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EDITORIAL

Understanding international travelers' behavior is important issue in terms of host countries and tourism enterprises. Therefore, this issue has been the focus of academic studies for several years. According to the literature, despite the fact that there is a huge number of academic studies on the destination choice behavior of travelers, little is known about the Kyrgyz outbound travelers' market. Considering that the Kyrgyz outbound travelers' market is a new and growing niche market, this paper aims to find out main determinants of the Kyrgyz outbound travelers behavior and hopes to fill this gap in the literature.

The survey was conducted within the research purpose among respondents using face-to-face questionnaire technique. Population of the survey consists of 252 residents in Bishkek city, capital of Kyrgyz Republic. Attention was paid to ensure that the sample group was sufficient and representative for the Kyrgyz travelers. The obtained data was analyzed using both descriptive as well as inferential statistical techniques.

The paper by Maksudunov et al. provides some useful insights in terms of public policy and private sector activities. Host countries and related companies should pay attention to this emerging niche market since Kyrgyz travelers have a high rate of abroad experience (80.4%) and intention to visit new destinations. The United States of America, United Arab Emirates, France, Turkey and Germany were found the most desired countries to visit for touristic purposes among Kyrgyz travelers. Interested countries in attracting Kyrgyz travelers can use findings of this study during their marketing activities, such as segmentation, advertising, etc. Especially, host countries should re-

visit their visa agreements with Kyrgyz Republic, because Kyrgyz travelers are mainly influenced by factors like comfort and quality, easy access, and reputation of a destination. Information sources about a destination before traveling were found different for different destinations. For example, for the USA (43.2%) and Germany (38.2%) main information sources are internet resources except social media. Kyrgyz travelers get information about France (39.7%) and UAE (39.1%) mainly from social media. Relatives and friends are the main information source for Kyrgyz travelers, who prefer Turkey (44.6%). Tour operators' impact as a source of information seems to be very low in the Kyrgyzstan outbound tourism market. These findings can be useful for advertising activities of host countries. On the other hand, France is the most preferred destination for female, United States of America for male, Germany for single, Turkey for married respondents.

In general, the findings from this study suggest host countries and their tourism companies need to consider the importance of both pull and push factors that influence Kyrgyz travelers' destination choices in order to develop and implement particular marketing strategies.

In the paper by Lee et al., the authors examine the impact of transformational leadership on distributors' performance in a non-hierarchical organization, i.e., a sponsor-distributor relationship is not the same as a formal superior-subordinate relationship (Spark & Schenk, 2001). Multi-level marketing organizations (MLM) were selected as a proxy context in this study because of the unique sponsor-distributor relationship-based operations in the MLM industry. Although Spark & Schenk (2001) found a mediating effect of higher-order goals

between transformational leadership and distributors' performance, no attempts were made to find if there is a moderating effect of higher-order goals, self-efficacy, and trust-in-leader between transformational leadership and distributors' performance. As suggested by Liden (2012), it is important to identify the moderators that explain the similarities and differences between Asian and Western countries in terms of leadership. This paper fills the void by incorporating these effects in a model for transformational leadership and performance. It also evaluates the effectiveness of higher-order goals, self-efficacy, and trust-in-leader in moderating the effects of transformational leadership in MLM organizations.

The study has certain implications for management practices. The model and findings provide indications for developing marketing, managerial strategies as well as company policy making.

First, our findings provide a new focus on leadership development training for leaders in this century who are able to guide ambidextrous organizations by focusing on their followers' self-concept and identity. The twenty-first century has witnessed drastic changes of leadership style from conventional approaches toward more modern dynamic approaches. New forms of leadership such as shared leadership (Barnes et al., 2013) should shift from leader-follower-centric models to leader-leader models. The behavior of leaders in the future should focus on the moderating effects of meaningful work (Ghadi et al., 2013) and a culture of innovation (Hu et al., 2012), empowerment (Shah, 2011), and intrapreneurship (Moriani et al., 2014). In other words, corporate training should be focused more on character development and enhancement than on skills training.

Second, the unique finding on the moderating effect of higher-order goals prompts us to consider that goal-setting improves performance through cognitive abilities of all individuals, regardless of whether they are sponsors or

distributors. As a result, to obtain better performance, distributors must be trained to learn to set higher goals. Through training, distributors can cognitively feel the enhancement of their ability to perform. Leaders in a later stage will be able to feel that they become more powerful as distributors' performance improves.

Third, trust toward leaders vitally enhances employees' effort for good performance in traditional organizational structures. These organizations cannot work without interpersonal trust (Fairholm, 1994). Trust is a key success factor to organizational competitiveness as it cannot be easily copied or duplicated especially in the Asian context (Jones & George, 1998). However, this is not the case in the MLM business concept. MLM businesses build on an open sharing networking system among the distributors within the same unit. Distributors are willing to help strangers or newcomers because everyone is rewarded by expanding the network. As such, for non-hierarchical organizations, an environment with the prevailing shared leadership would be a good leadership approach for MLM (Gillespie & Mann, 2004). These business practices call for leaders to overtly share their vision, values, and ideas, and empower distributors with the same recruitment team or across teams.

Fourth, the significant effect of efficacy belief on the performance of MLM distributors leads us to consider the adoption of a leader-leader approach instead of a leader-follower approach. In the MLM context, self-efficacy and collective efficacy play a significant role to depict the relationships between followers' job attitudes and transformational leadership across different national cultures (Riggs & Knight, 1994; Bandura, 1997; Lam, 2002). The key to the success of MLM leaders is the ability to find and develop distributors into stronger performers. Therefore, MLM leaders should focus on creating a culture showing that every distributor is a leader in the organization. In such a way, the self-efficacy that enhances

the effect of leadership on distributor performance is nourished eventually.

The study by Mermercioğlu, Gerçek, and Akpınar presents a successful case of creating shared value (CSV) from the conservative private pension sector in Turkey. Following the footsteps of strategic corporate social responsibility, Porter and Kramer introduced CSV in 2011 as a new strategy for creating competitive advantage. This strategy implies that companies aim simultaneously to resolve social issues (i.e., create social value) and to achieve rents (i.e., create economic value) in their core strategy. According to Porter and Kramer (2011), there are three ways to achieve CSV, namely by reconceiving products to satisfy unmet social needs, by redefining productivity in the value chain to address social problems, and by developing local clusters in developing and less developed markets. Since its introduction, CSV has received positive attention from academics and practitioners as well as criticisms. Developing and less developed countries offer a high potential for CSV as they bear huge social problems next to high economic growth opportunities (Michellini & Fiorentino, 2012). Despite this acknowledgment, there are relatively few studies from these countries, and this study contributes to this gap by being the first one from Turkey.

The case company, Anadolu Hayat Emeklilik (AHE), is Turkey's leading pension and life insurance company, listed on the Istanbul Stock Exchange. When the Turkish government incentivized the growth of private pension funds, the private pension sector became subject to a high level of competition, and AHE was only the third in terms of revenues and the fifth in terms of number of participants as of

March 2004. In response to increasing competition, AHE management developed a CSV initiative at a time when the CSV concept did not even exist by introducing the "Housewives Retirement Plan" product on June 21, 2004. Through this initiative, the company reconceived its products in order to attract specifically women to the private pension system. Women in Turkey presented for AHE a neglected market segment as they participated less in the workforce, worked fewer full years and earned less than men. AHE introduced afterwards the "Waiver of Contribution Benefit" product for women and the "Women-Specific Critical Illness Insurance" product, which were both the first of their kinds in Turkey. These initiatives made AHE the first in the market by 2006, and the company has managed to be the first or the second in the market over the years until 2018.

The case of AHE shows that companies can achieve extraordinary economic performance by targeting unmet social needs even in a conservative sector like private pension. As women are hidden decision makers in the family's household plans, targeting their unmet needs in developing and less developed countries can be a good strategy to achieve competitive advantage not only in the private pension sector but also in other sectors. The incentives provided by the Turkish government to the private pension sector are also praiseworthy for policy makers of developing and less developed countries, playing the catalyst role for the development of the sector and tackling of social problems.

Erdener Kaynak
Editor-in-Chief

ARTICLES

Destination Choice Factors of Kyrgyz Outbound Travelers

Azamat Maksüdünov
Ömer L. Antalyalı
Meerim Asanbekova

ABSTRACT. This paper investigates destination choice behaviors of Kyrgyz outbound travelers. This is an emerging market niche with potential growth, and little is known about this market. Data was collected using a structured questionnaire among Bishkek residents (n=252) in May – July, 2018. According to the results, the most desired countries for Kyrgyz travelers are USA, UAE, FRA, TUR and GER. Desired countries differ according to demographic features of respondents. Besides that, four push and four pull factors were identified as an influential factor on destination choice behavior of Kyrgyz travelers. Importance of these factors significantly differed according to participants' features. The results of the paper are important in terms of hosting countries and companies of Kyrgyz outbound travelers.

KEYWORDS. Destination choice, Kyrgyz travelers, travel.

INTRODUCTION

The Kyrgyz Republic was opened for international tourism as a new destination in 1991, when the country gained its independence. According to National Statistic Committee of Kyrgyz Republic (2018), the number of foreign visitors is thousand people and share of tourism industry in GDP is estimated as 4.99% (KR

NSC, 2019). Because of low standards of living in the country in the first decades of the independence, inbound tourism was in the forefront and was on the focus of academic studies (Kantarci, 2007; Turdumambetov, 2014; Kaynak & Maksüdünov, 2017).

Although inbound tourism issues are the focus of academic studies, demand for outbound tourism in Kyrgyzstan has increased re-

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markably over the past several years, and a limited number of studies has been conducted on this subject. According to the World Bank (2019) the total outbound departures of Kyrgyz residents have more than tripled (from 1,342,000 to 4,446,000) between 2010 and 2017. These numbers are very high considering that Kyrgyzstan's population has been estimated to be around 6.3 million people in 2019 (NSC of KR, 2019).

Outbound tourism comprises the activities of a resident visitor outside the country of reference (UNWTO, 2019). Studies on destination choice have been a significant theme within tourism literature for years. Most research done to date has investigated motivations and destination choice of travelers from the leading generators of international tourism such as China, Japan, England, Germany, Taiwan, etc. (Tyrrell et al., 2001; Guillet et al., 2011; Lai & Graefe, 1999; Jang & Cai, 2002; You & O'Leary, 1999; You et al., 2000; Wang & Wen, 2017; Turnbull & Uysal, 1995). However, little is known about how Kyrgyz tourists choose their travel destinations. The main purpose of this study is to find out push and pull factors motivating Kyrgyz outbound travelers. More specifically, the survey focused on the following main points:

- to identify the most desired countries to visit among Kyrgyz travelers.
- to identify the influential factors on travelers' destination choice.
- to find out the differences in dimensions according to demographic characteristics and desired country.

LITERATURE REVIEW

Existing literature indicates that destination choice behaviors of international travelers are influenced mainly by two groups of factors: push and pull (Crompton, 1979; Jang & Cai, 2002; Mohammad & Som, 2010; Kassean & Gassita, 2013). Push factors are internal mo-

tives and desires of people that drive and motivate them to take an overseas journey, whereas pull forces include the destination attributes which make a particular destination attractive to tourists (Mohammad & Som, 2010; Lam & Hsu, 2005; Baloglu & Uysal, 1996). According to Baloglu and Uysal (1996), most of the push factors have intangible and intrinsic characteristics like rest and relaxation, adventure, health and fitness, knowledge seeking, etc. In contrast, pull factors include tangible destination features such as beaches, range of facilities, attractions, natural beauty, etc. Push factors explain why people travel, whilst pull factors define their destination choices, i.e., "where people travel." The consistency of push and pull motivations lead a traveler to prefer one destination over another (You et al., 2000).

Lai and Graefe (1999) examined the destination choice criteria of Taiwanese outbound pleasure tourists. Authors surveyed a total of 225 metropolitan residents living in Taipei. Principal component analysis generated five major components of destination choice. They are facilities/safety level, social/cultural/natural attractions, practical convenience, overall quality, and symbolic accessibility. The first dimension referred to the facilities spectrum (sport, recreational, and educational) offered by the destination and the safety/stability level of the destination. The attractions dimension contained natural beauty and the social and cultural characteristics of a destination. The quality factor consisted of accommodation quality, friendly attitude of local people towards foreign tourists, and shopping amenities. Practical convenience was related with customs and inspection procedures, easiness of getting to the region, climate, and travelling cost, while symbolic accessibility included items about distance (nearness to the destination) and time (trip duration). The findings of the study showed that Taiwanese travelers choose safe destinations which

offerwide range of facilities; destinations with rich cultural/social and natural attractions; and destinations that provide practical convenience. Authors also revealed some significant differences according to demographic (gender and age) and travel characteristics (travel companion) of respondents. Accordingly, women placed higher importance on facilities/safety factor than their counterparts. Individuals between 36 and 45 years old were also more concerned about facilities/safety of a destination than those of age 56-65. In terms of travel partner, people traveling in association with family members paid much attention to facilities and safety, and distance/time to get to the destination (symbolic accessibility) compared with those traveling by themselves.

