrepreneurship can be a result of push or pull factors in the labor market. One may turn to entrepreneurship because of high unemployment, low employment opportunities, or low wages (Thurik et al., 2008). Similarly, immigrants may also be forced into self-employment as a result of difficulties finding opportunities (Andersson & Wadensjö, 2004) or discrimination in the labor market (Parker, 2004). To the contrary, individuals may see entrepreneurship as an opportunity resulting from economic growth and consumer demand (van Stel et al., 2007). Immigrants may also see self-employment as having more control as well as an opportunity for higher earnings (Locke & Baum, 2007). Other factors such as innovation or leadership qualities may also play a role in stepping towards entrepreneurship among migrants (Baycan-Levent et al., 2003). While a number of motivations exist behind entrepreneurship among migrants, push factors dominate especially among those that have been forced into migration.

Many Syrians have turned to entrepreneurship as a means to sustain themselves in Turkey. Social capital is an essential factor in the city and neighborhood in which they choose to reside and start up their business. Social capital in the shape of kinship and networks plays an important role in not only starting up a business but also sustaining it over time whether that be through financial or other types of assistance (Gültekin, 2018; Duman & Özdemirci, 2020). This may also explain the higher number of Syrians in the border cities of Turkey, making it closer in culture (Atasü-Topcuoğlu, 2019). They are further able to use this social capital in order to gain insights into the market and also reach out to potential customers. Similar findings about the importance of a social network to migrant entrepreneurship had been found by Tas, Citic, and Cesteneci (2012) in the case of Balkan migrants in Turkey and also by Shinnar and Zamantılı (2018) in the case of migrants from different ethnicities in Istanbul. Location also plays a key role, as ethnic communities have high demand for ethnic products hence immigrants open up grocery shops or restaurants in these localities to meet this demand for ethnic products and services.

Cultural knowledge as well as a common language also play a vital role in immigrant entrepreneurship. A common language creates connection with the customer and also a similar background provides for better understanding, therefore services opened by immigrants for immigrants are an important part of the community. Immigrant businesses are able to meet these demands that require specific cultural and language knowledge, which is also one of the reasons sectoral concentrations can be observed among Syrians residing in Turkey (Atasü-Topcuoğlu, 2019). However, this may slow down the social integration within the host communities. Language is seen as a barrier by many Syrians who have established a business in Turkey (Demir, 2018; Kachkar, 2019; Duman & Özdemirci, 2020; Uygur, 2020). This barrier is further augmented by the fact that many migrant businesses will be established in ethnically concentrated areas making it difficult for these migrants to not only learn the local language but also to slow down their integration process. Ethnic concentration in this scenario limits the interaction between locals and migrants, which not only limits the cultural exchange but also effects relationships within the host community. Therefore, migrants remain isolated within their own communities and fail to integrate into the host society in the short to medium term.

Other factors such as a lack of employment opportunities and low wages push migrants into self-employment. The case with Syrian migrants in Turkey is no different in that they seek to establish their own businesses as a result of harsh labor market conditions. Duman and Özdemirci (2020) find that some migrants have been forced into taking up their own business due low wages not being enough for their livelihoods and working long hours which do not justify the wages. In addition, some migrants feel that they are not treated the same as locals and do not enjoy the same privileges as well as facing more difficulties in the labor market (Shinnar & Zamantılı, 2018). Some migrants use labor market opportunities as a steppingstone towards opening their own business. This sentiment is echoed by a portion of Syrian business owners in Turkey who in the past worked in the same field and later established their own business (Duman & Özdemirci, 2020).

There are also many pull factors that have pursued migrants towards entrepreneurship in Turkey. Shinnar and Zamantılı (2018) find that migrants perceive Turkey to have high economic and customer potential, making it an attractive country for business. Some Syrians that have started businesses in Turkey have done so because they had similar work/business back home and wanted

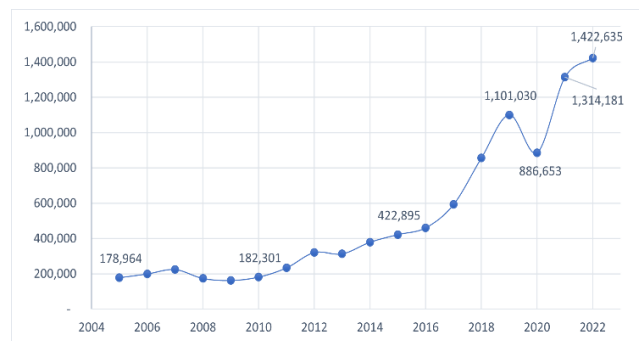
to continue with that business in Turkey (Duman & Özdemirci, 2020). Other pull factors include the increasing number of foreigners in Turkey which has increased the demand for ethnic products.

Though there is some research published within this field of study in Turkey, it is still a very understudied area. In the last five years, a number of articles have been published related with migrant entrepreneurship, but they mostly focus on Syrian migrants since they are the largest group among the migrants. However, when looking over the businesses established with foreign partners, there are many other nationalities that are rising very quickly in numbers. Businesses established with foreign partners from Middle East are on the rise, this could be a result of many things among which the rise in Syrians in Turkey may play an important role. This may be due to the common language (Arabic) among all the Middle East and North African countries.

4. FINDINGS AND DISCUSSION

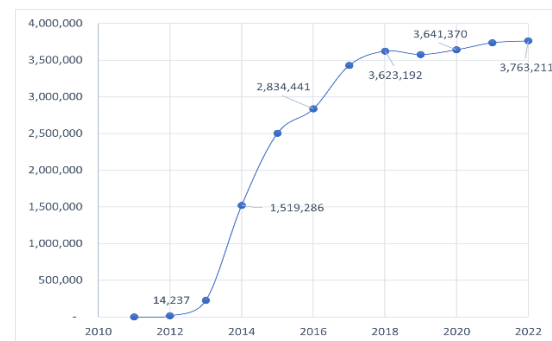
The number of foreigners residing in the Turkey has increased immensely since 2010. There is a seven-fold rise in the data available through DGMM (2022) for 2005 to 2022. This shows the rapid changes that Turkey is going under especially since the beginning of the Syrian Refugee Crisis in 2011. Turkey has quickly become a hub for foreign nationals which is influencing different facets of the country including the demographics, society, and economy. Aside from the current population of over 1.4 million foreigners residing in Turkey, there are more than 3.7 million Syrians residing under the temporary protection status (TPS). In addition, there are a couple thousand irregular migrants of which at the peak in 2019, over 450,000 were apprehended (DGMM, 2022). Rough estimates would put the total number of immigrants in Turkey at over 6 million, which is a little over 7% of the 84 million total population of Turkey.

Figure 1: Number of Foreigners with Residence Permit

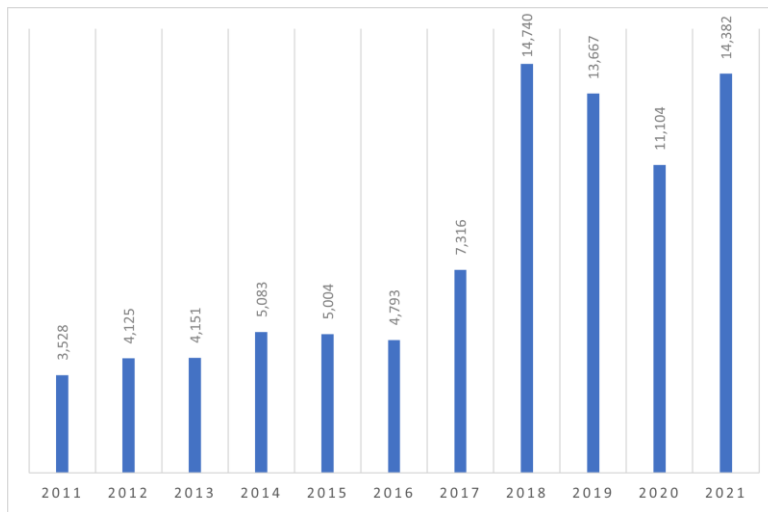


Source: DGMM (2022) – 2022 Statistics are updated till May 13, 2022

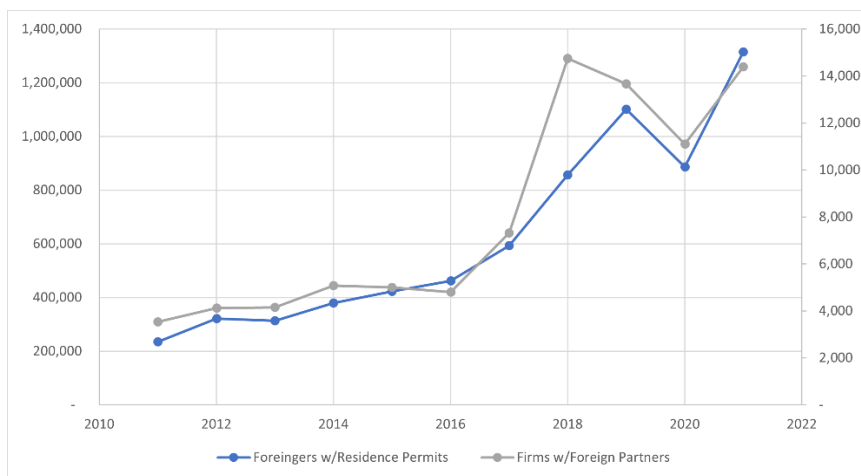
Figure 2: Syrians in Turkey under TPS



While the number of immigrants has increased in Turkey, so have the number of firms established with foreign partners. Since 2011, this number has almost increased five-folds, going from 3,528 in 2011 to 14,382 in 2021. A sharp increase in the numbers can be observed from 2016 to 2017 and onwards, this may be due to the rise of immigrants from 2014 onwards. There seems to be a one-to-two-year lag in the arrivals of immigrants and improvement of new firms with foreigners. This is very natural given that it may take some time for the immigrant to settle, search out the labor market, analyze the consumer market situation, and get situated enough to establish their own business.

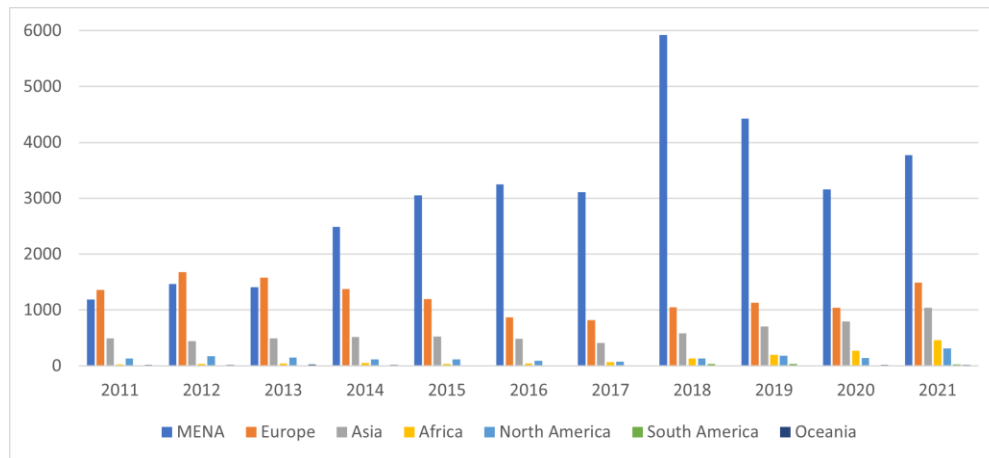
Figure 3: Number of Firms Established with Foreign Partners by Year (2011 – 2021)

Source: TOBB (2022)

Figure 4: Residence Permits Issued and Firms Established w/Foreign Partners (2010 – 2021)

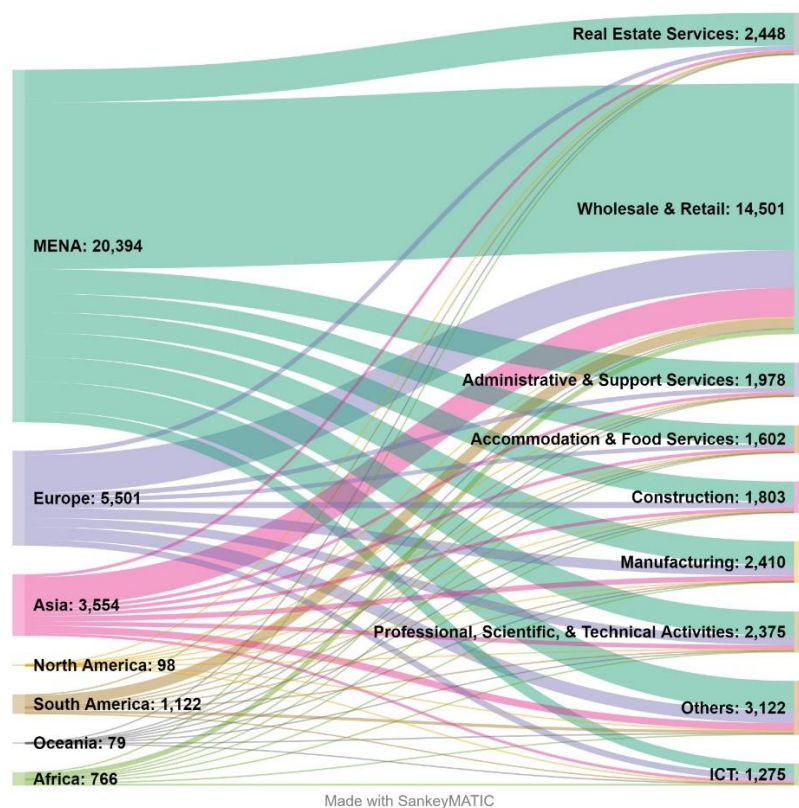
Source: TOBB (2022) & DGMM (2022) – compiled and tabulated by authors

In terms of firms established by foreigners, Turkey is seeing an increasing interest within the immigrant communities from Asia, Africa, and MENA countries. Though nationals from European countries lead the newly established foreign business from 2011 to 2013, MENA countries have taken the lead by a large margin from 2014 onwards. The main reason for this being the influx of Syrian migrants which has not only increased the number of Syrian businesses but has also led to a sharp rise in business formation among nationals from other MENA countries. One possible explanation for this is common language, Arabic is spoken in most of the MENA countries except Israel and Iran. Therefore, nationals from Arabic speaking countries might find it easier to open a business in Turkey due to the large number of Arabic speaking consumers and common culture. In addition, it may be easier to find employees belonging to Arabic speaking countries along with Syrians in the country.

Figure 5: Number of Firms Established with Foreign Partners by Region

Source: TOBB (2022) – compiled and tabulated by authors

Although European and MENA nationals lead in the number of firms established, Asian immigrants are slowly gaining traction in this respect. Their numbers have been increasing, particularly nationals from Pakistan who in 2021 established 258 firms. This is a stark difference from their numbers 5 years ago in 2016, which was at just 16 firms established. Among African countries, Nigeria, Somalia, and Sudan stand out given the rising number of firms established from these nationals. In 2017, Nigerians, Somalis, and Sudanese established 9, 6, and 19 firms respectively, whereas these numbers in 2021 had risen to 89, 52, and 118 respectively.

Figure 6: Firms Established w/Foreign Partners by Region and Sector Invested (2017 to 2021 combined)

Source: TOBB (2022) – compiled and tabulated by authors.

Note: Others include Agriculture, Mining, Electric and Gas Production and Distribution, Water Supply and Water Management, Transportation and Storage, Finance and Insurance Services, Public Administration and Defense, Education, Health and Social Activities, Culture and Art, and other services.

The overview of the last five years shows that Wholesale and Retail sector is the most attractive sector among foreign established firms from all regions. This is possibly due to the low barriers and ease of operations within this sector. Ethnic businesses target several sectors such as Retail and Food Services because of the demand for ethnic products. Foreigners from MENA region have formed nearly 10,000 firms in wholesale and retail and almost 1,100 firms in the accommodation and food services sectors. As the number of foreign firms increases in Turkey, so does the amount of investment. In 2011, a little over \$317.8 million under the 2011 average USD/TL rate (TL 534 million) was invested in Turkey through the formation of new firms. This number has since increased to over \$828.7 million under the 2021 average USD/TL rate (TL 7.3 billion) in 2021. The money invested through foreign firm formation has risen more than 2.5 times from 2011 to 2021, which is a testament to the attractiveness of the Turkish market as well as the friendly business formation and operational conditions within the country.

5. CONCLUSION AND IMPLICATIONS

Immigrants face many difficulties in establishing and sustaining a business. These difficulties can be mitigated through government policies and support programs that focus on assisting both immigrant and local community in their business endeavors. Government can support immigrant entrepreneurs by providing language learning opportunities that focus on business Turkish and culture. This will not only help immigrants to learn the language but also assist them in adaptation of the local culture which may speed up their integration process. Networking events can possibly help the immigrant and local entrepreneurs in exploring opportunities where they can work together to come up with innovative solutions. Local and immigrant partnership can help social integration and bring about a cohesive environment that can help entrepreneurs thrive in new markets.

In order to improve future research work, more data should be made available to researchers. Since 2017, TOBB has been providing detailed data about foreign investors in Turkey which has helped us to provide a more in-depth view of the foreign firms. Micro-level data within each city can further help to observe and analyze the way immigrants form businesses in Turkey. Due to limited data, it is difficult to make concrete conclusions about immigrant entrepreneurship in Turkey. It is also one of the main reasons as to why most of the studies in Turkey are qualitative in nature. Data will help to improve studies on these immigrants which may help to create better policies that focus on creating an improved environment for foreign investors.

Further research may focus on the various cities in Turkey, analyzing the way immigrants conduct their business in different regions. Another aspect that can be examined is the sectoral differences among immigrants from different countries. City-level studies can also be carried out, focusing on ethnic enclaves and their influence on immigrant firm formation in Turkey.

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THE EFFECTS OF AIRPORT SLOT ALLOCATION METHOD ON COMPETITION: EMPIRICAL ANALYSIS OF COMPETITION THROUGH SLOTS AT JFK INTERNATIONAL AIRPORT

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ABSTRACT

Purpose- This study aims to indicate the effects of the current slot allocation method specified in the IATA Worldwide Slot Guidelines, which is used to allocate airport slots to airlines, on airline transport market concentration and competition.

Methodology- John F. Kennedy Airport (JFK), which allocates slots to airlines with the IATA method, was taken as a sample in the study. Airline's JFK slot data obtained from the Federal Aviation Administration's Slot Administration Office were analysed with the Herfindahl-Hirschman Index (HHI) and the n-Firm Concentration Ratio (CRn).

Findings- According to the findings obtained from the analyses, it has been stated that the concentration in the JFK International Airport market is high and the competition is low. It has been determined that the majority of the slots are owned by 3 long-established US airlines using the airport as their base airport, and the remaining slots are shared by many airlines.

Conclusion- As a result of the study, it is revealed how the historical rights and pool system in the current slot allocation method affect concentration, competition, new entrants to the market and the power of new entrants to increase their shares.

Keywords: Airport slot, market concentration, competition, Herfindahl-Hirschman, CRn

JEL Codes: B22, D40, L93

1. INTRODUCTION

The total demand for the air transport sector tends to increase continuously, excluding the temporary recessions in the years when it was affected by global economic crises and events. According to the data of the International Civil Aviation Organization (ICAO), the number of scheduled revenue passengers in the world increased by 66% from 2.7 billion to 4.5 billion between 2010-2019. The amount of cargo carried also increased by 20% from 48 million tons to 57.6 million tons (ICAO, 2019). The number of flights in Europe, which was 9.5 million in 2010, increased to 11.1 million in 2019, within the scope of EUROCONTROL data (EUROCONTROL, 2020).

Air transport was severely affected in 2020, and there was a decrease in passenger transport and flight traffic due to the global Covid-19 epidemic. However, with the start of the normalization process with vaccination and measures, an increase is observed again in 2021. European flight traffic, which fell from 11.1 million to 5 million annually due to the epidemic, has entered an upward trend again based on EUROCONTROL data. The number of flights in Europe will reach the highest level of 11.1 million again in 2024, and it will be 11.8 million in 2027 and will continue to increase according to the forecasts of EUROCONTROL (EUROCONTROL, 2021).

According to Bureau of Transportation Statistics (BTS) data, the flight traffic in the United States reached 10.2 million flights from 9.5 million flights between 2014-2019. The number of revenue passengers, which was 852 million in 2014, increased by more than 200 million in 5 years and reached 1 billion 53 million in 2019 (BTS, 2021). Although the number of revenue passengers decreased to 400 million in 2020 due to the global Covid-19 epidemic, it will exceed 1 billion 600 million in 2040 according to the long-term forecast of the Federal Aviation Administration (FAA) (FAA, 2021).

Increasing flight traffic creates airport capacity problems. Although building new airports seems to be the first solution that comes to mind, this process is not as easy as it seems because it requires cost, space, and time. For this reason, slot

applications are carried out for capacity control at airports. These applications take place in the form of allocating airport slots to airline operators by considering various criteria.

This study aims to reveal the effects of the current airport slot allocation method on the competition and market structure in airline transportation by using economic indices. As a result of the findings obtained in this context, it is intended to evaluate the current slot allocation system.

Firstly, the concept of slot and the method used to allocate slots are stated in the study. Besides, studies addressing the problems brought by the current slot allocation method and studies measuring market concentration and competition in air transport are mentioned separately. In the next stage, the slot data of the airline companies flying to JFK Airport were analysed with the n-Firm Concentration Ratio and Herfindahl-Hirschman indices and the findings were interpreted. Based on the findings, how and to what extent the current slot allocation method affects market concentration and competition is revealed in the conclusion section.

2. LITERATURE REVIEW

2.1. Slot Concept and Current Slot Allocation Method

Slot means the permission required by the airline operators to land and take off at an airport at certain times and to use the entire infrastructure of the airport during this time. Airports in almost all European countries and a few airports in the USA allocate slots to airline operators in accordance with the Worldwide Slot Guidelines (WSG) published by the International Air Transport Association (IATA) in the current system (IATA, 2019).

IATA divides airports into 3 categories according to their density. Category 3, in other words, coordinated airports, are the busiest airports and airline operators need to have slots for flight planning. Slots are allocated to airlines seasonally, in summer and winter. In the current slot allocation method, the first criterion when allocating slots to airlines is "Grandfather Rights" based on historical priority. According to these rights, an airline can hold this slot indefinitely as long as it is 80% or more compatible with the slot it had in the previous year. If the airline stays below the 80% limit and loses its slot, this slot is transferred to the slot pool. 50% of the slots transferred to the pool are allocated to airlines that do not currently have a flight at the airport that has just entered the market, according to other criteria determined by IATA (IATA, 2019). Although the pool system is a practice introduced to remove the barrier to new entrants to the market, it is thought that the historical rights called grandfather's rights to give new entrants a disadvantage and affect competition negatively. The disadvantageous situation of new entrants will bring the market closer to a monopoly structure and will prevent the increase of competition despite the increasing demand for air transport. The lack of competition in a market negatively affects the development of the sector and especially the benefit provided by consumers in many ways when we consider it from an economic point of view. (Dotecon, 2001).

2.2. Studies on Slot Allocation Problems

The problems caused by the method currently used in allocating slots to airlines have been expressed by many researchers in the literature. Matthews and Menaz (2003) conducted a literature review on various slot allocation methods and slot pricing at airports in their compilation study on airport capacity and slot allocation problems. They evaluated the current system of slot allocation in terms of pricing, auction, secondary trading, and administrative regulations. Researchers concluded that it might be appropriate to use the methods in a balanced way when performing the slot allocation process. They suggested retaining some of the existing allocation system based on historical priority when allocating slots to Airlines, but also using various pricing mechanisms. They determined that as a pricing mechanism, a high price method can be used for slots when demand is high, and a low price for slots when demand is low. They also emphasized that the slot pool system should continue due to attract new entrants to the market and allow competition. Madas and Zografos (2006), conducted a compilation study on slot allocation methods as well. They have mentioned the problems of the current method. Researchers evaluated the methods that can be used for slot allocation and the integration of these methods with each other, in their research. Uslu (2015) conducted a literature review and case study on the slot problems at airports in Turkey, using the compilation method. He emphasized that the current method of slot allocation causes unfair competition. Suggestions were made such as creating a website where users can access slot information, re-evaluating the slot instruction in terms of language, and eliminating the gaps in the control mechanism in his study. He also suggested that the slot allocation be made by the largest airport operator in Turkey (General Directorate of State Airports Authority (DHMI)) in the form of sales by the tender method in order to reach a long-term solution. He stated that when implemented in this way, slot allocation will be fairer and more transparent in terms of competition and that the revenues obtained can be used to improve this system and increase airport capacities in terms of infrastructure in the long term. Ates and Uzulmez (2016) discussed the classification of slot allocation through semi-structured interviews with two different employees, one working in the airport and the other in an airline company. They made suggestions regarding the improvement of the slot coordination system used at Atatürk Airport. There is no auction approach in the current slot allocation system at Atatürk Airport. Therefore, they concluded that a purely economic approach would cause some problems and may lead to monopoly, especially in airports such as Atatürk

Airport, which do not have other alternatives around. Cengiz (2012) examined the slot allocation practice in the European Union and Turkey. He explained the historical development and basic concepts of slot allocation in order to make a legal assessment of the allocation in his study. In addition, he stated how the national and international regulations based on the slot allocation and the application method of the slot allocation will be with these regulations. Besides, he discussed the legal nature of the allocation, the slot trade, the improper allocation process, and the improper use of the allocated time slots. He stated that there are deviations from EC 95/93 (the EU regulation on common rules for the allocation of slots at Community airports) in the Slot Implementation Instructions of DHMI (General Directorate of State Airports Authority) applied in Turkey. He discussed what will happen in Turkey when this regulation is implemented correctly in terms of form and content, according to the model proposed. He concluded that the barrier to entry to the market, which is in the content of the current slot allocation method, will reach a sufficient solution in terms of the market, considering the scope of the aviation sector in Turkey. In addition, he argued that it is unfair for DHMI, which is also the airport operator, to have the authority and responsibility for slot allocation for Turkey. He explained that it should be transferred to the Directorate General of Civil Aviation of Turkey (DGCA) in the first stage and a legal entity of private law in the last stage. Erol and Karaman (2016) researched the factors that determine airport capacity and slot coordination management and evaluated the role of slots in the aviation system. It is stated that when the optimum distribution of demand is ensured with slot allocation, it will be possible for more airlines to fly to that airport. The researchers argued that the historical slots, which the airlines qualify as inalienable rights, prevented the establishment of a competitive balance in the market. They stated that airlines should be penalized by the authorities for improper use since slots are an important factor in ensuring competition. They also emphasized that the most comprehensive authority on this issue is IATA. Avenali et al. (2015) studied the efficiency of the current slot allocation method. They stated that the historical rights in the current method push airlines to use them inefficiently in order not to lose their slots. they aimed to prevent inefficient slot usage, in their research. They proposed an incentive pricing mechanism for airport slot allocation for this purpose.

2.3. Studies Measuring Competition and Market Concentration in Air Transport Industry

Some studies measure market concentration in various ways in the air transport sector. Measurements are generally made over the shares of airline companies from passengers, cargo, or traffic. Clougherty (2002) analysed the concentration of international country pair markets and domestic markets among 21 developed aviation countries for the period 1983-1992 using the Herfindahl-Hirschman index. Yaşar and Kiracı (2018) analysed the market structure and competitiveness of the worldwide air transport market using the n-Firm Concentration Ratio, Herfindahl-Hirschman, Entropy and Comprehensive Concentration Indices. Mantin and Koo (2009) investigated market concentration as one of the factors in their study on the factors affecting price distribution in the airline industry. They used the Herfindahl-Hirschman index to measure the concentration in the US domestic market. Giaume and Guillou (2004) examined the relationship between price discrimination and concentration in the European air transport market using the Herfindahl-Hirschman index. Johnston and Ozment (2011) analysed the concentration in the US airline industry between 1970 and 2009 with the Herfindahl-Hirschman and n-Firm Concentration Ratio indices. Oliveira and Oliveira (2018) measured the market concentration in the Brazilian air transport city-pair market between 2002 and 2013 with the Herfindahl-Hirschman and n-Firm Concentration Ratio indices. Yang (2016) investigated the relationship between passenger demands and influential factors based on direct flights on Taipei, Shanghai, Seoul and Tokyo airport pair routes. He used the Herfindahl-Hirschman index to measure the market concentration on these routes. Zhang et al., (2020) analysed the market concentration of the China air transport market using the Herfindahl-Hirschman and the market power of Chinese airline companies using the Lerner index to reveal the impact of high-speed rail transport in China on the airline market. Grosche et al., (2020) used the Herfindahl-Hirschman index to measure the market concentration before and after the bankruptcy of Air Berlin to reveal the impact of the bankruptcy on the German air transport market. Yaşar and Gereke (2018) conducted a concentration analysis by considering each city pair as a separate market in domestic airline transportation in Turkey. They used the n-Firm Concentration Ratio, Herfindahl-Hirschman Index and Entropy Index to measure the concentration in the market structure of 1447 city pairs in Turkey. Sarıbaş and Tekiner (2015) measured the market concentration and competition in the Turkish civil aviation industry between 2011 and 2013 with the n-Firm Concentration Ratio and Herfindahl-Hirschman indices. Yaşar et al., (2017) used the n-Firm Concentration Ratio and Herfindahl-Hirschman Index to analyse the market concentration and competition level in the air transport market of the five largest airports in Turkey.

3. METHODOLOGY

John F. Kennedy (JFK) International Airport, an airport in the USA that allocates slots to airlines according to IATA Worldwide Slot Guidelines, is discussed in this study. It is aimed to determine the market concentration ratio and competition situation by examining the distribution of the slots allocated to the airline companies operating at JFK Airport.

The data of the 2019 winter season slots at JFK Airport and the data of the airlines that have these slots were used in the research. Data were obtained from the Federal Aviation Administration Slot Administration Office (FAA, 2021).

All coordinated (Level 3) airports constitute the main population of the research. The fact that most countries' airport or civil aviation authorities do not share slot data with the public limits the research. JFK Airport was chosen as a sample in this study because the FAA shares its slot data with the public.

The obtained slot data were analysed with the n-Firm Concentration Ratio (CR_n) and Herfindahl-Hirschman Index (HHI) methods, which are used to measure market concentration and competition in economics. Market concentration can be expressed as the distribution of enterprises in terms of number and size. Increasing concentration means that economic activities in the market are carried out with fewer businesses. Therefore, there is an inverse relationship between concentration and competition. Markets with high concentration approach the monopoly, and markets with low concentration approach the perfect competition market (Yıldız, 2012).

The n-Firm Concentration Ratio, which is the first of the methods used, expresses the sum of the market shares of the 'n' companies with the largest market share operating in the market as it is seen in Eq. (1). The index result is between 0-100 and as the value increases, concentration increases and competition decreases. It is calculated as follows (Su, 2003):

$$CR_n = S_1 + S_2 + \dots + S_n = \sum_{i=1}^n S_i \quad (1)$$

S: Market share of a firm; n: Number of firms

The other method, the Herfindahl-Hirschman Index, is the sum of the squares of the market shares of all businesses operating in the market. It is shown in Eq. (2). A value between 0-10000 is obtained and as the value increases, concentration increases, competition decreases, the market approaches monopoly. It is calculated as stated below (Su, 2003):

$$HHI = S_1^2 + S_2^2 + S_3^2 + S_4^2 + \dots + S_n^2 = \sum_{i=1}^n S_i^2 \quad (2)$$

The common aspect of the studies carried out using the same method in air transportation is that the market shares of the enterprises are evaluated as the number of passengers carried, the amount of cargo or the number of flights between two points. The market of airline companies is considered as the airport and their market share is considered as the slots they hold at the airport in this research.

4. ANALYSIS AND FINDINGS

The distribution of JFK slots to airlines for the 2019 winter season is given in Table 1. The "number of slots" in Table 1 corresponds to the total number of landing and take-off slots an airline has during the day. Slots held less than 5 days a week are not included in the table. This is how the Federal Aviation Administration shares the data of the slots that airlines have with the public.