Tyrell et al. (2001) used logistic regression analysis to investigate the impact of demographic and travel characteristics of Japanese travelers on their destination decision. The data was collected from 658 respondents who had taken an overseas pleasure trip over the last three years. Demographic and travel characteristics became the independent variables in this study. The results of the study showed differences across six models. Married Japanese prefer traveling to Hawaii rather than to Europe. According to the author, this can be explained by availability of Japanese cuisine and affordability of destination. Japanese using package tour tend to travel to countries in Asia and Pacific I region like Singapore, Malaysia, the Philippines, etc.

In similar research conducted by Jang and Cai (2002), influential factors on destination choice of British outbound tourists across seven regions (US, Canada, the West Indies and Caribbean, Oceania, Africa, Central and South America, Asia) were explored by using logistic regression analysis. The study surveyed a total 964 respondents who participated in a trip abroad during the last three years. According to the results of the study, knowledge seeking, escape, and family and friend togetherness were revealed as the most considerable

motivations which drive British to take an overseas travel. On the other hand, destination attributes related to cleanliness and safety, easiness to access and economical deal, and atmosphere had a major impact on British tourists to choose a particular destination. The logistic regression analyses showed that push and pull forces differed over destination regions. Accordingly, British tourists prefer the U.S. for having fun and excitement and outdoor activities, Oceania for spending time together with family members and friends, and Asia for experiencing new things.

Awaritefe (2004) analyzed the motivational factors of domestic and foreign tourists in Nigeria that significantly affect their destination choices. The author surveyed a total of 376 tourists in seven tourism destinations of Nigeria. The findings of the study indicated that the most important motivations for tourists were self-actualization and physiological need. Among pull factors good transport/easy accessibility and accommodation were regarded as the most influential considerations in destination choices of both foreign and domestic tourists. The author also revealed significant differences in motivational factors between domestic and foreign tourists. Domestic Nigerian tourists placed high significance on pull factors while foreign tourists were mostly described as push orientated.

Chow & Murphy (2008) explored Chinese outbound tourists' travel attitudes and preferences in the case of Australia. Initially authors conducted qualitative interviews with 32 tourism experts from various organizations in Australia, China, and Hong Kong. Then a total of 472 Chinese traveling to Australia were surveyed. Forty-five items measuring travel preferences were classified into six groups in conformity with tourism experts' suggestions: "sightseeing," "shopping," "culture and heritage," "participatory activity," "entertainment," and "dining/eating." The findings of the study revealed that for Chinese travelers, dining/eat-

ing was the foremost preference, while shopping was the last preference. However, tourism experts expressed a contrary view. The biggest differences between tourists and experts emerged in dining/eating and shopping preferences. According to the author, the Chinese had a food-centered culture, that is why the dining/eating factor plays an important role in preferences of Chinese. Experts indicated shopping as the second top preferences, while for tourists, it was regarded as the least important one. This phenomenon occurs because Chinese travelers believe that tour guides usually guide tourists to shops that supply them with commissions rather than to those offering value. The authors emphasized that the Chinese outbound travel market should not be considered a homogenous one because the results of the study found significant preference differences between tourists according to their place of origin. For instance, tourists from Guangdong province prefer shopping more in comparison with tourists from other cities and regions. Such difference was explained with Guangdong local residents' exposure to Western culture.

Reisinger et al. (2009) compared Western and Asian tourists in terms of destination attributes' importance. Principal component analysis resulted in seven destination attributes: attractions, entertainment, cost, information, customer service, socialization, and activities. The results of the study revealed significant differences between Westerners and Asians. Westerners placed higher significance to destinations attributes such as attractions, customer service, socialization, and activities than their counterparts. However, for the Asian travelers, the importance of entertainment was significantly higher in comparison with Westerners.

Dudokh (2009) used panel data analysis to investigate the destination choice factors of Jordanian tourists travelling to destination countries. Author developed international tourism demand model. The dependent variable in this model was the number of outbound tourists

from Jordan, while the explanatory variables were income, relative price, substitute prices, transportation cost, and qualitative factors. The results of the study revealed Jordanians had a very low demand for overseas travels. Jordanian tourists' destination choices were affected only by one factor, which was substitute prices (cost of travelling to different destinations). In other words, Jordanians compare cost of visiting foreign destinations with domestic and choose the cheapest one.

Oliani et al. (2011) analyzed which attractiveness attributes of a destination have significant impact on Brazilian tourists' decisions. On the basis of "general conceptual model of destination competitiveness" authors classified attractiveness factors into eight sub categories, namely, geographic location, climate, history and regional tradition, natural resources quality (beaches, mountain, forest etc.), urban resource quality (museums, thematic parks, shopping centers etc.), public policies (security, basic sanitation, and illumination), means and amount of lodging (hotels, resorts etc.), development of the means of transport to get to destination (airplanes, roads, trains, ships), and time to reach a destination (trip time). Firstly, an exploratory study was conducted through in-depth interviews with 20 individuals. Then descriptive research with 150 respondents was carried out. According to the findings of the study, development of the means of transport to arrive the destination (easiness to access), quality of the natural resources, and lodging were regarded as the three top influential factors on Brazilian tourists' destination choices.

Guillet et al. (2011) explored the impact of socio-demographic characteristics, trip characteristics, and motivational factors of outbound tourists from Hong Kong on their travel decisions. The sample of this study comprised a total of 9,175 respondents. Annual phone surveys were conducted between 2005 and 2010. According to the results, all trip characteristics significantly affected Hong Kong residents'

destination choices. Regarding socio-demographic characteristics, only monthly household income had significant impact. Travelers from Hong Kong were motivated by factors like visiting new places, experiencing new things, and escaping from daily routine, obligations, and problems.

You and O'Leary (1999) performed cluster analysis to segment older UK travelers on the basis of push and pull factors. The authors conducted personal in-home interviews with a total of 1,208 travelers. However, only 405 respondents aged above 50 years were selected. Three clusters were identified in this study: passive visitors, enthusiastic go-getters, and cultural/heritage hounds. The push and pull forces showed differences among these groups. For passive visitors, the most important push forces were visiting friends and relatives and being together with family. In terms of pull attributes, passive travelers placed higher importance on public transportation, hygiene and cleanliness, and safety. For the cluster labelled as enthusiastic go-getters being together as a family and novelty seeking stood out as the most important push motivations. Regarding pull forces, this group was similar to passive travelers. When it comes to cultural hounds, this group appreciated all activities related to culture and heritage. In terms of destination attributes and activities, cultural hounds placed higher significance on activities related with arts and culture, historical or archaeological places, outstanding scenery, and meeting people. Considering all three segments, passive travelers had a lower number of trips and lower involvement in activities compared to other two groups. Enthusiastic go-getters were more active and younger than passive visitors and cultural hounds. Cultural hounds had the highest formal education level and trip frequencies among three clusters. The authors believe that the findings of the study will provide useful insights by helping destination marketers in travel product package planning.

RESEARCH METHODOLOGY

The primary data used for this study were collected from Bishkek residents using structured questionnaire. The questionnaire instrument was developed based on previous studies (Turnbull & Uysal, 1995; Jang & Cai, 2002; Mohammad & Som, 2010; Kassean & Gassita, 2013; Nikjoo & Ketabi, 2015). It consists of two parts; the first part is related to demographic characteristics of respondents, their abroad experiences and preferences. The second part includes statements in order to measure the importance of factors influencing Kyrgyz travelers' destination choice, and these items were arranged as five-point Likert-type scale, ranging from 1 (Not important at all) to 5 (Very important). The questionnaire was designed in English and professionally translated into Russian by a bilingual person. The survey was implemented in May-July 2018 period through the face-to-face technique among 252 residents in Bishkek city, capital of Kyrgyz Republic. According to the National Statistic Committee of Kyrgyz Republic (2019), the total population of Bishkek is 1,027,245 (<http://stat.kg/en/statistics/naselenie/>, 30 April, 2019). The data was appropriately encoded, computerized, and analyzed. The results of the analysis are as follows.

ANALYSIS AND RESULTS

Table 1 shows that 70.6% of the overall respondents were females, while 29.4% were males. The majority of respondents (52.2%) were between 18 and 25 years and was single (63.0%). The majority of respondents were employed people (42.6%) and students (41.4%), with university degree (76.3%). Although this distribution does not completely represent the population of Bishkek in terms of gender and age groups, it can be said that this sample is more realistic for the outbound travelers population. International mobility is

higher among these groups than others. According to the income distribution, 36.9% have less than 20,000 Som in monthly family income, 19.9% have between 20,001 and 30,000 Som, 16.9% between 30,001 and 40,000 Som, and 26.2% have 40,001 Som or more.

Table 1. Sample Profile

Characteristics	f	%
Gender		
<i>Female</i>	173	70.6
<i>Male</i>	72	29.4
Age		
18-25	130	52.2
26-35	42	16.9
36-45	36	14.5
46-55	26	10.4
56-65	11	4.4
66+	4	1.6
Marital Status		
<i>Single</i>	155	63.0
<i>Married</i>	89	36.2
Employment		
<i>Student</i>	103	41.4
<i>Employed</i>	106	42.6
<i>Unemployed</i>	12	4.8
<i>Retired</i>	15	6.0
<i>Housewife</i>	13	5.2
Education		
<i>Primary/secondary</i>	21	8.4
<i>Diploma/certificate</i>	33	13.3
<i>Degree</i>	190	76.3
<i>Higher degree</i>	5	2.0
Income		
<i>Less than 20000</i>	87	36.9
20001-30000	47	19.9
30001-40000	40	16.9
40001-50000	27	11.4
50001-60000	17	7.2
<i>More than 60001</i>	18	7.6

Note. f: frequency, %: valid percentage, N=252

As shown in Table 2, out of 252 respondents 80.4% had previously been abroad, for education (23.3%), work (27.3%), travel (34.7%), and other (14.8%) purposes. The main part (62.9%) of respondents had 2 or less trips in last 5 years. Turkey (29.8%), Kazakhstan (24.0%) and Russia (15.7%) are mainly the last

visited countries for Kyrgyz people. Social media (33.1%), other internet resources (39.8%), and relatives of friends (33.1%) are main information sources before the trip for Kyrgyz travelers.

Table 2. Abroad Status

Item	f	%
Abroad before		
<i>Yes</i>	201	80.4
<i>No</i>	49	19.6
Abroad purpose		
<i>Education</i>	41	23.3
<i>Work</i>	48	27.3
<i>Travel</i>	61	34.7
<i>Other</i>	26	14.8
Number of trip last 5 years		
2 or less	124	62.9
3-5	54	27.4
6 or more	19	9.6
Last visited		
<i>Turkey</i>	36	29.8
<i>Kazakhstan</i>	29	24.0
<i>Russia</i>	19	15.7
<i>United Arab Emirates</i>	9	7.4
<i>Other*</i>	28	23.1
Last trip duration (days)		
1-4	30	25.0
5-8	33	27.5
9-12	18	15.0
More than 12	39	32.5
Information source before trip		
<i>Social media</i>	83	33.1
<i>Other internet resources</i>	100	39.8
<i>Local tour operators</i>	32	12.7
<i>Relatives of friends</i>	83	33.1
<i>Other</i>	8	3.2

*There is 17 countries and non of them is more than 5%

Note. f: frequency, %: valid percentage, N=252

To measure the influential factors on Kyrgyz outbound travelers, 15 push and 29 pull items were suggested to survey participants. These items were examined using exploratory factor analysis separately. The exploratory factor analysis was followed by Varimax rotation. The details of the analysis are given in Table 3. According to the table, 4 push factors and 4 pull factors were identified as main components of Kyrgyz travelers' destination choice.

Two of the push items were discarded because of low factor loadings, and 13 items were

used in final analysis. As a result, 4 dimensions were identified with 61.6% explained variance. The reliability coefficients (α) for these four factors were between 0.643 and 0.726.

Table 3. Rotated Component Matrix

Factors	FL	ITC
Push Items (VE=61,56%)		
Knowledge Seeking (VE=16,89%, $\alpha=0,643$)		
<i>Finding thrills and excitement</i>	.774	.605
<i>Visiting a place I can talk about when I get home</i>	.682	.354
<i>Increasing knowledge about a foreign destination/culture</i>	.568	.482
<i>Having fun, being entertained</i>	.565	.308
Relaxation (VE=15,58%, $\alpha=0,643$)		
<i>Doing nothing at all</i>	.795	.521
<i>Indulging in luxury</i>	.765	.492
<i>Just relaxing and calm</i>	.620	.370
Enhancing Social Relation (VE=14.64%, $\alpha=0.726$)		
<i>Meeting new & different people</i>	.858	.551
<i>Experiencing new and different lifestyles</i>	.780	.614
<i>Trying new foods</i>	.578	.483
Escaping from Routine (VE=14.45%, $\alpha=0.653$)		
<i>Getting a change from a busy job</i>	.807	.431
<i>Escaping from the ordinary (routine)</i>	.665	.492
<i>Going places I have not visited before</i>	.614	.483
Pull Items (VE: 55,06%)		
Comfort and Quality (VE=19,11%, $\alpha=0,878$)		
<i>Quality of service (good and prompt services)</i>	.727	.690
<i>Health/medical facilities to meet visitor needs</i>	.710	.627
<i>Personal safety and security</i>	.668	.669
<i>Price levels (price of the trip, food, other)</i>	.660	.574
<i>Standards of hygiene and cleanliness</i>	.640	.658
<i>Ease of access to the region (visa require)</i>	.640	.542
<i>Availability/Quality of accommodation</i>	.622	.609
<i>A stable political and social environment</i>	.558	.543
<i>Environmental quality, air, water and soil</i>	.529	.587
<i>Welcoming staff</i>	.506	.557
Easy Access and Reputation (VE=13.14%, $\alpha=0.825$)		
<i>Destination's reputation/image</i>	.806	.727
<i>Economic development of destination</i>	.766	.689
<i>Destination's general infrastructure</i>	.727	.685
<i>Geographical location</i>	.605	.529
Events and Activities (VE=11.74%, $\alpha=0.758$)		
<i>Entertainment activities</i>	.791	.634
<i>Sport/recreational facilities</i>	.671	.538
<i>Attending festivals/special events/art galleries</i>	.670	.516
<i>Shopping facilities</i>	.609	.468

Availability pre-trip and in-country tourist info .540 .484

Weather and Natural Environment (VE=11.07%, $\alpha=0.712$)

Interesting/unique environmental features .741 .579

Flora and fauna .683 .607

Comfortable climate and nice weather .656 .499

Visits to appreciate natural ecological sites .611 .352

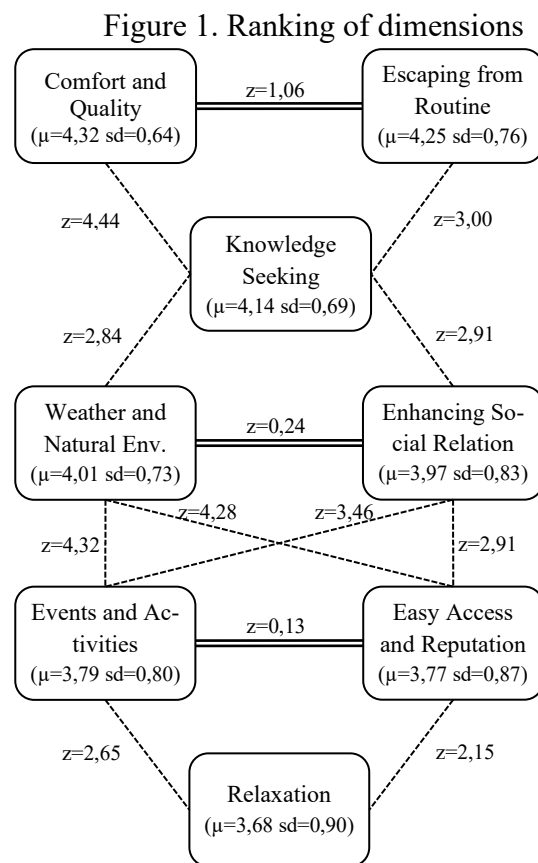
Note. FL: Factor Loading, ITC: Item Total Correlation, VE: Variance Explained, α : Cronbach's Alpha

The first factor consists of four items (*Finding thrills and excitement, visiting a place I can talk about when I get home, increasing knowledge about a foreign destination/culture, having fun, being entertained*), and was labeled as knowledge seeking. The second factor includes three items (*Doing nothing at all, indulging in luxury, just relaxing and calm*) and was labeled as relaxation. The third factor consists of items (*Meeting new & different people, experiencing new and different lifestyles, and trying new foods*) related to social relation, and the fourth factor comprises items such as *getting a change from a busy job, escaping from the ordinary and going places I have not visited before* and was labeled as escaping from routine.

On the other hand, 6 of the pull items out of 29 were discarded for non-conveniences. Finally, pull items were also collected under 4 dimensions too. Explained variance for this group was found to be 55.1%, and the reliability coefficients (α) were between 0.712 and 0.878.

The first pull factor was labeled as comfort and quality, which contains ten items such as *quality of service, health/medical facilities to meet visitor needs, personal safety and security, price levels, standards of hygiene and cleanliness, visa requirements, accommodation, a stable political and social environment, environmental quality, air, water and soil and welcoming staff*. The second pull factor was labeled as easy access and reputation of destinations. This factor consists of four items (*Destination's reputation/image, economic develop-*

ment of destination, destination's general infrastructure, geographical location). The third factor contains five items such as *entertainment activities, sport/recreational facilities, attending festivals/special events/art galleries, shopping facilities* and was labeled as events and activities. The fourth factor includes four items (*Interesting/unique environmental features, flora and fauna, comfortable climate and nice weather, visits to appreciate natural ecological sites*) and was labeled as weather and natural environment.



Note. All z values are Wilcoxon standardized test statistic

Figure 1 presents rankings of push and pull factors according to mean and standard deviation values and mean difference tests.

As shown in the figure, all mean values are above 3.68, which means that all these factors are important for destination choice decisions of Kyrgyz outbound travelers. According to the results, comfort and quality, and escaping

from routine are main factors. These factors are the most important motivators, followed by knowledge seeking, weather and natural environment, social relations, events and activities, ease access and reputation, and relaxation. All the factors are important and significant on destination choice behavior of travelers.

Table 4. Differences in dimensions according to demographic characteristics

Dimension	SG	MR	z^*
Knowledge Seeking			
<i>Gender</i>	<i>Female</i>	133.21	3.52
Test: Mann-Whitney U	<i>Male</i>	98.47	
<i>Age</i>	18-25	138.75	2.23
Test: Kruskal-Wallis	26-35	110.45	
Test Statistic=10,62	18-25	138.75	2.71
p=0,014	46+	104.07	
Enhancing Social Relation			
<i>Marital Status</i>	<i>Single</i>	129.48	2.06
Test: Mann-Whitney U	<i>Married</i>	110.34	
<i>Age</i>	18-25	136.39	3.79
Test: Kruskal-Wallis	46+	87.98	
Test Statistic=15,83	36-45	135.90	2.95
p=0,001	46+	87.98	
Escaping from Routine			
<i>Gender</i>	<i>Female</i>	128.72	1.99
Test: Mann-Whitney U	<i>Male</i>	109.26	
Events and Activities			
<i>Marital Status</i>	<i>Single</i>	130.5	2.35
Test: Mann-Whitney U	<i>Married</i>	108.56	
<i>Age</i>	18-25	134.83	3.80
Test: Kruskal-Wallis	46+	86.00	
Test Statistic=14,80	26-35	129.01	2.73
p=0,002	46+	86.00	
	36-45	129.22	2.64
	46+	86.00	

*Standardized test statistic, $p < 0,05$

Note. SG: Subgroup, MR: Mean Rank

In this study, the impact of demographic features of respondents on the perceived push and pull factors' importance was also tested. Only significant results were included in the paper, and the details were given in Table 4.

According to the table, there is a significant difference ($p < 0,05$) between male and female respondents' perceptions of knowledge seeking

and escaping from routine dimensions. According to the table, women are motivated by knowledge seeking and escaping from routine dimensions more than men.

The enhancing social relation and the events and activities dimensions are more influential ($p < 0,05$) on single travelers' destination choices than married travelers.

There is significant difference ($p < 0,05$) on the knowledge seeking, enhancing social relation, and events and activities dimensions according to age groups. Young people pay more attention to the above mentioned dimensions than older generations.

Table 5 shows the most preferred 5 countries by Kyrgyz travelers. The United States of America is the most preferred country (34% of participants) followed by United Arab Emirates (26.9%), France (24.4%), Turkey (23.5%) and Germany (14.3%).

Table 5. People in Kyrgyzstan Desire to Go

Country*	f	%
<i>United States of America</i>	81	34.0
<i>United Arab Emirates</i>	64	26.9
<i>France</i>	58	24.4
<i>Turkey</i>	56	23.5
<i>Germany</i>	34	14.3

*Listed only first 5 countries. There is other 54 countries in the list.

Note. f: frequency, %: valid percentage, $N=238$

The Mann-Whitney U test was used to determine whether there is a difference in motivation of travelers according the desired countries. The significant differences were found only for the USA and UAE. The detailed results are given in Table 6. According to the table, travelers who have a higher desire to go to the USA are much more motivated by the factors like escaping from routine, comfort and quality, easy access and reputation, events and activities than the group who has not high desire to visit USA ($p < 0,05$). For those who prefer to visit UAE, motivations regarding relaxation, comfort and quality, easy access and reputation are higher than those without UAE priority ($p < 0.05$). There were no significant differences within the other countries ($p > 0.05$).

Table 6. Differences in Dimensions According to Desired Country

Dimension	SG	MR	z*
Relaxation			
<i>United Arab Emirates</i>	<i>DtG</i>	148.62	2.91
	<i>Others</i>	118.26	
Escaping from routine			
<i>United States of America</i>	<i>DtG</i>	140.90	2.20
	<i>Others</i>	119.68	
Comfort and quality			
<i>United States of America</i>	<i>DtG</i>	141.34	2.23
	<i>Others</i>	119.47	
<i>United Arab Emirates</i>	<i>DtG</i>	144.80	2.33
	<i>Others</i>	120.27	
Easy access and reputation			
<i>United States of America</i>	<i>DtG</i>	139.26	1.99
	<i>Others</i>	119.80	
<i>United Arab Emirates</i>	<i>DtG</i>	141.88	2.02
	<i>Others</i>	120.68	
Events and activities			
<i>United States of America</i>	<i>DtG</i>	139.65	1.98
	<i>Others</i>	120.27	

*Mann-Whitney U standardized test statistic, $p < 0,05$

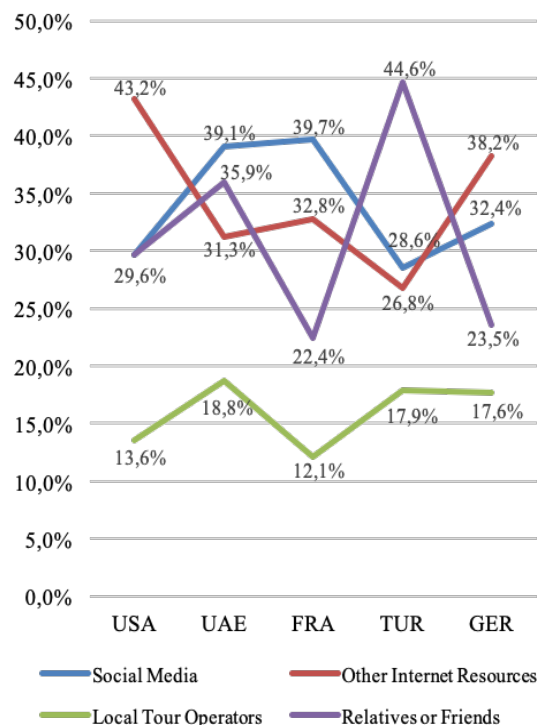
Note. DtG: Desire to go, SG: Subgroup, MR: Mean Rank

Figure 2 presents the results of cross tabulation which aims to identify the differences in the sources of information about the five most desired countries to visit. According to the figure, for the USA (43.2%) and Germany (38.2%) the main information sources are internet resources except social media. Kyrgyz travelers get information about France (39.7%) and UAE (39.1%) mainly from social media. Relatives and friends are the main information source for Kyrgyz travelers, who prefer Turkey (44.6%). Tour operators' impact as a source of information seems to be very low in the Kyrgyzstan outbound tourism market. Only 12-18% of participants used them for getting pre-trip information about the destinations.