Table 1: Airlines Flying to JFK International Airport and Their Number of Slots

CODE	AIRLINE	NUMBER OF SLOTS
AAL	AMERICAN AIRLINES	212
AAR	ASIANA AIRLINES	2
AEA	AIR EUROPA	2
AFL	AEROFLOT	4
AFR	AIR FRANCE	10
AIC	AIR INDIA	2
AIJ	ABC AEROLINEAS dba INTERJET	8
AMX	AEROMEXICO	10
ANA	ALL NIPPON AIRWAYS	4
ARG	AEROLINEAS ARGENTINAS	2
ASA	ALASKA AIRLINES	24
AUA	AUSTRIAN	2
AUI	UKRAINE INT'L AIRLINES	1
AVA	AVIANCA	6
AZA	ALITALIA	8

BAW	BRITISH AIRWAYS	20
BEL	BRUSSELS	2
BWA	CARIBBEAN AIRLINES	5
CAL	CHINA AIRLINES	1
CCA	AIR CHINA	2
CES	CHINA EASTERN AIRLINES	3
CMP	COPA AIRLINES	2
CPA	CATHAY PACIFIC	7
CSN	CHINA SOUTHERN AIRLINES	2
DAL	DELTA AIR LINES	401
DLH	DEUTSCHE LUFTHANSA	6
EIN	AER LINGUS	6
ELY	EL AL ISRAEL AIRLINES	1
ETD	ETIHAD	4
EVA	EVA AIRLINES	1
FDX	FED EX	4
FIN	FINNAIR	2
HAL	HAWAIIAN AIR	2
IBE	IBERIA AIRWAYS	4
ICE	ICELANDAIR	2
ICL	CARGO CARRIER	2
ISS	AIR ITALY	2
JAL	JAPAN AIR LINES	4
JBU	JETBLUE AIRWAYS CORP.	334
KAC	KUWAIT AIRWAYS	2
KAL	KOREAN AIR	3
KAP	CAPE AIR	4
KLM	KLM ROYAL DUTCH	4
KQA	KENYA AIRLINES	2
LAN	LAN AIRLINES	4
LNE	LAN ECUADOR	1
LOT	LOT - POLISH AIRLINES	2
LVL	LEVEL	2
MSR	EGYPT AIR	2
NAX	NORWEGIAN AIR SHUTTLE	5
NRS	NORWEGIAN AIR UK	3
PAC	POLAR AIR CARGO	2
QFA	QANTAS AIRLINES	2
QTR	QATAR AIRWAYS	4
RAM	ROYAL AIR MAROC	2
SAA	SOUTH AFRICAN AIRWAYS	2
SIA	SINGAPORE AIRLINES LIMITED	2
SVA	SAUDI ARABIAN AIRLINES	2
SWR	SWISS INTERNATIONAL AIRLINES	6
TAM	TAM BRAZILIAN AIRLINES	2
TAP	TAP-AIR PORTUGAL	1
THY	TURKISH AIRLINES, INC.	3
UAE	EMIRATES	4
UAL	UNITED AIRLINES	45
UPS	UNITED PARCEL SERVICE	2
VIR	VIRGIN ATLANTIC AIR	9
VIV	VIVA AEROBUS	2
VOI	VOLARIS	2
WJA	WESTJET	2
TOTAL	69 AIRLINES	1244 SLOTS

Source: FAA - Slot Administration Office

As seen in Table 1, there are a total of 69 airlines with slots (at least 5 days a week) at JFK Airport in the winter season of 2019. The total number of slots at JFK airport (held at least 5 days a week) is 1244. In the following sections, the data in this table were used in the analyses performed with the N-Firm Concentration Ratio and Herfindahl-Hirschman indices.

4.1. Evaluation of JFK International Airport Slot Distribution According to CR3 Index

3 airlines holding the most slots at JFK Airport in the winter season of 2019 are discussed within the scope of this analysis. The slot shares at the airport are obtained by dividing the number of slots the airlines own by the total number of slots of all airlines, and this value was considered the market share. Table 2 shows the 3 airlines with the most slots and their slot shares in the winter season of 2019.

Table 2: 3 Airlines Holding The Most Slots - CR3 Index

CODE	AIRLINE	NUMBER OF SLOTS	SLOT SHARE (%)
DAL	DELTA AIR LINES	401	32,23
JBU	JETBLUE AIRWAYS CORP.	334	26,85
AAL	AMERICAN AIRLINES	212	17,04
CR3 INDEX			76,13

Table 2 shows that Delta Air Lines, which has the most slots with 401 slots at JFK Airport, has approximately 1/3 of the total slots. It is followed by Jetblue Airways with a slot share of 26.85% and American Airlines with a slot share of 17.04%. These airlines are also 3 airlines that use JFK Airport as a hub airport. Only 3 of the 69 airlines flying to JFK Airport brought the Concentration Ratio Index to 76.13. This finding means that only 3 airlines hold 76.13% of the total slots. In other words, 23.87% of the slots at JFK airport are shared by 66 airlines. According to this finding, JFK Airport has an oligopoly market structure, and the market concentration is high when it is evaluated through slots.

4.2 Evaluation of JFK International Airport Slot Distribution According to HHI Index

The number of airlines according to the number of slots they hold in the winter season of 2019 and the Herfindahl-Hirschman Index obtained from the slot shares of all 69 airlines are shown in Table 3. In Table 3, "number of slots" corresponds to the total number of landing and take-off slots an airline has during the day (for at least 5 days a week) in JFK (refer to Table 1), while "number of airlines" indicates how many airlines have that number of slots.

Table 3: Number of Airlines According to The Number of Slots - HHI Index

NUMBER OF AIRLINES	NUMBER OF SLOTS
3	More than 100
5	Between 10-100
10	Between 5-9
15	3 or 4
36	1 or 2
HHI INDEX	2076,15

As indicated in Table 3, the number of airlines that have 1 or 2 slots at the airport is more than half of the total number of airlines (36 of 69 airlines). The airlines which hold more than 100 slots are the 3 airlines that use JFK Airport as a hub. There is an inverse relationship between the number of slots owned and the number of airlines holding the slot. The HHI index calculated through the market share is 2076,15. According to the index result, the market concentration is high, and the level of competition is low at JFK Airport (European Commission, 2004).

If we compare the 2 indices with each other, The concentration value in the HHI index (2076.15) is more moderate than the concentration value in the CR3 index (76.13) (Kvalseth, 2018). This is due to the fact that there are many airlines (69) in the market, but 3 airlines based in JFK own most of the slots, while other airlines share the rest of them. The fact that many airlines have slots (albeit a small amount), and they compete among themselves prevents the HHI index from getting excessively high, while the fact that only 3 airlines have 76.13% of the slots causes the CR3 index to be high.

5. CONCLUSIONS

The allocation method specified in IATA Worldwide Slot Guidelines used when allocating airport slots to airlines is discussed in the study. It is aimed to indicate the effects of this slot allocation method on the competition and market structure at the

airport. Empirical analysis of the distribution of slots allocated to airlines at JFK airport was made using the n-Firm Concentration Ratio and Herfindahl-Hirschman Indices.

As a result of the research, according to the slot distribution of the airport, it is seen that the market concentration is high and the competition between the airlines is low. Historical rights, which are the main basis of the slot allocation method, provide a highly competitive advantage to the airlines that have held the slots at the airport in the past. Airlines are not completely prevented from entering the market under the current slot allocation method, as it is the rule that 50% of the lost slots are allocated to the new airline operators. Although airlines that have just entered the market are entitled to have slots, the number of slots they hold is limited to a few, as this rule only provides advantages for new entries to the market, as revealed in the research. Therefore, it does not seem possible for the airlines that have just entered the airport to increase their slots as much as the airlines that have been flying at that airport in the past. This shows that the current slot allocation method prevents competition among airlines.

The right to hold the slot unlimitedly as long as it is used, provided to the airlines by the historical rights, can be re-evaluated in order to increase competition. In addition, the slot pool system can be arranged in a way that not only provides benefits to newly entered airlines but also provides an advantage to airlines that have a small number of slots.

Some studies contain opinions that the current slot allocation system prevents competition or causes unfair competition in the literature. This study indicates the level of competition at the airport with empirical analysis. The study was conducted by selecting JFK Airport in the USA as a sample since airports in Europe mostly do not share slot data. The samples can be diversified and compared with each other by using the same method in the next research if the airports share their data transparently with the public. In addition, since the slots of the airports are reallocated each season according to the specified criteria, there will be changes in the concentration and competition situation in the market over time. Therefore, the study can be repeated at certain time intervals and the results can be compared with each other.

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EFFECT OF EXPORT LEARNING CAPABILITY AND MANAGEMENT EXPERIENCE ON EXPORT PERFORMANCE

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ABSTRACT

Purpose- All firms strive for a competitive advantage in their domestic and international markets, and they are constantly looking for new methods to differentiate themselves from competitors. Exports can be viewed as a strategic activity at the firm, industry, and national levels. However, some tactics are required to be successful in exporting. The goal of this study was to see how export learning capability and management experience affected export performance in Iranian handmade carpet enterprises, with the chaotic environment acting as a moderator and internal export barriers acting as a mediating factor.

Methodology- This study's statistical population includes 129 managers from Iranian handmade carpet export enterprises. The questionnaire was distributed to all managers, and 124 questionnaires were distributed. During the pre-test, the questionnaire's validity and reliability were assessed.

Findings- Data analysis by using PLS software and research findings demonstrate that export learning capability and management experience have an impact on export performance, with the turbulent environment moderating and internal export barriers mediating.

Conclusion- Exporting is a critical initial step for firms to develop and invest in in order to reach global markets and extend their international activities.

Keywords: Export performance, export learning capability, management experience, internal export barriers, export environmental turbulence

JEL Codes: E30, F20, M10

1. INTRODUCTION

All firms seek competitive advantages in their domestic and international markets, as well as new solutions to separate themselves from their competition. The export learning capability ensures a close contact between the corporation and its clients, which improves business success (Narver and Slater, 1990; Kirca et al., 2005). Export learning qualities, such as the willingness to understand customer wants and demands, monitoring competing actions, and efforts to develop synergy between organizational units, have been proved empirically to improve export performance (Cadogan et al., 1999; Kwon and Hu, 2000).

Export learning capability is critical because, in comparison to domestic markets, export environmental turbulence is more turbulent and more influenced by external factors (Cadogan et al., 1999). The ability of a corporation to acquire and distribute export information throughout its operational units, leading to a grasp of the opportunities and difficulties of the export environment, is referred to as learning capability. According to organizational learning theory, the process of learning about export markets provides the organization with abilities and perspectives that lead to organizational capacities (Jiménez-Jiménez and Cegarra-Navarro, 2007). It enables businesses to convert precious, scarce, unique, and volatile talents into positive export performance. As a result, it is believed that export learning capability influences export performance.

Business environment turbulence, on the other hand, involves changes in the export market that are outside the exporting company's control and can appear as consumer turbulence or rival turbulence (Johnson et al., 2003; Hanvanich et al., 2006).

The dynamic character of client requests over time is referred to as customer turbulence (Jaworski and Kohli, 1993; Helfat et al., 2007). Customer turbulence is generated by the presence of new customers who have different wants than present customers or is the result of ongoing changes in current customers' likes and preferences (Hanvanich et al., 2006). To flourish in such contexts, and to meet customer expectations, firms must employ strategies that lead to the change and adjustment of methods of production and distribution of products to customers (Moorman and Miner, 1997). As a result, the relationship between the export learning process and export performance will be stronger in high-turbulence export environments than in low-turbulence export environments (Hanvanich et al., 2006; Olabode et al., 2018). Competitor turbulence, or the amount of rivalry in the export market, can have an impact on the organization's export profitability (Kohli and Jaworski, 1990). Organizational action in competitive export markets necessitates an effective export learning process in order to gather knowledge of the advantages and possibilities that competitors provide customers for similar products and services. By researching competitors' plans and activities, as well as changing client demands, export learning capability assists organizations in developing new ideas and competitive advantages. As a result, it is believed that the impact of export learning capability on a company's export success is larger in competitive export environments than in others (Olabode et al., 2018). As a result, it is argued that the volatile export environment moderates the effect of export learning aptitude on export performance.

Meanwhile, the management modify and influence the company's marketing approach. Managers with international market experience can evaluate complex markets in order to establish and implement relevant strategies (Cavusgil and Zou, 1994). International management experience broadens managers' perspectives, resulting in the formation of wide cognitive bases (Lages et al., 2008) and an increased capacity to sell internationally. As a result of its management experience, the company is able to smooth its export path and boost its export performance. As a result, it is believed that management experience influences export performance.

Management experience improves fundamental management skills. Researchers have demonstrated the significance of managerial expertise for organizations in expanding markets (Christensen and Da Rocha, 1994). According to several research, competent managers can detect and capitalize on opportunities while avoiding risks (Lages et al., 2008). The company's export activities are hampered by a lack of management experience (Ibeh, 2004). Export barriers are greater for enterprises with limited expertise in international trading than for other companies. This is due to their unfamiliarity with the specific features and procedures of export processes (Madsen, 1987). As a result, an increase in management expertise can be linked to a reduction in internal barriers to export. Meanwhile, export restrictions have an impact on the firm's export performance (Aaby and Slater, 1989; Zou and Stan, 1998).

Internal export obstacles are features of a corporation that are usually related to available organizational resources and export marketing tactics. Internal obstacles might be company-related or product-related. Internal barriers are associated with insufficient marketing organizational resources (Zou and Stan, 1998), and various research have found that management's perception of export barriers influences export performance (Aaby and Slater, 1989; Zou and Stan, 1998). According to empirical studies, there is an inverse link between management's grasp of export hurdles and export performance (Madsen, 1998). As a result, internal export barriers are thought to play a mediating role in the effect of management experience on export performance. As a result, the key study issue is what effect export learning capacity and management experience have on export performance, with the chaotic environment acting as a moderator and internal hurdles to export for Iranian handwoven carpet enterprises acting as a mediating factor. In this research, the effect of export learning ability and management experience on export performance with the moderating role of the turbulent environment and the mediating role of internal export barriers in Iranian handwoven carpet companies is evaluated.

2. LITERATURE REVIEW

2.1. Export Performance

Positive corporate growth is achieved through performance. Exporting can be viewed as a strategic activity at the corporate, industrial, and national levels. Companies should seek out new market prospects, and by anticipating future market wants and opportunities, participating in emerging markets, creating the environment, and introducing new products and brands, they can stay ahead of their competitors (Harrington, 2006).

Performance is the qualitative or quantitative evaluation of all planned efforts and results to meet the specified goals (Albaum et al., 2015). Export performance is a strategic aim that is attained through the planning and design of export marketing strategies (Olabode et al., 2018). In fact, one of the most essential ways to join international markets is through export performance. In fact, the extent to which the company's economic and strategic goals in export are realized reveals the export performance (Ortigueira-Sanchez et al., 2022).

2.2. Export Learning Capability

The export learning capability ensures a close contact between the corporation and its clients, which improves business success (Kirca et al., 2005). Learning is an important human attribute; employees of the company acquire knowledge before and during their service; this knowledge remains after they enter the organization in a specialized form, as do the skills required to carry out the activities.

While obtaining information and practical knowledge, information is also created, shared, amended, interpreted, and kept in the organization, which is referred to as organizational knowledge. The application of organizational learning to this process of transferring learning to develop and improve the organization is owing to the fact that this sort of learning is essentially an organizational phenomenon.

This sort of learning is used to adapt the organization to its surroundings and to update employees' and eventually the organization's knowledge in order to attain effectiveness (Templeton et al., 2002). According to Argyris and Schon (1978), organizational learning is a method for solving issues, discovering, and improving the organization's line. Organizational learning can be defined as a set of procedures that result in the improvement of actions by incorporating shared knowledge into individuals' and organizations' beliefs and assumptions (Graham et al., 2006). As a result, the following is hypothesized.

H₁: Export learning capability has a significant effect on export performance.

2.3. Export Environmental Turbulence

Turbulence in the business environment refers to developments in the export market that are beyond the exporting company's control and can appear as customer or competition turbulence (Hanvanich et al., 2006). Increasing global competition has prompted more businesses to explore chances in overseas markets in order to achieve their objectives and ensure their market position and survival. Exporting has long been the most popular strategy for small and medium-sized businesses to reach the worldwide market. Exporting, in its most basic form, involves minimum financial and human resources, as well as other necessary resources, which includes less investment and financial risks and allows for greater structural and strategic market flexibility. However, winning the export market is not a simple task, due to the multiple, different, and unique nature of the foreign environment (Papadopoulos and Martín 2010).

Environmental changes have a significant and unmistakable impact on any organization's strategy and success or failure. Many organizations that had been profitable and successful for years have faced insolvency and death as a result of changing environmental coordinates and simply failing to keep up with these changes and advances. In other words, how to cope with the environment and environmental changes (turbulences) is a significant and effective component of the organization's orientation (strategy) (Stanleigh, 2008). Environmental turbulence encompasses both market and technological volatility. Environmental turbulence comprises market preference and demand heterogeneity and fluctuation, as well as the company's ability to respond to them. Technological turbulence, on the other hand, demonstrates both the instability of technology and the rapidity of innovation, causing businesses to adapt their methods to deal with it. If nothing changed, managers' jobs would be very basic, and planning would be straightforward (Stanleigh, 2008). Change is an organizational reality, and dealing with it is one of managers' responsibilities. Experts describe the contemporary management environment as turbulent, and they feel that employees should be able to easily adjust to the modern work environment's constant changes and turbulences. Despite the efforts of organizational managers to generate transformation and change, recent polls suggest that more than 75% of organizational change attempts have failed or did not result in the expected outcome (Stanleigh, 2008).

Environmental turbulence depends on a firm's health and risk level (Escandon-Barbosa et al., 2019). Export environmental turbulence is a contingency factor that is outside of the company's control, according to Khan Niazi et al. (2019). They claimed that rapid changes in competition and technology define environmental turbulence. According to Leemput (2021), factors that affect export performance include high levels of corruption, high tax rates, distance from the destination country, and the language of the destination country. Financial, product, administrative, human capital, and cultural export barriers are also described by researchers (Mataveli et al., 2022). Noureen and Mahmood (2022) drew attention to the difficulties in transporting export goods. These obstacles may include a nation's percentage of the global fleet, the size density of its roads and railways, the flow of containers through its ports, the volume of freight carried by air, the number of fixed and mobile phone subscribers, traveler approval levels, electric power consumption, and aircraft departures. As a result, the following is hypothesized.

H₂: An Export environmental turbulence moderates the effect of export learning capability on export performance

2.4. Management Experience

Experience refers to all of the abilities and knowledge about some phenomena and subjects that result from interacting with that subject and engaging with that phenomenon over a period of time. Management experience improves basic

management skills, and experienced managers can identify and capitalize on opportunities while avoiding risks (Lages et al., 2008). As a result, the following is hypothesized. As a result, the following hypotheses are proposed.

H₃: Management experience has a significant effect on export performance.

H₄: Management experience has a significant role on internal export barriers.

2.5. Internal Export Barriers

Internal export obstacles are part of a company's internal characteristics and are typically tied to accessible organizational resources and export marketing tactics (Leonidou, 2004). Internal obstacles might be company-related or product-related (Tesfom and Clemens, 2006). Internal barriers are caused by a lack of marketing resources within the organization (Zou and Stan, 1998).

There are numerous structural, procedural, operational, and behavioral constraints that prevent producers from exporting, developing, and maintaining their export capability. Some corporate export restrictions have internal roots, while others are caused by the company's external environment. Obstacles, on the other hand, might be classified as subjective or objective. In this instance, there will be four types of obstacles: objective internal, subjective internal, objective external, and subjective external. However, the form of these hurdles, as well as their frequency, importance, intensity, and weakness, can alter in each step of the company's export activity. Solving export hurdles is critical for companies in the early phases of exporting because if enterprises cannot respond to these barriers in the early stages, they will cease export activities entirely. Of course, various companies in the same stage may perceive different hurdles. One of the most critical issues preventing exports is a lack of awareness of possible markets for the development of export activities, as well as a lack of sufficient financial resources and overseas markets. As a result, the following hypotheses are proposed.

H₅: Internal export barriers have a significant impact on export performance.

H₆: Internal export barriers mediate the effect of management experience on export performance.

The classifications of internal and external export barriers presented as follows.

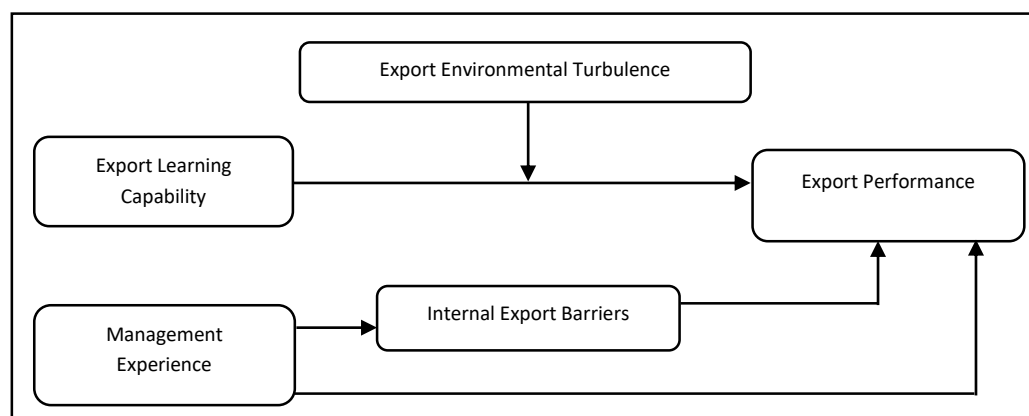
Table 1: Internal and External Export Barriers

Barriers		
Internal	<ul style="list-style-type: none"> • Lack of adequate and appropriate training of export department employees • Insufficient production capacity • Lack of management staff • Lack of capital and financial problems to finance exports • Limited information for foreign market presence and analysis 	<ul style="list-style-type: none"> • Administrative affairs in carrying out export procedures • Lack of incentives or government support
External	<ul style="list-style-type: none"> • Wide and different standards for the product • Lack of sufficient access and presence of representatives • Risks and high sales costs • Inability to offer competitive prices • Inability to provide technical and after-sales services • Absence or insufficiency of external distribution channels • High cost of transportation with and access 	<ul style="list-style-type: none"> • Different habits and behaviors of foreign consumers • Lack of understanding of foreign trade procedures • Having language and communication problems • Imposing tariff and non-tariff barriers • Intense competition in foreign markets • Exchange rate fluctuation • Restrictions due to laws and regulations

3. METHOD

Based on the previous research and the mentioned research literature, the following conceptual model (Figure 1) is presented.

Figure 1: Research model



This study's statistical population includes managers from 129 Iranian enterprises involved in the export of handwoven carpets. All of the companies were chosen as the sample size based on the statistical population, and the questionnaire was circulated and collected in the form of a census among all of the managers of the handwoven carpet exporting companies. A questionnaire is also employed in this study to acquire the relevant data regarding research variables and test hypotheses.

Descriptive statistical methods such as frequency table, mean, percentage, graph, correlation coefficient from SPSS, Excel, and Smart PLS were used to evaluate and interpret the data acquired from the questionnaires and answer the study hypotheses. The survey items in this study were scored on a scale of 1 (strongly disagree) to 7 (strongly agree). The things on the scales are listed in the Table (2).

Table 2: Scales Items

Scale	Scale Items	References
Export Learning Capability	Meeting with potential export buyers Examination of the requirements of export customers Customers as a source of export market information Inquiring about customers' wants Sharing client information in order to gain access	(Olabode et al., 2018)
Export environmental turbulence	Priorities of export customers in respect to changing products The product choices of export consumers differ greatly Export competitive environment dynamics There have been numerous developments in the export market	(Olabode et al., 2018)
Management Experience	The level of professional experience of export managers Managers' international work and personal experience The condition of international business education Managers' ability to follow commercial paths in significant importing markets	(Adu-Gyamfi and Korneliussen, 2013)
Internal Export Barriers	The number of people working in the export department. Hiring individuals and contracting with suitable firms to complete certain tasks Enough time to manage export affairs Extensive obligations when it comes to exports	(Adu-Gyamfi and Korneliussen, 2013)
Export Performance	The state of export sales volume in relation to the desired performance indicators The status of export sales growth in relation to key performance factors The status of export profitability in relation to key performance parameters The state of the export profit margin in relation to the key performance parameters	(Adu-Gyamfi and Korneliussen, 2013)

4. RESULTS

In this research, 129 questionnaires were distributed and 124 questionnaires were collected. The findings of this study were presented in this section

4.1. Demographics of Participants

This section briefed the gender and level of education of respondent.

Gender of respondents as shown in the table below, 95 (76.6%) of the respondents to the research questionnaires were male and 27 of them (23.4%) were female.

Table 3: Frequency Distribution of Respondents Based on Gender

Gender	Frequency	Percentage
male	95	76.6
female	27	23.4
Total	124	100

As shown in the table below, 39.52% of the respondents have a bachelor's degree, 16.93% of the respondents have a master's degree and above, 29.83% of the respondents have a postgraduate degree and 13.7% of the respondents have a diploma or lower.

Table 4: Frequency Distribution of Respondents Based on Education

Gender	Frequency	Percentage
diploma or lower	17	13.7
postgraduate degree	37	29.83
bachelor's degree	49	39.52
master's degree and above	21	16.93
Total	124	100

4.2. Analysis

The factor loading for the questionnaire questions are displayed in the following table (5) as weight values. As observed in the table below, all questions have factor loading weights that are more than the lowest value for factor loading allowed by the Smart-PLS program, which is 0.7. This leads to the conclusion that the questions chosen to test each variable have an appropriate weight to measure that variable.

Table 5: Factor Loading Test

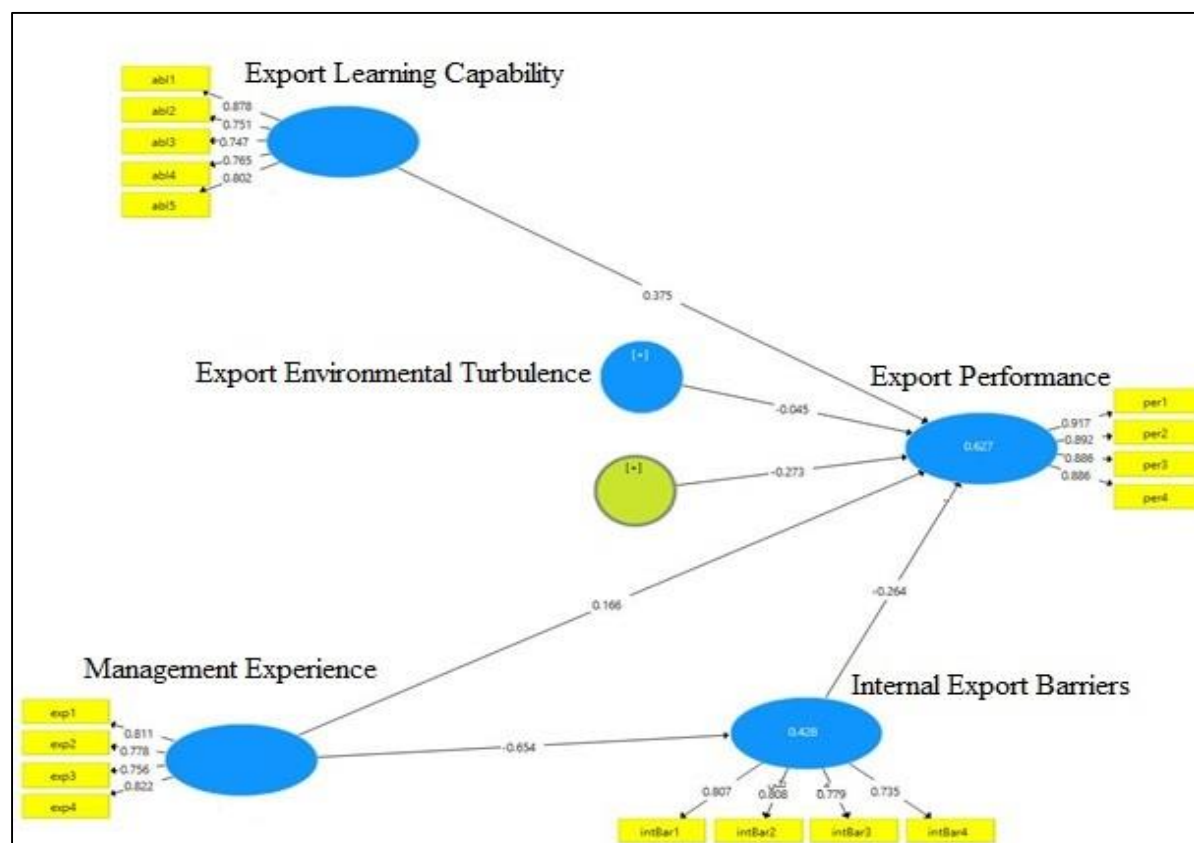
Items	Management Experience	Export Performance	Export Learning Capability	Export environmental turbulence	Internal Export Barriers
abl1			0.88		
abl2			0.75		
abl3			0.75		
abl4			0.77		
abl5			0.80		
exp1	0.81				
exp2	0.79				
exp3	0.76				
exp4	0.82				
expoEnv1				0.91	
expoEnv2				0.88	
expoEnv3				0.93	
expoEnv4				0.91	
intBar1					0.81

Items	Management Experience	Export Performance	Export Learning Capability	Export environmental turbulence	Internal Export Barriers
intBar2					0.81
intBar3					0.78
intBar4					0.74
per1		0.92			
per2		0.89			
per3		0.89			
per4		0.89			

The Figure 2 shows calculating path coefficients which were tested in two stages using the partial least squares method and with the aid of Smart-PLS software.

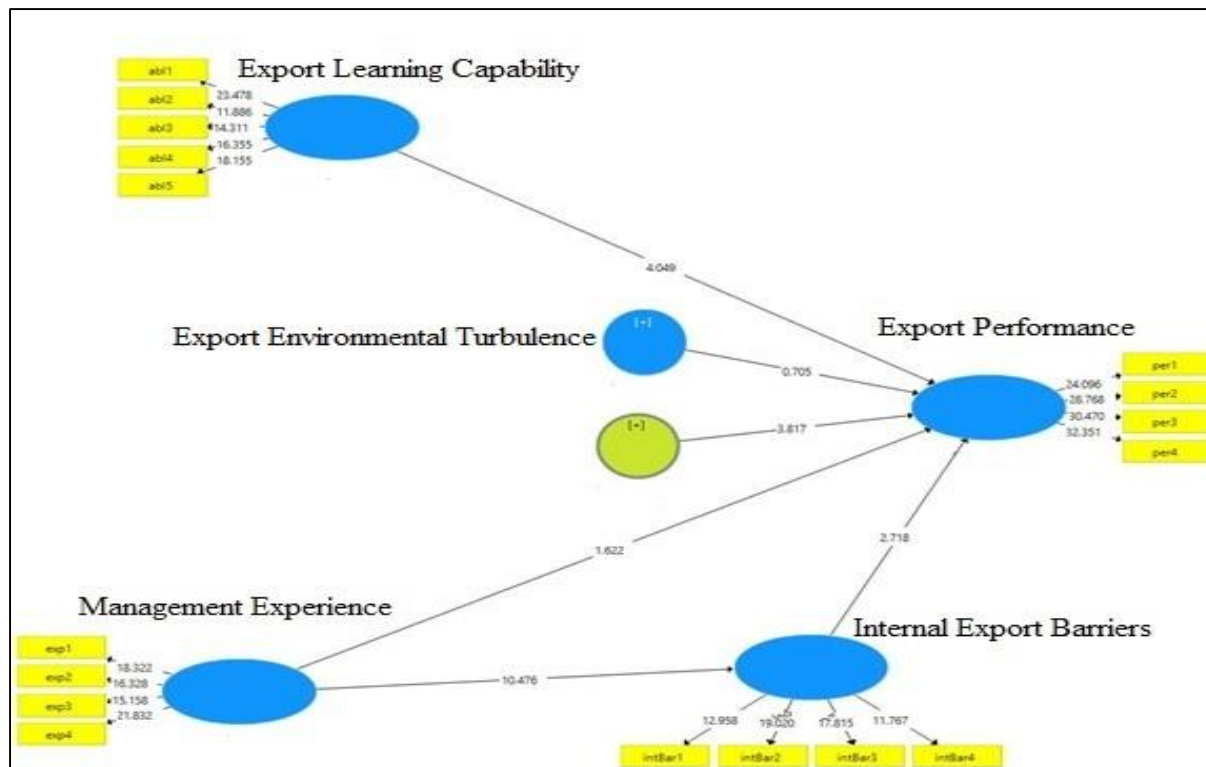
The coefficient of determination (R^2) values for export performance variables and internal export barriers are displayed in the following table. Given that export performance is the last dependent variable in the research model, the coefficient of determination for this variable shows how well other model factors predict changes in this variable. Given that the export performance variable's coefficient of determination is roughly 0.63, it can be inferred that other research variables like management experience, internal export barriers, and export learning capability account for nearly 63 percent of the changes in the export performance variable of handwoven carpet companies.