Table 7 demonstrates detailed results of cross tabulation among desired countries and participants' demographic features. According to the findings, it can be said that women mostly prefer France (77.2%) while men prefer Germany (42.4%). Single participants prefer

Germany (79.4%); married people prefer Turkey (61.1%). Very interesting results were obtained by age groups. For the 18-25 age group, USA, UAE, FRA, GER are the most desired destinations, but in older age groups the proportion of those who prefer Turkey increases.

Figure 2. Desired Country and Information Source Cross Tabulation



Note. Valid percentages are given in the graph.

The highest percentage in the 18-25 age group belongs to Germany (67.6%); in the 26-35 age group USA (20.3%); and 36 and older age groups Turkey (24.0%). Students prefer Germany (63.6%), employed participants prefer USA (46.8%), FRA (46.6%), and Turkey (46.3%). Low income groups mainly prefer Turkey, while middle income groups prefer Germany, and high-income groups UAE.

Table 7. Desired Country and Some of Demographic Characteristics Crosstabulation

Characteristics	T*	USA	UAE	FRA	TUR	GER
	%	%	%	%	%	%
Gender						
Female	70.6	66.7	75.4	77.2 ⁺	72.7	57.6 ⁻

Male	29.4	33.3	24.6	22.8 ⁻	27.3	42.4 ⁺
Marital Status						
Single	63.5	68.8	63.9	69.6	38.9 ⁻	79.4 ⁺
Married	36.5	31.3	36.1	30.4	61.1 ⁺	20.6 ⁻
Age						
18-25	53.1	51.9	48.4	66.1	29.6 ⁻	67.6 ⁺
26-35	17.1	20.3 ⁺	19.4	10.7 ⁻	14.8	11.8
36-45	14.7	16.5	19.4	12.5 ⁻	24.1 ⁺	17.6
46+	15.1	11.4	12.9	10.7	31.5 ⁺	2.9 ⁻
Employment						
Student	41.4	36.7	37.1	43.1	27.8 ⁻	63.6 ⁺
Employed	42.6	46.8 ⁺	45.2	46.6	46.3	30.3 ⁻
Income						
less than 20000	36.9	33.8 ⁻	33.9	37.5	45.1 ⁺	36.4
20001-30000	19.9	16.9	13.6 ⁻	14.3	19.6 ⁺	15.2
30001-40000	16.9	22.1	16.9	19.6	15.7 ⁻	27.3 ⁺
40001-50000	11.4	14.3	15.3	12.5	9.8 ⁻	18.2 ⁺
more than 50001	14.8	13.0	20.3 ⁺	16.1	9.8	3.0 ⁻

*Overall percentages

Note. Valid percentages are given. Maximum values in each row signed by (+) and minimum values in each row signed by (-)

CONCLUSION

Outbound travelers' numbers have an increasing tendency, and it is very important to understand this market in terms of hosting countries and companies. Kyrgyzstan outbound tourism market is the new emerging segment, and this study can provide some evidence from this niche market.

The results of the empirical study showed that Kyrgyz outbound travelers have a very high rate of abroad experience (80.4%) and very high intention to visit new destinations. Eight influential factors (knowledge seeking, relaxation, enhancing social relation, escaping from routine, comfort and quality, easy access and reputation, events and activities, and weather and natural environment) were identified on destination choice of Kyrgyz travelers. These findings are close to previous studies (Baloglu & Uysal, 1996; Jang & Cai, 2002; Oliani et al., 2011). Moreover, significant differences were identified in the relationships between destination choice dimensions and demographic features of respondents. For example, knowledge seeking is more important for female travelers between 18 and 25. Enhanc-

ing social relation and events and activities dimensions are more important for single, 18-25 aged youth again. These differences should be considered during marketing planning and implementing processes. The most desired destinations for Kyrgyz travelers are the USA, UAE, France, Turkey, and Germany. Desired countries are also different in terms of influential factors and respondents demographic features.

Although this paper is at a preliminary stage, it provides some useful insights for the host countries and companies. But there is significant limitation of this study (limited sample size and non-probability sampling method), which should be paid attention in further academic studies.

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Higher-order Goals, Self-efficacy, and Trust-in-leader as Moderators of Transformational Leadership Performance: The Case of Multi-level Marketing Organizations

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ABSTRACT. Previous research on leadership performance has mainly examined the traditional hierarchical leader–subordinate relationship. However, studies of leadership effectiveness in non-hierarchical organizational structures have been overlooked. This paper incorporates these moderating effects in a model for transformational leadership and performance. Similar to the small-sample studies conducted by Barling, Weber & Kelloway (1996) with a sample of 20 bank managers in Canada, Barling, Slater, & Kelloway (2000) with a sample of 60 managers of a pulp and paper company, and Bass, Avolio, Jung, & Berson (2003) with a sample of 72 military leaders of the U.S. Army, this study uses a sample of 123 multi-level marketing (MLM) distributors in Hong Kong, having a high response rate of 80.4% in a situation where representative distributors were present in four local regular sales meetings. The results show that the moderating effects of both higher-order goals and self-efficacy between transformational leadership and performance are significant.

KEYWORDS. Multi-level marketing, transformational leadership, higher-order goals, self-efficacy, trust-in-leader

INTRODUCTION

Leadership refers to gaining results for the followers (Gandz, 2005). Transformational leadership is paradigmatic of the contemporary leadership literature (Judge & Piccolo, 2004;

Boerner, Eisenbeiss, & Griesser, 2007). It facilitates followers' performance in areas of well-being (Nielsen et al., 2008), creativity (Dionne, et al, 2003) and task accomplishment (Piccolo & Colquitt, 2006). Literature on transformational leadership indicates that most

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studies were conducted in traditional organizations, i.e., small and medium enterprises (Mital & Dhar, 2015), members of business associations (Caniëls, Semeijn, & Renders, 2018), high-technology firms (Dong, Bartol, Zhang, & Li, 2017) and public organizations (Van der Voet, 2014). In recent years, there has emerged a different type of organization called Multi-level Marketing (MLM), which is different from the traditional one and is non-hierarchical in nature. It provides a different type of leader-followers relationship environment. This implies the need for understanding more about this type of organization. As transformational leadership does not have a significant impact on business performance (Bass, Avolio, Jung, & Berson, 2003), interests are diversified to examine if there are any mediating effects or moderating effects of higher-order-goals, self-efficacy, and trust-in-leader on performance. A further literature review indicates the mediating effects of higher-order-goals (Spark & Schenk, 2001), self-efficacy (Scholz et al., 2002), and trust-in-leader (Butler, 1991) affect business performance. However, the moderating effects of higher-order goals, self-efficacy, and trust-in-leader on business performance are not known, particularly in non-hierarchical organizations, such as MLM organizations. Therefore, we tend to argue that there may be a possibility that these are moderators between transformational leadership and business performance.

In this study, we examine the impact of transformational leadership on distributors' performance in a non-hierarchical organization, i.e., a sponsor-distributor relationship is not the same as a formal superior-subordinate relationship (Spark & Schenk, 2001). Multi-level marketing organizations (MLM) were selected as a proxy context in this study because of the unique sponsor-distributor relationship-based operations in the MLM industry. Although Spark and Schenk (2001) found a mediating effect of higher-order goals between transformational leadership and distributors'

performance, no attempts were made to find if there is a moderating effect of higher-order goals, self-efficacy, and trust-in-leader between transformational leadership and distributors' performance. As suggested by Liden (2012), it is important to identify the moderators that explain the similarities and differences between Asian and Western countries in terms of leadership. This paper fills the void by incorporating these effects in a model for transformational leadership and performance.

This paper evaluates the effectiveness of higher-order goals, self-efficacy, and trust-in-leader in moderating the effects of transformational leadership in MLM organizations.

In the following sections, to start with, we explain the characteristics of MLM organizations. Second, the construct of transformational leadership and its dimensions are reviewed. Third, we depict the research model and its hypotheses. Fourth, data analysis and results are discussed. Last, conclusions and recommendations are presented.

BACKGROUND

In this section, first, MLM is discussed, followed by the explanation of transformational leadership behavior. Then, the moderating effects of higher-order goals, self-efficacy and trust-in-leader are explored one-by-one.

Multi-level Marketing (MLM)

MLM is a multi-billion global business. This business format has been widely used in the American landscape. MLM business refers to building a network of sponsor-distributor relationships and in turn, the sponsor and the distributor both make income from selling products and enrolling new distributors. Traditionally, transformational leadership impacts followers' outcomes in hierarchical organizations (Pillai & Williams, 2004; Cavazotte, Moreno and Bernardo, 2013). However, not all distributors can be successful in MLM businesses (Sihaan, Lumbanraja and Chairunisa, 2014).

Thus, it is important to study the effect of transformational leadership on the performance of MLM distributors.

Although MLM provides an opportunity to achieve financial independence with minimum cost and with time flexibility, thriving in the MLM industry is not facile, as indicated by the high attrition rate of MLM membership. One issue is the leadership problems emanating from the peculiar leader-follower relationships found in MLM organizations. The MLM distributorship is an authorized contractual interrelation between an MLM company and a distributor. All MLM distributors are supposed to work solitarily. In reality, they do not work unaided but informally help one another to grow their respective distributorships. Every MLM organization has an incentive system to make it easier for the intake and support of new distributors. As such, the traditional application of formal power and authority may not be applicable for MLM businesses because distributors are independent owners (agents) who do not have a formal superior. Leadership can be found in both the hierarchical leader-follower relationship as well as the sponsor-distributor relationship (Sparks & Schenk, 2001) and therefore, sponsors of MLM organizations are expected to provide leadership to their distributors. Therefore, it is worth studying transformational leadership in the MLM industry.

Transformational Leadership Behavior

Burns (1978) was the first to propose the concept of "transforming leadership" in his publication "Leadership." Later, Bass (1985) developed Burn's concept from transforming leadership to "transformational leadership" in "Leadership and Performance Beyond Expectation," where the leader serves to transform followers or subordinates. The well-known transformational leadership behavior has been conceptualized as five I's of behavioral dimensions: idealized influence attributes, idealized influence behaviors, inspirational motivation, intellectual stimulation, and individualized

consideration (Bass, 1985; Bass, 1996; Bass & Avolio, 1993; Bass & Avolio, 1994).

Moderating Effects

Higher-order Goals. Two theories of motivation, namely, Maslow's hierarchy of needs (Maslow, 1943) and Locke's goal-setting theory (Locke, 1968) are crucial to the understanding of facilitation of transformational leadership and its effects on the development of higher-order goals. As stated by Maslow's hierarchy of needs, people perform in the best possible way when they reach a stage of self-actualization. This "stage" in the hierarchy endeavors to achieve something beyond the ego that helps people reach their potential (Daniels & Walker, 2001). The stage of self-actualization advocates a strong connection between higher-order goals and work-life (Liaw et al., 2010). Experiencing personal meaning at work is closely related to satisfying these higher-order needs, which include advancing from "belonging" to "esteem" and "self-actualization" (Chalofsky, 2003). Hackman and Oldhan (1976) further found that meaningful work and employee engagement are closely interconnected. To stay competitive in the marketplace, many organizations have been developing self-managing work teams. This development has resulted in unclearly elucidated authority alike those exist in MLMs and has further increased the applicability of MLM study to other types of organizational situations. Sparks and Schenk (2001) found that transformational leaders improve MLM distributors' performance by appealing to their higher-order motives as a mediator. However, the moderating effects of higher-order goals are yet to be empirically studied.

Self-efficacy

Self-efficacy can be described as individuals' convictions concerning their competency to be successful and their achievements (Bandura, 1982). Moreover, self-efficacy augments performance and leads to a competitive edge of

people in the market through raising the effort level and persistence of the followers (Bandura, 1997). For instance, people are more persistent to do sales planning and presentation, and self-efficacy displays people's competency and their belief in task-oriented undertakings.

Based on Bandura (1997), self-efficacy convictions control people's functions through four processes: cognitive process, affective process, motivational process, and decisional process. These four processes can be either self-boosting or self-weakening. For instance, salespeople can control their self-efficacy to boost themselves as they know the functions and applications of products well (cognitive process), always feel exactly what consumers want (affective process), think they are excellent salespeople (motivational process) and can easily adopt varied sales approaches (Vieira, Perin, & Sampaio, 2018).

In the contemporary approach of managing and leading changes in business, the leading themes in leadership have stressed empowerment and shared power for the task accomplishment of innovation and entrepreneurship (Gronn, 2000). Effective leaders take empowerment as an important means to motivate their employees at the workplace and for making their employees more answerable for their responsibilities. Bandura (1994) suggests that self-efficacy develops a sense of autonomy in the thought and deed of employees. Moreover, the effects of efficacy and leadership approach on working attitudes have been explored across various cultures (Lam, 2002).

Trust-in-leader As explained by Gillespie and Mann (2004), trust in a leader refers to sharing the common vision and values with the leader. In the leadership literature, trust has been more continually quoted in the exploration of transformational leadership than in other leadership theories (Dirks & Ferrin, 2002). Avolio and Bass (2004) found that the effect of transformational leadership on the follower is not all direct. Trust provides a channel for this effect on follower outcomes. In other

words, if transformational leaders are trusted by their followers, followers will show positive job attitudes and positive intra- and extra-role performance (Podsakoff et al., 1990; Jung & Avolio, 2000; Mackenzie et al., 2001; Connell et al., 2003).

Model Development and Its Hypotheses

A review of the literature on transformational leadership, intermediary effects, and performance was conducted in the last section. No study has examined the full set of interrelationships among transformational leadership, higher-order, self-efficacy and trust-in-leader, goals, and performance in the MLM context. Therefore, the model depicted in Figure 1 is an attempt to fill this gap in the literature. The model encompasses the following five constructs:

- Transformational leadership
- Higher-order goals
- Self-efficacy
- Trust-in-leader
- Performance of MLM distributors

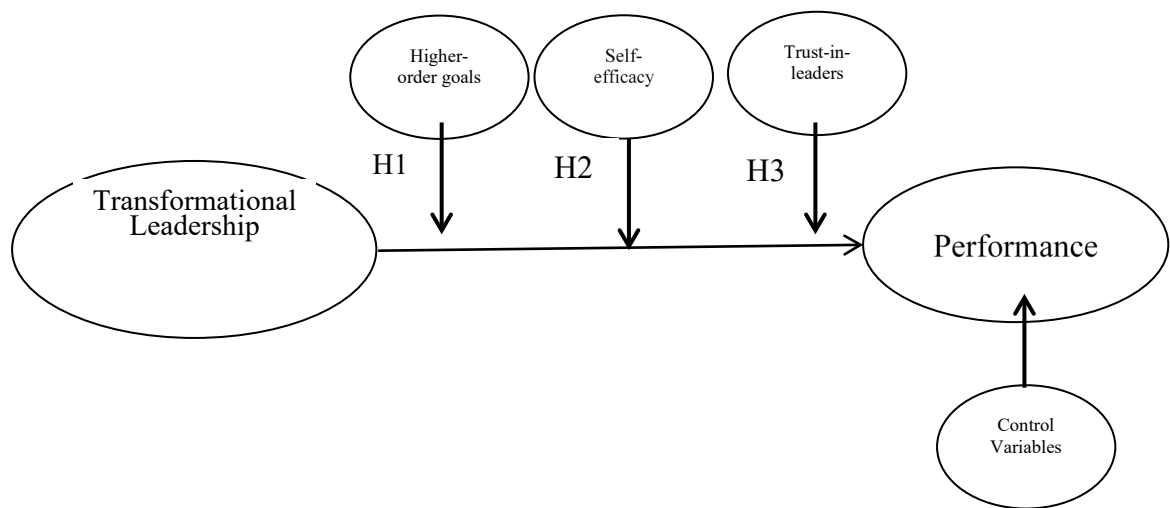
In the model, transformational leadership, represented by an ellipsoid in Figure 1, is treated as the exogenous construct measured by five manifested variables. Four independent constructs are found in the model. Located on the right-hand side, performance is a dependent variable measured by a single indicator, which is the commission earned by the independent distributor. The other three independent constructs, which are located between transformational leadership and commission, are higher-order goals, self-efficacy, and trust-in-leader. They serve as moderators.

Causality between components in the model is indicated by arrows, which show the direction of postulated influence. The model assumes a one-way flow of causation. The solid lines and the arrows hierarchically show the influence of individual components on other components. Given that we do not assume that the performance of distributors will affect

transformational leadership, no feedback flow exists in the model. As shown in Figure 1, the moderating effects of higher-order goals, self-

efficacy, and trust-in-leader on transformational leadership and performance are indicated by inversed T arrows.

Figure 1. Inner (Structural) Model of Moderating Effects between Transformational Leadership and Performance



The hypotheses in the model reflect only a small number of potential links that could be made. Only relationships that are formally tested in this study are presented as hypotheses. The formulation of this specific model is mostly determined by prior research and by the basic objective of this study.

The relationships among the independent construct and the dependent constructs in terms of hypotheses are discussed as follows.

Higher-order Goals is a Moderator between Transformational Leadership and Performance. Sparks and Schenk (2001) found that transformational leadership positively influences the higher purpose of distributors' beliefs about work. Ghadi et al. (2013) further found that transformational leadership, work engagement, and perceptions of meaningful work are highly related. Meaningful work is conceptualized differently across various organizational cultures; therefore, it requires further empirical

investigation (White, 2002), MLM organization being one of them.

For H1, we argue that higher-order goals serve as a moderator of the sponsor–distributor relationship because higher-order goals motivate MLM distributors to achieve their goals more effectively. With the help and personal sharing of sponsors, together with their leadership, achievable higher-order goals can be set as a motivational environment, and in turn enhance the effect of distributor performance (Manz, 1983; Manz, 1986; Manz, 1992). In the MLM industry, high-performance sponsors inspire high-performance distributors by setting higher-order goals such as recognition and praise by the organization in the annual sales award meeting, and charity works that contribute to society. Thus, the following hypothesis emerges.

H1: Under the MLM environment, higher-order goals positively moderate the effect of transformational leadership on the performance

of distributors. That is, higher-order goals positively enhance the impact of transformational leadership on the performance of distributors.

Self-efficacy is a Moderator between Transformational Leadership and Performance. Bandura (1997) pointed out that self-efficacy influences self-regulatory effectiveness. Also, Bandura (1997) further pointed out that self-efficacy and self-esteem are different. Perceived self-efficacy refers to judgments of personal capability, whereas self-esteem refers to judgments of self-worth. People with high (vs. low) self-efficacy perception seek to play a greater role in organizations. Several studies have found that self-efficacy moderates the effects of transformational leadership to improve performance in the traditional organization (Gist & Mitchell, 1992; Brown et al, 2001; Pillai & Williams, 2004).

However, we found no study that has directly addressed the non-hierarchical organizational context. Even though Choi et al. (2003) found that the self-efficacy effect is significant in 169 training groups who took part in a five-day workshop designed to polish participants' job-search skills in traditional organizations, no research seems to have found that self-efficacy is able to enhance the relationship between the transformational leader and the performance in the non-hierarchical context. On one hand, in the traditional hierarchical organization, an individual's self-efficacy acts as a moderator of transformational leadership and performance (Walumbwa et. al, 2005a; Walumbwa et. al, 2005b). On the other hand, the moderating effects of self-efficacy on transformational leadership and performance have not yet been studied in the non-traditional structure. We understand that under the non-traditional setting, transformational leaders do not need to hold frequent meetings with their distributors. Transformational leaders can inspire their distributors and utilize the distributors' self-efficacy to perform well.

Thus, we propose that self-efficacy serves as a moderator between transformational leadership and a distributor's performance in the MLM context. Therefore, the following hypothesis, H2 emerges.

H2: Under the MLM environment, self-efficacy positively moderates the impact of transformational leadership on the performance of distributors. That is, self-efficacy enhances the impact of transformational leadership on the performance of distributors.

Trust-in-Leader is a Moderator between Transformational Leadership and Performance. In the literature review, it is controversial if trust-in-leader is a moderator between transformational leadership and performance.

On the positive side, the effect of followers' trust in leaders has been well-documented in scholarly publications (Mulder et al., 2009) and various business processes (Covey, 2008). When followers trust a leader, they are more eager to listen, follow and make changes to perform better and exhibit less counterproductive actions (Mayer et al., 2007; Colquitt et al., 2007). Trust that is broken by a leader can have undesirable effects (Dirks & Ferrin, 2002). Without trustworthiness and truthfulness, leaders are not capable of challenging or being challenged by their followers. As such, scholars have suggested examining trust as a moderator of the relationship between transformational leadership and performance (Dirks & Ferrin, 2002).

On the negative side, trust can be pretended. As a result, while exhibiting transformational behavior, these pseudo-transformational leaders may not bring about positive outcomes because of low trust (Bass & Steidlmeier, 1999). Asking whether a subordinate trusts a leader is a wrong assumption for non-hierarchical organizational structures such as MLM organizations. First of three reasons is partly because the relationship between sponsor and distributors are not the same as the leader-follower relationship, partly because

they do not frequently communicate with each other as in traditional organizations. Therefore, trust-building is not strong and partly because trust is assessed from the perspective of the subordinate. Thus, a different perspective of trust, such as integrity, benevolence, and propensity to trust, require further investigation among MLM distributors. In fact, stages versus states theory of relationship marketing proposed by Rao and Perry (2002) and Palmer (2007) and the Partnering Theory proposed by Garbarino and Johnston (1999) have helped explain that the relationships between up-lines and down-lines may be as equal partners that foster mutual trust, entrepreneurial skills, and the capability to sustain their value proposition to customers. As such, the norms of the behavior of trust among distributors may be viewed differently compared to trust-in-leader under the traditional organizational structure (Goodwin et al. 2011).

On one hand, Mulder et al. (2009), Covey (2008), Mayer et al. (1995) and Colquitt et al. (2007) agree that trust-in-leader has positive effects on the performance of the follower.

On the other hand, Rao and Perry (2002), Palmer (2007), Garbarino and Johnston (1999), and Goodwin et al. (2011) disagree that trust-in-leader has positive effects on the performance of the follower.

First, all MLM organizations are essentially sales companies. A successful sale career completely relies on the hard work of a salesperson.

A sales manager plays a guiding and supporting role instead of a resource provider. The reprimand for a salesperson is quite limited because all sales individuals are paid entirely by a commission instead of a salary and are endorsed by the sales manager (Harwood & Garry, 2006). The sponsor–recruit (up-line or down-line) relationship is a partnership involvement instead of a leader–follower relationship (Garbarino & Johnson, 1999).

Second, Siahaan et al. (2014) pointed out that the success of MLM distributors significantly depends on their entrepreneurial commitment, entrepreneurial competence, and entrepreneurial motivation. The concept of entrepreneurial commitment comprises three elements: affective, normative, and continuous commitment. These three elements refer to a salesperson's emotions, beliefs, and perceptions of the cost of leaving the organization (Malewcki, 2003). Entrepreneurial competence refers to the knowledge, skills, or internal ability to produce an outcome (Li, 2009), whereas entrepreneurial motivation is the drive of a person to be his/her boss or to work independently (Taormina & Lao, 2007).

Based on the above two reasons, we agree with Goodwin et al. (2011) that there is no support for the role of trust as a moderator of the relationship between transformational leadership and outcomes of followers.

In terms of statistical testing, we have to propose H3 for hypothesis testing. However, we expect it to be rejected.

Thus, H3 is proposed.

H3: Under the MLM environment, trust-in-leader positively moderates the effect of transformational leadership on the performance of distributors. That is, trust-in-leader enhances the impact of transformational leadership on the performance of distributors.

RESEARCH METHODOLOGY

Sample

The data for this study were obtained from MLM distributors who attended four successive leadership training meetings of an MLM company that mainly sells nutrition, skincare, personal care, home care, and home tech products in Hong Kong and Macau. Similar to the small-sample studies conducted by Barling, Weber, and Kelloway (1996) with a sample of 20 bank managers in Canada, Barling, Slater, and Kelloway (2000) with a sample of 60 managers of a pulp and paper company, and Bass,

Avolio, Jung, and Berson (2003) with a sample of 72 military leaders of the U.S. Army, this study uses a sample of 123 multi-level marketing (MLM) distributors in Hong Kong, having a high response rate of 80.4% in a situation where representative distributors were present in four local regular sales meetings. These meetings were conducted over a period of 30 days, and distributors were only allowed to participate in one of these meetings. As a matter of fact, the company holds this kind of training meetings each year.

Data Collection

With prior approval from the company to collect data from its distributors, we distributed a questionnaire to each distributor based on the language of preference, either in English or Chinese, at the beginning of these meetings.

Questionnaire Design

The questionnaire has 49 questions and is separated into three sections. Section A consists of 20 items of the short form of Bass and Avolio's Multifactor Leadership Questionnaire. Section B consists of three scales: the self-efficacy scale (Scholz et al., 2002) and the higher-order-goals scale (Sparks & Schenk, 2001).

For the first two sections, respondents were asked to rate each question on a five-point Likert-type scale, where 1 represents "strongly disagree," and 5 represents "strongly agree." Section C is concerned with the classification data, which help narrate the characteristics of the sample. Performance is measured by the amount of commission that each distributor earned in the preceding month. For verifying that the two versions of the questionnaire are literally the same, the original English version was double translated to ensure that the meanings of all items in the Chinese version were the same as those in the original English version. Most respondents took approximately 20 minutes to complete the questionnaire.