Figure 2: The Tested Model in the Path Coefficients Display Mode



The Figure 3 shows significant coefficients (t-statistics) which were tested in two stages using the partial least squares method and with the aid of Smart-PLS software. The t statistic was used to test research hypotheses, and its value was used to determine whether a hypothesis should be accepted or rejected. If the t statistic's absolute value is higher than 1.96, the hypothesis is accepted.

Figure 3: The Tested Model in t-Statistics Display Mode



The study model's global overall fit (GOF) is predicted to be 0.61. For fitting the structural model, three values of 0.1, 0.25, and 0.36 are regarded as weak, medium, and strong values. The model is sturdy and well-fitted as a result.

The validation or denial of the current research's hypothesis is reported as follows in table based on the model tested in the Smart-PLS software and the model test results.

Table 6: Test of Research Hypotheses

Hypotheses	Standard path coefficient	t Statistics	Result
H ₁ : Export learning capability has a significant effect on export performance.	0.37	4.05	Accepted
H ₂ : An Export environmental turbulence moderates the effect of export learning capability on export performance.	-0.27	3.82	Accepted
H ₃ : Management experience has a significant effect on export performance.	0.17	1.62	Rejected
H ₄ : Management experience has a significant role on internal export barriers.	-0.65	10.48	Accepted
H ₅ : Internal export barriers have a significant impact on export performance.	-0.26	2.71	Accepted
H ₆ : Internal export barriers mediate the effect of management experience on export performance.	0.34	Direct 1.62 Indirect 2.73	Accepted Complete mediation role

5. DISCUSSION AND CONCLUSION

Exporting is a critical initial step for firms to develop and invest in in order to reach global markets and extend their international activities. Given the country's economic circumstances and Iran's sanctions in the fields of oil and international trade, the country's need to develop exports and reach additional global markets has grown in recent years, necessitating the development of non-oil exports.

This section presents practical advice based on the hypotheses' outcomes. Meeting and researching the demands of export consumers should be treated as a rich source of information to attain performance indicators and profitability of exports through opinion polls, interviews, and assessing customer needs in order to increase the effectiveness of learning. Furthermore, in order to better and cope with export environmental turbulence that is beyond the control of carpet exporting enterprises, the gathering of export market intelligence, market changes, and changes connected to rivals' products should be examined deeper. According to these findings, managers should design and implement export marketing strategies, as well as use managers with expertise and knowledge in the field of carpet export, in order to identify and capitalize on possibilities and prevent risks in a competitive market. In addition, the number of staff in the export department and spending enough time managing export issues were evaluated in order to improve and overcome intra-organizational difficulties related international trade training of managers. To increase export performance, greater attention should be paid to the volume and scope of the export sector's activities in the market in relation to the company's resources and features.

Given that management experience does not directly affect the export performance of handwoven carpet companies, but can only affect the company's export performance by reducing the reverse change in the variable of the company's internal export barriers, it is suggested that company managers be aware of the internal export barriers. Pay attention to the mechanisms in organizational resources and the provision of marketing and export resources as an influencing variable on management experience and export performance.

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Appendix: Survey Questionnaire

The survey items in this study were scored on a scale of 1 (strongly disagree) to 7 (strongly agree).

Export Learning Capability

Meeting and talking with export customers.
Studies of the needs of export customers are carried out.
Customers are considered as a source of export market information.
The needs of customers are asked and evaluated.
Customer information is shared for access.

Export environmental turbulence

The priorities of the export customers are examined in relation to the products that have changes.
The priorities of export customers in relation to the products have a lot of movement and are examined.
The competitive export environment is dynamic and variable.
There are many changes in the export market.

Management experience

There is an appropriate level of professional experience in export management.
There is international work and life experience in exporting.
Education in international business is continuous.
Management is able to follow business routes in important importing markets.

Internal Export Barriers

The number of employees in the export department is appropriate.
Employees are hired and qualified organizations are employed to perform specific tasks.
There is enough time to manage export affairs.
There are extensive obligations in carrying out exports.

Export performance

The situation of the sales volume in export is suitable compared to the performance indicators of the target.
The situation of sales growth in exports is appropriate compared to the performance indicators of the target.
The profitability situation in exports is appropriate compared to the performance indicators of the target.
The situation of the profit margin in exports is appropriate compared to the target performance indicators



UNDERSTANDING THE RENEWAL OF VALUE CREATION ACTIVITIES IN AN ENVIRONMENT OF TECHNOLOGICAL TURBULENCES

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ABSTRACT

Purpose- In order to survive, enterprises need to adapt their existing capacities and capabilities to changes in the environment, organize to meet the demands of their stakeholders, and develop sustainable competitive strategies. Because of this necessity, enterprises are trying to make innovations in their value creation constructs. The main purpose of this study is to try to understand the renewal of value creation activities, which has a significant impact on business performance, in an environment of technological turbulences that lead to threats or opportunities for enterprises.

Methodology- This study examines value creation activities within the framework of the concepts of collective commitment between employees and organizational performance in the organization, through a model developed based on the findings in the relevant literature. The study was carried out in Turkey, which is trying to update its existing products and services according to the demands of its customers by using advanced technologies instead of improving technology. The data for the study were collected from the organizations that are involved in research and development activities and benefit from government incentives for this by using a questionnaire created originally.

Findings- According to the analysis, regardless of the lines of business, both collective commitment positively affects the renewal of value creation activities of the enterprise and the renewal of value creation activities positively affects the performance of enterprises. Although technological turbulences in the market strengthen the relationship between collective commitment and renewal of value creation activities in labor-intensive lines of business, this effect was not observed in technology-intensive lines of business.

Conclusion- As a result, it is understood that the perception of environmental factors such as technological turbulences as threats or opportunities and the renewal of value creation activities in enterprises are closely related. The findings of this research conducted in Turkey, which is influenced by both eastern and western cultures, will be important both for businesses operating in Turkey and in similar countries trying to get out of the developing country position.

Keywords: Value creation activities, collective commitment, technology-intensive business lines, labor-intensive business lines, emerging countries

JEL Codes: L20, L21, L25

1. INTRODUCTION

Under current conditions, innovation in products and services alone is no longer sufficient for businesses to cope with global competition. In order to survive, enterprises must also adapt their existing capacities and capabilities to changes in the environment, organize to meet the demands of their stakeholders, and develop sustainable competitive strategies. As a result, they are turning to new searches in terms of competition. These searches emerge as innovations in the value creation logic of enterprises, that is, in business models.

The business model generally describes how a business creates its value proposition, how it distributes the value it creates, and how it captures the value it distributes (Teece, 2010). Accordingly, in the related literature, the business model concept is mostly defined as "the whole of the activities of the enterprises to offer value, create value, distribute and capture the created value" (Amit and Zott, 2001; Bouncken and Fredrich, 2016; Chesbrough, 2010; Chesbrough and Rosenbloom, 2002; Teece, 2010). Although business model innovations are considered as a set of activities, value creation activities stand out as

the most important element in this whole, and researchers have attempted to define business model innovations through the concept of "value creation" (Massa, Tucci and Afuah, 2016; Teece, 2010; Wirtz, Pistoia, Ullrich and Göttel, 2016; Zott and Amit, 2010; Zott, Amit and Massa, 2011). Therefore, in this study, the renewal of the value creation construct, which is one of the most important elements of business model innovation, that is, "renewal of value creation activity", is discussed. In this study, the renewal of value creation activities, which have a significant impact on business performance, is empirically examined with a conceptual model created in the context of technological turbulences. This study will provide input that will clarify the workings of the renewal of value creation activities that are triggered by the opportunities as well as the environmental threats.

The data utilized in the study was collected in Turkey, which is a developing country; and one that has not been studied much in this regard. The bibliometric analysis performed by Klarin (2019) on 1400 articles shows that while businesses in developed countries focus on the use and commercialization of new technologies in different business lines, businesses in developing countries focus on updating their existing products/services by transferring new technologies from developed countries and renewing their value creation activities for their existing customers. In this case, technological turbulences arising from the changes in developed countries drive businesses in developing countries to more market-oriented value creation activities. Many of the businesses operating in Turkey, update their existing products and services according to the demands of their customers by using new technologies from developed countries instead of developing new and disruptive technologies (Klarin, 2019). In other words, they try to gain a sustainable competitive advantage by adapting the technology produced in developed countries in a market-oriented manner. Government incentives have also begun to play a larger role and have contributed to efforts to create a technology-oriented transformation, particularly in the last two decades. Moreover, technoparks and research centers have been established throughout the country to create a technology-oriented value-added product and service ecosystem. Given all of this, it stands to reason that the findings of this study will be important not only for Turkey but also for other developing countries that may share similar conditions or circumstances.

The remainder of this study is organized as follows. The next section introduces the theoretical framework and the development of the hypotheses. In the following section, the scales used in the research are explained and information about the data collection form, sample, and data collection method is given. Afterward, the findings are evaluated. Finally, the importance of the study in terms of related literature is mentioned.

2. THEORETICAL FRAMEWORK AND THE DEVELOPMENT OF THE HYPOTHESES

Today, technological developments belong to the factors that most affect the institutional environment that businesses find themselves in. Technological developments bring both opportunities and threats for enterprises by affecting customer preferences and creating uncertainties in the market (Hung and Chou, 2013; Trimi and Berbegal-Mirabent, 2012). Since the emergence of new technologies, in a sense, changes the rules of the game in terms of sectors, enterprises should determine alternative strategies to technological changes. Specifically, they should manage the value they offer in the best way. In order to achieve this, enterprises are trying to revise their value structures again, that is, innovate in their business models, and as a natural part of this process, they are innovating in value creation activities. Value creation activities can be defined as all of the scope, structure, and governance processes designed to create the innovations that the enterprise will offer (Amit and Zott, 2001).

Radical innovations in the value creation activities of enterprises stem from technological changes (Cooper and Edgett, 2010). While the obsolescence of technologies creates a disadvantage for the enterprise, the use of superior technologies provides new opportunities in terms of business performance and enables enterprises to gain benefits (García-Villaverde, Ruiz-Ortega and Ignacio Canales, 2013). Therefore, enterprises working with new technologies may have a greater chance to achieve new product success through technological innovations. Of course, in order to achieve this, it is necessary to be able to accurately predict and understand the technological changes in the market.

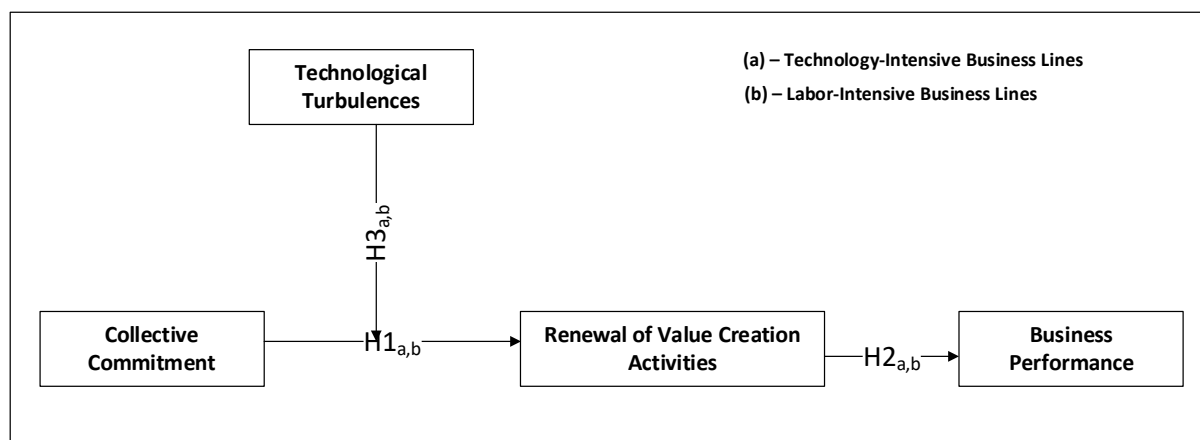
The rate of technological change and the degree of unpredictability in the market are expressed as technological turbulence (Jaworski and Kohli, 1993). As technological turbulences lead to changes in customer demands and market dynamics, rapid changes in technology also make the environment businesses find themselves in turbulent and unpredictable (Augusto and Coelho, 2009; Clauss, Abebe, Tangpong and Hock, 2019). A turbulent technological environment nullifies existing technologies and requires the development of new ones (Armstrong and Shimizu, 2007; Barberis, 2013; Jansen, Van Den Bosch and Volberda, 2006; Jegers, 1991; Saebi, Lien and Foss, 2017). Due to the rapid changes in technology, enterprises must constantly and quickly offer new value proposition to minimize the threat of obsolescence of existing products and services that they offer (Clauss et al., 2019; Jansen et al., 2006; Lumpkin and Dess, 2001). In other words, such an environment also brings with it a shorter cycle of technological innovation and product development (Atuahene-Gima, Li and De Luca, 2006; Chesbrough and Garman, 2009; Song et al., 2005). Businesses need to continuously and quickly update the value they offer to their customers and stakeholders through their products and services in order not to lose their competitiveness (Clauss et al.,

2019; Jansen et al., 2006; Lumpkin and Dess, 2001). In other words, technological turbulences create a moderation effect and bring the need to renew the value creation activities of enterprises (Teece, 2010).

In order to successfully carry out value creation activities in the face of environmental threats such as technological turbulences, it is not enough for enterprises to perceive these threats and take new strategic decisions; they also need to shape their own capabilities against the threats they perceive (Giudice and Maggioni, 2014; Teece, 2007). At the center of this shaping are the employees of the enterprise. In order to successfully renew these value creation activities in complex and dynamic environments where change is high, the decisions taken by top management should be supported and owned by all employees (Aspara, Lamberg, Laukia and Tikkanen, 2013; Chesbrough, 2010; Teece, 2007). In order to achieve this, there must be a mutual dialogue and empathy between the top management and employees within the organization, which is called "collective commitment" (Doz and Kosonen, 2010; Junni, Sarala, Tarba and Weber, 2015). In other words, collective commitment is the existence of "common ground, common interest, empathy and trust" to increase the participation of organizational members (Junni et al., 2015). In order to initiate and maintain business model innovation, and to renew value creation activities in this context, management must create collective commitment among the entire workforce (Doz and Kosonen, 2010). The relationship between management and employees as a result of the collective commitment enables the response to environmental opportunities and threats without internal resistance (Clauss et al., 2019; Doz and Kosonen, 2010; Junni et al., 2015). In other words, there is an important and significant relationship between value creation activities and the existence of collective commitment among all employees. Collective commitment positively affects the renewal of value creation activities. In other words, environmental threats such as technological turbulences positively affect the risk-taking and solidarity behavior of the enterprise (Saebi et al., 2017), leading to the formation of collective commitment between the top management and employees within the enterprise, and the resulting collective commitment is then able to renew the value creation activities of the enterprise by removing it from the status quo (Doz and Kosonen, 2010). In this study, the effects of technological turbulences in terms of the opportunities or threats on the relationship between collective commitment within the enterprise and the renewal of the enterprise's value creation activities they create, as well as how these effects are reflected in the enterprise's performance will be examined.

While we were thinking about these relationships based on the findings in the relevant literature, we were faced with the following question, which is not mentioned much in the related literature, but which we nevertheless think may be of significance: In an environment of technological fluctuation, does the impact of collective commitment on the renewal of value creation activities arise independently of employee profiles within the enterprise? In other words, does this effect differ according to technology-intensive and labor-intensive lines of work, which have different employee profiles? In technology-intensive business lines, it is white-collar workers with higher levels of education and qualifications who are primarily employed. On the other hand, it is blue-collar workers, often with limited levels of education, who are primarily employed in labor-intensive business lines. Although in the academic literature, there were studies showing the moderating effects of environmental factors between the capabilities, activities, and innovation outputs of enterprises (e.g., Tsai and Yang, 2014; Zulu-chisanga and Boso, 2016), we did not come across any comparative studies, quantitative or qualitative, examining the moderating effects of threats and opportunities brought by technological turbulence in the relationship between collective commitment and renewal of value-creation activities in technology-intensive and labor-intensive business lines. Therefore, we think that such a study would be a valuable contribution to the relevant academic literature. The particular effects in question are indicated in Figure 1 as a research model.

Figure 1: The Research Model



The fact that enterprises operate in technology-intensive or labor-intensive business lines does not diminish the importance of the role of employees in the implementation of strategic decisions taken by the top management within the enterprise. Since the realization of such strategic decisions is through the employees, collective commitment becomes important regardless of business line. Therefore, hypotheses H1_a and H1_b are proposed.

H1_a: In technology-intensive business lines, collective commitment positively affects the renewal of value creation activities.

H1_b: In labor-intensive business lines, collective commitment positively affects the renewal of value creation activities.

Enterprises with high innovation capability have higher performance by developing competitive advantage (Hurley and Hult, 1998). The renewal of value creation activities enables better use of internal and external resources of the enterprise (Chesbrough, 2007). In addition, it enables businesses to renew their value creation activities and offer new values that will meet the needs of their customers and stakeholders (Clauss et al., 2019). In this process, the enterprise gains a sustainable competitive advantage because the value needed by the customers is offered (Chesbrough, 2006). Since the renewal of value creation activities also brings cost optimization to enterprises, the financial performance of the enterprise also increases (Bashir and Verma, 2019). The significant relationship between more competitive value creation activities and business performance has been emphasized by many studies in the relevant literature (e.g., Bashir and Verma, 2019; Chesbrough, 2007; Chesbrough and Rosenbloom, 2002; Clauss et al., 2019; Giesen, Berman, Bell and Blitz, 2007; Huang, Lai, Kao and Chen, 2012; Pohle and Chapman, 2006). Hypotheses H2_a and H2_b have been proposed because enterprises optimize their resources and offer high and competitive value, and the performance increase brought by this competitive value offering.

H2_a: The renewal of value creation activities in technology-intensive business lines positively affects business performance.

H2_b: The renewal of value creation activities in labor-intensive business lines positively affects business performance

Technological fluctuations create opportunities or threats that will affect the business logic, market competition, profitability and sustainability of the enterprises. In order to seize opportunities and protect themselves from threats, enterprises need to shape their organizational capabilities by renewing their value creation activities (Giudice and Maggioni, 2014; Teece, 2007). At the center of organizational shaping are the employees of the enterprise. Therefore, the differences in employee profiles affect both the threat and opportunity perceptions of the enterprise and the renewal of the shaping process.

Employees in enterprises operating in technology-intensive business lines, due to their education and capability, can closely follow the technological developments and their effects in the business line and perceive the threats and opportunities that technological turbulences bring to the business (Cohen and Levinthal, 1990). Opportunities or threats brought by technological turbulences require employees and top management to work together for the continuation of business activities. Depending on the level of this commitment, enterprises can constantly update their products and services in accordance with the developing and changing technology. Therefore, it is expected that technological turbulences in technology-intensive business lines will have a moderating effect on the relationship between collective commitment and renewal of value creation activities. Due to this expectation, H3_a has been proposed.

H3_a: Technological turbulences in technology-intensive business lines have a moderating effect on the relationship between collective commitment and renewal of value creation activities.

In enterprises operating in labor-intensive business lines, adaptation to new technologies is not easy and takes time due to both the cost of the technological infrastructures they use and the qualifications of the employees. When technological turbulence is perceived as an opportunity by the employees of businesses operating in these lines, the developing technology is seen as a means to provide them with a comfort zone. However, when the technological turbulence is perceived as a threat, the employees consider these changes as a factor negatively affecting the sustainability of the business, and compromising their job security. In other words, the threats and opportunities brought by technological turbulences affect both employees and senior management. Therefore, in such cases, both the collective commitment increases and the motivation of all employees to renew their value creation activities in order to seize opportunities or protect themselves from threats between top management and employees. In other words, technological turbulences also have a moderating effect on the existing relationship in labor-intensive business lines. In light of this, H3_b is proposed.

H3_b: In labor-intensive business lines, technological turbulences have a moderating effect on the relationship between collective commitment and the renewal of value-creating activities.

As a result, in this study, the moderating effect of technological turbulences on the relationship between collective commitment and renewal of value activities and the effect of renewal in value creation activities on business performance in enterprises operating in technology and labor-intensive business lines are examined.

3. DATA COLLECTION AND RESEARCH METHODOLOGY

3.1. The Development of the Scales and Data Collection Forms

During the development of the scales employed, the scientific expectations were taken into account. (Hair, Howard and Nitzl, 2020; MacKenzie, Podsakoff and Podsakoff, 2011). The constructs in the model were developed in accordance with the findings acquired from a comprehensive literature search, and were later examined by an expert academic, a business development expert and a founder of a company in order to provide content validity. Following the piloting and pre-implementation processes, which were conducted to confirm the validity and the reliability of the scales, a questionnaire was formed.

In the final form of the questionnaire, technological turbulence (TT) section was based on the work of Jaworski and Kohli (1993) and was developed with the inclusion of the contributions of Li and Calantone (1998) and García-Villaverde et. al. (2013). This section of the scale includes three items. The renewal of the value creation activities (RVC) section of the scale was developed with the inclusion of the points made by Teece (2010), Osterwalder and Pigneur (2010), and Johnson (2010), and it comprises of 4 items. The collective commitment (CC) section, which refers to the employee commitment through an active management that provides a strong organizational culture through the inclusion of the employees in the decision making process, was formed to comprise of nine items that were developed based on the contributions of Doz and Kosonen (2008), Achtenhagen, Melin and Naldi (2013), and Hock, Clauss, and Schulz (2016). Business performance (BP) variable, which refers to how the value presented by the businesses is perceived by the customers and how a business compares to its competitors (Day and Wensley, 1998; Morgan, 2012), was developed to include five items based on the contributions of Morgan (2012) and Steigenberger (2014). All constructs were developed to be one dimensional and the definitions used during the development of these constructs were adapted from the aforementioned studies in a way that takes the aim and the coverage of this study (Table 1).

Table 1: Statements about the Constructs in the Model

Constructs /Indicators	Question	Indicators
Renewal of the value creation activities	We've further strengthened our collaborations with our present partners (customer, suppliers etc.)	RVC1
	We've formed new collaborations with parties other than our present partners.	RVC2
	We've optimized our resources and process of customer value creation.	RVC3
	We've acquired new skills and technologies on customer value creation.	RVC4
Collective commitment	All of our employees are informed on the objectives, priorities and strategies of our business.	CC1
	Our employees think the upper management cares about them and understands their issues.	CC2
	Our employees are the most valuable resource of our business.	CC3
	The communication channels between the management and the employees are open in our company.	CC4
	The valuable input produced by the employers are taken into account in the decision making of the upper management. .	CC5
	Our employees do not hesitate to freely express their opinions.	CC6
	All the partners freely express themselves during the decision making meetings of the upper management.	CC7
	The upper management clearly communicates with the employees.	CC8
	All employees of our company feel they are a part of the whole.	CC9

Technological turbulence	Technological advancements happen very fast in our line of business.	TT1
	Technological advancements in our line of business creates big opportunities.	TT2
	The technological inventions in our line of business lead to the emergence of new product ideas.	TT3
Business performance	General performance of our company has shown an increase.	BP1
	Compared to our biggest competitor, the general performance of our company has shown a better increase.	BP2
	Our company has produced business results that satisfy the customers.	BP3
	Generally speaking, our profitability has increased.	BP4
	Generally speaking, our sales volume has increased.	BP5

Participants were asked to rate individual items for these constructs and models on a 5-point Likert scale, fixed as "1: strongly disagree", "5: strongly agree" and the midpoint "3: neither agree nor disagree". In the created form, there are also questions to determine the demographic characteristics of the respondents (age, etc.) and the institutions they work for (sector, duration of the activity, number of employees, etc.).

3.2. Sample and Data Collection

Since the main subject of the research is value creation activities, we thought it would be meaningful to collect data from organizations involved in research and development activities. For this reason, we decided to collect data from businesses operating in Turkey and apply to benefit from government incentives (from public innovation incentives and technological venture investments). We contacted The Republic of Turkey Ministry of Science, Industry, and Technology, and The Scientific and Technological Research Council of Turkey (TUBITAK) and obtained the information of the companies that applied to benefit from the incentives specified. During the data collection, we determined that 7509 enterprises applied for these incentives in the last ten years. We tried to deliver the questionnaire electronically to the managers of each of these businesses, along with an information note explaining the purpose and importance of the research.

The data collection phase lasted three months. During this period, 481 of the 891 questionnaires received by us were excluded from the sample due reasons such as missing or insufficient data and being filled in duplicate (we were very meticulous regarding this in order to minimize possible complications during the analysis stage). As a result, 410 completely answered forms were accepted as the research sample of this study. According to the "10 times rule" (Hair, Ringle and Sarstedt, 2011) and "Minimum R² rule" (Hair, Sarstedt, Hopkins and Kuppelwieser, 2014) approaches, the available sample size is deemed sufficient.

General information about the enterprises included in the sample is shown in Table 2. Technology-intensive business lines encompass informatics, electronics, defense, aviation, health and biotechnology sectors; Labor-intensive business lines include manufacturing, construction, transportation, mining, agriculture and livestock sectors. Accordingly, 186 technology-intensive and 224 labor-intensive enterprises were included in the sample.

Table 2: General Characteristics of the Businesses Included in the Sample

Characteristics	Technology-intensive business	Labor-intensive business	Total
The number of the businesses	186	224	410
Average operation time	13,5	24,7	19,6
Average number of employees.	334	598	478

4. FINDINGS AND DISCUSSION

4.1. Data Analysis

In order to test the proposed research model, structural equation modeling (SEM) analyses were performed. Confirmatory Composite Analysis (CCA) was used to analyze the reliability and validity of the scales related to the model (Hair et al., 2020). After evaluating the measurement and structural models, path and moderation analysis tests were carried out. In order to

determine the significance of factor loads and path coefficients, a non-parametric pretest consisting of 5000 repetitions was performed (Preacher and Hayes, 2008). SmartPLS v3.3 software was used for structural equation model, path, and moderation analyses based on the least squares method.

In the model analysis, it is essential that the VIF value, which indicates the multicollinearity between the independent variables in the structural model, is below 3.0, the path coefficients of the dependent variables are significant at least at the level of 0.05, and the R^2 values of the dependent variables are as large as possible and meaningful (Hair et al., 2020). Q^2 , f^2 , and R^2 values are used to determine the within-sample predictive validity of the measured structural model (Sarstedt, Ringle, Smith, Reams and Hair, 2014). The f^2 value, which expresses the degree of influence of the independent variables according to the within-sample estimation, should be greater than 0.02 and be significant (Cohen, 1988). Q^2 values indicating the within-sample estimation level of dependent variables are considered low significant when they are less than 0.25, moderately significant between 0.25 and 0.50, and highly significant when greater than 0.50 (Sarstedt et. al., 2014).

In Table 3, the VIF value was calculated as 1 since the independent variable in the relationship indicates the effect of collective commitment on the renewal of value creation activities (collective commitment is the independent variable, and renewal of value creation activities is the dependent variable). Therefore, the independent variable does not show multicollinearity in the correlation mentioned above. According to the calculated Q^2 value, the within-sample estimation level of this relationship was observed to be significant but low. According to the f^2 value, collective commitment has a high effect on renewal of value creation activities ($VIF=1$, $p<0,001$, path coefficient=0,526, $R^2=0,275$, $Q^2=0,177$, $f^2=0,382$).

VIF value, which signals the effect of the value creation activities on the business performance, was calculated as 1.0 since it is the only independent variable in the relationship where the value creation activities are the independent variable and the businesses performance is the dependent variable, and the independent variable does not show multicollinearity in the said relationship. According to the calculated Q^2 value, the in-sample estimation level of this relationship was observed to be significant. According to the f^2 value, the variable of renewal of value creation activities has a high effect on the business performance variable ($VIF=1$, $p<0,001$, path coefficient =0,609, $R^2=0,37$ and $Q^2=0,22$, $f^2=0,591$).

Table 3: The Analyses of the Constructed Model: VIF, f^2 , Q^2 , R^2 Values

Dependent variable	Independent variable	VIF	Path Coefficient	t-value	f^2	R^2	Q^2
The renewal of the value creation activities	Collective commitment	1,0	0,526***	11,036	0,382	0,275	0,177
Business performance	The renewal of the value creation activities	1,0	0,609***	14,59	0,591	0,37	0,22

† < .1, * p < 0.05, ** p < 0.01, *** p < 0.001

Table 4 contains test results regarding the reliability of the constructs in the model and the average extracted variance (AVE) values. Since the factor loads values of all expressions in the constructs are observed between 0.705 and 0.881, they are considered significant (Franke and Sarstedt, 2019; Hair et al., 2011). All constructs also have composite reliability since CR test values are above 0.845 (Hair et al., 2020).

Table 4: Statistics of the Constructs in the Model

Constructs	Indicators	Factor Loadings	Composite Reliability (CR)	Average extracted variance (AVE)
The renewal of the value creation activities	RVC1	0,745	0,885	0,659
	RVC2	0,750		
	RVC3	0,884		
	RVC4	0,889		
Collective commitment	CC1	0,711	0,936	0,620
	CC2	0,746		
	CC3	0,811		
	CC4	0,798		
	CC5	0,836		
	CC6	0,835		
	CC7	0,787		
	CC8	0,766		
	CC9	0,790		

Technological turbulence	TT1	0,824	0,893	0,736
	TT2	0,894		
	TT3	0,854		
Business performance	BP1	0,881	0,895	0,630
	BP2	0,807		
	BP3	0,765		
	BP4	0,708		
	BP5	0,800		

4.2. Hypothesis Testing

Findings related to the analysis of the three main hypotheses carried out in line with the purpose of the research are included in this section. Table 5 presents the results of tests for H1_{a,b} (the effect of collective commitment on value creation activities renewal for technology and labor-intensive lines of business) and H2_{a,b} (effect of renewal of value creation activities on business performance). Since the relevant hypotheses were proposed for both business lines, hypothesis tests were carried out separately for both technology-intensive and labor-intensive business lines. Path coefficient values expressing the effect of collective commitment on the renewal of value creation activities consist of positive values close to each other at the 99% significance level in both technology and labor-intensive business lines. H1_a and H1_b were supported because there was a significant and positive relationship between collective commitment and renewal of value creation activities in both business lines ($\beta=0,604$ and $0,490$, $p<0,001$). Similarly, for both business lines, it was observed that the value of the path coefficient, which expresses the effect of the renewal of value creation activities on business performance, is significant and positive at the 99% significance level. The value of the path coefficient for labor-intensive business lines is higher than that of technology-oriented business lines. This finding shows that the effect of renewing value creation activities in labor-intensive business lines on business performance is higher than in technology-intensive lines of business. However, H2_a and H2_b hypotheses were also supported since there was a positive and significant relationship between the renewal of value creation activities and business performance for both business lines ($\beta=0.604$ and 0.490 , $p<0.001$).