Pre-test

Before administering the questionnaire, some opinion leaders were invited to comment on the questionnaire. A group meeting was organized, and six top sales team leaders were invited to meet with the researcher and review the questionnaire in English and Chinese. Questions' sequence and wording were examined carefully. Most suggestions and comments were directed at Section A of the questionnaire, as there was confusion as to whether the focus should be on their immediate up-lines or those who help them most in the MLM business. The researcher clarified the focus was indeed on immediate up-lines. To avoid confusion, the term "your sponsor" was added to the heading in Section A to clarify whom the questions were targeted at since there is only one up-line person who sponsors a distributor although there may be several up-lines in an MLM business.

Operationalization of Constructs in the Model Performance of Distributors

Our dependent construct, performance, is operationalized by the commission, which is the amount in Hong Kong dollars received by the respondents from the MLM organization in the preceding month. A logarithmic transformation was adopted to normalize the distribution of this variable.

Transformational Leadership

Our independent construct, transformational leadership, is composed of 20 five-point Likert-type items, which are the short form of Bass and Avolio's Multifactor Leadership Questionnaire which has a Cronbach's alpha of 0.926. The literature on leadership indicates that this construct consists of multiple dimensions that are highly interrelated. We chose the items that encapsulate a variety of aspects of leadership and used factor analysis to confirm the validity of the underlying construct. Respondents were asked to evaluate the extent to which their leader had to address the following five dimensions: Idealized influence attributes

(IIATT) involve challenging goals setting and provide a vision or sense of mission for followers. Four items are used in this dimension, with Cronbach's alpha of 0.77. Idealized influence behaviors (IIB) instill pride in and among the group of followers. This dimension also consists of four items and has a Cronbach's alpha of 0.78. Inspirational motivation (Inspire) inspires followers to achieve goals beyond their own self-interest for the organization benefit. Four items are used in this dimension, and Cronbach's alpha was found to be 0.7.

Intellectual stimulation (Intstim) promotes problem-solving and examines whether work is performed properly. Three items are used for this sub-scale. Cronbach's alpha was found to be 0.74.

Individual consideration (Consid) involves treating followers as individuals and not only as members of a group. This sub-scale consists of three items, and it has a Cronbach's alpha equal to 0.8.

Self-efficacy Effect

Self-efficacy, adopted from Scholz et al. (2002), consists of ten items with a Cronbach's alpha of 0.859, which is higher than the threshold of 0.70 as suggested by Nunnally (1978). Each item was measured on a five-point Likert-type scale. Two items are deleted from the

scale because of extremely low item-to-total correlation, and then the Cronbach's alpha is 0.859, which is higher than the threshold of 0.70. After that, a split-half reliability analysis was conducted. Cronbach's alphas for the two sub-scales were found to be 0.735 and 0.811 respectively, with a correlation of 0.829 between them. The composite reliability for the measure is 0.888. This unidimensional scale was subject to exploratory factor analysis. As the first factor contributed 43% of the total variance, the construct can be regarded as unidimensional.

Higher-order Goals Effect

This single dimension construct is a two-item scale adopted from Sparks and Schenk (2001). Cronbach's alpha for the measure is 0.706, whereas the composite reliability is 0.871.

Trust-in-leader Effect

The scale of trust-in-leader was adopted from Butler (1991) and consists of four items. However, one item was dropped because of low item-to-total correlation. The final Cronbach's alpha is 0.833, and the composite reliability for the measure is 0.90.

Table 1. Loadings, Reliabilities, and R^2 of the Dimensions of Transformational Leadership

Construct and Items	Loading	Weight	Cronbach's alpha	Composite reliability	R^2	T-statistics
Transformational Leadership			0.926	0.935		
Inspirational motivation (IM)	0.84					29.36*
Intellectual stimulation (IS)	0.83					23.61
Idealized influence attributes (IB)	0.85					27.53
Idealized influence behaviors (IA)	0.88					31.61
Individual consideration (IC)	0.86					42.03
Inspirational motivation (IM)			0.70	0.83	0.70	
Item1	0.78	0.42				17.47
Item2	0.76	0.40				15.61
Item4	0.80	0.45				19.72
Intellectual stimulation (IS)			0.68	0.83	0.68	
Item2	0.74	0.37				13.18
Item 3	0.75	0.41				14.73
Item 4	0.85	0.49				33.56
Idealized influenced behaviors (IB)			0.60	0.79	0.72	
Item 1	0.65	0.37				8.16
Item 3	0.77	0.47				17.46
Item 4	0.80	0.50				22.18
Idealized influenced attributes (IA)			0.81	0.88	0.77	
Item 1	0.77	0.29				16.34
Item 2	0.74	0.28				12.06

Item 3	0.88	0.35				34.89
Item 4	0.80	0.32				21.14
Individual consideration (IC)			0.76	0.86	0.77	
Item 1	0.84	0.50				30.03
Item 3	0.84	0.40				24.41
Item 4	0.78	0.37				13.88

Eventually, four items were dropped from the inventory because of low item-to-total correlation, each from four out of the five I's of behavioral dimensions. As indicated in Table 1, the Cronbach's alpha for the measure is 0.926, and the composite reliability for the measure is 0.935.

Table 2 contains the means and standard deviations, the internal reliabilities, and the

Pearson correlation coefficients for the five latent constructs. According to Hair and Lukas (2014), a Cronbach's alpha larger than 0.6 indicates acceptable internal reliability. All of the constructs, therefore, have acceptable internal reliability. As shown in Table 2, the Cronbach's alpha for the measures of higher-order goals, self-efficacy, and trust-in-leader are 0.71, 0.86, and 0.88, respectively.

Table 2. Means, Internal Reliabilities^a, and Correlation Coefficients^b for the Measured Variables

		Mean (s.d.)	1	2	3	4	5
1	TAL	3.70 (.59)	.71				
2	TFL	3.93 (.61)	.41	.91			
3	Trust in Leader	3.80 (.83)	.32	.55	.88		
4	Self-efficacy	3.78 (.58)	.02	.19	.00	.86	
5	Higher-order goals	4.13 (.68)	.17	.30	.25	.18	.71

^a Presented in bold on the diagonal, ^b $r > .15$, $p < .05$; $r > .21$ $p < .01$.

Control variables. A dummy variable indicating the gender of the respondents was included to control for possible discrepancies in definitions and attitudes toward transformational leadership, higher-order goals, and self-efficacy, all of which could systemically influence the results of the research. Therefore, a value of 1 was assigned for males, and a value of 2 was assigned for females.

As age is likely to have some systemic influence on the relationships of interest because of cultural differences, an interval variable reflecting the actual age of the respondents is included in the model.

We include the number of meetings that a distributor has attended as a control variable because we want to examine whether experienced distributors' effects on their relationships

may be different from those on new distributors. A value of 1 indicates that a respondent had attended the training meeting for the first time, a value of 2 indicates that a respondent had participated in for the second time, and so on.

Education was used as a control variable because the educational level was found to be related to the objective measures of task performance but loosely linked to performance in the training program (Ng & Feldman, 2009). Given that this study includes an objective measure of performance, commission, and the distributors were participating in a training program. At the same time, data were collected; we want to ensure that the educational level did not cause unwanted influence on the results in this study.

Scales Reliability and Validity. In assessing the reliability and validity of the scales adopted for this study, the Statistical Package for the Social Sciences (SPSS) Version 21 was employed to perform descriptive statistics and regression analysis. In contrast, Smart-PLS Version 3.16 was used for correlation analysis, reliability analysis, confirmatory factor analysis, and interaction effects.

Since data were collected from a single informant in this study, these data may give rise to common method variance (Chang et al., 2010). Several procedures were used to examine and restrain this influence. Also, Harrison (1996) stated that the biases of responses were revealed to be less troublesome at the construct level than at the item level. As such, questions in the questionnaire were carefully worded and put in the right order to reduce the possibility of biases of response by using the following two measures. First, we adopted different response anchors across measured constructs. Second, to avoid common method variance, we separated the items that operationalize the dependent variable and items that operationalize the independent variables in question order. Analysis using Harmon's single-factor test (Podsakoff and Organ, 1986) at a later stage indicated no proof of response biases.

DATA ANALYSIS AND FINDINGS

Profile of Respondents

As indicated in Table 3, 11% of the distributors surveyed had received training for the first time, 17% for the second time, 38% for the third time, and 34% for the fourth time. The fact that the company holds a training meeting each year indicates that most surveyed distributors had been affiliated with the company for more than two years.

Table 3. Profile of Respondents

Characteristics	Frequency	Percent
Age		
18 – 29 years	26	21.3

30 – 39 years	48	39.3
40 – 49 years	35	28.7
50 years and above	13	10.7
Education		
Secondary	24	19.7
Post-secondary	39	32.0
Degree	39	32.0
Post-graduate	8	6.6
Professional	8	4.9
Missing	8	4.9
No. of Meetings Attended		
First Time	13	10.7
Second Time	21	17.2
Third Time	46	37.7
Fourth Time	32	34.4

In terms of the age of the distributors, most of them (68%) were middle-aged persons with ages ranging from 30 years to 49 years. A total of 21% of distributors were under 29 years old, and 11% were over 50. Besides, these distributors had fairly good education: almost half of them had completed secondary or post-secondary education, whereas the other half had received an academic or professional degree.

Table 4 reports the mean, standard deviations, and the Pearson correlation coefficients between the independent and dependent variables. No variables adopted in the model has a correlation coefficient higher than 0.55. Collinearity diagnostics stipulated that multicollinearity is not a severe problem (Belsely et al., 1980).

To examine the hypothesized effects in the model as previously specified, we conducted structural equation modeling (SEM) analyses using Smart-PLS Version 3.21 (Hair & Lukas, 2014). Smart-PLS was used for two reasons. First, the partial least square (PLS) approach is more suitable than other existing algorithms for studies with a small sample size. Second, this study has adopted some constructs (e.g., higher-order goals) with less than three indica-

tors (Hair & Lukas, 2014). For avoiding inadmissible or unidentifiable solutions, using PLS seems to be more appropriate (Hair & Lukas, 2014). Through Smart-PLS, several sequential models were produced to assess the added value of each move. We started with a model using performance as the dependent variable and control variables as independent variables

and then added moderators such as higher-order goals and self-efficacy.

Figure 2 shows the final model with constructs and their operationalized items. As Smart-PLS does not provide indices for goodness-of-fit, we only display the estimates of loadings, which are their respective *t* values and *p* values (Table 1).

Table 4. Correlations and Descriptive Statistics

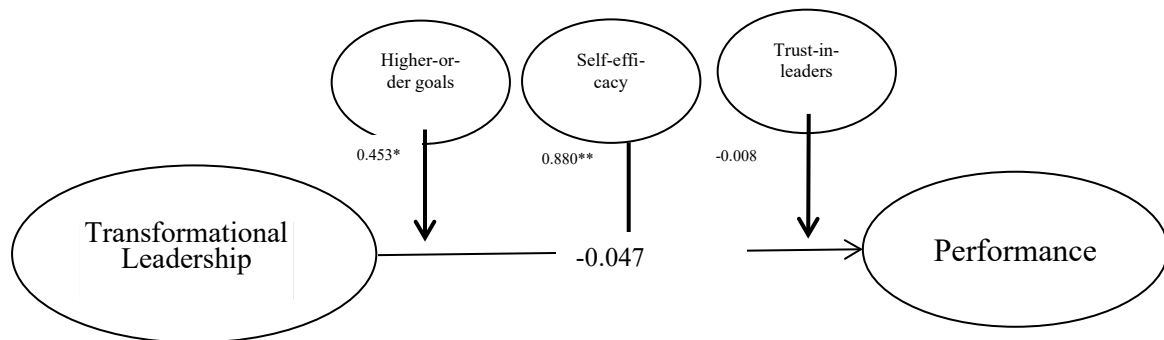
Variable	Mean	s.d.	1	2	3	4
Performance ^a	0.46	0.78				
Transformational leadership	3.91	0.59	-0.03			
Self-efficacy	3.80	0.54	0.28*	0.22*		
Higher-order goals	4.13	0.68	-0.05	0.31**	0.23**	
Trust-in-leader	3.73	0.79	-0.04	0.55**	0.14	0.35**

^a Logarithm

* significant at $p < 0.05$

** significant at $p < 0.001$

Figure 2. PLS-SEM Predicting Moderating Effects between Transformational Leadership and Performance



** significant at $p < 0.01$

* significant at $p < 0.05$

The results of the analysis are divided into the following three parts:

- Reliability of constructs
- Estimated loadings of the confirmatory factor analysis of constructs
- Standardized path coefficients between transformational leadership and other constructs with control variables

We employed SmartPLS to carry out a second-order confirmatory factor analysis to assess the validity of the transformational leadership. A bootstrapping process with 5000 samples was used to re-specify the measurement model based on both content and statistical considerations. For transformational leadership, all items have loadings ranging from 0.83 to 0.88, which are significant at $p < 0.001$. R-

square for each dimension of the scale was found to be higher than 0.6 and significant at $p < 0.05$. As such, the measurement model was considered acceptable.