Table 5: The Hypotheses Tests of H1_{a,b} and H2_{a,b}

Line of business	Technology-intensive			Labor-intensive		
Independent variable → Dependent variable	Hypothesis	Path Coefficients (β)	t Statistics	Hypothesis	Path Coefficients (β)	t Statistics
Collective commitment → The renewal of the value creation activities	H1 _a	0,604***	6,166	H1 _b	0,591***	11,83
The renewal of the value creation activities→ Business performance	H2 _a	0,490***	9,584	H2 _b	0,614***	10,665

† < ,1, * p < 0,05, ** p < 0,01, *** p < 0,001

In H3_{a,b}, whether technological turbulence moderates the relationship between collective commitment and renewal of value creation activities is examined. In testing the moderator effects, a three-stage hierarchical multiple regression analysis was performed in line with the approach proposed by Aiken and West (1991) (Model-1, Model-2 and Model-3). In order to understand the effects of control variables that were not thought to affect the dependent and independent variables during the observation in Model 1 (control effect), a calculation including the effects of only control variables (age of the organization and initial research and development support incentive) on the dependent variable was made. In Model-2 (main effect), in addition to control variables, independent variables (collective commitment and technological turbulence) that are subject to hypothesis tests are also included in the calculation. In Model-3 (interaction effect), in addition to the variables in Model-2, the variable showing the interaction effect (CCxTT) was also included in the calculation in order to test the moderator effect. Table 6 shows the calculated values for the test of moderator effects.

Table 6: The Hypotheses Tests of the H3_a and H3_b (moderating effects)

Line of business/hypotheses	Technology-intensive (H3 _a) (unsupported)			Labor-intensive (H3 _b) (supported)		
	The renewal of the value creation activities			The renewal of the value creation activities		
Control variables	Model 1 (Control)	Model 2 (Main impact)	Model 3 (Interaction)	Model 1 (Control)	Model 2 (Main impact)	Model 3 (Interaction)
Age	0.073 (0,267)	0.062 (0,208)	0.053 (0,284)	-0.103 (0,412)	0.007 (0,891)	0.008 (0,876)
Research and Development Start-up support	0.082 (0,404)	0.069 (0,297)	0.054 (0,365)	0.108 (0,353)	0.069 (0,356)	0.057 (0,296)
Independent variables						
Collective commitment (CC)		0.375*** (0,000)	0.333*** (0,000)		0.500** * (0,000)	0.478*** (0,000)
Technological turbulence (TT)		0.248** (0,001)	0.240** (0,002)		0.226** * (0,000)	0.215*** (0,000)
CCxTT			-0.046 (0,311)			-0.087* (0,024)
R ²	0.014 (0,402)	0.294*** (0,000)	0.300*** (0,000)	0.008 (0,246)	0.381** * (0,000)	0.393*** (0,000)
Adjusted R ²	0.003 (0,857)	0.278** (0,001)	0.280** (0,001)	0.003 (0,494)	0.370** * (0,000)	0.379*** (0,000)
Q ²	0.003	0.264	0.257	-0.006	0.354	0.359

† < .1, * p < 0,05, ** p < 0,01, *** p < 0,001

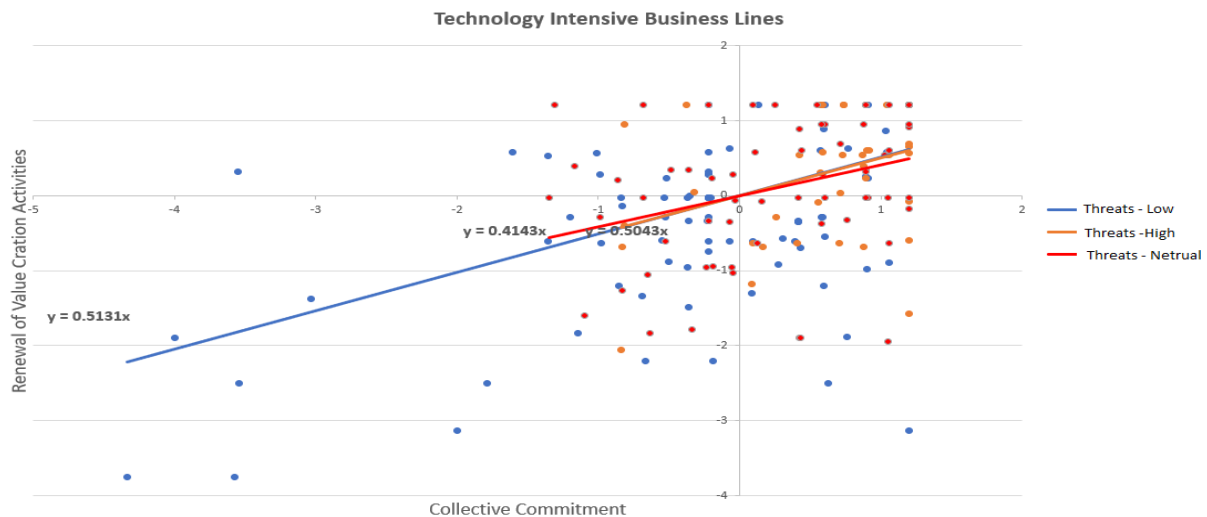
The path coefficients of the variables belonging to the control variables (age and initial R&D support incentive) in Model-1, Model-2, and Model-3, which do not affect the independent variable during observation, are statistically insignificant for both technology-intensive and labor-intensive business lines. That is, as expected, these variables have no effect on the regression equation in question ($p=0.003$). This confirms that these two variables were determined as control variables together with the dependent variables. For technology and labor-intensive business lines, the path coefficient values in the relationship between the collective commitment and technological turbulences in Model-2 and the renewal of value creation activities were significant in the 99% confidence interval. This situation shows that technological turbulence and collective commitment positively and significantly affect the renewal of value creation activities. When Model-3, which shows the interaction effect in both business lines, is examined, it is seen that the interaction effect is not significant for the technology-intensive business lines ($\beta_{int}=-0.046$, $p>0.1$) but is significant for the labor-intensive business lines ($\beta_{int}=-0.087$, $p<0.05$). As a result, the moderator effect hypothesis, which is thought to be caused by technological turbulences, was not supported for technology-intensive business lines (H3_a) but was supported for labor-intensive business lines (H3_b).

In addition to significant increases in the R² value, it is also recommended to determine the effects of the variable, which is thought to have a moderation effect, in cases where it is different (low, medium, and high) with regression curves in order to observe the interaction effects more clearly (Aiken and West, 1991). Thus, in order to observe the moderating effects of technological fluctuations more clearly, the observations of both business lines were divided into three subgroups according to the high, medium, and low scores given by the participants to the statements. The group with high scores represents those who perceive the opportunities brought by technological turbulence the group with medium scores represents those not affected by technological turbulence, and the group with low scores represent those who perceive the risks brought by technological turbulence. The regression equations and coefficients that emerged from the regression analyses between the collective commitment and the renewal of value creation activities related to the subgroups mentioned above in both

business lines were compared. Figure-2 shows the results of the regression equations calculated for the technology-intensive business line and Figure-3 shows the results of the labor-intensive business line.

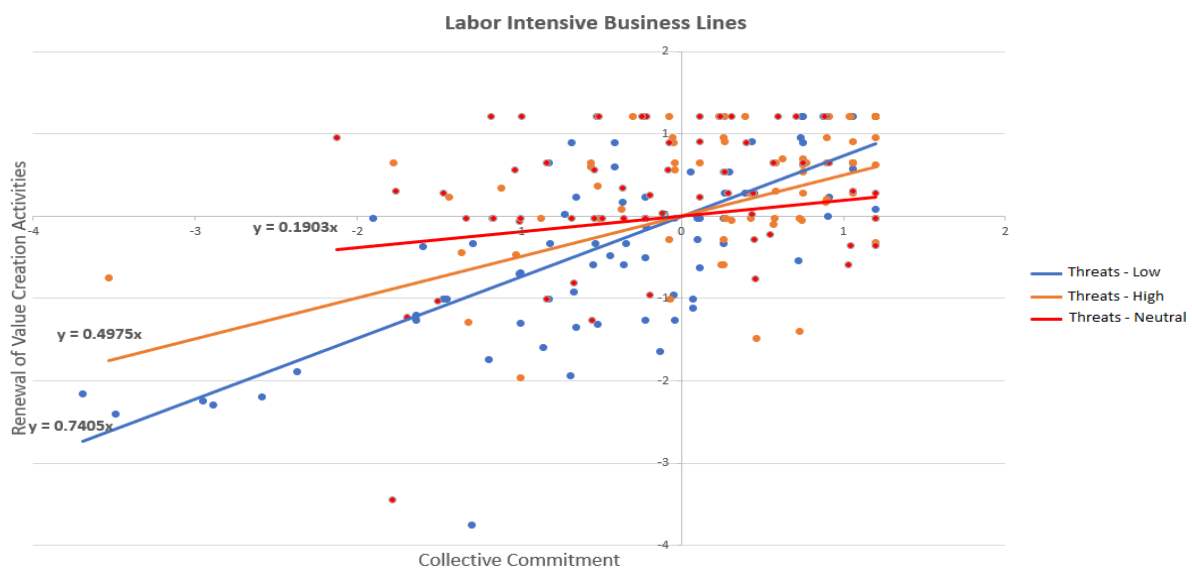
The H3_a hypothesis, which tested the moderation effect of technological turbulences between collective commitment and renewal of value creation activities in technology-intensive lines of business, was not supported. In this study, the regression coefficients between collective commitment and renewal of value creation activities were calculated as $\beta_{threat}=0.513$, $\beta_{opportunity}=0.504$, and $\beta_{notr}=0.414$ for the subgroups representing technology-intensive business lines in Figure-2. The fact that the slopes and coefficients of the regression lines for the subgroups mentioned above are close to each other supports that technological turbulence does not have a moderation effect in each subgroup in technology-intensive business lines.

Figure 2: The Effects of the Technological Turbulence for Technology-Intensive Lines of Business



In labor-intensive business lines, the moderation effect of technological turbulences in the relationship between collective commitment and renewal of value creation activities was supported (H3_b). The fact that the slopes of the regression lines between collective commitment and the renewal of value creation activities for the sub-groups expressing the labor-intensive business lines in Figure-3 are different also shows that the technological fluctuation has a moderation effect based on sub-groups (regression coefficients $\beta_{threat}=0.740$, $\beta_{opportunity}=0.490$ and $\beta_{neutral}=0.190$).

Figure 3: The Effects of the Technological Turbulence for Labor-Intensive Lines of Business



4.3. Discussion

The main purpose of this study is to empirically examine the relationship between the collective commitment between the employees and their top management, the renewal of the value creation activities of the enterprises and the business performance, with a conceptual model created by taking into account the business lines of the enterprises. According to our analysis, regardless of the business lines of the enterprises, collective commitment positively affects renewal of value creation activities and renewal of value creation activities also positively affect business performance ($H1_{1a,b}$ and $H2_{a,b}$ were supported). In addition, the effect of technological turbulence, which is an external environment variable, on the specified relationships was examined. According to our data, it is understood that technological fluctuations strengthen the relationship between collective commitment and renewal of value creation activities in labor-intensive business lines ($H3_b$ hypothesis was supported), but this effect was not observed in technology-intensive business lines ($H3_a$ hypothesis was not supported).

Although we have conducted our study while taking into account the conceptual findings in the related literature, the reason for the existence of the moderation effect of technological turbulence in technology-intensive business lines has not been determined. In order to understand this issue, our findings were shared with 6 people (founder, business development, research expert) who work as experts on the subject in large, medium and small-sized companies operating in both technology and labor-intensive business lines, and interviews were conducted in order to try to determine possible reasons. In the interviews, the effects of technological turbulences on the employees in the enterprises were discussed. The importance of the characteristics of profile of the human resources employed in their business lines emerged as a particularly important issue. As mentioned previously, those working in technology-intensive business lines are predominantly white-collar employees with a high level of education, while those working in labor-intensive business lines are predominantly blue-collar employees with a lower level of education.

What has been emphasized in previous studies (e.g., Cohen and Levinthal, 1990) also came up in the interviews; namely, that it is easier for white-collar employees to follow and adapt to technological changes due to their higher levels of education than it is for blue-collar employees. Thus, people working in enterprises operating in technology-intensive business lines see technological turbulences as part and parcel of the business line they are in. This situation leads to the fact that these enterprises are constantly updating their technologies and the value they offer in the face of technological turbulences. Due to these constant and rapid updates, which have become routine, the effects of technological changes and turbulences in this business line do not affect the current situation of the enterprises much. Therefore, technological turbulences have not been found to have a moderation effect in technology-intensive businesses.

On the other hand, it is difficult and takes a long time for enterprises operating in labor-intensive business lines to adapt to new technologies due to the cost of technological infrastructures they use and the characteristics of their employees. As a result, changes that have become routine do not occur in labor-intensive business lines, as in technology-intensive business lines, and radical changes occur in situations of absolute necessity. However, although it is costly and difficult, the effects of these changes have a positive impact on the competitive position of the enterprise in the market and the company's sustainability under changing competitive conditions. Thus, the top managers of enterprises operating in labor-intensive business lines are motivated to develop new value logic in line with the needs of their customers and as much as their current situation allows, in the face of threats or opportunities brought by technological turbulences. Employees of these enterprises, on the other hand, perceive the possibility that technological turbulences may harm the sustainability of their enterprises as a threat in terms of their own job security. Therefore, due to technological turbulences, the motivation of the employees in the renewal of value creation activities also increases, and the moderation effect of technological turbulences in labor-intensive lines of work is observed.

By grouping the effects of technological turbulences on enterprises in labor-intensive business lines, the existence of regulatory effects was revealed in the analyses that we considered in three different groups: threat, opportunity, and neutral (Figure-3). In the neutral group of technological turbulences, the strength of the relationship between collective commitment and renewal of value creation activities weakens. However, the strength of this relationship is high in groups where technological fluctuations are perceived as an opportunity or a threat. In particular, it is seen that the effect in the group with threats is relatively higher than in the group with opportunities. These interviews revealed that the perception of threat or opportunity from technology turbulences in enterprises significantly impacts the organizational change activities.

It is understood that the renewal of the value creation activities of the enterprises is related to whether the effects occurring in the environment are perceived as a threat or an opportunity. Environmental threat or opportunity perceptions have a moderating effect on the relationship between the collective commitment of the enterprise and the renewal of value creation activities. This effect has been observed very clearly in labor-intensive lines of business. Since the adaptation of technology

has become a part of the routine operation in technology-intensive business lines, the perception of threat or opportunity in the face of technological turbulence is not high, so there is no moderation effect.

5. CONCLUSION

It has been shown in other studies, albeit few, that technological turbulences, which are an external environmental variable, have a moderation effect on the relationship between collective commitment and renewal of value creation activities. For example, Tuominen, Rajala, and Möller (2004) conducted a similar study in Finland, a developed country. According to the results of that study, in environments with technological turbulence, the upper management of the businesses look up new technologies by ensuring the participation of employees in activities such as strategic marketing and product management as well as the decision-making processes, as such updating their value creation activities by associating these new technologies with customer needs. This situation somehow brings together the upper management and employees within the enterprise, ensuring the formation of collective commitment. In other words, the findings of our study empirically support the results of the survey conducted by Tuominen et al., (2004) in a developed country context. However, in that study, the distinction between business lines was not mentioned, and collective evaluations were made regarding a sample that included businesses from labor and technology-intensive businesses. In fact, in another study of us (Dayioğlu and Kuskü, 2021), also based on the data set used in this study, we observed that technological turbulences have a moderation effect on the relationship between the collective leadership approach, in which the upper management includes in the employees in the decision-making processes, and innovative value creation activities. However, in that study, we did not take into account the distinction between business lines. However, this study showed that a variable's moderation effect on a relationship does not guarantee that this effect exists for all business lines in that sample. In other words, since the threat and opportunity perceptions of the enterprise's upper management and employees may differ according to the business lines they are in, the moderation effects of external variables may also be different. Thus, it will be essential to continue research that tries to understand and explain the effects of technological turbulences in both developed and developing country environments by associating them with business performance in order to be able to achieve more generalizable results.

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INSPIRATION ON STRATEGY AS PRACTICE FROM PAST TO THE PRESENT

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ABSTRACT

Purpose- The goal of this study is to analyze the historical evolution, contributions, turning moments, and prospects of a creative movement called "Strategy As Practice".**Methodology-** The methodology of this study is a thorough literature review of Strategy as Practice from past to the present.**Findings-** There are several different sources of research on Strategy As Practice. The roots of Strategy As Practice research can be found in the classics of strategy process research as well as countless initiatives to widen and innovate strategic management. Strategy As Practice has just recently emerged as a well-defined area of study in the field of strategy research, uniting experts with similar viewpoints. Strategy As Practice was defined and published in a special issue of the Journal of Management Studies as "micro strategy and strategizing," and afterwards, its studies and research were featured in numerous significant publications.**Conclusion-** Strategy As Practice has been the subject of many studies and presentations of various methodologies. However, it is crucial for future study that these studies are methodical or well-coordinated. The literature on Strategy as Practice needs recent studies that demonstrate how it has changed over time and offer guidance for upcoming study in this field.**Keywords:** Roots of strategy, practice, praxis, practitioner, strategy as practice.**JEL Codes:** M10, M16, M19

1. INTRODUCTION

The traditional strategy perspective, according to various sources in the literature, stresses formal planning, rational distribution of resources, and top-down directed actions to meet targets and asks how strategies should be constructed. Techniques of modern strategy like SWOT analysis and Porter's five forces analysis also take into account this framework. Later, strategy research began to focus on strategy as a social activity, paralleling the overall expansion of actor- and system-centered perspectives in social theories. Strategy As Practice, first identified by Whittington in 1996, is based on social constructivism from an epistemological perspective, while it is based on subjectivism in terms of an ontological paradigm. According to Whittington's (1996) statement, Strategy As Practice is focused on how strategy practitioners actually act and interact. Since then, according to Jarzabkowski (2004) and Whittington's (2006), taking into account the larger environment, Strategy As Practice has started to embrace a more holistic approach to strategy development and implementation (Nini, 2016).

In fact, Strategy As Practice goes back much further. Insights of Strategy As Practice underlines the value of the 'practical reason' study that Dewey (1938) and Bourdieu (1990) used to begin their social practice research. From this perspective, one should bind up in the substantial procedures that make up planning and strategizing while reflecting on our own perspectives and research practices. This requires the use and development of a variety of theoretical concepts and empirical approaches. The Strategy As Practice method has since been defined and developed via a number of research studies. These works sought to provide light on the functions and traits of strategy as practise in relation to other disciplines. Here, it can be said that

Whittington (1996) was the first to define strategy as implementation, with legislation, planning, and process methods constituting major strategic viewpoints. Study on Strategy As Practice has consisted of publications that outlined the study aim and provided concise structures. This involves Johnson, Melin, and Whittington's landmark study from 2003, in which the Strategy As Practice concept – then known as the 'activity-based view of strategy' – was first proposed. According to Johnson, Melin, and Whittington (2003), the approach is characterised by a focus on the in-depth comprehension of the numerous micro-actions that comprise strategy and strategizing in practice. Whittington (2006) improved this explanation by highlighting the significance of comprehending strategizing actions in the context of their broader social environment: actors do not work independently, but instead depend on the regular, social practice *modus operandi* that emerge from the diverse social organizations they belong to. Whittington bases his proposal on this, proposing "practitioners, praxis, and practices" as the three fundamental components of strategizing (Golsorkhi et al., 2015).

Whittington (2006) defines practitioner as "all players who are actively participating in the creation and execution of strategy." This provides a broader viewpoint than the typical one, which emphasises senior management while minimising the importance of middle management, consultants, and functional key players in strategy. The term "praxis" refers to a specific set of activities related to the design and implementation of strategies by practitioners. The third concept in Strategy As Practice is practice. By referencing important social theories like Giddens's theory of structuration (1984) and Bourdieu's theory of practice, it completes the circle between an individual and a system (1977). According to Whittington (2006), it refers to social structures including typical practises, norms, conventions, and regulations that are continuously created, changed, and replaced in daily life (as cited by Nini, 2016).

It is clear that the research on Strategy As Practice has been built from a number of sources. The classics of strategy process research as well as numerous endeavours to advance and develop strategic management are the foundations of Strategy As Practice research. Strategy As Practice has just lately evolved as a distinct issue in strategy research, gathering together agreeing colleagues whose thoughts might have stayed "remained marginal and isolated voices in the wilderness" despite the contributions of numerous early pioneers (Johnson et al., 2007, p.212). Many definitions, techniques, and empirical studies about strategy as practice have been developed within this paradigm. Hence, this study will concentrate on how Strategy As Practice has evolved and the gaps in Strategy As Practice studies.

The structure of this article is as follows; The second part is about origin of Strategy As Practice, its historical growth, its current contributions, limitations, and future studies to be done on Strategy As Practice. The third and final section is about significance of Strategy As Practice and recommendations for its development.

2.LITERATURE REVIEWS

2.1. Birth and Evolution of Strategy as Practice

The first foundation of the Strategy As Practice approach was laid by Richard Whittington in 1996 with his article Strategy As Practice. The author of this paper set the emphasis of this approach on strategy as a social "practice" and expressed interest in the behaviour and interactions of strategy practitioners in practice. What does it take to be a successful strategy practitioner? That is the crucial query here. The term "practice" refers to the management level and is concerned with how strategists "strategize" while utilising many of the process school's findings. At this point, the work and speech of practitioners is very important. Thus, the question here is how managers and consultants act and interact throughout the entire strategy formulation process. Strategy practice is not the same for everyone. As the practices are not the same, it is vital to comprehend both local customs and the various roles involved in strategy formulation (Whittington, 1996).

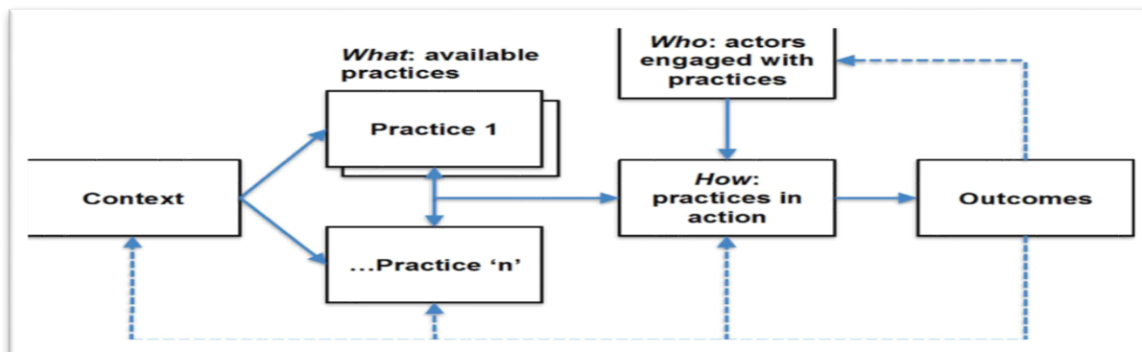
Then, in another article, Whittington (2003) asserts that traditionally, the field of strategy has treated its challenges as something the organization possesses, given that the organization implements some sort of strategy. To date, strategy studies have focused on the organization's macro characteristics. The strategic process' complexity is simplified to a few causal variables, ignoring the evidence of human action interconnections. The topic of strategy should demonstrate a lot more micro-level, in-depth phenomena. Strategy As Practice (SAP), or strategizing, was coined by Jarzabkowski et al. (2007) and Whittington (1996). The activities and interactions of the people who are implementing the plan are addressed by Strategy As Practice. According to Whittington (2006), strategy is seen as something that people do rather than something that a company has (as cited by Lavarda and Bellucci, 2022).

2.2. Strategy as Practice's Focus

Jarzabkowski et al. (2016) mention that the Practice-Based View of Strategy (PBV) is challenged by Strategy As Practice. PBV focuses solely on practice (isolation). It downplays the importance of "who" participates in the practices and "how" they are carried out. Companies, on the other hand, must consider not only the practices themselves but also how and by whom they were carried out. It's like a cooking example where the recipe is the same but the taste isn't. For this reason, Strategy As Practice is a game changer at this critical point. Within this framework, the authors create a schema. This schema shows that

how and by whom practises are carried out and the organization's outcomes are mutually dependent, and that if this mutual reliance is not acknowledged, strategy research may incorrectly ascribe performance differences and give erroneous suggestions to strategy practitioners.

Figure 1: A Schematic Model of Strategy Practice



Source: Jarzabkowski et al. 2016.

There are three concepts that Strategy As Practice focuses on; practice, praxis and practitioner. Practice is characterised as knowledge of the activity provided by behavioural, cognitive, discursive, and physical sources within which several actors can participate and jointly accomplish shared objectives (Jarzabkowski et al., 2007). It also encompasses the manner in which people behave, including customs, norms, and procedures (Whittington, 2006). Praxis is the connection between the contributions and actions of various and dispersed groups of people and the structures within which they operate. Praxis is the flow of activity created by people (Whittington, 2006). Practitioners, also known as actors, are responsible for putting the strategies into effect (Whittington, 2006). As a result, they are linked to the practice and praxis components.

2.3. The Individualism/Collectivism Dilemma is Resolved by Strategy as Practice

In fact, traditional strategy approaches emphasise top-down management. It has a collectivist bent. On the other hand, Strategy as Practice resolves this difficulty by referencing social theory, which sees agency and structure as two sides of a coin. The interplay of the three core Strategy as Practice terms practitioner, praxis, and practice reflects this duality (Giddens, 1984; Outhwaite, 2006). Strategy as Practice is able to overcome the classic strategy perspective's duality of individualism and collectivism thanks to this link between practitioner, praxis, and practice. Strategy as Practice helps to understand how a particular context effects the strategic management process and vice versa (as cited by Nini, 2016).

2.4. The Reasons for Strategy as Practice Field Has Rapid Growth

Strategy as Practice field has rapid growth, but why? The reasons for this growth are expressed in the dissatisfaction felt intensely in traditional strategy research. Making strategy is the focus of the research topic "Strategy as Practice". For instance, what are they employing, how are they doing it, who is doing it, and how does this affect how the strategy is being developed? For this reason, the answers to these questions are examined by Strategy As Practice. Strategy is something that humans do, but multivariate analyses of firm- or industry-level influences on business performance are what make up most of strategy theory. Most strategy theories suffer from the absence of human actors and their behaviors. According to the perspective of Strategy As Practice, while strategizing is defined as the actions, interactions, and negotiations of various actors as well as the situated practises they use to carry out that activity, strategy is described as a situated, socially realised activity (Jarzabkowski and Spee, 2008). Furthermore, according to March (2006), decision models, frameworks, strategies, procedures, and other sorts of "rationality technologies" have always been tightly linked to strategic management. Strategy As Practice, on the other hand, places a heavy emphasis on the practical realm. As a result, practitioners will gain significant insight into how to apply those models in the planning process. They observed and examined how important decision-makers choose, use, and update such tools in the reality (as cited by Nini, 2016).

In this way, Strategy As Practice research has contributed to earlier strategy process research by putting into consideration the social incorporation of strategy making. Strategy As Practice has made a significant methodological leap. Statistical investigations have generally been chosen by the strategic management discipline (Vaara and Whittington, 2012). It demonstrates a high preference for varied qualitative methodologies, which is common in single organizations. These studies are frequently based on interviews conducted at various organizational levels (Tsoukas, 2017). In addition, Vaara and Whittington (2012) mention that Strategy As Practice researchers have also gone to extraordinary lengths to become closer

to their subjects. Participant observation, action research, photography, video-ethnography, study subject diaries, and work shadowing are some examples of these methodologies.

2.5. Critical Points on Strategy as Practice

Recent studies have concentrated on the missing aspects of Strategy As Practice and made suggestions for its improvement. Nini (2016) looks at it from three critical perspectives. Firstly, Strategy As Practice has just recently started to integrate macro-level planning in its purview. Strategy As Practice focused heavily on the micro perspective of strategy creation and implementation when it first launched. Even though Strategy As Practice has lately begun to take a more holistic approach, to reinforce its status as a comprehensive framework for strategic management, more research is required. According to Varaa and Whittington (2012), Strategy As Practice will overcome the problem of "micro-myopia" (p. 28). Second, greater study is required on the concept of practice. This shift to a macro level is explained by Strategy As Practice's dependence on general social theory like Gidden's Theory of Structuration (1984) and Bourdieu's Theory of Practice (1977). Strategy As Practice must tackle the same problem with its notion of practice, focusing on important points from Thompson (1989), particularly those that pertain to Gidden's definition of "looseness" (p. 64). Finally, there is a gap in the strategy discourse. Strategy As Practice recognizes that strategy creation and execution are social processes that rely on communication. However, until recently, Strategy As Practice (Fenton and Langley 2011) disregarded narrative as a crucial to social creation in practice. The study by Kaplan (2011) on the use of presentations as "epistemic machinery" takes the "narrative term" and can be used as a starting point for future study.

The fact that little study has been undertaken on strategy in the context of micro firms is another important consideration. It is recommended to pay further thought to the form of owner/manager strategizing in the setting of the micro enterprise. In larger enterprises, the practitioner's actions occur within a professionally mediated context, whereas the owner/action manager's take place in a more informal context in smaller firms. While not lacking in industry expertise, it frequently lacks professionalism when it comes to formal business and management experience. Cognitive, behavioral, motivational, and physical practices rooted in a corporation produce strategy practices. Owner/manager consciousness may be viewed as a filter that allows for the making of only certain decisions (Kearney, Harrington and Kelliher, 2018).

Moreover, Jarzabkowski et al. (2021) mention that early Strategy As Practice publications stated that an activity is strategic if it has repercussions for the firm's strategic outcomes, directions, survival, or competitive advantage, even if the consequences are not part of a clearly articulated strategy. Others have adopted the second portion of the definition, which is based on a strategy process perspective on what strategy practitioners consider to be consequential; for instance, strategic planning, strategic change, and strategy implementation processes. The process viewpoint imposes a set of assumptions on what activities are judged "strategic" to study, those associated to well-known strategy processes like strategic planning and transformation, and as a result, cuts out alternatives. This is similar to how the performance view operates. Because of this, Strategy As Practice definitions of what action is consequential and, consequently, who and what should be evaluated have been impacted, according to Jarzabkowski et al.'s (2021) analysis.

First, what does it mean to be "consequential"? According to the performance view, process view, and practice view (reinvigorated), this question has been answered by different authors. They each describe it in their own way; Johnson et al., (2003) clarify that the performance view categorizes strategic activity based on preset performance measurements or espoused success measures relating to the firm's strategic results, directions, survival, and competitive advantage. According to Burgelman et al. (2018), the process view identifies what strategy practitioners consider to be important in their strategy-making processes. Although there are no explicit strategic performance goals or related strategy procedures, the practice perspective (reinvigorated) identifies indirect and consequential consequences of actors' practices on patterns of activity that scholars may claim are strategic (as cited by Jarzabkowski et al., 2021).

Second, what is the subject of research? The answers to the questions are discussed again from these perspectives. This time, they provide the same explanation: Jarzabkowski (2008), and Jarzabkowski and Seidl (2008) claim that the performance view is used to study the practice of achieving stated success metrics including financial performance, operational performance, and organisational effectiveness. Through strategy processes such as Spee and Jarzabkowski's (2011) strategic planning, Balogun and Johnson's (2005) strategic transformation, and strategy execution, the development of articulated strategies that the organisation formally refers to as "its strategy" is investigated (e.g. Hengst et al., 2020). The practice view (reinvigorated) examines the banal daily activities that are frequently determined by academics' intuitions regarding what is crucial, strategic, or consequential in the area (as cited by Jarzabkowski et al., 2021).

Third, who is being investigated? According to Liu and Maitlis (2014) and Wenzel and Koch (2018), top managers are studied as significant actors in defining the organizational definition of strategy. According to Balogun et al. (2015) and Jarzabkowski et al. (2019), the process view examines top and intermediate managers, as well as some operational managers, who are

involved in strategy processes. Practice view (revised) investigates a diverse spectrum of actors, including individuals who aren't officially defined as having strategic roles or responsibilities inside organizations (as cited by Jarzabkowski et al., 2021).

Finally, what role do researchers play in determining what is strategic? Jarzabkowski et al. (2021) say that existing literature has a passive dictation on what is strategic in terms of performance. In the same way that the organization dictates what is strategic in the performance view, the organization dictates what is strategic in the process view. Unlike other approaches, the researchers actively select what is strategic in practice (reinvigorated).