We assessed convergent validity by examining the path coefficients of the second-order confirmatory factor analysis. Path coefficients were found to be ranging from 0.83 to 0.91, indicating that all dimensions of the scale were significantly pointing at the construct of transformational leadership. As such, the convergent validity of the scale was warranted.

Discriminant validity examines the extent to which sub-constructs or the indicator variables of a construct differ from one another. As the path coefficients tend to be high, two methods were adopted to assess discriminant validity. First, we employed the Fornell-Larcker

Criterion (1981), which evaluated whether the square root of the average variance extracted (AVE) is higher than the correlation shared between the sub-constructs of a higher-order construct. Table 5 shows the AVEs for all dimensions of transformational leadership using Smart-PLS with the bootstrapping procedure. The correlations among the five dimensions of transformational leadership are displayed under the diagonal, whereas the square roots of AVEs are on the diagonal. All AVEs are larger than the threshold of 0.5, and the correlations among the five dimensions of transformational leadership were found to be smaller than the square root of the AVEs (diagonal values). This finding provides evidence of discriminant validity for transformational leadership.

Table 5. Discriminant Validity for Transformational Leadership Fornell–Lacker Criterion

Dimension	Individual Consideration (IC)	Idealized influence attributes (IA)	Idealized Influence Behaviors (IB)	Inspirational Motivation (IM)	Intellectual Stimulation (IS)
IC	0.82 [#]				
IA	0.68 ⁺	0.80			
IB	0.65	0.72	0.74		
IM	0.73	0.59	0.67	0.78	
IS	0.69	0.68	0.63	0.60	0.79

*All correlations are significant at the 0.01 level.

Table 6. Discriminant Validity for Transformational Leadership Cross-Loadings

Con-struct Dimension	Transformational Leadership	The dimension of Transformational Leadership				
		Individual Consideration (IC)	Idealized influence attributes (IA)	Idealized Influence Behaviors (IB)	Inspirational Motivation (IM)	Intellectual Stimulation (IS)
IC1	0.80	0.84	0.65	0.63	0.65	0.63
IC3	0.70	0.80	0.54	0.51	0.53	0.58
IC4	0.65	0.78	0.49	0.45	0.54	0.53
IA1	0.65	0.44	0.78	0.50	0.54	0.45
IA2	0.62	0.54	0.74	0.54	0.54	0.45
IA3	0.77	0.64	0.87	0.65	0.57	0.59
IA4	0.72	0.54	0.80	0.60	0.61	0.49
IB1	0.51	0.36	0.40	0.65	0.43	0.44
IB3	0.66	0.49	0.61	0.77	0.44	0.52
IB4	0.71	0.58	0.58	0.80	0.57	0.57
IM1	0.66	0.58	0.54	0.46	0.74	0.51

IM2	0.62	0.46	0.48	0.49	0.75	0.46
IM4	0.70	0.57	0.59	0.54	0.81	0.47
IS2	0.56	0.45	0.42	0.42	0.36	0.73
IS3	0.63	0.61	0.40	0.52	0.46	0.73
IS4	0.74	0.63	0.55	0.63	0.56	0.81

Second, we use the cross-loading approach to examine discriminant validity from a different perspective. Table 6 shows the matrix of cross-loadings generated by Smart-PLS Statistical Package Version 3.16. The rows of the matrix represent cross-loadings of 16 items on the construct of transformational leadership and its five dimensions. Two phenomena are observed. First, items load heavier on their own dimension than on other dimensions. For example, considering the first three rows of Table

6, we find that the loading of Consid1 on the dimension Consideration is 0.84, which is the largest loading across the row. Second, each item has the heaviest loading on the construct, except for its own dimension. For example, item Consid1 loads heaviest on the dimension Consideration (0.84) but second heaviest on the construct of Transformational Leadership (0.80).

Figure 3. Interaction Effect Plots for Higher-order Goals

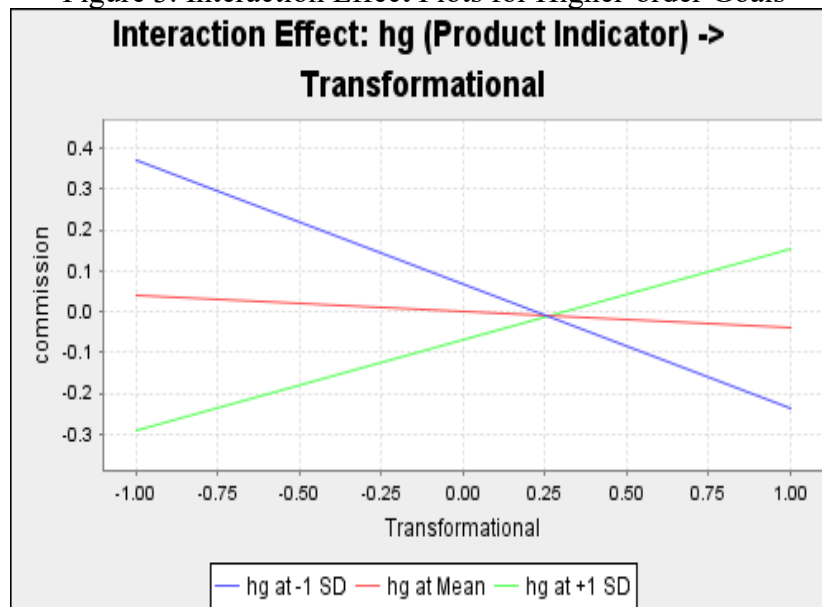


Table 7. PLS-SEM Predicting the Level of Performance in Terms of Commission

	Analysis 1	Analysis 2	Analysis 3
Control Variables			
Age	0.137	0.087	0.014
Gender	- 0.002	- 0.002	0.012
Education	0.050	0.059	0.009
Meetings	0.055	0.040	- 0.021
Direct Effect			
Transformational leadership → Performance	- 0.047	- 0.079	- 0.059
Moderating Effect			
Transformational leadership × Self-efficacy Trans-		0.117	0.880**
formational leadership × Trust-in-leader			- 0.008

Transformational leadership \times Higher-order goals		0.534*	0.453*
R ²	0.025	0.096	0.279
Change in R ²	0.000	0.065	0.179

** significant at $p < 0.01$

* significant at $p < 0.05$

RESULTS AND DISCUSSIONS

Table 7 shows PLS-SEM Predicting the Level of Performance in terms of Commission.

In the process of testing the three hypotheses, we performed three analyses (Table 7). In Analysis 1, while examining the direct effect of transformational leadership on performance, four control variables, age, gender, education, and meetings were introduced.

On top of the control variables, we introduced two interaction effects, trust-in-leader, and higher-order-goals, in Analysis 2. A notable increase of R square is observed, indicating that there is a rise in explanatory power. In Analysis 3, the addition of self-efficacy as the third moderator leads to a drastic increase in R square.

After conducting the above three analyses, we examine the hypotheses that we postulated. Hypothesis 1 suggests that higher-order goals enhance the relationship of transformational leadership with the performance of distributors, the coefficient associated with this interaction (0.453) is significant at $p < 0.05$ (Table 7). Figure 3 shows that transformational leadership will have a positive interaction relationship with the performance of distributors through higher-order goals.

Besides, the interaction effect of transformational leadership and higher-order goals is very strong as visually, it happens very close to the center of Figure 3. Thus, Hypothesis 1 is supported.

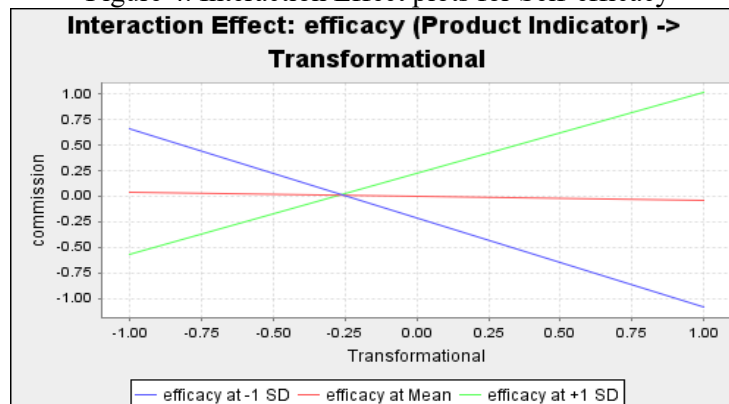
The result is in line with Manz (1992) & Ghadi et al. (2013).

The interaction term associated with higher-order goals and transformational leadership is 0.453 significant at $p < 0.05$. To have a better understanding of the essence of the moderating effect, we drew the interaction effect for the full model employing one standard deviation below and above the mean of the interaction variables to indicate endpoints (see Figure 3).

We rely on the results in Table 7 to thoroughly illustrate our results for Hypothesis 2. The difference between the described variance of the full and restricted models is 17.9%, which is significant at $p < 0.001$. Hypothesis 2 suggests that transformational leadership has a more substantial positive influence on performance when distributors show higher levels of self-efficacy than when they show lower levels of self-efficacy. The interaction term between transformational leadership and self-efficacy is 0.88 and is significant ($p < 0.001$). The diagram for this interaction effect between transformational leadership and self-efficacy is depicted in which demonstrates the interaction effect of transformational leadership and self-efficacy is very strong as visually it happens very close to the center of Figure 4.

Transformational leadership is more positively related to distributors' performance when distributors have better self-efficacy than when they do not. Thus, Hypothesis 2 is supported.

Figure 4. Interaction Effect plots for Self-efficacy



This result is in line with the literature as self-efficacy acts as a moderator of transformational leadership to improve performance in the organizational context (Gist & Mitchell, 1992; Brown et al., 2001; Pillai & Williams, 2004). Hypothesis 3 suggests trust-in-leader does not enhance the relationship of transformational leadership with the performance of distributors (Table 7), the coefficient associated with this interaction (-0.008) was not found significant at $p > 0.05$. Thus, Hypothesis 3 is not supported, as expected. Though the result is not significant, we expected that trust-in-leader cannot enhance the performance of the distributor in the MLM organization. Given the statistical testing, we have to propose the hypothesis that under the MLM environment, transformational leadership has a positive moderating effect on the performance of distributors through trust-in-leader. That is, trust-in-leader enhances the impact of transformational leadership on the performance of distributors. As expected, the result is in line with the argument of Goodwin et al. (2011), showing no moderating effect for the role of trust-in-leader between the transformational leadership and the performance of the distributor.

CONCLUSION

This study examines the influences of transformational leaders on distributors' performance through distributors' perceptions of higher-order goals, self-efficacy, and trust-in-leader in MLM organizations, which is an organizational context seldom employed in the literature on leadership. H1, i.e., under the MLM environment, transformational leadership has a positive moderating effect on the performance of distributors through higher-order goals, is supported. As indicated in the literature (Manz, 1983; Manz, 1986; Manz, 1992; Ghadi et al. (2013), with the help and personal sharing of sponsors, together with their leadership, achievable higher-order goals can be set as a motivational environment, which in turn enhance the effect of distributor performance.

Also, H2, i.e., under the MLM environment, transformational leadership has a positive moderating effect on the performance of distributors through self-efficacy, is also supported. As shown in the prior literature, self-efficacy acts as a moderator of transformational leadership to improve performance in the organizational context (Gist &

Mitchell, 1992; Brown et al., 2001; Pillai & Williams, 2004; Choi et al., 2003). Specifically, this study has contributed by focusing on the non-hierarchical organizational context. Moreover, H3, i.e., under the MLM environment, transformational leadership has a positive moderating effect on the performance of distributors through trust-in-leader, is not supported, as expected.

However, the major contribution of this study is that it reconfirms the prior literature in that there is no support for the role of trust as a moderator of the relationship between transformational leadership and outcomes of followers (Goodwin et al., 2011).

First, all MLM organizations are essentially sales companies. A successful sales career completely relies on the hard work of a salesperson. A sales manager plays a guiding and supporting role instead of a resource provider. The reprimand for a salesperson is quite limited because all sales individuals are paid only on commission instead of a salary provided by the company and are endorsed by the sales manager (Harwood & Garry, 2006). The relationship of sponsor–recruit (up-line or down-line) is a partnership involvement instead of a leader–follower relationship (Garbarino & Johnson, 1999).