2.6. Tensions, Crossing Strategies and Potential Research

Kohtamäki et al. (2022) conducted a bibliographic search of 340 articles written from the past to the present, and five different clusters emerged as a result of this bibliographic search. The topics that emerged as a result of these clusters and on which the most articles were written are, respectively; praxis, sensemaking, discursive, sociomaterial, and institutional. Of course, these main cluster titles are related to each other and have co-citations. As a result of these emerging clusters, the authors compared micro versus macro, discursive versus sociomaterial, practical versus critical, and practice versus process within the framework of connecting streams. For each connecting streams, the authors mentioned disconnects, crossing strategies, and topics for future Strategy As Practice studies.

Firstly, Kohtamäki et al. (2022) discuss macro-micro conflicts. Although it has also been significant in sensemaking and discursive ('small d') methods, the praxis cluster has been characterized by a focus on the micro level. Discursive studies ('Big D') and NIT are both turning more and more of their attention to macro activities. Methods for bridging between them include practitioner institutionalism and attention to the appearance of praxis in institutionalisation. One of their prospective research areas would be the adaptability of practise to formal organizations, such as various sectors or business cultures. In addition to the creation, evolution, and dissemination of strategy methodologies across time, digitalization, big data, and artificial intelligence can all be used in strategy work.

The contradictions between discursive and sociomaterial are discussed in the second section. Sensemaking and, more specifically, discursive research have traditionally concentrated on the function of language while ignoring the instruments and technologies used to convey language. Sociomaterial analyses place a strong emphasis on the material and tangible aspects of strategy work, although they are rarely related to more detailed discourse analysis. The options for crossing between them are as follows: The different modalities of social life can be captured using multimodal approaches (human and technological). Their potential research areas consist of multidimensional analysis of strategic communication, discourse or conversational aspects/functions of strategy tools, interplay of narratives, texts, artefacts, and exemplified aspects of strategy work, and the roles of materiality and embodiment in new digital chances of strategy work (Kohtamaki et al., 2022).

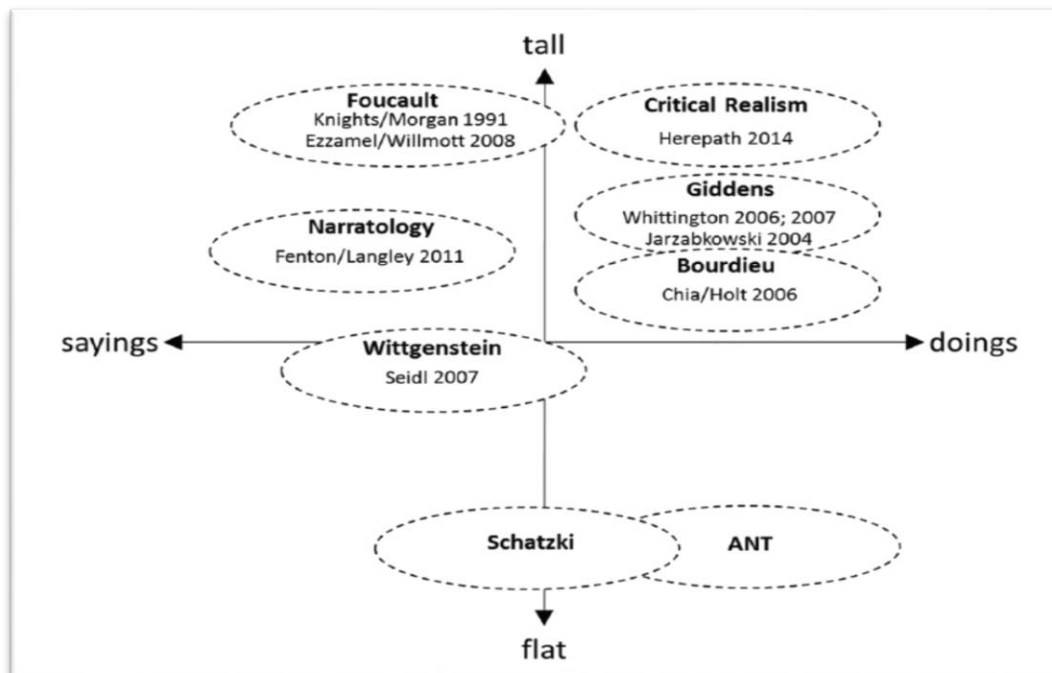
Thirdly, the contradictions between practical and analytical thinking are discussed. The praxis cluster has a history of focusing on matters of practical importance while ignoring power dynamics underneath the surface. In critique, the crucial flow of labour, particularly in the discourse clustering, tends to isolate itself. Interacting strategies: power's simultaneous interest in strategies that are both going to control and liberating. Exclusion and inclusion in strategic analysis, sex as well as other inequities in strategic analysis, and the relative consequences of power and practises in explaining results are all possible study subjects (Kohtamaki et al., 2022).

Finally, there is a discussion of the difficulties that exist between practice and process. Many Strategy As Practice scholars have stressed distinctiveness, with minimal links to strategy process research, even if they were initially affiliated with process studies. The majority of strategy process research has been conducted at the organizational level, ignoring social behaviors and micro-level planning. Sequential and bridging procedures are used to cross between them. There are temporal views and multi-level investigations of activity inside processes for sequential. There is a strong process ontology for bridging. Possible study subjects include the dynamism of practices in dealing with change, the use of strategy practises "inside" distinctive strategy processes, and the objectification of strategy processes as distinct and consistent things (Kohtamaki et al., 2022).

2.7. Studies Needed to Improve Strategy as Practice

Strategy As Practice study will advance by broadening its reach, either by becoming taller or flatter. Flatter ontologies expand the area of Strategy As Practice study by encompassing a mix of local and remote settings, as well as human and non-human agents. As a result, research on Strategy As Practice moves beyond being an offshoot of organizational theory and, at the very least, is connected to sociologies of technology, knowledge, economic institutions, and social change. Tall ontologies may be used by Strategy As Practise researchers to identify the likely locations and forms of practice innovation. Changing cultural views and new technologies, for instance, may be encouraging the creation of more "democratic" types of strategy praxis right now (Whittington and Seidl, 2014).

Figure 2: Spectrum of Theoretical Resources as Represented in Key Papers



Source: Seidl and Whittington, 2014.

Besides, Santos et al. (2021) discuss various strategies to lead empirical research on Strategy As Practice. For this reason, they offer a strategy based on a thorough examination of the literature in which the components of phenomenology, grounded theory, ethnography, and narratives are provided in the framework of Strategy As Practice studies. Thereby, they want to show how grounded theory, ethnography, and narratives of practice may be used in combination to assist researchers go past in vivo accounts and connect micro-level actions to macro-level results. It's vital to highlight that the structure can be used in a variety of ways because it's not a cookbook but rather a set of guidelines that can be tailored to the problem and research situation. For instance, the philosophical movement and onto-epistemological paradigm known as Phenomenology directs research on the experiences and "life circumstances" of the strategists. Narratives of Practice allows strategists to access their recollections and life stories. It focuses on historical, institutional, and interrelated processes. Ethnography is a method of gaining access to the daily lives of strategists. It is mostly focused on localized practices, as well as actual "doings" and "sayings". Grounded Theory is a methodological approach to the issue that is being investigated. It is focused on the development of historically and culturally based theories.

Given that narrative is important to the phenomenological approach, using it would allow practitioners to access the practitioners' storytelling, which helps them make sense of their organizational lives and identities as strategists. Narratives aid in the understanding of how strategy-making entails sensemaking and sensegiving. Consequently, the proposed method may be used to examine the core assumptions of a strategy story as well as how conflicting narratives are resolved (Santos et al., 2021).

The holistic nature of ethnography and its emphasis on culture can aid in addressing the numerous levels that comprise the social environment. While narrative research typically collects stories through interviews in a scheduled conversation for that purpose, researchers can prove ongoing narratives and how they are integrated into praxis-practices-practitioners by observing in vivo practitioners' interactions. Ethnography considerably improves the researcher's immersion in fieldwork, allowing for the collection of a large amount of data (Santos et al., 2021).

The grounded theory might add to the ethnographic by filling the "intermediary moment" where analysis of data occurs. As a result, the problem of stringent data collection and evaluation would be addressed via analysing datasets (and constructing categories) from the beginning, as opposed to after data collection is complete, and by displaying the correlations between ideas and categories. A systematic approach is necessary to relate field data to the development of ideas and to challenge the underlying assumptions of current theories, a systematic approach is necessary. These grounded theory components can all contribute to codifying and enhancing the restricted theoretical part of ethnography (Santos et al., 2021).

2.8. Future Directions

Santos et al. (2021), according to before perspective suggested (phenomenology, narrative of practice, ethnography, grounded theory), the method could be effective for researching two understudied subjects in Strategy As Practice literature: (a) strategic change in pluralistic contexts/organizations and (b) open strategy. Most of strategy theory is inadequate for analysing strategizing in diverse contexts, but social practice theoretical frames can address this peculiarity. Different objectives and expediences of groupings inside and without the organization generate pluralistic settings. Openness in terms of inclusiveness, or the number of individuals engaged in strategy creation; and transparency in terms of clarity, both during strategy formation and, more frequently, during strategy communication, characterise the idea of open strategy. The authors identify four forces (societal, organizational, cultural, and technology) that promote openness in strategy work, all of which will become more commonplace and permeate throughout business. If planning is considered as a regional collection of activities with important social implications that are impacted by new and emerging technologies, the increase of knowledge creation, and the synergetic economy, then openness becomes macro and micro. The suggested approach might be used to explore how prospective new "practices" impact the everyday actions (praxis) of "practitioners" in a clear and honest organization. This method requires analysing practitioners' narratives while simultaneously observing their (inter)actions via an anthropological investigation in order to find strategic elements impacted by cultural and institutional variables. The right tools are provided by grounded theory to keep moving from solid data to the conceptual level, explaining the traits and ramifications of the open strategy for strategizing and preventing the study from devolving into a mere descriptive study and losing the chance to theorise about novel phenomena.

According to Doganova and Kornberger (2021), investigations that use the strategy viewpoint as a practice give insight on a vast array of strategy instruments. Within this framework, the authors concentrated on three strategic tools: economic and business models; strategic and business plans; and discounting, a tool for valuation and decision-making. These tools are always being developed in an effort to cope with the future in diverse businesses.

Uncertainty about the future exists inside a world that is predetermined; it has more to do with variability than with unpredictability. Due to parameter changes, models generate imaginary future world states that resemble present-day varieties. Models forecast future conditions based on prior experience, which lends credence to the predictions. (Doganova and Kornberger, 2021).

A plan is an effort to address the future's unpredictability by outlining a route that incrementally moves from the current state of affairs to the desired future state of affairs. Plans vary from models in that they explicitly attempt to act on the future's unpredictability. The effectiveness of the plan, like the model's, is not found in its capacity to foretell future events and guarantee that the route it proposes will be followed perfectly. Contrary to what many people would think, the plan is really more concerned with the present than the future, according to Kornberger and Clegg (2011). An effective plan is one that draws on previous allies rather than making predictions about what will happen in the globe in the future (as cited by Doganova and Kornberger, 2021).

Models and plans are used to reveal (potential) futures as in today and make them amenable to action, not to predict what will happen, assuming the future is unknowable and uniform. They study the future and the present. Both depend on the difference between the present situation as two temporal realms, one with an action problem and the other with a decision issue (what should we do now?) and the other with a knowledge problem (what will the future be like?) (Doganova and Kornberger, 2021).

Discounting is among the most important methods organizations and decision-makers use to forecast the future. Discounting refers to techniques for forecasting future inflows of advantages and disadvantages that something will experience. The theory and practice of finance are where discounting first emerged. For instance, the discounting principle of banking states that "a dollar tomorrow is worth less than a dollar now" since today's dollar is worth more than tomorrow's dollar. According to this theory, the future will be less valuable than the present, so it must be "discounted" by applying a discount rate to bring it back into the present (Doganova and Kornberger, 2021).

Firms and governments increasingly cite global uncertainty, "disruptive" technical innovation, and change pace as planning challenges. "Preparedness" replaces "planning" in strategy (Collier and Lakoff, 2008). We must "prepare" for a future that is unknown, beyond our control, and getting farther away while approaching faster. Worries over the changing climate, environmental sustainability, and subsequent generations have led to a rise in requests to examine the far future. One of the most important problems of today is to be ready for an unknown future. Creating effects for this unknown future, which we may not see, depends on our ability to act now. The difficulty is startling. Neither future temperature hikes nor images of coming disasters seem to warrant immediate action. This can be overcome by our ability to see the future as part of the present rather than our ability to predict an uncertain future (Doganova and Kornberger, 2021).

Figure 3: Historical and Current Inspirations for Strategy as Practice

3. CONCLUSION

As Johnson et al. (2007) indicate that Strategy As Practice may be traced back to the classics of strategy process research as well as other efforts to expand and deepen strategic management. Since the middle of the 2000s, Strategy As Practice has been a clearly established topic within the discipline of strategy research.

Strategy As Practice is an innovative movement that tries to determine what is to be considered a strategy by considering what, who and how in strategy applications from a practical theory point of view. In this way, it is very exciting to observe the important effects of strategy, which is not only a feature of certain organizations, and the transition to social practice in contemporary developed societies (Jarzabkowski et al., 2021).

Strategy As Practice has been the subject of several definitions, scopes, techniques, and empirical research. The evolution of Strategy as Practice from the past to the present is provided as a literature review in this study. In addition to presenting a comprehensive literature study that may guide future research, recommendations on how Strategy As Practice can be improved, the missing points are mentioned, information about the direction of future researches and future directions are mentioned.

Since Strategy As Practice is a very comprehensive and constantly developing field, it was not possible to scan all the literature and include all studies in our study. Many techniques have been presented and many studies have been done on Strategy as Practice; however, the well-coordinated or methodical nature of these studies is of great importance for future research. The Strategy as Practice literature needs contemporary studies that show how it has evolved over time and provide insight into future research in this area.

This work is a small fragment of the Strategy As Practice evolution. We hope that more comprehensive literature studies will be included in the future and that researchers will be able to easily access and benefit from these resources while conducting Implementation as Strategy studies. Thus, Strategy As Practice studies can be made much more regular and systematic.

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BRAND EQUITY, BRAND LOYALTY AND MEDIATING ROLE OF CUSTOMER SATISFACTION: EVIDENCE FROM MEDICAL COSMETICS BRANDS

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ABSTRACT

Purpose- The importance of concepts such as brand loyalty, brand equity and customer satisfaction towards brands has been dramatically shown in marketing literature throughout recent decades. Current study aims to examine the mediating role of consumer satisfaction in relation to consumer-based brand equity and brand loyalty in the medical cosmetics industry, whilst empirically investigating the inter-relationships between dimensions of brand equity.

Methodology- A theoretical model was adopted using Structural Equation Modeling (SEM) relying on data collected from 275 respondents. Moreover, the scales of this study borrowed from the literature were modified using validity and reliability tests.

Findings- The empirical results reveal a significant inter-relationship between dimensions of brand equity-perceived quality, brand knowledge and brand trust. Further, the result remarkably indicates the three dimensions having a positive effect on consumer satisfaction and brand loyalty, and customer satisfaction partially mediates the relationship between brand equity and brand loyalty.

Conclusion- The study findings may be applied to the cosmetics market, building, and enhancing long-term relationships with customers by focusing on brand equity culminating in successful brand loyalty.

Keywords: Brand equity, brand loyalty, customer satisfaction, medical cosmetics, Iran.

JEL Codes: M31, M11, L84

1. INTRODUCTION

'The Brand' is widely accepted as the most important asset by companies, second only to customers (Doyle, 2001; Helmig et al., 2007). As such, Brand Loyalty is seen as an essential element for profitability and sustainability. (Chaudhuri & Holbrook, 2001). In turn, marketers focus their main interest on brand loyalty to provide this key element in pursuit of business success in a highly competitive market. Successive scholars suggest various models describing the relationship between concept of brand equity and brand loyalty, however no common framework exists in the relevant literature. In research, for example, loyalty is regarded as the leading dimension of brand equity. (Aaker & Smith, 1992). Conversely, Brand loyalty is seen as a perception and as a consequence of brand equity, also introduced as a behavioral construct related to intention of repurchase (Keller, 1993; Nam et al., 2011). Since the current study focuses on purchase behavior, loyalty is considered to be an outcome of brand equity.

Many studies investigated the existing connection between brand equity and customer satisfaction, the initial attempts being in 1980s (Lanza, 2008). A vital element of business success is customer satisfaction as a long-term "relationship" with brand or company, being a singularly interesting topic of marketing studies by scholars and practitioners alike. Becoming accepted as a fundamental determinant of continued business success. (e.g., Jones & Suh, 2000; Pappu & Quester, 2006; Cooil et al., 2007).

Previously, research attempted, in the main, to explore the impact of customer satisfaction on behavioral consumers' post /consumption evaluations such as loyalty. In general, satisfied consumers are more likely to be loyal to a firm, compared to those dissatisfied (Dimitriadis, 2006). Nevertheless, there is an argument recommending that more attention is still required to be paid to explore the connection among brand equity, loyalty, and customer satisfaction (Nam et al., 2011). Although previous studies of service industry widely show indirect influence of brand equity on brand loyalty with a mediator role of

satisfaction (Lei & Chu, 2015; Nam et al., 2011), according to our knowledge, the role of customer satisfaction as a mediator has not been analyzed in relation between loyalty and equity by researchers for the cosmetic industry. Despite the significance of this topic, especially within the service industry, and the plethora of conducted research on loyalty, brand equity and customer satisfaction, still more studies need to be conducted into relationships within these variables (Kataria & Saini, 2019). This study, therefore, sets out to explore how customer satisfaction may mediate the existing relationship between brand loyalty and brand equity in the cosmetic industry specifically in Iran. In addition, the interconnection of selected dimensions of brand equity such as perceived quality, brand knowledge and brand trust are investigated empirically.

On completion of this study, the result will firstly, contribute to the literature and our overall understanding of customer loyalty in the Iranian cosmetics industry. Secondly, the outcomes are guidance for practitioners and strategy planners in this industry, to formulate appropriate customer retention strategies and loyalty schemes. Thirdly, the results guide development design services or production help to sustain profitability and long-term competitive advantage through extension of their product life cycle.

Throughout the remainder of this paper, we review previous studies and investigations relating to brand loyalty, brand equity and customer satisfaction. In the third section, we will review the interconnections among variables and design the research hypotheses. In the fourth section, research methodology including sample and data collection techniques is explained. In the fifth section, results from a survey questionnaire are analyzed and presented. Finally, in the last sections, discussions, managerial implication, conclusion, limitation, and opportunities for future studies are considered.

1.1. Criteria for Selecting the Medical Cosmetics Products

The cosmetics business is one of the largest and most thriving markets in the world. According to statistics, the value of the global cosmetics market was a recorded 507.8 billion US dollars for 2018, showing a growth by 5.5 percent, contrast with the previous year (Statista, 2022). Reports estimate the market value could reach 758.4 billion US dollars by 2025, despite an 8 percent decreased in global cosmetic market value in 2020 compared with the year before (Ridder, 2021- 2018).

Further, it is reported that even during the COVID-19 pandemic, the cosmetics industry had a quick and successful recovery in two months in one selected country, which shows the strength point in this market (Karami & Karami, 2021). The cosmetic industry is a profitable business that has been progressively attracted to marketing researchers and practitioners. The recent highly competitive environment in the cosmetic industry leads this market to focus more on strengthening customer relationships and loyalty specificity in cosmetic product lines (Chan & Mansori, 2016). A report also indicates that the Asian cosmetics market has become one of the fastest growing markets, placing them second after the Western European market, high in terms of sale revenue (Hassali et al., 2015).

Meanwhile, the cosmetics market in Iran is growing fast, where statistics describe sales value of cosmetics products (e.g., skin care) in Iran for 2020 will be around 428 million US dollars, which shows a rapid growth compared to previous years (Statista, 2020). The FDA (U.S. Food and Drug Administration, 2019) defines a cosmetic as a "product (excluding pure soap) intended to be applied to the human body for cleansing, beautifying, promoting attractiveness, or altering the appearance". In addition, some of the cosmetics products are used for treatment purposes that can be called "Medical cosmetics products". Some of these products should be prescribed and applied by a dermatologist or an expert in relation to specific instructions of use. The market of medical cosmetics products has experienced a competitive environment during recent years.

The growing number of beauty/treatment clinics, training schools and the increase in demand for a variety of such services in Iran, support the importance of this market (statistics center of Iran, 2019). To have a long-term business success, medical cosmetics similar to those of other service sectors, is required to be studied seriously and explored, particularly by focusing on post consumption/purchase behavior, such as loyalty.

2. DEVELOPMENT OF THEORETICAL FRAMWORK

2.1. Brand Equity

In the literature, the concept of brand equity is viewed from different perspectives (e.g. Aaker, 1996; Park & Srinivasan, 1994; Baldinger & Robinson, 1996). Brand equity is defined as "the value addition done by a brand through customers' association and perception towards a particular product". The nature of brand equity is the deep level of faith in consumers toward a particular brand compared with others, potentially building and enhancing brand loyalty. Lehmann and Srinivasan (2013) indicated that brand equity can be viewed from three different perspectives, for example, market, customer, and finance sides. From the customer viewpoint, brand equity reflects the perception of customers and reactions towards branded and non-branded products. The product market perspective represents brand equity in profitability of a branded product compared with non-branded types in the market. Finally, looking from a financial perspective, brand equity reflects the brand-anticipated future purchase based on present value of that brand.

This study employed the customer-based approach because of its benefits for designing, evaluating, enhancing the strategies, and effectively positioning the brand, based on consumer behavior (Kim et al., 2008). It was suggested by Keller (1993) that brand equity can be evaluated based on customer perceptions which is a source of brand equity. Therefore, it is a crucial task for managers is to measure and track brand equity at the customer level (Lassar et al., 1995).

2.2. Brand Loyalty

Brand loyalty has been shown as a major topic in customer behavior literature, as it is accepted as a key factor in measuring business performance in organizations (Khan, 2013). Brand loyalty can also bring numerous benefits for organizations, such as increase in market share and sale revenue, increasing the capacity of organizations to react to competitive threats, and decreasing the risk of losing customers in a market crisis (Delgado-Ballester & Luis Munuera-Alemán, 2001).

Many researchers have defined brand loyalty as "an attachment that a customer has towards a brand which motivates a customer to consistently purchase a favored brand" (Li et al., 2012; Rubio et al., 2017; Coelho et al., 2018). Conducted research also demonstrated that brand loyalty is a consumer's attitude which shows his/her preferences toward purchasing a brand based on previous shopping experiences (Thompson et al., 2014). Furthermore, it is expressed that brand loyalty can measure the customers switching behavior to another brand especially when the price, quantity and quality of brand's features are changed (Westhuizen, 2018). When customers have both an emotional attachment and trust in a brand simultaneously, a real brand loyalty occurs (He et al., 2012) which, in turn, will enhance the purchase commitment of customers in future (Nguyen et al., 2011).

In terms of duration, brand loyalty can be divided into short- and long-term categories where the long-term loyalty is considered as a true one since it predicts the pattern of customer repurchase behavior in future even if there is better brand from which to choose (Grisaffe & Nguyen, 2011). In the literature, brand loyalty is evaluated from two different perspectives namely "Behavioral" and "Attitudinal". The behavioral approach looks at brand loyalty as a purchase of a specific brand while attitudinal loyalty as a consumer's psychological attachment and positive attitude towards that particular brand (Rauyruen & Miller, 2007). In the current study we attempt to utilize both behavioral and attitudinal loyalty in a long-term relationship.

2.3. Perceived Quality

In customer-based brand equity literature, perceived quality is considered as a primary and crucial dimension since it is able to bring many benefits for firms, to create a basis of brand differentiation (Aaker, 1996; Dyson et al., 1996; Farquhar, 1989; Keller, 1993). Perceived quality has been defined as the overall assessment that the customer does for a brand compared to other alternative brands in the market (Netemeyer et al. 2004). Originally, perceived quality comes from perception and is subjective in nature. Therefore, each customer has a different perception towards brand appearances, advertising, cost, name, and features which, in turn, influences the purchasing behavior by forming a selective brand image in the mind of the customer. This process leads to product differentiation (Aaker, 1991). The term quality was differentiated from perceived quality (Keller, 1993). Quality defined as "actual superiority or excellence over competitors' brands" whereas perceived quality as "consumers' intangible perceptions of superiority of a product or as an overall feeling regarding the brand".

2.4. Brand Trust

Trust has been demonstrated as a crucial factor in the buyer and seller relationship (Komunda & Osarenkhoe, 2012) and of the essential dimensions of brand equity models (Kataria & Saini, 2019). Brand Trust is defined as a customer's expectation from a brand to consistently provide its promises over time (Huaman-Ramirez & Merunka, 2019). Brand trust measures the customer's confidence toward a specific brand which describes that brand as honest, reliable, and sincere in addressing their concerns. (Hawass, 2013). A customer with low-level trust is not likely to be as loyal, possibly switching from brand to brand, whereas a high-level trust customer builds loyalty and enhances share revenue and increasing purchasing power. Furthermore, a highly trusted brand creates a sustainable relationship with its customers resulting in increased profitability (Mckinney & Benson, 2013). Therefore, brand trust is considered an important element in building, forming, and maintaining long-term relationships with customers in any business (Hegner & Jevons, 2016).

Brand trust can be formed based on performance or reliability of brand (Reast, 2005). Trust based on reliability is shaped according to image and perception emanating from previous experience of using the brand, whereas trust based on performance is shaped by customer pleasure through usage of the brand (Reast, 2005). For this study, brand trust based on reliability is considered, since long-term relationship is the concern of this paper.

2.5. Brand Knowledge

Customer-based brand equity is viewed as "the differential effect of brand knowledge on consumer response to the marketing of the brand" (Keller, 1993). The author suggesting awareness and brand image as the source and determinants of brand knowledge (Hoyer & Brown, 1990; Keller, 1993). Percy and Rossiter (1992) defined brand awareness as "an ability of

a recipient of defining a brand in a certain category in an enough detailed way to buy". Brand awareness refers to the ability of a brand to be easily recalled, be simply recognized and the likelihood that a brand name comes to mind of a customer (Vasudevan & Kumar, 2019).

Brand image is defined as the total of perceptions about a particular brand originating from the reflection of associations in the mind of customers (Rio et al., 2001; Hsieh & Lindridge, 2005; Keller, 1993). Aaker (1991) defines brand image as a "set of brand associations that are anything linked in memory to a brand, usually in some meaningful way". On the other hand, Armstrong et al. (2020) defined brand image as "a set of beliefs held about a particular brand" that play an essential role in the buying decision-making process when customers come to evaluate alternative brands existing in the market. Brand image helps marketers to build a positive brand attitude, brand differentiation and hence positioning (Low & Lamb, 2000).

2.6. Mediating: Customer Satisfaction

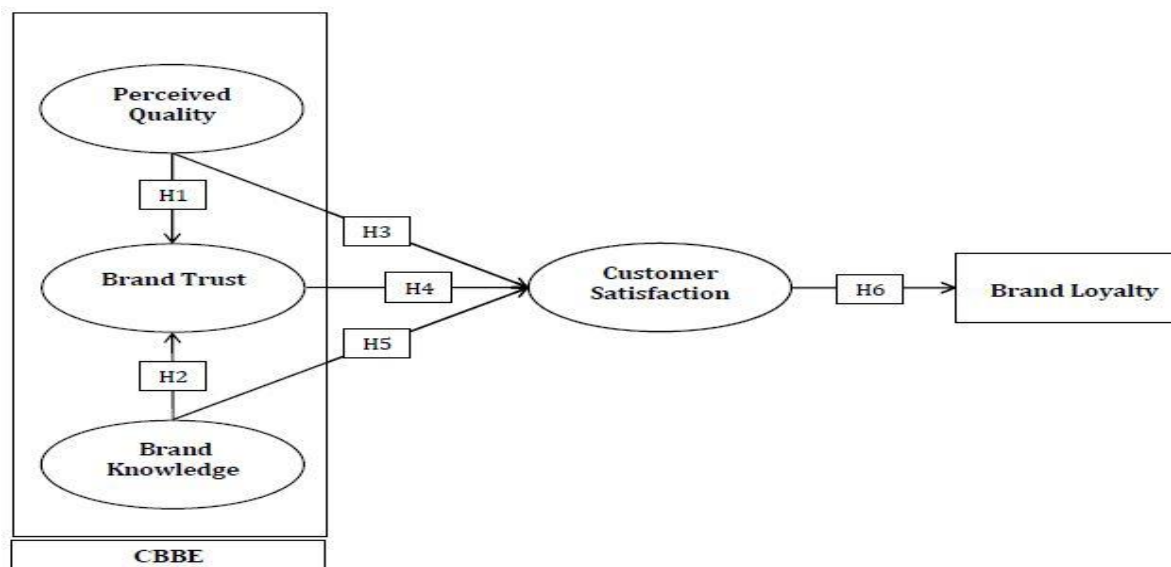
Customer Satisfaction has been defined in different ways and perspectives (Dimitriades, 2006). However, the expectancy disconfirmation theory has provided a definition which increasingly became one of the most cited and widely used definitions of customer satisfaction (McQuitty et al., 2000). According to this theory, "customer satisfaction level is a consequence of the difference between expected and perceived performance" (Oliver, 1999). Furthermore, many have suggested that customer satisfaction should not only be viewed as a cognitive process, since it is also a psychological process (del Bosque & San Martín, 2008). Customer satisfaction has always been viewed as an influential factor which directly or indirectly affects business sustainability, competitiveness, and in return, profitability (Luo & Homburg, 2007; Gomez et al., 2004). Literature also widely considered customer satisfaction to be categorized as either transaction-specific satisfaction or overall satisfaction (Oliver & Westbrook, 1993). Since overall satisfaction has been explored as a superior factor to loyalty in a long-term relationship, our focus, in this study is also on this type of satisfaction. Transaction-specific satisfaction which is an affective reaction dependent upon how customers experience a purchase or service, and will differ from person to person. Whereas lack of stability is a weakness of the transaction-specific satisfaction, while overall satisfaction is stable, since this measure reflects a long-term effect of customers (Auh et al., 2003).

3. RESEARCH MODEL AND HYPOTHESES DEVELOPMENT

3.1. Theoretical Model

The aim of this study is to investigate the interrelationship within the dimensions of customer-based brand equity and to also analyze their association with customer satisfaction and brand loyalty for medical cosmetics products with reference to the cosmetics market in Iran. First, without considering the effect of customer satisfaction as a likely mediator, a model is developed to see a direct effect of brand equity dimensions on brand loyalty. Then, customer satisfaction is included in order to estimate the relationship among independent variables of brand equity with brand loyalty. The hypothesized relationships are discussed in the following section. The model of research is presented in Figure 1.

Figure 1: Conceptual Framework



3.2. Hypotheses Development

3.2.1. Perceived Quality and Brand Trust

In marketing literature, perceived quality is known as a fundamental factor for building a brand trust and enhances loyalty (Rubio et al., 2017; Coelho et al., 2018) which as, an emotional attachment, drives consumers to decide to purchase, repurchase or switch brand during the buying decision-making process (Lai et al., 2009). Therefore, it is observed that high quality brands are mainly the first preferences for customers in the buying decision process, as they represent more reliability and reflect a higher positive signal (Lin et al., 2017). In addition, Thompson et al. (2014) suggests that a positive connection exists between a customer's perception of a high-quality brand and the feeling of status and self-esteem, such that a high-quality brand enhances these feelings for the customer (Atulkar & Kesari, 2017). Therefore, customers regularly buy high quality brands. The positive relationship between perceived quality and brand trust were reported in the studies of Chakmak (2016) and Atulkar (2020). Therefore, this study hypothesized:

H1. Perceived quality has a positive effect on brand trust.

3.2.2. Brand Knowledge and Brand Trust

Brand knowledge creates and forms a basis for brand trust (Hsu & Cai, 2009). Customers' knowledge regarding a specific product or brand shows them a certainty about the brand reliability, enhancing the level of brand trust (e.g., Chaudhuri & Holbrook, 2001). Brand knowledge component-brand image and brand awareness has an effect on brand trust (Ledikwe, 2020). The solid image is able to reduce the risk of perception and stimulate more familiarity with brand which, as a result, fosters the customers' trust (Lin & Lee, 2012; Alhaddad, 2015). The result of previous studies revealed that the brand knowledge has a significant impact on brand trust (Chinomona, 2016; Erkmen & Hancer, 2019). Other research also confirmed what positive contribution to brand image strengthened the degree brand trust in the marketplace (Han et al., 2019). For the effect of brand awareness, it was shown that brands with higher level of brand awareness for their customers, are able to increase the degree of brand trust (Mishra et al., 2016). Also, empirically a significant relationship has been investigated between brand awareness and brand trust (Mourad et al., 2010). Thus, brand awareness is an essential element in building brand trust (Mishra et al., 2016). It is therefore hypothesized that:

H2. Brand Knowledge positively affects the brand trust.

3.2.3. Perceived Quality and Customer Satisfaction

The significant influence of perceived quality on customer satisfaction has been illustrated in previous marketing studies (e.g. Xie & Sun, 2021; Khawaja et al., 2021). Perceived quality may be quantified through the evaluation of a customer's specific belief in a brand, resulting in customer satisfaction. It was shown that the customer would be satisfied when he/she perceives high quality and the brand matches with the customer's expectation (Olsen, 2002). Therefore, the customer would be more satisfied by using a brand with a high-quality perception, as compared to those of low-quality (Zeithaml, 2000). Results of a study showed that a positive relationship exists between perceived quality and customer satisfaction, supporting that perceived quality is an antecedent for customer satisfaction (Darsono & Junaedi, 2006). Therefore, it is hypothesized that:

H3. Perceived quality has a positive effect on customer satisfaction.

3.2.4. Trust and Customer Satisfaction

In the literature, trust has been explored as a significant predictor of customer satisfaction (Berry, 2000; Chiou & Pan, 2009). Therefore, a customer with a high level of brand trust is likely to be more satisfied and more committed to the brand. The conducted research presented that trust positively influences satisfaction, which resulted in increased loyalty (Singh & Sirdeshmukh, 2000). In support, a similar study also investigated that trust has an essential role in the degree of customer satisfaction, which positively affects the loyalty and in results in increasing both market share and profitability of a product or brand (Chaudhuri & Holbrook, 2001). the existence of a positive relationship has also empirically been supported, between trust and satisfaction by other researchers (Leninkumar, 2017; Yoon, 2002). However, the study reported the neutral effect of brand trust on customer satisfaction (Hosseini & Behboudi, 2017). Therefore, the study hypothesis:

H4. Brand trust has a positive influence on customer satisfaction.

3.2.5. Brand Knowledge and Customer Satisfaction

Brand awareness and brand image characterizes brand knowledge. Brand knowledge component-brand image and brand awareness influences customer satisfaction. Customer satisfaction is one of the important brand awareness indicators that gives a sense of pride to customers (Aaker, 2010). The result of conducted research revealed that brand awareness significantly influences customer satisfaction in positive direction (Ilyas et al., 2020). Similarly, the outcome of another

research supports this view, that brand awareness remarkably affects the customer satisfaction (Nazir et al., 2016). In addition, findings indicated that brand image has a direct and significant effect on customer satisfaction (Chien-Hsiung, 2011; Hosseini & Behboudi, 2017). Furthermore, the positive relationship between brand image and customer satisfaction is confirmed by other research (Chen, 2009; Zhang, 2015). Therefore, we hypothesize that:

H5. Brand knowledge has a positive influence on customer satisfaction.

3.2.6. Customer Satisfaction and Brand Loyalty

Satisfaction is considered as the main determinant of loyalty, as explained in some behavioral theories (e.g., learning theories and theory of cognitive dissonance). Empirically, various studies have investigated brand loyalty as the main consequence of customer satisfaction. (e.g., Delgado-Ballester & Luis Munuera-Alemán, 2001). It has been reported in previous research that increases in customer satisfaction directly affect brand loyalty (Rundle-Thiele & Maio Mackay, 2001; Jones & Suh, 2000) and significantly influence both the attitudinal and behavioral loyalty (Fornell et al. 1996) which results in repeated purchase intention. The remarkable relationship existing between satisfaction and loyalty is also reported in other research where the results illustrate that the level of brand loyalty increased when the customer feels positive toward a particular brand (Brakus et al., 2009). There many reports in literature which support the significant direct impact of customer satisfaction on brand loyalty (e.g. Szymanski & Henard, 2001; Boenigk & Helmig, 2013). However, brand loyalty may not necessarily be a consequence of customer satisfaction (Hosseini & Ahmadi Nejad, 2009). Therefore, it is necessary to carry out additional studies to explore the relationship between customer satisfaction and brand loyalty. So, it is hypothesized:

H6. Customer satisfaction has a positively effect on brand loyalty.

3.2.7. Mediating Effect of Customer Satisfaction

The mediating role of customer satisfaction on the relationship between perceived quality and brand loyalty has been examined in many studies. For example, conducted research presented the direct and favorable mediating role of customer satisfaction in the relationship between perceived quality and brand loyalty (Murray & Howat, 2002; Alexandris et al., 2004). Furthermore, this positive mediator role of customer satisfaction between perceived quality and brand loyalty variables was supported with findings from other studies (e.g., Khawaja, et al., 2021; Kataria & Saini, 2019). Results of conducted research also revealed the positive mediating role of customer satisfaction in the relationships between brand trust and brand loyalty (Kataria & Saini, 2019; Chiou et al., 2002). With regard to the effect of customer satisfaction between the brand knowledge and brand loyalty relationship, empirical findings illustrated the positive influence of brand image on customer satisfaction (Hosseini & Behboudi, 2017; Pop et al., 2010) results of which increase the level of brand loyalty (Brakus et al., 2009). In addition, the mediating role of customer satisfaction between brand knowledge dimensions (brand awareness) and brand loyalty was supported in research (Ilyas et al., 2020). It is therefore hypothesized that:

H7a to H7c. Consumer satisfaction mediates the effect of perceived quality, brand trust, and brand Knowledge on brand loyalty.

4. RESEARCH METHODOLOGY

4.1. Data Collection and Sample

For target population, this study focuses on dermatologists and experts working in beauty clinics in five large cities in Iran. Relying on a non-probability convenience sampling method, a total of 300 questionnaires were distributed to potential respondents in 105 beauty clinics, approached by an assistant through Google form over a six-month period. This sampling method was employed, due to the advantage of collecting a large number of responses at a low cost and within a short period of time (Hair et al., 2018). Receiving 293 questionnaires shows a satisfactory response rate of 92% in the study. The target population were questioned on well-known, popular, and most frequently used medical cosmetic brands in Iran such as Tegoder, Guinot, Janssen, Caudalie, Casmara, Swiss line, MAC, Bio-Marine and Bio-derma. Those participants, who did not recently purchase selected brands, were eliminated from the analysis. Therefore, 18 questionnaires were removed, and 275 valid questionnaires were used for further analysis. In addition, the result of a conducted polite study with a mini sample of 30 participants, confirmed the reliability of the measurement scale items. The demographic characteristics of the respondents are presented in Table 1.

Table 1: Demographic Profile of the Respondents

Demographic Characteristics	Frequency (N=275)	Percentage (%)
Gender		
Male	73	26.5
Female	202	73.5

Age		
18-25 years	16	5.8
26-35 years	176	64
36-45 years	54	19.6
46-55 years	29	10.5
Education		
Bachelor	221	80.4
Master	43	15.6
PhD	11	4
Marital Status		
Single	198	72
Married	77	28
Work Experience		
Less than one year	143	52
1 to 2 years	52	19
2 to 3 years	31	11.27
3 to 4 years	21	7.3
More than 4 years	28	10.2

The majority (73.5%) of respondents were female. In terms of education, 80.4% of respondents held a bachelor's degree, 15.6% held a master's degree, 4% had a PhD degree. The majority (64%) of respondents were between 26-35 years old. Furthermore, most of the respondents were single (72%). Also, according to work experience, 52% of respondents had less than one year's experience.

4.2. Construct Operationalization

In this study for data collection purpose, a self-administered questionnaire was adopted. The questionnaire was originally designed in English and then translated into Persian due to the language of respondents, and again translated back into English by a native Persian speaker in order to ensure that it corresponded with the English version (Marradi et al., 1976). The questionnaire comprised two parts. Part one is demographic characteristics such as, age, gender, education, marital statuses and work experience while and part two encompasses five latent construct named perceived quality, brand trust, brand knowledge, customer satisfaction and brand loyalty. All the constructs items were extracted and adopted from previous studies. The 5-point Likert-type scale ranging from 1 ('strongly disagree') to 5 ('strongly agree') was used for this study. Table 2 depicts constructs items and their origin.

Table 2: Item Development

Construct	Measurement Statements
Perceived Quality (PQ) (Yoo et al., 2000)	1. Products from XYZ offer excellent features. 2. The quality of XYZ products is high. 3. The reliability of XYZ is quite high. 4. The XYZ products are highly functional.
Brand Trust (BT) (Chaudhuri & Holbrook, 2001)	1. I trust the XYZ. 2. I consider this brand as honest brand. 3. Brand XYZ delivers the quality as promised. 4. Brand XYZ delivers what it promises in its advertisements.
Brand Knowledge (BK) (Yoo et al., 2000; Villarejo & Sanchez, 2005)	1. Some characteristics of XYZ come to my mind quickly. 2. I can recognize XYZ quickly among other competing brands. 3. I am familiar with XYZ brand. 4. I can quickly recall the symbol or logo of XYZ. 5. The brand is well priced.
Customer Satisfaction (CS) (Spreng et al., 1996)	1. Brand XYZ is worth the price I paid for it. 2. Brand XYZ is as good as I expected. 3. My needs are completely responded by brand XYZ. 4. Generally, my expectations are met by brand XYZ. 5. I am happy that I use brand XYZ. 6. I am satisfied with brand XYZ.
Brand Loyalty (BL)	1. I consider myself to be loyal to XYZ.

(Chaudhuri & Holbrook, 2001; Mols, 1998)

2. When buying cosmetics product, XYZ would be my first choice.
3. I will keep on buying XYZ as long as it provides me satisfied products.
4. I am willing to pay a higher price for XYZ even if a competitor offers similar quality.
5. I would love to recommend XYZ brand to my acquaintance.

4.3. Common Method Bias

Before conducting the reliability and validity analyses and due to likely inflation or deflation of intercorrelations among research constructs in the self-administered questionnaire survey, we examined the biasness in data. Therefore, a confirmatory factor analysis was conducted using the single factor approach offered by Harman (1976). The result rejected the equivalence of the two models and presented that the fitness of the multi-factor model was better in comparison with the single factor model. Therefore, an absence of common method bias was seen in data which indicates the data was fit for checking the reliability and validity. The results are reported in Table 3.

Table 3: The Test of Harman's single factor

Indices for Model Fit	Multiple Factor	Single Factor
NFI	0.78	0.65
NNFI	0.89	0.5
RMR	0.57	0.15
CFI	0.95	0.58
GFI	0.93	0.46
AGFI	0.87	0.56
RMSEA	0.08	0.32
$\chi^2/d.f$	2.208	12.018

4.4. Data Analysis

In this study, to test the proposed hypotheses, a descriptive quantitative approach was employed. Validated statistics tools were employed for analyzing the data collected. The descriptive analysis, normality and reliability of data was investigated out in SPSS (version 24) and followed by Confirmatory Factor Analysis, path analysis, and a mediating effect of variables was carried out by AMOS (version 20). The results of analyzing are reported below in the following sections.

5. ANALYSIS AND RESULTS

5.1. Reliability Measurement

Before any analyses, it is recommended that the reliability of each measurement and construct should be assessed and examined (Fornell & Larcker, 1981). To check the reliability of construct, this study used Standardized Factor Loadings (SMC), Cronbach's α , Composite Reliability (CR) and Average Variances Extracted (AVE) approaches. The report in Table 4 showed that all the standardized factor loadings are above the recommended threshold value 0.7 which indicated a desirable consistency among measured constructs' items (Hair et al., 2018). Furthermore, the value of Cronbach's alpha was higher than the acceptable limit of 0.7 for all constructs, suggesting constructs' reliability in the research model (Nunnally, 1978). Also, the internal consistency was confirmed by composite reliability of which its values for all construct exceeded 0.85. The values of average variances extracted were higher than 0.5 for all scales which determined that the latent variable had a high degree of reliability. Therefore, the reliability coefficients and internal consistency of all constructs and items were adequate and appropriate for the research.

5.2. Confirmatory Factor Analysis

The convergent validity of brand equity, consumer satisfaction, and brand loyalty scales were examined, relying on standardized factor loadings, value of composite reliability, and average variance extracted. As is shown in the Table 4, the value of SMC exceeded 0.5 which is higher than the significant value of 0.7. Furthermore, ensuring the convergent validity, the result of CR and AVE were above the acceptable limit of 0.7 and 0.5 respectively (Hair et al., 2018). Thus, it was concluded that all items in each construct are related (John & Benet-Martínez, 2000).

Table 4: Result of Validity and Reliability Coefficients

Construct	Item	Mean	SD	Standardized Factor Loadings (SMC)	Cronbach's	CCR	AVE
Perceived Quality	PQ1.	4.01	1.228	0.909	0.943	0.957	0.766
	PQ2.	4.31	1.094	0.801			
	PQ3.	3.99	1.193	0.759			
	PQ4.	4.08	1.029	0.784			
Brand Trust	BT1.	3.85	1.075	0.977	0.748	0.922	0.651
	BT2.	3.81	0.985	0.787			
	BT3.	4.05	1.767	0.778			
	BT4.	3.74	1.026	0.919			
Brand Knowledge	BK1.	3.91	1.147	0.972	0.779	0.893	0.598
	BK2.	3.71	0.955	0.921			
	BK3.	3.86	1.091	0.859			
	BK4.	3.97	1.085	0.690			
	BK5.	3.74	1.006	0.775			
Customer Satisfaction	CS1.	3.84	0.954	0.990	0.839	0.924	0.864
	CS2.	3.92	1.110	0.878			
	CS3.	3.67	1.027	0.695			
	CS4.	3.87	1.045	0.832			
	CS5.	3.99	1.757	0.866			
	CS6.	3.96	1.205	0.764			
Brand Loyalty	BL1.	3.42	1.025	0.862	0.799	0.899	0.916
	BL2.	3.84	1.275	0.920			
	BL3.	3.99	1.735	0.932			
	BL4.	3.48	0.981	0.980			
	BL5.	3.71	1.877	0.879			

To examine the discriminant validity, the pairwise construct comparison method was used (Fornell & Larcker's, 1981). Discriminant validity is reported when the square roots of the AVE values are higher than the correlation between construct (off-diagonal indices). As can be seen from Table 5, for all latent variables, the square roots of the AVE (diagonal elements) values are all higher than the correlation between the construct which ensures discriminant validity for the construct.

Table 5: Pairwise Construct Comparison (constructs' correlations and AVEs square roots)

Construct	PQ	BT	BK	CS	BL
PQ	0.875				
BT	0.455	0.806			
BK	0.554	0.630	0.773		
CS	0.519	0.578	0.699	0.929	
BL	0.465	0.420	0.538	0.588	0.957

Note: Bolded values presents squared root of AVE constructs.

5.3. Evaluation of Structural Model

To examine the hypotheses in the proposed model, the structural equation modeling (SEM) was employed using the bootstrapping technique with a resample of 5,000 as suggested by Hair et al., (2018). The results demonstrated that all hypotheses were significant as p value was higher than 0.05. The H1 supported the significant positive relationship between perceived quality to brand trust ($\beta = 0.136$, $p < 0.001$). Moreover, the relationship between brand knowledge and brand trust is supported by H2: ($\beta = 0.256$, $p < 0.05$). Hence, the relationship between perceived quality, trust and brand knowledge are positively related with customer satisfaction as the H3, H4 and H5 are supported (H3: $\beta = 0.445$, $p < 0.001$; H4: $\beta = 0.415$, $p < 0.001$; H5: $\beta = 0.125$, $p < 0.05$). Next to this the relationship between customer satisfaction and loyalty is supported by H6: ($\beta = 0.433$, $p < 0.001$). The path coefficients of respective constructs and the indices of model fit for measurement are summarized in Table 6.

Table 6: Results

Hypothesizes	Path Estimate (β)	SE	P-Value	Result		
H1: PQ → BT	0.136	0.043	***	Supported		
H2: BK → BT	0.256	0.048	**	Supported		
H3: PQ → CS	0.445	0.038	***	Supported		
H4: BT → CS	0.415	0.041	***	Supported		
H5: BK → CS	0.125	0.026	**	Supported		
H6: CS → BL	0.433	0.065	***	Supported		
Model fit statistics						
CFI	GFI	AGFI	TLI	IFI	RMSEA	χ2/d.f.
0.935	0.918	0.951	0.908	0.936	0.046	2.961

Notes: * $p < 0.10$; ** $p < 0.05$; *** $p < 0.001$

5.4. Results of Mediation Effect

Due to the technical superiority of the Preacher and Hayes (2008) approach, it was employed to test the mediation effect of customer satisfaction in the proposed model using the bootstrapping method. The total, direct and indirect effects summarized in Table 7, show customer satisfaction partially mediate perceived quality, brand trust and brand knowledge paths to brand loyalty. Therefore, all hypotheses were significantly supported. The H7a is supported by the values of β and confidence interval of the total effect: $\beta = 0.48$, 95% CI=0.5, 0.55, direct effect: $\beta = 0.38$, 95% CI=0.35, 0.45 and indirect effect: $\beta = 0.19$, 95% CI=0.02, 0.22. Furthermore, the statistics by the β and CI values for the total effect: $\beta = 0.5$, 95% CI=0.35, 0.52, direct effect: $\beta = 0.39$, 95% C=0.15, 0.35 and indirect effect ($\beta = 0.2$, 95% C=0.09, 0.44) supported the H7b. In addition, the H7c was supported by measures of β and CI values for the total effect ($\beta = 0.34$, 95% CI=0.38, 0.58), direct effect ($\beta = 0.19$, 95% C=0.16, 0.48) and indirect effect ($\beta = 0.5$, 95% C=0.09, 0.38).

Table 7: The Mediation Effect

Models Statistics	PQ \rightarrow CS \rightarrow BL			BT \rightarrow CS \rightarrow BL			BK \rightarrow CS \rightarrow BL		
	β	LL	UL	β	LL	UL	β	LL	UL
Direct Effect	0.38 ***	0.35	0.45	0.39 **	0.15	0.35	0.19 **	0.16	0.48
Indirect Effect	0.19 ***	0.03	0.29	0.18 ***	0.09	0.44	0.05 ***	0.09	0.38
Total Effect	0.48 ***	0.5	0.55	0.56 ***	0.35	0.52	0.34 ***	0.38	0.58

Notes: * $p < 0.10$; ** $p < 0.05$; *** $p < 0.001$

6. DISCUSSION AND CONTRIBUTION

6.1. Theoretical Implications

This current study provides a new insight into the body of literature on consumer-based brand equity, customer satisfaction, and brand loyalty for medical cosmetic products in several ways. First, this study empirically confirms that an interrelationship exists between customer –based brand equity dimensions, which suggests that perceived quality, brand trust and brand knowledge, are key determinants of consumer-based-brand equity. Second, this study contributes to existing literature by supporting the direct relationship of existence between perceived quality and loyalty. Third, this research concludes that perceived quality, brand trust and brand knowledge significantly and positively effects customer satisfaction. Fourth, this study determines that, perceived quality brand trust and brand knowledge respectively are the most significant antecedent of customer satisfaction. Fifth, this current study confirms the mediating role of customer satisfaction on the path between customer-based brand equity and brand loyalty. Customer satisfaction partially mediates all paths of customer-based brand equity to brand loyalty. Sixth, the current study proves that an increase in the perceived quality level leads to reach higher brand trust, then gain higher brand knowledge, which as a result increases brand equity. In addition, higher brand equity increases the level of consumer satisfaction, which eventually results in brand loyalty. The conclusions of this study conform to the findings of Kataria and Saini, (2019), Omoregie et al. (2019), Alhaddad (2015), Ledikwe (2020), Keller (1993), Nam et. al. (2011) and Aaker (1996).

6.2. Managerial Implications

Due to the drastic growth in the cosmetics industry in recent years, increases in demand for products and services, variety of new products, and growth in awareness, this sector has become extremely competitive. Therefore, marketer, companies and practitioners intensively focus to move toward maintaining loyal customers and attracting new consumers by offering attractive promotions, products, or services. Since customer satisfaction is known as a key factor in the customer decision making process, marketers must take steps necessary to create and employ sufficient strategies to improve or enhance the

satisfactory rate amount their consumers use which will result in loyalty. The outcome of this study suggests that factors such as perceived quality, trust the brand, and knowledge about the brand respectively, have a highly positive influence on customer satisfaction and their effects on brand loyalty directly and indirectly, is positive and significant. Furthermore, according to findings, the strong interconnection has been investigated among the dimension of brand equity. Therefore, firstly, from the customers' viewpoint the functional benefits of a brand are more important than symbolic benefits in medical cosmetics products; it is recommended that managers pay more attention to strategy of differentiation in their production and offered services, to compete with competitors in the market. To reach this goal, managers and marketers must focus more on enhancing the attached product attributes, add useful functional utility and features to the brand that clearly represent the quality and functionality of the product. According to the proposed model, such strategies potentially influence the level of customer trust toward the brand and at the same time increase the consumers' satisfaction. Secondly, honesty is a vital characteristic of brand that a consumer considers to create a relationship with the brand, based on trust so that that level of trust is likely to be high when a customer meets the expectation from brand promises. Thus, managers and marketers should attempt to reduce the gap between their promises that the customer expects, to meet a provided service or an on-hand product. Given the model of study and tested hypothesis, the increase in trust that a customer has toward a brand, elicits more satisfaction and also encourages customers to learn more about the brand which, remarkably increases the image of the brand, from the viewpoint of the.

Thirdly, the degree of simplicity in recognizing and recalling a specific brand name influences the customer trust and satisfaction. This degree depends on how a customer experienced the brand or product in previous purchasing process or depends on the level of awareness about the brands. In the purchase decision making process, consumers tend to prioritize the brand that was engraved into their memories, given the past positive experience or the depth of knowledge held about that brand due to constant information gleaned from the brand. Therefore, managers and marketers are recommended to invest more on informing customers relating to new products, features, side effects of other products or old ones in similar categories, health benefits and advantages of using new products. The informing strategy must be applied in all stages of a product life cycle by different marketing campaigns, using appropriate marketing communication mix strategies. Finally, since each determinant of brand equity has a direct relationship with brand loyalty, managers and markers have the ability to enhance brand loyalty focusing on either one dimension independently or a set of combinations containing all brand equity dimensions to simultaneously manage the risk, allocate resources more efficiently and effectively, and shorten the time especially during the crisis such as COVID-19. The outcome of this study provides important insight for managers in the field of branding and suggests how to spend marketing resources to build a successful and long-term relationship based on customer satisfaction and loyalty in the cosmetics industry.

7. LIMITATION AND FUTURE COPE

Although this study made important contributions to the literature, a few limitations in this study still need to be addressed. First, the data collection process was coupled with the pandemic period (COVID-19) when many cities were reported above critical redline of prevalence. Therefore, due to the prohibition and restriction of medical activities, the sample was limited to hospitals and clinics located in some large cities. Thus, it is recommended for future works that the sample size cover more clinics, skincare centers and hospitals in different cities to reach a higher validity degree of generalization. Second, because of cost and time restriction, this study rather than a random sampling method adopted a non-random sampling method. Thus, it is suggested for future research to collect data using random sampling methods such as a stratified sampling method (category of age, work experience, gender, education or culture). Finally, since the items contained in the questionnaire were borrowed from varied specific studies in literature of brand equity, it is still necessary to extract more items from different studies, modify and test the demotions of variables to reach an adequate level of reliability in future research.

8. CONCLUSION

The current study aims to explore the mediation effect of customer satisfaction on the relationship between customer-based brand equity dimensions and brand loyalty for the cosmetics product category in Iran. Despite the importance of cosmetic brands in market and social life, insufficient attention has been paid to this product category from researchers. The result of study reveals a significant and positive effect of customer satisfaction on brand loyalty. Furthermore, it is concluded that the customer satisfaction partially mediates the path from all dimensions of brand equity (perceived quality, brand trust and band knowledge) to loyalty. Finally, this study illustrates a perceived quality, brand trust and band knowledge having a positive relationship with brand loyalty. Like other studies, current research has certain limitations in terms of data collection method, sample size, construct modification. Therefore, it is recommended for future efforts to focus on more research alternatives.

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DO CONSUMERS WITH HIGH NEED FOR UNIQUENESS PAY MORE? A STUDY OF THE RELATIONSHIP BETWEEN CONSUMER NEED FOR UNIQUENESS (CNFU) AND WILLINGNESS TO PAY (WTP)

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ABSTRACT

Purpose- The main objective of this study is to understand the impact of Consumer Need for Uniqueness (CNFU) on purchasing behavior. This impact is examined from a Willingness to Pay (WTP) perspective and it is aimed to understand whether and how CNFU is related with creating a consumer surplus for the brands.

Methodology- The paper uses survey-based data and a combination of statistical techniques, such as Exploratory Factor Analysis (EFA), Confirmatory Factor Analysis (CFA), and Structural Equation Modeling (SEM). 376 participants responded to the survey shared online. Their behavior was measured by their past purchase behavior, which is, choosing a Vespa scooter or choosing a Honda scooter showing their willingness to pay more for a scooter.

Findings- It is revealed that creative choice counter conformity has positive influence on willingness to pay more for a prestigious motorcycle brand (buying a Vespa scooter instead of a Honda scooter, in this case). On the other hand, unpopular choice counter conformity and avoidance of similarity has no effect on choosing between a prestigious and a conventional budget motorcycle.

Conclusion- Possible conclusions might be that; 1) Creative choice has a positive connotation to it compared to unpopular choice and avoidance of similarity 2) avoidance of similarity and unpopular choice counter conformity tendencies may not have been activated by this specific type of product 3) unconventional choice is not exclusively dependent on CNFU but some other factors such as sensation-seeking and risk-taking. Lastly, the findings can definitely not be generalized to other products and services.

Keywords: Consumer need for uniqueness, customer behavior, willingness to pay, CNFU, NFU.

JEL Codes: M30, M31, L11

1. INTRODUCTION

Economics and other social sciences have long been approaching consumers from a behavioral perspective (Rogers, 1983; Burns & Brady, 1992). Specifically, customer's "sense of self", "self-identification" (Escalas, 2013), and Consumers' Need for Uniqueness (CNFU) have been the focus of various studies (Snyder & Fromkin, 1980; Lynn, 1991).

According to the uniqueness theory suggests, people are inclined to differentiate themselves when they perceive themselves similar to the others within their peer group (Snyder & Fromkin, 1980). When this happens, purchasing scarce / luxury / premium products is a common way to address their uniqueness needs (Asshidin, Abidin, & Borhan, 2016; Ross, Walsh, & Shreffler, 2014; Cheema & Kaikati, 2010; Wilcox, Kim, & Sen, 2009). Prestigious brands help individuals meet their CNFU (Hyun & Park, 2016). However, not much is known about the relationship between CNFU and willingness to pay (WTP), when a consumer is confronted by two choices: a prestigious brand and a budget brand that only meets functional needs.

For products like motorcycles with thousands of components; design, manufacturing, and distribution is complex and costly (Kuo, Wei Hsu, Cheng Ku, Chen, & Hung Lin, 2012). Therefore, it is crucial for motorcycle manufacturers to unlock consumer surplus via premium and prestigious products. "The Italian icon" Vespa scooters exactly do that by using their 75-year heritage of originality and style (Vespa, 2022). The fact that most companies don't have such soft assets makes it important for them to understand how they can offer premium products that make consumers pay more. Moreover, the companies that lack information regarding customer's WTP fail relatively more than their competitors (Breidert, Hahsler, & Reutterer, 2006). Therefore, having more knowledge on what WTP is sensitive to is expected to simplify the design and testing of products that are most likely to be adopted by consumers.

Considering all these facts, the main objective of this study is to examine how CNfU is related with consumers' behavior towards premium and prestigious products and, as a result, contribute to fill the gap in the literature. It was aimed to accomplish this objective by developing a model that includes a CNfU measurement scale, a purchasing behavior construct and the relationship between them. The model is tested by analyzing the survey data using Structural Equation Modeling (SEM).

The paper is structured as follows. First the CNfU concept is examined. Second, the WTP concept and how it is related with CNfU is discussed. Third, the model is developed, the survey data is analyzed, and results are presented. Lastly, the results are discussed and concluded.

2. Theoretical Framework

2.1. Uniqueness Theory and the Consumer Need for Uniqueness (NfU)

Uniqueness theory suggests that many people need to feel unique to a certain degree (Synder & Fromkin, 1977; Ling, 2008) to identify their "self" in a meaningful way (Abosag, Ramadan, Baker, & Jin, 2020). This phenomenon is called Need for Uniqueness (NfU) and it has been studied by various social science fields (Bellezza, Gino, & Keinan, 2014; Schumpe, Herzberg, & Erb, 2016). NfU is the result of a perceived self-concept (Burns & Brady, 1992) and depends on the individual's internal motivation and perception of similarity within their social group (Snyder, 1992). People have unpleasant emotions when there is high similarity (Snyder & Fromkin, 1980) and go after moderate levels of uniqueness (Lynn & Harris, 1997) by not conforming to social group's norms (Asch, 1956). This "moderate level" implies that people feel uncomfortable when they exceed a specific level of uniqueness (Simonson & Nowlis, 2000) and go to extremes (Workman & Kidd, 2000; Schumpe, Herzberg, & Erb, 2016). In the circumstances, they can be punished by the society through a number of ways such as isolation and disapproval (Levine, 1989; Tian & McKenzie, 2001; Kruglanski & Webster, 1991). Therefore, there is a sweet spot of uniqueness for every individual due to situational and personal reasons (Imhoff & Erb, 2009).

People can signal their uniqueness through acquisition and utilization of products (Richins, 1994). In other words, they differentiate themselves, express their self-identities, and create a unique social image by possessing unique products (Tian & McKenzie, 2001; Berger & Heath, 2007; Chan, Berger, & Van Boven, 2012). The concept of pursuing uniqueness by consumption is called as consumer need for uniqueness (CNfU) (Asshidin, Abidin, & Borhan, 2016). Individuals can also buy similar products with other social groups' favorites, to feel unique in their current group (Chan, Berger, & Van Boven, 2012; Abosag, Ramadan, Baker, & Jin, 2020). Pursuing uniqueness through acquisition of non-conforming products is a safe move for individuals because it makes them feel unique yet it doesn't give much damage to the sense of assimilation within their group (Ruvio, 2008).

Briefly, consumers with high CNfU prioritize self-expression qualities over functionality of the product (Ding & Keh, 2016). There are basically three types of non-conforming choices: creative choice (Lynn & Harris, 1998; Dollinger, 2003), unpopular choice (Knight & Kim, 2007; Ross, Walsh, & Shreffler, 2014), and minority choice (Tian, 1997). In the following section, CNfU is examined from WTP perspective.

2.2. CNfU and Willingness to Pay (WTP)

Consumers approach prestige and functional brands differently (Lye, Venkateswarlu, & Barrett, 2001). Prestige products are the targets of the consumers with high CNfU (Wilcox, Kim, & Sen, 2009; Chan, To, & Chu, 2015; Vigneron & Johnson, 2004), along with new and scarce products (Wu, Lu, Wu, & Fu, 2011; Cheema & Kaikati, 2010; Seo & Lang, 2019). Consumers are willing to pay premium prices for prestige products (Hyun & Park, 2016; Baber, Upadhyay, Kaurav, & Baber, 2020; Kumar, Paul, & Starčević, 2021; Das, Saha, & Balaji, 2021) because even the expensiveness itself can help consumers signal wealth and status (Veblen & Mills, 2017; Vigneron & Johnson, 2004). All in all, it means you are one of the few people who own that material (Butcher, Phau, & Sadat Shimul, 2017). Therefore, brands that propose conspicuous consumption can reap higher profits (O'Cass & Siahtiri, 2013; Roux, Tafani, & Vigneron, 2016).

Companies also need to be aware of their how to trigger consumers' WTP, to be able to design their prestigious products in a way to reach higher margins (Breidert, Hahsler, & Reutterer, 2006). Attributes such as brand perceptions and brand consciousness can lead to higher WTP (Ye, Bose, & Pelton, 2012). In addition, CNfU has an influence on consumers' WTP for prestigious products (Lee, Nin Ho, & Wu, 2018). Consumers with high CNfU are willing to pay more for symbolic meanings of subjective characteristics of a product (Holbrook & Hirschman, 1982; Butcher, Phau, & Sadat Shimul, 2017) and accumulation of memorable experiences (Choy, 2017) to promote their self-identity (Thomas & Saenger, 2017).

Briefly, consumers with high CNfU are inclined to pay more for a prestigious product to establish a distinctive image. This relationship is defined by the characteristics of the individual, group, situation, and the brand (Ling, 2008; Lascau & Zinkhan, 1999). The motorcycle products are discussed specifically and hypotheses are developed in the following section.

2.3. Hypothesis Development

As mentioned previously, there are considerable studies that reveal CNfU is an antecedent of purchase decisions (Wu, Lu, Wu, & Fu, 2011; Asshidin, Abidin, & Borhan, 2016; Liang & He, 2011). However, it shows little guidance as to whether they are willing to pay more for premium products. As individuals with high NfU are known to make relatively more unconventional associations (Dollinger, 2003) and opt for more unconventional choices than individuals with low NfU, it is decided to examine which factors of CNfU are in effect to make individuals to choose the brand with a similar functionality but higher price and prestige.

For this purpose, motorcycles are chosen as the subject of consumption, because public consumption has more relevance to visible social comparison (Shimul, Sung, & Phau, 2021). Vespa scooters is chosen as the prestigious brand (Lye, Venkateswarlu, & Barrett, 2001) in this research. It has tremendous international recognition, symbolic power and commercial success created by Enrico Piaggio (Rapini, 2019). For its users, a Vespa forms a significant emotional attachment (Andika & Freddy Prisanto, 2019). On the other hand, Honda scooters is a mainstream low budget motorcycle (Krishnan, 2020; Kapoor & Ellinger, 2004). For its users, Honda is just a tool to meet their mobility needs.

As a result, initial hypotheses in this study assume that individuals with high CNfU are more likely to choose prestigious products (Vespa) and individuals with low CNfU would opt for low budget mainstream products (Honda). Since the CNfU construct has three widely accepted dimensions, namely creative choice counter-conformity, unpopular choice counter-conformity, and avoidance of similarity (Tian & McKenzie, 2001; Tian, Bearden, & Hunter, 2001), three hypotheses are developed as below:

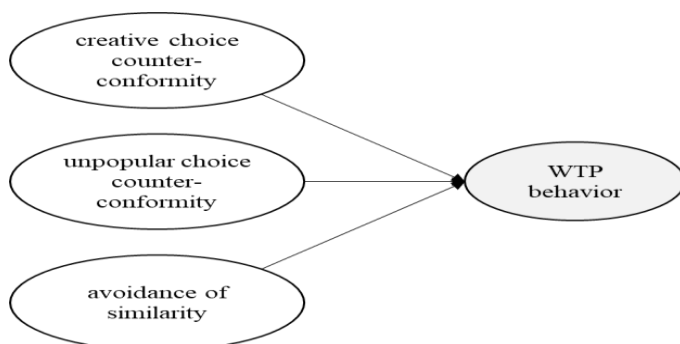
H1: Individuals with high creative choice counter conformity are more likely to pay more for prestige.

H2: Individuals with high unpopular choice counter-conformity are more likely to pay more for prestige.

H3: Individuals with high avoidance of similarity likely to pay more for prestige.

The model in Figure 1 emerged based on three hypotheses:

Figure 1: CNfU – Customer Behavior Model



The research methodology is explained in the following section.

3. RESEARCH METHODOLOGY

Our aim was to measure CNfU and consumer behavior regarding WTP in order to see the relationship between them. This study's premise was, Vespa owners have already showed a consuming behavior that reveals that they are willing to pay more for a prestigious brand. Likewise, Honda owners behaved in a way that shows they are not willing to pay more for prestige. Therefore, a survey is designed to measure CNfU and also query the type of motorcycle the respondents have. Twelve questions are asked using the scale developed by Ruvio et al. (2008).

In order to compare apples to apples, the survey was sent to Honda scooter and Vespa scooter communities on the Internet. 376 responses were deemed suitable for the final analysis.

Lastly, the data is analyzed taking the steps as follows:

- Exploratory Factor Analysis (EFA) and Reliability Assessment
- Confirmatory Factor Analysis (CFA) and Measurement Model Estimation
- Structural Equation Modelling (SEM) and Assessment of Model Fit

EFA is conducted using SPSS 28.0, a statistical package for social sciences (Tabachnick, Fidell, & Ullman, 2007). SPSS AMOS 28.0 was used to perform both CFA and SEM.

The details of these steps are explained in the following sections.

3.1. Data Collection Method and Instruments

The questionnaire was sent out online and motorcycle users were reached through Whatsapp groups of Vespa and Honda users. Ruvio et al. (2008)'s CNfU scale is utilized to measure the CNfU levels of the participants. Essentially, Synder and Fromkin (1980)'s NfU scale is widely used in the literature, however, it is problematic when it comes to consumer research (Lynn & Harris, 1998). To address it, a widely accepted and reliable CNfU scale (Clark, Zboja, & Goldsmith, 2007; Bian & Forsythe, 2012; Zhan & He, 2012) is developed by Tian et al. (2001), which is an application of the NfU scale in the consumer context (Ruvio, 2008). However, there are 31 measures in the scale, which makes it difficult to collect healthy data from the field (Ruvio, Shoham, & Brencic, 2008). Considering the survey completion time and accuracy, it is preferred to use the shortened and cross-culturally validated version of the CNfU scale developed by Ruvio et al. (2008). The scale includes four measures for each of the three dimensions (creative choice nonconformity, unpopular choice nonconformity, and similarity avoidance), making a total of 12 measures, hence 12 questions in the survey listed below.

Table 1: CNfU Scale Survey Questions

Related Dimension	#	Variable Name	Please select the appropriate answer for each of the statements below	totally disagree	disagree	neither agree nor disagree	agree	totally agree
creative choice counter conformity	1	CREA_COMBINE	I often combine possessions in such a way that I create a personal image that cannot be duplicated.	1	2	3	4	5
creative choice counter conformity	2	CREA_INTERESTING	I often try to find a more interesting version of run-of-the-mill products because I enjoy being original.	1	2	3	4	5
creative choice counter conformity	3	CREA_BRAND	I actively seek to develop my personal uniqueness by buying special products or brands.	1	2	3	4	5
creative choice counter conformity	4	CREA_EYE	Having an eye for products that are interesting and unusual assists me in establishing a distinctive image.	1	2	3	4	5
unpopular choice counter conformity	5	UNPOP_RULES	When it comes to the products I buy and the situations in which I use them, I have broken customs and rules.	1	2	3	4	5
unpopular choice counter conformity	6	UNPOP_VIOLATE	I have often violated the understood rules of my social group regarding what to buy or own.	1	2	3	4	5
unpopular choice counter conformity	7	UNPOP_SOCIAL	I have often gone against the understood rules of my social group regarding when and how certain products are properly used.	1	2	3	4	5
unpopular choice counter conformity	8	UNPOP_CHALLENGE	I enjoy challenging the prevailing taste of people I know by buying something they would not seem to accept.	1	2	3	4	5
avoidance of similarity	9	SIM_POPULAR	When a product I own becomes popular among the general population, I begin to use it less.	1	2	3	4	5
avoidance of similarity	10	SIM_AVOID	I often try to avoid products or brands that I know are bought by the general population.	1	2	3	4	5
avoidance of similarity	11	SIM_DISLIKE	As a rule, I dislike products or brands that are customarily bought by everyone.	1	2	3	4	5
avoidance of similarity	12	SIM_COMMON	The more commonplace a product or brand is among the general population, the less interested I am in buying it.	1	2	3	4	5

Source: Ruvio et al., 2008

Details are provided regarding the sample population information and descriptive analysis of the sample data in the following section.

3.2. Sampling

A total of 376 participants, 182 women and 194 men were surveyed. The sample population and the number of questions together are eligible for EFA, CFA and SEM studies.

Figure 2: Participants' Owned Motorcycle Brands

Honda	52,9%
Vespa	47,1%

47,1% of the participants have Vespa scooters whereas 52,9% have Honda scooters (Figure 2).

Figure 3: The Distribution Of Participants' Answers To The 12 Questions Of Cnfu Scale

I totally disagree	5,6%
I disagree	22,9%
I neither agree nor disagree	22,6%
I agree	28,4%
I totally agree	20,4%

Looking at the number of answers to the CNFU scale questions, 28.5% of the answers are "I disagree" or "I totally disagree". 48.8% of the answers are "I totally agree" or "I agree" (Figure 3). This may indicate a skewness in the direction of "high CNFU" for the sample population.

4. FINDINGS

As the first step of hypothesis testing, EFA is applied to the model. Despite a well-known and robust model from the literature is utilized; EFA is used for the refinement of the constructs. Prior to EFA analysis, reliability tests are applied for three dimensions of the scale. All of the dimensions are above 0.70 and eligible for EFA. The results are shown below in Table 2.

Table 2: Cronbach Alpha Reliability Test Results for CNFU Dimensions

Dimension	Cronbach's	Cronbach's Alpha Based on Standardized	N of items
creative choice counter	.824	.824	4
unpopular choice counter	.825	.828	4
avoidance of similarity	.880	.880	4

4.1. EFA

EFA is conducted using varimax rotation and Principal Component Analysis (PCA) extraction method. The results of the analysis indicate that the sample population is adequate for EFA; as KMO measure of sampling adequacy is calculated as 0.904. The bivariate correlations among the extracted scales' items are significantly different from zero according to BTS. KMO and BTS results are shown below in Table 3.

Table 3: KMO And Bartlett's Test For Cnfu Scale

Kaiser-Meyer-Olkin Measure of Sampling		.904
Bartlett's Test of Sphericity	Approx. Chi-Square	1509.86
	Df	66
	Sig.	>.001

After the first run of EFA, 2 components were extracted, which have eigenvalues more than 1, explaining the 62.29% of the total variance. Two measures of "unpopular choice", UNPOP_SOCIAL and UNPOP_RULES have merged with 4 measures of "creative choice". The remaining two measures of "unpopular choice", UNPOP_CHALLENGE and UNPOP_VIOLATE have merged with 4 measures of "avoidance of similarity" (Table 4).

Table 4: Final EFA Results

Initial Dimension	Variable Name	Comp 1	Comp 2
creative choice	CREA_EYE	0,836	<0.5
creative choice	CREA_INTERESTING	0,784	<0.5
creative choice	CREA_BRAND	0,684	<0.5
creative choice	CREA_COMBINE	0,669	<0.5
unpopular choice	UNPOP_SOCIAL	0,699	<0.5
unpopular choice	UNPOP_RULES	0,643	<0.5
avoidance of similarity	SIM_DISLIKE	<0.5	0,831
avoidance of similarity	SIM_POPULAR	<0.5	0,814
avoidance of similarity	SIM_AVOID	<0.5	0,760
unpopular choice	UNPOP_CHALLENGE	<0.5	0,742
unpopular choice	UNPOP_VIOLATE	<0.5	0,625
avoidance of similarity	SIM_COMMON	<0.5	0,572

Therefore, initial CNfU scale dimensions in this study have changed after EFA runs. For the time being, these dimensions will be called as “component 1 and component 2” for practical reasons. New and improved reliability values for new components are listed in Table 5.

Table 5: Cronbach Alpha Reliability Test Results After Cnfu Dimension Restructuring.

Dimension	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of items
Component 1	.847	.846	6
Component 2	.870	.871	6

Most of the inter-item correlation values of two components are below 0.5, which is not very promising, yet the items are kept for CFA and SEM steps. CFA is conducted as the next step.

4.2. CFA

Using SPSS AMOS 28, a CFA is run for the model. When the measurement model is estimated by CFA, five dimensions of construct validation are assessed. Construct validity requires; (1) unidimensionality of a construct (2) reliability, (3) convergent validity, (4) discriminant validity, and (5) nomological validity (Anderson & Gerbing, 1988; Steenkamp & Van Trijp, 1991).

Model fit measures are listed in Table 6 and the values are not promising for SEM.

Table 6: Model Fit Measures

Measure	Value
Chi-square/df (cmin/df)	5.235 (almost acceptable, should be < 5)
CFI	.848 (almost acceptable, should meet > .90)
GFI	.827 (almost good, should meet > .90)
AGFI	.745 (not acceptable, should be > 0.90)
RMSEA	.138 (not good, should be < .05)
NFI	.820 (almost acceptable, should be > 0.90)

Squared Multiple Correlations (SMC) are examined and most of the values emerged greater than 0.5. However, UNPOP_SOCIAL, UNPOP_CHALLENGE, CREA_COMBINE, and UNPOP_VIOLATE items have SMC values below 0.5. These items were deleted to improve model fit measures. In addition, covariances between error terms are examined. The ones with high modification indices values are treated accordingly.

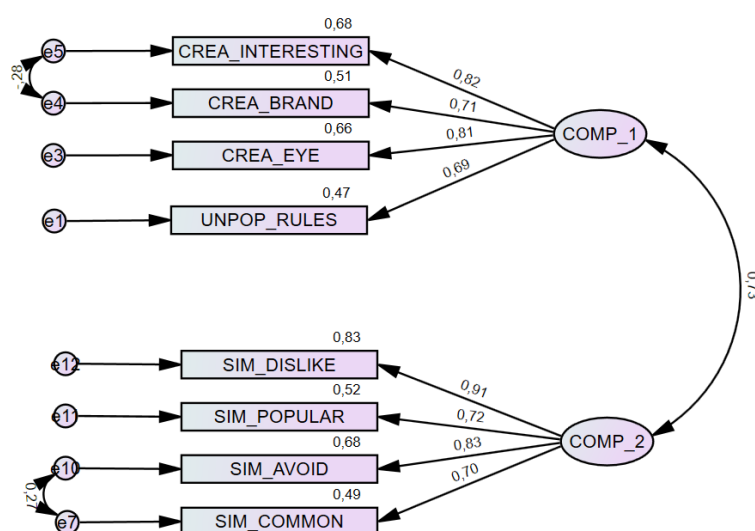
After these treatments, model fit values improved significantly (Table 7).

Table 7: Model Fit Measures after Model Treatment

Measure	Value
Chi-square/df (cmin/df)	2.116 (acceptable < 5)
CFI	.980 (meets > .90)
GFI	.962 (good > .90)
AGFI	.920 (recommended > 0.90)
RMSEA	.071 (acceptable, should be < .05)
NFI	.963 (recommended > 0.90)

In terms of convergent validity, t values emerged as significant. In addition to t values, Average Variance Extracted (pv - AVE) values are calculated for each measure and all of them are greater than 0.6 whereas “greater than .5” is acceptable. Moreover, composite reliability of each measure is greater than 0.9, whereas “greater than 0.7” is acceptable.

Following the construct validity test steps, the final model has emerged as shown in Figure 4.

Figure 4: Final Model that Passed CFA

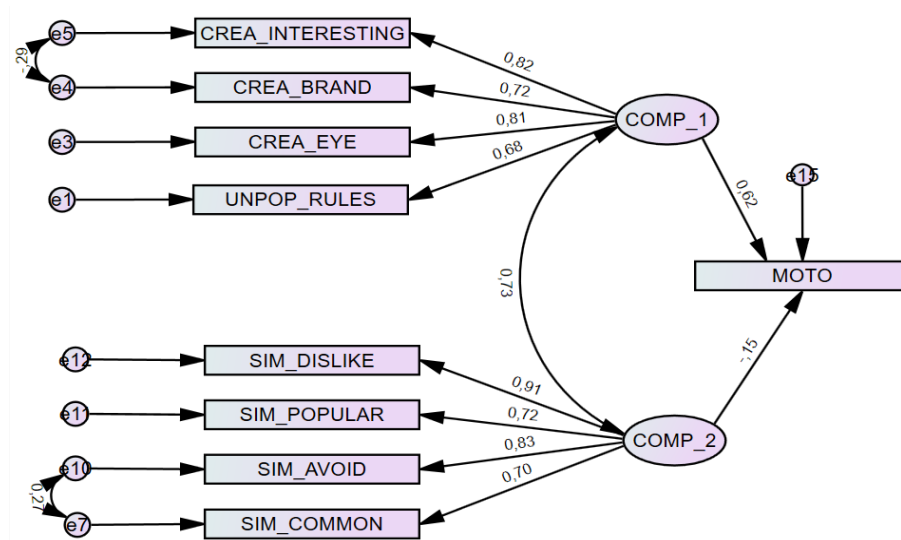
SEM analysis steps are explained in detail the following section.

4.3. SEM

Using SPSS AMOS 28, a SEM is run for the model. Results are shown in Figure 5. At the first look, it can be seen that the updated CNfU scale works very well. All the standard regression weights (SRW) are higher than 0.70, except for the UNPOP_RULES, having a SRW of 0.68, that is very close to 0.70.

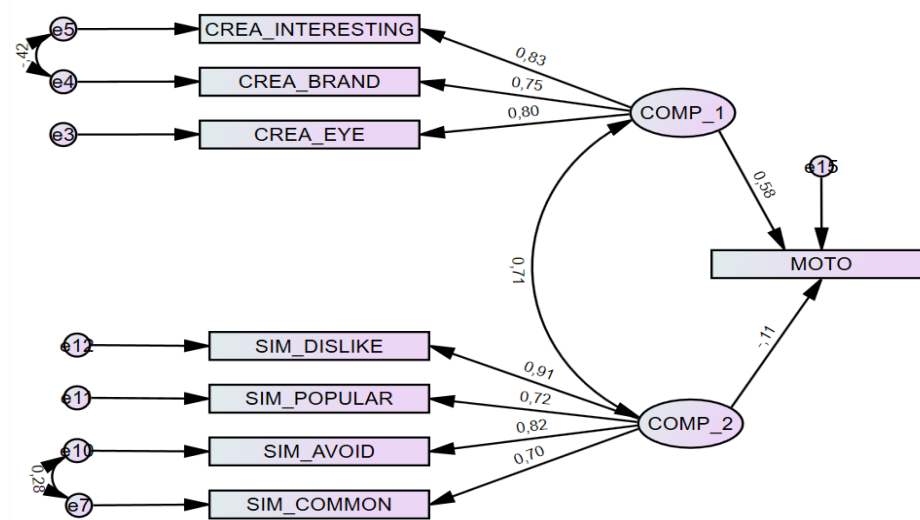
Looking at the SRWs of the relationships between the components and motorcycle choice, COMP_2, which is totally composed of “avoidance of similarity” items, has no influence on the behavior of choosing between Vespa and Honda motorcycles. On the other hand, COMP_1, which is mostly made up of “creative choice” items and one “unpopular choice” item, has a moderate effect on Vespa – Honda choice behavior.

Figure 5: SEM Results



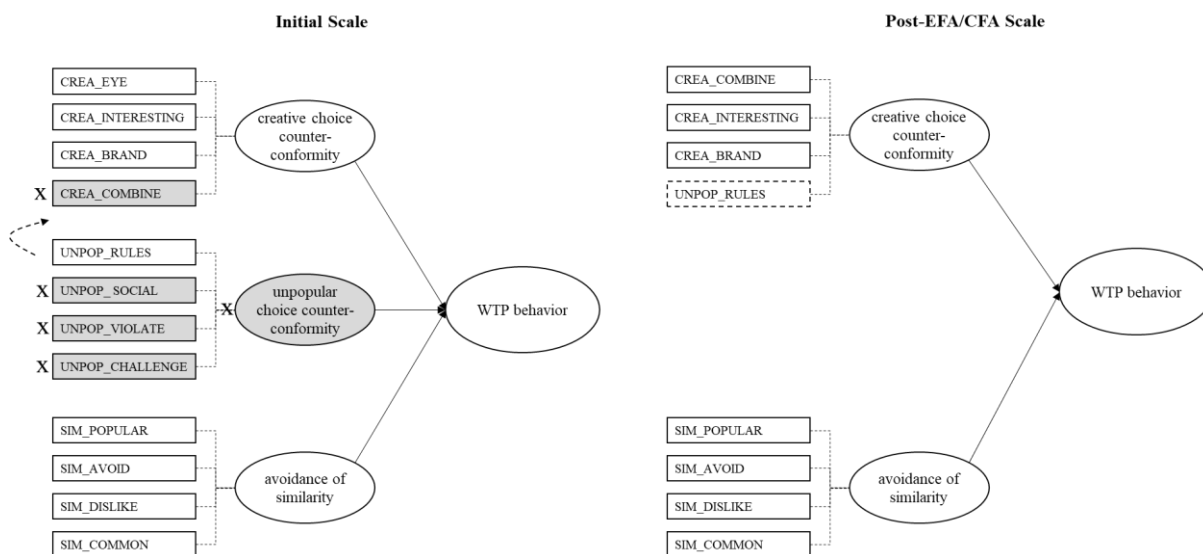
To come up with a pure-breed “creative choice counter conformity” component for COMP_1, the model is tested without the “unpopular choice counter conformity” item of the component. The results are shown in Figure 6.

Figure 6: SEM Results without Unpopular Choice Item



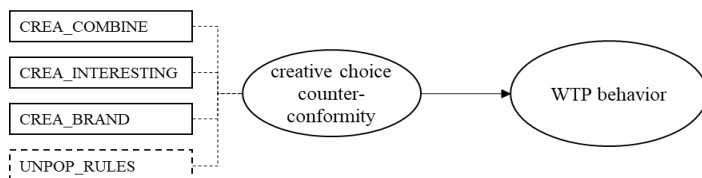
It is seen that COMP_1, which can be named as “creative choice counter conformity”, still has effect on choice behavior. Therefore, H1 is accepted. “Unpopular choice counter conformity” items are not represented by the model anymore, as a result, H2 is rejected. “Avoidance of similarity” items are fully represented as COMP_2 yet has no effect on choice behavior, so H3 is rejected.

Before moving on with a discussion and conclusion, it is important to understand why the CNfU scale preserved its structure after EFA and CFA. As mentioned, only “avoidance of similarity” items was preserved fully. “Unpopular choice counter conformity” lost three of its four items. The remaining item merged with three items of “creative choice counter conformity”, which lost one of its four items. The emergence of the scale is shown in Figure 7.

Figure 7: Emergence Of The Scale After EFA And CFA

A reason for this emergence might be the loss in scale statements' translation. Despite all efforts, there is a possibility that the questions might be perceived differently in other languages. Moreover, even if there are three group of scale questions, they all serve to explain CNfU, and as a result, it is not surprising than an item from a separate component moves and converges in the same direction as another component. Looking at Component 1, the dominant theme seems to be creative choice counter conformity, so it is preferred to keep the name as it is. Component 2 is completely composed of avoidance of similarity so it also kept its original name.

After the SEM analysis, the model lost its "avoidance of similarity" component and took its final form as seen below (Figure 8).

Figure 8: Final Model (Post SEM)

The findings are discussed and concluded in the following section.

5. CONCLUSION

The results are believed to lead to the conclusion that unpopular choice counter conformity and avoidance of similarity has no influence on consumers' choice between a regular product and a prestigious version the product. In general, positive relationships of these two constructs are common in the literature. Negative relationships are also present (Matthews, Rothenberg, & Gopalakrishnan, 2019; Franke & Schreier, 2008) but "no influence" is rarely encountered (Ross, Walsh, & Shreffler, 2014) and these results are somewhat unexpected.

This may have several reasons. Creative choice has a positive connotation to it compared to unpopular choice and avoidance of similarity. Many people still believe that creativity comes from inside. Even creativity researchers seemed to believe that creativity is a product of individual traits for a long time (Amabile & Pillemer, 2012). Therefore, respondents may have shown resistance to accept that they care about external references such as what others do or how they feel about them. Avoidance of similarity and unpopular choice counter conformity can be defined as such tendencies. On the other hand, being creative is perceived as a positive personal trait and less likely to create a resistance in the participants. Future research can focus on understanding the gap between what people say about their CNfU and how they actually behave.

Second, there is a possibility that avoidance of similarity and unpopular choice counter conformity tendencies may not have been activated by this specific type of product. The individual may not have thought that a Vespa scooter was not a popular

choice or it provided them a unique position in their group, yet still believe it was a creative choice. Moreover, they may feel that certain types of products add nothing to their uniqueness and opt for the budget options for these products. Therefore, it is important to examine if there are certain groups of products that are immune to different CNfU levels. In other words, future research can focus on whether CNfU is product-specific or not. (Zaggi, Hagenmaier, & Raasch, 2019) This has an implication on companies as to deciding to invest in prestigious products in their sectors. They can optimize their costs by effectively assigning budgets for product development.

Third, unconventional choice is not exclusively dependent on CNfU but some other factors such as sensation-seeking and risk-taking (Burns & Krampf, 1992; Tepper & Hoyle, 1996). There is a possibility that these factors may have stepped in to neutralize the effect of avoidance of similarity and unpopular choice counter conformity. Future research can also include these factors in order to clarify the relationship between CNfU and other factors. Therefore, it may be beneficial for companies to take other factors into account to maximize their return on investments on product development.

Lastly, the findings can definitely not be generalized to other products and services. It is suggested that future research can focus on a range of products and services to understand the variances of impact of CNFU on WTP.

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DEVELOPMENT AND VALIDATION OF ORGANIZATIONAL PAROCHIALISM SCALE

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ABSTRACT

Purpose- The aim of this study is to examine the concept of organizational parochialism, which is one of the factors that determine the present and future of organizations, and to apply validity and reliability tests by developing a scale that is thought to measure this concept.

Methodology- Our research was applied to 272 companies operating in the textile sector and the results were analysed in the SPSS.25 program. As a result of detailed statistical analyses, the validity and reliability tests of the developed scale were completed and it was determined that the scale statistically measures the concept of organizational parochialism.

Findings- According to the results of the research, it has been seen that the concept of organizational parochialism is divided into 5 different sub-dimensions with 25 items as namely business management, financial management, competitiveness, employment management and production management.

Conclusion- In today's intensely competitive environment, businesses focus on the present and they may miss the possible risks of the future. In addition to the possible risks, it is also possible for the organizations to make predictions about the future, to catch potential opportunities in a timely manner and to benefit the organization from them. It is possible to say that businesses that cannot evaluate such risks and opportunities are narrow-minded, especially in terms of management manner. In this study, a scale measuring the concept of organizational parochialism and its sub-dimensions, which was determined that have not been researched before in social sciences as a result of the literature review, was developed. In our research, it is possible to indicate that the concept has been confirmed by both the data obtained from the organizational behaviour literature and the statistical data on its measurement.

Keywords: Organizational parochialism, narrow-mindedness, administrative shallowness, parochialism scale, projection determination.

JEL Codes: M16, M11, M12

1. INTRODUCTION

Today's businesses take many consistent or inconsistent decisions in order to keep their companies in the field and to ensure their development in the intense competitive environment. These decisions may affect the future of the enterprises in a positive or negative way, as well as creating current results. It can be thought that businesses have significant problems in designing their present and future, especially in countries where economic and financial tides are intense. With the effect of periodic fluctuations, strategic and tactical decisions that businesses assume to be correct today may cause commercial losses in the future. Organizations react instantly to the tides especially in finance, raw material, energy and labour costs, and even if they meet their expectations in the short term, they can make decisions that may harm the business in the long run. Fluctuations in demand and periodic changes can also force businesses to make the wrong decisions. Companies managed at the scale of SMEs and on the axis of the individual decisions of the business owner may enter into tendencies that may put their own future at risk in the face of these sudden changes. It is possible for businesses that follow the financial and economic plans determined by the public and have to bear certain costs in the face of inconsistencies in these plans. It is important for the organization to be able to make accurate predictions about the future in such cases, where the main purpose of the enterprises may fall into weakness in terms of profitability. However, the negative impact of global economic problems on the predictability level of even the smallest enterprises can put organizations in a difficult situation. In this respect, it can be thought that businesses that can predict the

future, follow developments accurately, have high understanding and develop rational policies against developments can be more successful in the future. In this study, a comprehensive research has been carried out on the deficiencies of enterprises in determining future investments and actions, its definition, form, effects and consequences. The emergence, reflections and organizational consequences of these stages, which are defined as organizational narrow-mindedness, in terms of businesses are included.

From this point of view, in our research, it has been concluded that it is appropriate to develop a scale for this concept, considering that organizations should look at the future from a wider perspective. In this way, businesses will be able to measure their own capacity to make predictions about the future and complete their deficiencies. Especially in today's uncertainty environment, the improvement of these aspects of businesses will make their companies stronger. In this concept, the main purpose of this research in the beginning and completion processes is to develop an understanding of management in a more visionary, innovative, effective and future-oriented perspective.

Within the scope of the research, the concept of organizational parochialism, which explains the lack of ability to make predictions about the future, which is one of the most important elements that shape the present and future of organizations, has been examined. A literature review was carried out for the development of the concept, then a scale was created based on the resources reached, and the validity and reliability levels were tested by testing the scale. In the conclusion part, explanations and suggestions were made about the data obtained as a result of the application of the scale.

2. THE DEFINITION OF ORGANIZATIONAL PAROCHIALISM

Organizations determine their present and their future in line with the decisions of business owners and partners (Steiner, 1998; Nonaka et al, 2014; Mendell, 1977). While the right decisions are reflected positively on the businesses, the costs of the wrong decisions also return as a problem to the businesses (Bennett, 1962). In this respect, it is important for organizations to act rationally and logically in determining their ideas about the future. While drawing lessons from the past, today should be read correctly, all these factors should be integrated and a perspective on the future should be made (Hauan & Johannessen, 1993; Provost & Leddick, 1993).

It is important for organizations to have information about the future, especially in investment, employment and economic policies. In this way, they realize their investments and earn income from these investments (Meyer and Rice, 2009). In today's competitive environment, the desire to gain profit, which is the determinant of trade, pushes organizations to make the right decisions in terms of distinguishing them from their competitors. This process, which is handled in the combination of consultation and common mind, is one of the basic elements that carry organizations to the future. With the combination of many different elements such as the information obtained from the market, the future projections of the raw material suppliers, the data obtained from the domestic and international sector, the current status of the enterprise, the qualification of the personnel and the understanding of the management, the organization takes rational decisions for the future (Wallnöfer and Hacklin, 2014). The deficiencies, misinformation, uncertainty and possible risks arising in the aforementioned elements may result in practices that will put the enterprise's own horizon at risk. In this context, businesses can make important mistakes while they are living the day and shaping their future with erroneous information obtained from incomplete information sources (Peter, 2001). These mistakes and their negative consequences for the business can be defined as organizational parochialism in terms of organizations. Apart from major developments that the organization cannot be effective in, it can be defined as short-sightedness in terms of organizations when they make important and strategic mistakes in matters within their knowledge and initiative, and these mistakes return to the business as cost or local crises (Steiner, 1998; Meyer and Rice, 2009; Hauan and Johannessen, 1993).

In such decisions or indecision situations that will leave the organization behind compared to its competitors, the organization loses power and pays for its mistakes with material or moral losses (Campbell and Campbell, 1992; Mendell, 1977). In particular, organizations that are late in making decisions, taking action and intervening in events are weak compared to their competitors. Thus, the cost of the organization's functional narrow-mindedness can be reflected in the organization as losing its competitiveness (Smith, 1994). When today's businesses are examined, it can be said that the reason for the disappearance of the businesses that have the potential to be transferred from generation to generation in the short term is the management of organizations with narrow-minded policies.

The fact that businesses managed on the axis of narrow-minded decisions are vulnerable to global risks, as well as being deprived of opportunities on a global scale, is an example of the emergence of organizational narrow-mindedness as an important cost

factor for businesses (Nonaka et al, 2014; Denis, 1994; Block and Block, 1982). These processes, which occur especially in family businesses, are also at the root of the conflicts arising between the founding partners of the businesses and the second generation. According to Stenier (1998), an enterprise that is in the grip of organizational narrow-mindedness will fall behind and have difficulty in competing compared to enterprises that can make broader and more conscious decisions. According to Smith (1994), businesses that are stuck in their own patterns in the speed, technology and dynamism of our age cannot produce correct and positive ideas about the future, and they have to face the consequences of these.

While determining the future projections of the organizations, instead of being stuck in a narrow space, it can provide great advantages for them to operate in a broad systematic that takes into account all layers and factors (Meyer and Rice, 2009; Provost and Leddick, 1993). It is especially important that today's businesses take their decisions clearly and taking into account the operating conditions within this wide range of information flow (Bennett, 1962). This is only possible with the policies that business managers will implement by including global dynamics into the equation instead of narrow-minded policies (Hauan and Johannessen; 1993; Ascher, 2000). Organizational parochialism can be explained as an enterprise's management units, decision mechanisms and policy makers' determining vicious strategies in planning for the organization and these practices dragging the organization into unwanted bottlenecks. According to Peter (2001), organizational narrow-mindedness is a set of managerial practices that can develop and harm the organization even despite the resistance of internal factors and elements. In this way, organizations can fall behind, lose their currency and disappear from sectors and markets over time. The fact that businesses have the same markets, the same suppliers and partly stakeholders as their colleagues from all over the world necessitates them to act in a global perspective in every application. According to Wallnöfer and Hacklin (2014), businesses that follow narrow-minded and incompetent policies in managerial sense may suffer economic losses over time.

3. THE FORM OF ORGANIZATIONAL PAROCHIALISM

Organizational parochialism is a situation that emerges among the management mechanisms of enterprises (Denis, 1994). It emerges as a result of the decisions taken by business owners, senior managers or administrative employees who take charge important managerial duties (Steiner, 1998; Smith, 1994).

Considering that the elements of the business can participate in the decisions collectively in the eyes of the SMEs, the narrow-minded practices that have spread to the business negatively affect the organization in every sense (Ilari, 2013; Bennett, 1962; Mendell, 1977).

Organizational parochialism, which can also be explained as the failure of a business to take the necessary steps in front of its customers, employees, financial resources, suppliers or the public, or instead of advancing on wrong methods, puts the business at a disadvantage in terms of all these factors (Hauan and Johannessen, 1993; Block and Block, 1982). In this context, when organizational narrow-mindedness is handled under sub-headings, it can be stated under the following headings:

- In terms of employees: Not noticing the employees who benefit the business but whose productivity is overlooked, pushing the employee out of the business with coercion, pressure or harassment policies instead of being rewarded, ignoring the rational suggestions of the employees working for the business, not paying attention to the effective employees, and knowledge, experience and knowledge that will differentiate the organization from its competitors, not preparing the working ground that will provide sufficient contribution to the organization for employees with experience
- In terms of customers: Customers who make significant contributions to the business in terms of profitability, turnover, efficiency and economy do not receive the necessary attention, the expectations of beneficial customers are not met, the commercial proposals of customers acting at stakeholder level are not taken into account, the demands for innovative products are not met, the current customer potentials are not adequately evaluated while they provide benefit to the business, customers who provide support to the organization do not see as much value as they deserve
- In terms of financial resources: The organization uses wrong financial inputs, financial instruments are not used efficiently enough, financial expectations cannot be met, financial developments cannot be followed correctly, lack of financial forecasts and applications, financial needs cannot be met at the right time, the organization is dragged into financial bottlenecks, cannot be rational in financial choices, mismanagement of financial expectations about the organization, misrepresentation of the financial situation of the organization, damage to the financial reputation of the organization

- In terms of suppliers: The demands of the suppliers who provide important inputs to the business are not adequately met, the relations with the suppliers, which constitute the most important part of the product supply-demand balance, cannot be established correctly, the buyer-seller balance cannot be fully established, the suppliers who provide the main raw material inputs used by the enterprise are not fully understood, the correct cooperation model cannot be established, incomplete execution of supplier and buyer cooperation, failure to establish the correct information flow with the supplier
- From the governmental point of view: The government, which is one of the most important stakeholders in the process from establishment to growth of the enterprise, is not fully taken into account, sufficient seriousness and the right perspective cannot be developed in governmental processes, the public costs that are likely to be reflected on the enterprise cannot be foreseen, the resources that can be obtained from the government are denied, the government input costs cannot be measured correctly.

Figure 1: Form of Organizational Parochialism



4. THE DIMENSIONS OF ORGANIZATIONAL PAROCHIALISM

Organizational parochialism can affect businesses in many different dimensions. Organizational narrow-mindedness, which extends to the bankruptcy processes, is one of the important chronic problems that businesses should avoid (Hauan and Johannessen, 1993; Ascher, 2000; Bennett, 1962). Organizational narrow-mindedness, which is the result of deficient practices in the communication and cooperation methods of the organization, both with its internal and external environment, turns into important damage items that may arise today and in the future (Meyer and Rice, 2009; Denis, 1994).

It is possible to say that organizational narrow-mindedness creates cost elements in different dimensions such as managerial, financial, competitiveness, employment and production (Block and Block, 1982). It is possible for a business with a narrow-minded management to take decisions that will lead many different sizes of businesses to a dead end, make losses or cause them to miss opportunities. This understanding, which spreads its own shallow views to the business, can leave the organization alone with undesirable results such as putting it behind its competitors, putting it at a disadvantage and dragging it into commercial losses (Steiner, 1998; Nonaka et al, 2014).

4.1. Organizational Parochialism in Business Management

The decisions taken by the organization are related to the company's high-level practices and narrow-mindedness in terms of strategic managerial principles (Hauan & Johannessen, 1993; Provost & Leddick, 1993). It can happen in the form of management levels failing to see the opportunities in front of the organization, ignoring sectorial opportunities, not realizing the approaching risks, or ignoring the processes that will push the organization to commercial losses (Smith, 1994). The inability of the management, which determines the basic route and future projection of the organization, especially in making strategic decisions, and unwilling or fanciful practices in initiatives can push the organization into undesirable positions. Enterprises with a narrow-minded structure in the managerial sense lag behind the enterprises that are more active, dynamic and can produce projects, and lose their competitive advantages (Nonaka et al., 2014). Firms stuck in the axis of managerial narrow-mindedness cannot sustain their development; lose their economic power and capacity while losing their profitability (Steiner, 1998; Ascher, 2000; Mendell, 1977). The repetition of faulty practices, especially in the repair processes of wrong decisions, constitutes the beginning of a process that will lead them to disappear from the market. Organizations that fail to realize their mistakes, learn from them and implement corrective and preventive actions, and most importantly, persist in the wrong, are likely to face irreparable losses on the basis of managerial narrow-mindedness.

4.2. Organizational Parochialism in Financial Management

Many businesses do not realize the global economic changes at the right time and they emerge from these fluctuations with heavy economic losses and commercial damages (Denis, 1994). Accurate monitoring of data such as exchange rates, interest rates, and inflation rates is very important for businesses (Friedman, 2007). It is important both for the present and the future of the enterprise, especially in the pricing processes, that the costs such as raw materials, energy and labor are carefully followed

and reflected in the product prices in a rational way (Wallnöfer and Hacklin, 2014). The use of the right financial instruments in trading, the creation of a financial business model that will minimize risk and keep profitability at the highest level provide significant advantages in competitiveness (Hauan and Johannessen, 1993).

In particular, the correct management of factors such as business profitability, which forms the basis of investment processes, is one of the elements that provide financial resources to the organization (Bennett, 1962). A commercial structure organization that will be least affected by the fluctuations in global trade will keep it more vigorous and strong in the face of economic tides. Foreseeing or feeling the possible shocks that may develop in the global and local axis are the factors that lead the organization to move into the future (Provost and Leddick, 1993; Block and Block, 1982). In addition, it is critical for all processes of the organization to be aware of the imbalances that may occur in the supply and demand balance. Businesses that can manage these phases correctly can be stronger and more effective against their competitors.

4.3. Organizational Parochialism in Competitiveness

It can be said that if the enterprise is not monopoly in the market they are in, they continue their lives with their competitors. Enterprises that can shape these competitive elements correctly, especially in the presence of customers and suppliers, can be positively distinguished (Nonaka et al, 2014; Tobias, 2004). Businesses that know what their competitors are doing, follow their strategies and are able to exhibit the necessary organizational behaviours against these moves can show significant differences in providing competitive advantage.

Businesses that are unaware of the practices of their competitors, living the day and acting according to the truth of the day, are likely to be dragged into irreparable losses in the future, even if they are successful today. According to Wallnöfer and Hacklin (2014), organizations that monitor their competitors' product, price and sales policies in detail and can provide sufficient intelligence from these areas can produce more consistent and successful works in the field.

It is possible for organizations that are introverted and have insufficient external information flow to consume their energies internally (Campbell & Campbell, 1992). In addition, they are likely to face some handicaps such as selling the products that they can maximize profits for at a lower value than they deserve, not having the value of the products for which they are the only producer (Meyer and Rice, 2009; Block and Block, 1982). It is even possible to say that this narrow-mindedness in competitiveness has turned into significant or unnoticed financial losses for businesses.

4.4. Organizational Parochialism in Employment Management

Although technological developments are important in today's business world, the basic element of organizations has always been human. Businesses that cannot properly manage their employment profile and cannot comprehend the importance of their current employees may encounter processes that lead to commercial losses in the final analysis. In particular, the companies that lose their qualified employees to their competitors, as well as the lack of technical and business data as well as their commercial information, return to them as big losses (Steiner, 1998; Nonaka et al, 2014; Denis, 1994; Peter, 2001). It can be said that enterprises in the sector that cannot employ qualified employees who can put organizations ahead of their competitors are narrow-minded about employment management.

It is important for organizations to correctly and rationally position their employees while determining their future strategies (Bennett, 1962). It is possible that the enterprises that cannot design the organizational positions of their employees as they should be, will fall into a disadvantageous position compared to the enterprises that put forward more successful works in this regard (Meyer and Rice, 2009; Ascher, 2000). While the importance of the individual and thinking differently increases day by day, applying incomplete administrative practices in this regard can turn into losses for businesses.

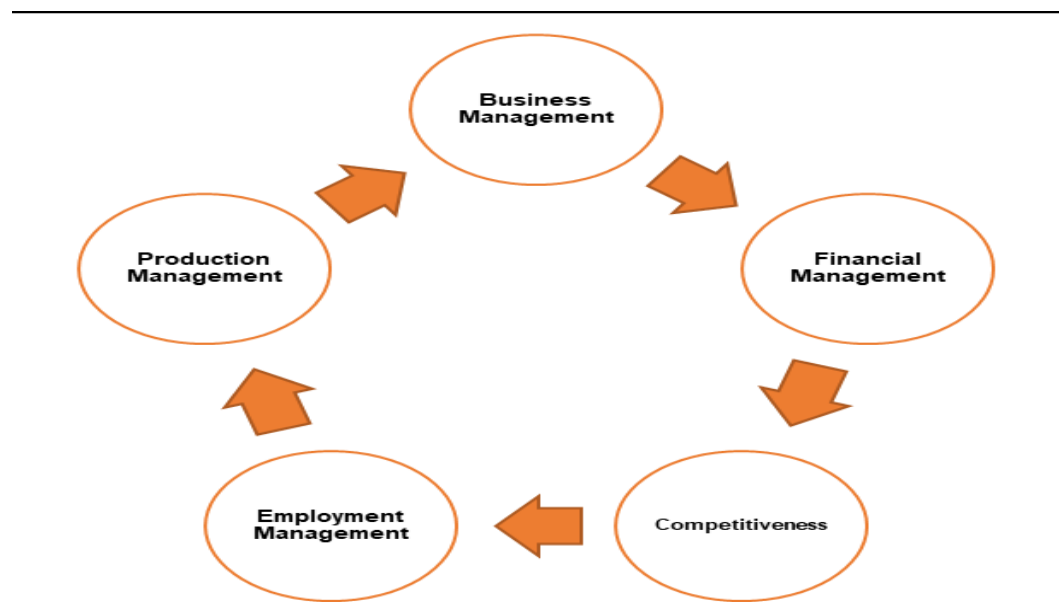
4.5. Organizational Parochialism in Production Management

It is essential for manufacturing enterprises to act at the optimum level in terms of machine infrastructure, stock levels, energy consumption and all other factors related to production (Friedman, 2007). Improper practices in the planning of all these elements may impose heavy financial burdens on the business (Provost and Leddick, 1993; Tobias, 2004). It is important for a manufacturing enterprise to constantly monitor its daily raw material needs, future production schedules, intermediate goods stock values, current and potential order situations, and develop policies that are compatible with the general structure of the organization.

It is vital for businesses to act in coordination with the market in determining the final stock levels, to analyze the current needs correctly in raw material purchases, to have the raw material that can meet the orders at the right time and in the right amount (Hauan and Johannessen, 1993; Denis, 1994; Campbell et al. Campbell, 1992). Errors to be made in this area may reflect on businesses as financial costs, loss of customers, unnecessary stock, lack of raw materials or intermediate goods. Businesses that cannot manage these processes simultaneously with the entire organization may have to face losses in many ways. According to Ilari (2013), measuring the demand that will occur in the future correctly and therefore determining the right policies on issues such as machinery, raw materials, energy and employees are the most important elements that ensure the permanence of the organization in the market.

The fact that businesses that are not managed properly and cannot read the present and the future correctly encounter many problems such as idle stock, unsatisfied customers, slowdown in production after a while, can be seen as the results of narrow-mindedness in production (Meyer and Rice, 2009). It is very important for the present and future of the organization that the producing companies determine the most suitable model for the organization in this field and test it by applying it in practice.

Figure 2: Dimensions of Organizational Parochialism



5. THE EFFECTS OF ORGANIZATIONAL PAROCHIALISM

It can be thought that organizational parochialism has many effects in terms of businesses. The positive results of the decisions taken by the business managers in terms of businesses make significant contributions to both the present and the future of the organization. However, the fact that these decisions and practices turn into wrong, shallow and harmful elements for the organization brings along important problems (Provost and Leddick, 1993; Block and Block, 1982). Especially on behalf of the business world, which is stuck in today's dynamic, global and intense competitive environment, it is of great importance for the business that business managers are forward-looking, have analytical thinking ability, prudent, rational and can make decisions in the axis of business interests (Smith, 1994; Tobias, 2004). As a result of a narrow-minded understanding in the organizational sense, it is possible to say that many levels of the organization will be negatively affected if these processes are mismanaged (Steiner, 1998). These phases, which can weaken the organization in many areas such as making profit, which is the main purpose of businesses, may also be the reason for critical changes in the market. In this context, it is important to examine and analyze organizational narrow-mindedness from two different aspects as inside and outside the organization.

5.1. Internal Effects

It is possible for businesses stuck in the grip of organizational narrow-mindedness to suffer from many different issues such as financial, structural, economic, employment, vision, mission and profitability. Factors such as the inability of an enterprise to understand the present correctly, to produce ideas about the future or to make wrong interpretations, to implement the decisions it has taken and the wrong ideas it has implemented within the organization will prepare critical problems related to

the internal structure of the organization (Smith, 1994; Denis, 1994; Provost and Leddick, 1993). A mismanaged financial vision will leave financial issues difficult to deal with in the future. An employment structure that cannot be managed properly will radically damage the working principles within the organization. An incorrectly executed competitive strategy will directly undermine the profitability, commercial and economic infrastructure of the organization. Errors made in the production processes may constitute the basis of important problems that can clog production mechanisms, especially the financial structure of the organization.

It is possible to say that decisions made inconsistently with the internal dynamics of the organization may bring about significant harm instead of benefiting the organization. The lack of vision that the business with a narrow-minded managerial perspective will reveal in current developments and the negative organizational climate it brings can lead to a set of negativities that affect the entire business (Smith, 1994; Mendell, 1977). The beginning processes of a series of troubles that will turn into mental fatigue can be seen in businesses that are constantly mismanaged and trying to progress in a shallow systematic. Employees who are discouraged by the wrong decisions taken by the management may experience a decrease in their commitment to the company they are in, and atrophy in their belief in the future of the organization (Tobias, 2004). From the organizational business principles to the managerial decisions and their results, wrong practices can drag the organization into a dead end altogether (Steiner, 1998). It is possible that these processes, which may result in a negative impact on employee motivation, may cause irreparable harm to the organization over time.

Organizational parochialism can turn into the beginning of a phase that can completely shake the work harmony between different departments in the organization, the spirit of understanding and working together among employees, the integrity of the organization and the information infrastructure (Huan & Johannessen, 1993). The fact that business managers turn to decisions that are incomplete and out of the interest of the business, over time, can turn into a mechanism that consumes the energy of the organization and puts its future at risk. In this context, it is possible that these processes will adversely affect all sub-units of the organization.

5.2. External Effects

It is possible for businesses to be successful if they can establish rational collaborations on behalf of the organization, in harmony with all their upper and lower units, and most importantly, with their external environment in which they communicate and interact (Friedman, 2007). In this respect, it is possible to say that businesses are a whole with their internal and external environments. Business structures that act collectively in line with the general goals of the organization may have to cope with many internal and external difficulties in the grip of organizational narrow-mindedness. In this process, it is possible for the organization to have problems with its suppliers, customers, financial resources and the public (Ilari, 2013). The organization's relations with its external environment can be damaged as a result of not being able to express oneself correctly, reflecting the needs of the organization incorrectly, being insufficient in the relations that the organization should establish with its external connections, and not being able to make the necessary predictions about the future (Meyer & Rice, 2009; Tobias, 2004; Campbell & Campbell, 1992).

In particular, the inability of businesses that carry out business and trade on a global scale to make sufficient inferences about global and geopolitical developments as well as local developments can return to the organization as significant losses. It is very important for the business to accurately measure domestic and foreign demand, and to transform relations with domestic and foreign financial resources into gains for the organization (Bennett, 1962). The difficulties that businesses may experience in these matters may push them to certain restrictions in order to carry out their daily work (Ilari, 2013; Mendell, 1977). These restrictions can push the organization back in front of its competitors or leave them alone with troublesome processes leading to losing their competitive advantage. It is important for businesses to establish a cooperation model that is as compatible as possible with their external environment as much as they focus on their internal structures (Friedman, 2007). Developing narrow-minded, shallow and incomplete strategies by the individuals who manage the organization can drag them into unexpected bottlenecks. It is a very important and strategic issue for a company to develop a project on a ground that deals with the future perspective of a company with public institutions, financial resources, customers, suppliers and all institutions that it is in contact with (Nonaka et al, 2014; Denis, 1994; Provost and Leddick, 1993).

In particular, making the right inferences and collaborations about the future are developments that add value to the business. Mistakes to be made in this regard can turn into unexpected losses on behalf of the organization (Ilari, 2013). As a result of organizational narrow-mindedness, the view of the external environment of the enterprises towards the enterprise is negatively affected, while the general situation of the organization may be perceived undesirably for the future.

6. THE RESULTS OF ORGANIZATIONAL PAROCHIALISM

Businesses advancing in line with the narrow-minded policies of organizational managers may face many different losses over time. In particular, some undesirable results may occur that will harm the organization inside and outside the enterprise (Friedman, 2007). It is possible to list the results of organizational narrow-mindedness in businesses as follows:

- Losing valuable employees because of wrong policies
- False investments turning into permanent financial problems
- Avoiding opportunities by ignoring them
- Falling behind compared to competing institutions
- Inability to integrate new technological developments into the business
- Encountering commercial losses due to faulty planning
- Loss of valuable customers over time
- Loss of reputation before banks and the public
- Being driven to failure by drifting away from your goals
- Experiencing problems in cooperation with suppliers
- Do not lose brand value day by day

The above-mentioned results can be seen as the negative effects of organizational narrow-mindedness on the business. All these effects can push the organization away from its general goals and push it to an undesirable position. The business, which is in a very successful position in the sector it is in, may have to face losses over time with the effect of narrow-mindedness (Meyer and Rice, 2009; Denis, 1994; Tobias, 2004). In this context, even the bankruptcy of the business may come to the fore as a result of the organization's long stay in the dead-end of narrow-mindedness.

7. METHODOLOGY

7.1. Research Goal

The aim of our research is to test the concept of "organizational parochialism", which is not included in the organizational behaviour literature, and to see what kind of results this concept will have in the practices of organizations and businesses. In this way, it is aimed that enterprises with limited life spans, especially in generation transition processes, focus on the future and see possible risks and opportunities, and in this context, they realize their shortcomings and implement corrective and preventive actions earlier. In this research, the organizational parochialism, its dimensions, effects, results and organizational components have been studied. The assessment of the organizational parochialism measurement instrument, its reliability and validity has been tested.

7.2. Item Selection, Data Collection and Sample Characteristics

The scale development systems are based in six different sections:

- Literary definition of the concept in the field that research has been applied
- Identification of the concept by focusing literature
- Generation of items from the research field
- Reduction of the scale to the applicable measure
- Data collection from the research field
- Testing of the scale by using deep validity and reliability tests

After defining the concept of organizational parochialism through a literature review, we conceptualized five sub-dimensions of the concept through interviews with academics who have done research in organizational behaviour science and 11 company executives who have completed their undergraduate degree and have at least ten years of experience in the field. These dimensions and concept were combined with the questionnaire that we drafted after a detailed literature review. The draft questionnaire form was revised and sent to the same academics and company executives. As a result of these negotiations, the number of variables was reduced. In addition, in the draft part of the research, details such as possible semantic shifts and deficiencies in expression were discussed. At the end of this process, the scale was revealed with 25 items in five sub-dimensions. Likert type scale was used in the questionnaire and the following options were used in each item:

1 = strongly disagree; 2 = disagree, 3 = neither agree nor disagree, 4 = agree, 5 = strongly agree

In the selection of the research universe, the companies operating in the textile sector of Turkey and members of the Istanbul Textile and Raw Materials Exporters' Association (ITHIB) were contacted. Random sampling system was used as a method in the research processes.

In this direction, online questionnaires were sent to 1,613 businesses with an export value of more than \$500,000 among 6,703 members, and 272 questionnaires were obtained from them. Based on these results, the rate of return to the questionnaires was 16,86%. Additionally, the rate of return to the surveys is 4,06% based on the total number of members. In order to create the data set to be used in the research, we entered all the data coming from the online system into the SPSS.25 program. According to the results obtained from data collecting processes %58,3 was male and %41,7 was female. 65,8% of the companies participating in the research has more than 100 employees, all are exporters and 81% are manufacturers.

Table 1: Profile of Survey Participants

The number of participants	272
Gender	Male: 58.3%- Female: 41.7%
Age range	18-25: 28.2% – 26-40: 45.3% – 41-58: 21.3 % – 58-75: 5.2%
Position	Senior manager: 22.4% – Middle level manager: 26.3% – Department director: 8.7% – Marketing: 13.1% – Accountant: 14.7% – Sales: 14.8%

7.3. Analyses for Measurement Validity and Reliability

In order to test the construct validity and reliability of the scale, which was planned to be developed with a new perspective, "factor analysis, reliability, unidimensionality, convergent validity and discriminant validity tests" analyses recommended by Bagozzi and Philips (1982) were conducted.

Content validity is a statistical method related to the general statements that originated the scale. Content validity is based on judgments about the adequacy of the test content sample. Judgments about the adequacy of a test content sample can be seen as a way of determining the scientific validity of a measurement. These judgments indicate the extent to which test content areas are represented by test items, thereby ensuring a match between the measurement procedure definition and the actual scheduled operation (Cronbach, 2004). The expert consensus in our study indicates that these items cover the objectives of our study and the subjects to be measured, and indicate the validity of the scale content.

Reliability indicates that the measurements are free from random errors and measure the design consistently. One of the most basic assumptions in measurement theory, one-dimensionality, is the degree to which items represent one and only one latent variable (Garver & Mentzer, 1999). Convergent validity is related to the degree of consistency between applications created with different methods for the same purpose (Rao, Solis, & Raghunathan, 1999; Llusar & Zornoza, 2002). Differential validity states that the dimensions of a concept should be distinctly and independently different from each other (Bagozzi & Phillips, 1982). In other words, the design should yield different results when measuring different variables.

We added all 25 variables to the analysis to create the organizational parochialism survey. When the validity of the scale was tested for the first time, the Cronbach's alpha value was as high as 0.927. The dimensions of 25 elements were analyzed using varimax factor analysis, and the eigenvalues of six factors were greater than 1 at the end of varimax rotation. The data processing procedure took into account variables with a factor load of 0.500 or more. As a result of the SPS, five key components of organizational constraint were obtained. We then tried to test the structural validity of the scale and derived the 5 components of organizational constraint using 25 variables estimated from the scale from explanatory factor analysis. As a result of the exploratory factor analysis, data on factor loadings in the range of 0.774 - 0.869 were obtained. It shows univariate validity by assuming that the factor components are weighted on the estimation factors using 25 variables and 1 is used as the eigenvalue.

Following the results of exploratory factor analysis, data from 272 questionnaires were analyzed using maximum likelihood estimation for validation. According to the results of the Kolmogorov-Smirnov test, which should be used to test the normality of the distribution, the tmin value of each variable was higher than 4.603. This conclusion proves the normal distribution of the scale with a probability of 0.001.

After this stage, the suitability of the model was analysed and the test results obtained are presented in Table 2. These results observed the fit of the predicted model and the resulting model. The regression weights showing the factor loadings on the variables ranged from 0.881 to 0.934. These figures are sufficient in statistics. After examining the error variance, the existing variables with high error variance were not observed.

Table 2: Model Fitness Values of Primary Confirmatory Factor Analyses

x ² /df	GFI	NFI	IFI	TLI	CFI	RMSEA
4.673	0.913	0.974	0.918	0.944	0.961	0.081

After the primary confirmatory factor analysis model, structural equation modelling was performed with secondary confirmatory factor analysis to test whether the factor components correspond to the highest level factor structure of the organizational parochialism. According to the results obtained, five factors formed in the primary factor analysis were combined in the secondary factor analysis. According to the organizational parochialism structural factor, 25 variables and 5 components were placed. The factor loads are close to each other (from 0.849 to 0.918) and take very high values. The results are statistically significant ($p < 0.001$). As can be seen in Table 3, the fit values of the model are sufficient and very close to the primary confirmatory factor analysis. For this reason, the 5 factor components that make up the scale were determined as factors in the general dimension of organizational parochialism. Also, there is a statistically significant relationship between all components of organizational parochialism.

Table 3: Model Fitness Values of Primary Confirmatory Factor Analyses

x ² /df	GFI	NFI	IFI	TLI	CFI	RMSEA
4.782	0.881	0.902	0.863	0.878	0.918	0.087

According to the results obtained at this stage of the study, the dimensions of the concept of organizational parochialism are named as business management, financial management, competitiveness, employment management and production management. Comparison of very close values of model fit coefficients; The initial and final coefficients of the model obtained during our study show the fit of the obtained model with the original model. The small differences between the fit coefficients of the models are due to the difference in the independence coefficients of the scaled models. By testing the internal validity of the organizational parochialism components, if the variables are omitted, the correlation coefficients and validity coefficients between the variables, the internal validity of the secondary factor analysis model and the adjusted variables were found to be between 0.709 and 0.823. The internal reliability of the coefficients of the model is $\alpha = 0.903$. Thus, the existence of the convergent validity of the structural model of organizational restraint has been proven once again. The cumulative validity coefficient (Werts et al., 1974), which was recommended to be evaluated together with the Cronbach's alpha coefficient in the scale validity process, was calculated as $\rho_c = 0.948$ and was calculated well above the recommended cut-off value of 0.70 (Bagozzi and Yee, 1988).

Model fit indices belong to the final model obtained through the testing process, and when the internal validity of the coefficients are evaluated together, it is seen that the fixed correlation coefficients of each dimension are greater than 0.30 (Gilbert & Churchill, 1979). Overall, those recommended for reliability were greater than 0.70 (Nunnally, 1978) and none of the multiple correlation coefficients distorted the model. The values obtained from this study are above the acceptable values suggested by Price and Mueller (1986). The integrated internal reliability coefficient value ($\alpha = 0.903$) and the combined validity coefficient value ($\rho_c = 0.948$) support the acceptance of the obtained scale as an organizational parochialism scale.

8. CONCLUSION AND DISCUSSION

Businesses and organizations take the lead and lag behind in the intense competitive environment they live in. It is possible for businesses to survive, meet their profitability and future expectations by gaining competitive advantage. In this environment, making predictions about the future that will benefit the business will bring important advantages for them (Bennett, 1962; Denis, 1994). Accurate determination of many factors such as employee productivity, employment needs, financial expectations, customer measurements, commercial perspectives, optional principles in production management is vital for businesses (Nonaka vd, 2014). Additionally, it is valuable for organizations to make rational predictions on critical issues concerning the future of the business for their success. Businesses that take the right decisions at the right time, realize the current business burdens, verifying beneficial and harmful aspects, and position the business for the future in the most optimal way can come to the forefront compared to their competitors (Gilbert and Churchill, 1979). In the light of all these information, when organizational parochialism is considered, it has an undeniable importance for the business.

In this research, the problem of parochialism of organizations in the managerial sense was discussed, the concept was examined in depth, its sub-dimensions were determined, and an organizational parochialism scale, which is thought to measure this concept, was developed. First of all, an intensive, detailed and meticulous research was carried out in the literature on the

concept and the different sub-dimensions that are thought to be related to the concept, and the findings obtained from the literature were clearly explained.

The scale developed within the scope of the research was sent to exporting companies interested in the textile sector and the obtained data were analysed statistically. The obtained data were subjected to many different statistical analyses specified in the methodology part of the research, and the results were tested in terms of the existence, accuracy, validity and reliability of the concept. As a result of the measurements and analyses, an organizational parochialism scale consisting of 5 different dimensions was created under the headings of business management, financial management, competitiveness, employment management and production management.

As a result of the subject research, it has been seen that the organizations and businesses that make rational, logical and beneficial predictions about the future will bring significant benefits to the organization. From a different perspective, it is possible for businesses that making wrong predictions about the future in organizational terms or businesses that have no idea about the future may experience significant losses over time.

In the light of all these data, it has been seen that the scale we developed under the name of organizational parochialism can measure the concept statistically together with its sub-dimensions. In order to strengthen the validity and reliability of the scale and to express the concept more accurately, it is thought that it would be appropriate to recommend it to be applied to different sectors and different business units. In this way, it will be possible to identify one of the roots of the short-term survival issue, which is one of the biggest problems of today's businesses.

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APPENDIX

Organizational Parochialism Scale						
1-Strongly disagree, 2-Disagree, 3-Neither agree nor disagree, 4-Agree, 5-Strongly agree						
Business management		1	2	3	4	5
1	My organization applies modern management principles					
2	Management takes the right decisions about the future of the organization					
3	The decisions of the management in this organization affect our future positively					
4	Management leads the organization to success on a global scale					
5	The organization reaches for success with the future truths of the management					
Financial management		1	2	3	4	5
6	Financial decisions made by the organization are very beneficial					
7	The organization looks positively towards the future financially					
8	The organization has no financial concerns about the future					
9	Our organization's financial management adds value to our future					
10	The organization rationally plans the future in a financial manner					
Competitiveness management		1	2	3	4	5
11	Our organization is forward-thinking in competition					
12	The organization makes strategic moves about competition					
13	The organization distinguishes itself positively from its competitors in competition					
14	The future of the organization is brighter than its competitors					
15	The organization makes the right plans for the future in competition					
Employment management		1	2	3	4	5
16	The organization knows how to retain the right employees					
17	The organization plans its future with its important employees					
18	Our organization implements a correct employment policy					
19	The organization is aware of the strategic importance of its employees					
20	The organization makes long-term employment plans					
Production management		1	2	3	4	5
21	Our organization implements production planning rationally					

22	The organization determines the production needs correctly					
23	The organization constructs the production model in the balance of the market and the supplier					
24	The organization takes future demands into account in production management					
25	The organization considers the element of supply in its production processes					