Second, Siahaan et al. (2014) pointed out that the success of MLM distributors significantly depends on their entrepreneurial commitment, competence, and motivation. The concept of entrepreneurial commitment comprises three elements: affective, normative, and continuous commitment. These three elements refer to a salesperson's emotions, beliefs, and perceptions of the perceived costs of leaving the organization (Malewcki, 2003). Entrepreneurial competence refers to the knowledge, skills, or innate ability to produce an outcome (Li, 2009), whereas entrepreneurial motivation is the drive of a person to be one's own boss or to work independently (Taormina & Lao, 2007).

As such, a successful career in MLM could be regarded as an entrepreneur's career success, which is utterly different from sheer promotion or increase in salary in non-MLM organizations (Lau, 2007). The career success in general employment significantly relies on the support of a superior's recommendation. Due to the high trust level, the distributor may wholly follow the sponsors' advice and guidance without hesitation or reflection. As a re-

sult, the effect of trust-in-leader only exists in general employees in the hierarchical organization's context but not in non-hierarchical organizational structures. The contribution of this study is significant as all two hypotheses are supported. Based on the results in Table 8, H1 and H2 are supported; whereas, H3 is not supported as expected. The results show two moderations. The results are meaningful as this creates an amplifying effect. Though the results are supported, the process of gaining the results is also vital. The results of the whole research are very supportive.

Theoretical Contributions

This study makes three theoretical contributions to the literature on leadership. For more than two decades, scholars have provided consistent results showing that transformational leadership has both indirect and direct effects on the performance of followers through higher-order goals and self-efficacy.

First, these findings confirm our thinking showing that the assumption stating that followers' success significantly depends on their leader or sponsor's leadership is not universally true. The case in MLM indicates this confirmation, where the success of distributors seems to rely on their effort solely. This condition leads to the result that transformational leadership has no significant direct effect on the performance of distributors. Also, this

leads to the argument if the other three moderations exist. Second, this study finds that higher-order goals are a significant moderator of better performance. Under the post-modernism paradigm, this moderator appears to be reasonable because goal setting has become the externality condition for entrepreneurial competence, commitment (Siahaan et al., 2014), and cultural influence. Thus, higher-order goals can enhance the effect of transformational leadership on distributors' performance, indicating that the self-development of distributors is a vital part of leadership effectiveness for MLM organizations. Third, this study also finds that self-efficacy also acts as a significant moderator of better performance. Consistent results were found in the literature that self-efficacy serves to enhance the impact of transformational leadership on organizational performance (Gist & Mitchell, 1992; Brown et al., 2001; Pillai & Williams, 2004). Importantly, this study directly addresses self-efficacy as a significant moderator of better performance in the non-hierarchical organizational context, and this adds a new finding to the literature on transformational leadership.

Management Implications

This study has specific implications for management practices. The model and findings provide indications for developing marketing, managerial strategies, as well as company policymaking.

Table 8. Testing of Hypotheses

Hypothesis	Result
H1: Under the MLM environment, higher-order goals positively moderate the effect of transformational leadership on the performance of distributors. That is, higher-order goals will positively enhance the impact of transformational leadership on the performance of distributors.	Supported
H2: Under the MLM environment, self-efficacy positively moderates the impact of transformational leadership on the performance of distributors. That is, self-efficacy enhances the impact of transformational leadership on the performance of distributors.	Supported
H3: Under the MLM environment, trust-in-leader positively moderates the effect of transformational leadership on the performance of distributors. That is, trust-in-leader enhances the impact of transformational leadership on the performance of distributors.	Not supported as expected

First, our findings provide a new focus on leadership development training for leaders in this century who can guide ambidextrous organizations by

focusing on their followers' self-concept and identity. The twenty-first century has witnessed the drastic changes in leadership style from conventional approaches toward more modern dynamic

approaches. New forms of leadership, such as shared leadership (Barnes et al., 2013), should shift from leader–follower-centric models to leader–leader models. The behavior of leaders in the future should focus on the moderating effects of meaningful work (Ghadi et al., 2013) and a culture of innovation (Hu et al., 2012), empowerment (Shah, 2011), and intrapreneurship (Morianio et al., 2014). In other words, corporate training should be focused more on character development and enhancement than on skills training.

Second, the unique finding on the moderating effect of higher-order goals prompts us to consider that goal-setting improves performance through the cognitive abilities of all individuals, regardless of whether they are sponsors or distributors. As a result, to obtain better performance, distributors must be trained to learn to set higher goals. Through training, distributors can cognitively feel the enhancement of their ability to perform. Leaders in a later stage will be able to feel that they become more powerful as distributors' performance improves.

Third, trust toward leaders vitally enhances employees' effort for good performance in traditional organizational structures. These organizations cannot work without interpersonal trust (Fairholm, 1994). Trust is a crucial success factor to corporate competitiveness as it cannot be easily copied or duplicated, especially in the Asian context (Jones & George, 1998). However, this is not the case in the MLM business concept. MLM businesses build on an open sharing networking system among the distributors within the same unit. Distributors are willing to help strangers or newcomers because everyone is rewarded by expanding the network. As such, for non-hierarchical organizations, an environment with the prevailing shared leadership would be a good leadership approach for MLM (Gillespie & Mann, 2004). These business practices call for leaders to share their vision, values, and ideas overtly, and empower distributors with the same recruitment team or across teams.

Fourth, the significant effect of efficacy belief on the performance of MLM distributors leads us to consider the adoption of a leader–leader approach instead of a leader–follower approach. In the MLM context, self-efficacy and collective efficacy play a significant role in depicting the relationships between followers' job attitudes and transformational leadership across different national cultures (Riggs

& Knight, 1994; Bandura, 1997; Lam, 2002). The key to the success of MLM leaders is the ability to find and develop distributors into stronger performers. Therefore, MLM leaders should focus on creating a culture showing that every distributor is a leader in the organization. In such a way, the self-efficacy that enhances the effect of leadership on distributor performance is nourished eventually.

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Creating Shared Value in the Turkish Private Pension Sector

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ABSTRACT. The concept of creating shared value argues that companies can create competitive advantage by addressing unmet social needs. Developing countries like Turkey present a fertile environment for creating shared value, but there is little research on whether and how shared value occurs there. We aim to contribute to this need by studying the historical case of a shared value project in the conservative private pension sector in Turkey. Our findings reveal that the case company has been successful in increasing its customer base and fund size by meeting the needs of an underserved market segment.

KEYWORDS. Creating shared value, competitive advantage, developing countries, private pension-sector, Turkey.

INTRODUCTION

Creating shared value (CSV) refers to “policies and practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates” (Porter and Kramer, 2011, p. 66). It is a means to increase corporate engagement in solving social and environmental challenges, i.e., creating social value, and it argues that while doing CSV, companies will gain competitive advantage and hence create economic value simultaneously. The introduction of CSV has ap-

pealed well especially to managers by providing an umbrella construct for loosely connected concepts and elevating social goals to a strategic level, and as a result, a good number of MNCs have undertaken many successful CSV projects (Crane et al., 2014; Dembek et al., 2016).

On the other hand, CSV has also been subject to criticisms. Crane et al. (2014) find it original and naïve, ignoring the inherent tensions between creating economic value and social value. Dembek et al. (2016) spot similarities of CSV to concepts like the bottom of the pyramid, mutual value, blended value, stakeholder management, strategic corporate social

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responsibility (CSR), triple bottom line, and conscious capitalism. Vallentin and Spence (2017) argue that Porter and Kramer indeed create unnecessary conceptual confusion by trying to position CSV as a superior alternative to CSR. Beschorner (2013) as well as Aakhus and Bzdak (2012) further criticize it for not viewing social needs as ethically important ends, but rather as means to achieve economic goals. Therefore, the concept is in need of theoretical clarity, acknowledgement of prior contributions, and a more robust normative foundation (Lee, 2019).

In order to identify an initiative and an organization as a CSV initiative and organization, the initiative should grow the economic pie for all of the stakeholders involved, and the organization should integrate social value into the core of its strategy (Porter & Kramer, 2011). We agree with Aakhus and Bzdak (2012) as well as Lapina et al. (2012) that CSV is not an alternative to philanthropy and CSR, but an important complement to the portfolio of ways to create social value. Acknowledging its potential for impact, criticisms should not aim to knock it out from the academic arena but constructively search for improvement opportunities. Two such efforts are the studies of de los Reyes et al. (2017) and Lee (2019). De los Reyes et al. (2017) recognize the criticism that the concept of CSV does not offer solutions for B-case “win-lose” issues and suggest in response the CSV+ framework. This framework proposes that in resolving B-case issues, managers should first seek a norm-taking framework and, in the absence of it, engage in norm-making processes. Lee (2019) argues that the CSV concept is complex and difficult to apply in practice by relying on consequential reasoning due the bounded rationality of managers, suggesting in response integrating norms-based reasoning and the logic of appropriateness in strategic management processes. Both studies agree that there is further need to increase understanding about CSV conceptually and operationally.

Michellini and Fiorentino (2012) argue that developing countries have a high potential for CSV because they have huge social problems, and they are high-growth markets offering business opportunities. Current research on CSV, however, is mostly from developed countries, including a variety of industries such as banking (see Bockstette et al., 2015; Ilmarinen & Akpinar, 2018), health care (see Matinheikki et al., 2017), insurance (see Jais et al., 2017) and cruise (see Font et al., 2016). Research from emerging markets is rather limited (see Lapina et al., 2012; Spitzack & Chapman, 2012; Alcaraz et al., 2019). The academic literature from Turkey, the context country for this research, does not exhibit a single study on CSV so far. Most of the research from Turkey concerns CSR (see Dincer & Dincer, 2007; Kucuk-Yilmaz, 2008; Turker, 2009; Yamanoglu, 2010; Aras et al., 2011; Bagcan, 2014; Ozdora-Aksak & Atakan-Duman, 2016; Akdogan et al., 2017). For example, according to Kucuk-Yilmaz (2008), the Turkish government’s prioritization of economic development as well as lack of strict regulations on social and environmental issues may lie behind Turkish companies’ perception of CSR mainly as philanthropy to achieve their objectives and improve their image. Ozdora-Aksak and Atakan-Duman (2016), on the other hand, find out that in Turkey while business-to-customer (B2C) companies implement philanthropic CSR, business-to-business (B2B) companies implement core business focused strategic CSR initiatives. Clearly, there is a need for investigating whether and how CSV occurs in an emerging market like Turkey.

This research aims to bridge this gap by applying the typology of Porter and Kramer (2011) and making a historical in-depth case study from the Turkish private pension sector, which is highly conservative. The case company, Anadolu Hayat Emeklilik (AHE), is Turkey’s leading pension and life insurance company, listed on the Istanbul Stock Exchange. It is a subsidiary of İşbank Group, Turkey’s first

national bank. AHE's CSV initiative aimed to satisfy the unmet needs of Turkish women by developing products specifically targeting their wellbeing. This would create social value because the pension fund system in Turkey has traditionally been discriminating against Turkish women who earned less than men, worked less years than men, and stayed at home as housewives (Elveren & Hsu, 2007). The economic outcomes of this initiative were rewarding. AHE's client base grew at a rate of ca. 30% per annum. Its market share increased significantly from 14% in 2005 to 22% in 2010, and it stabilized at about 18% between 2015 and 2018 in response to competitors' initiatives.

The structure of the paper is as follows. Section 2 reviews the literature on CSV and presents the theoretical framework. Section 3 outlines the methodology including research approach, research context, data collection, and data analysis. The results are shared in section 4, and the paper ends with a discussion on findings in section 5.

LITERATURE REVIEW

Earlier Contributions

CSV is criticized for neglecting to acknowledge contributions of earlier literatures, which focus on identifying how businesses can create value for the society (Crane et al., 2014; Dembek et al., 2016; Vallentin & Spence, 2017; Lee, 2019). In response to this criticism, we start the literature review with a brief overview of some of the earlier contributions. One closely related stream of literature is about stakeholder management. This is because the society is an important stakeholder for all companies. The stakeholder theory argues that managers need to pay attention to the interests of all stakeholders, who are defined in a broad term as "actors who can affect or are affected by the achievement of the firm's goals" (Freeman, 1984, p. 46). The instrumental stream of this theory suggests further that

having a long-term stakeholder orientation will also have a positive effect on company performance by increasing organizational flexibility, by building social capital, and by enhancing organizational legitimacy (Jones, 1995; Harrison & St. John, 1996; Berman et al., 1999; Hillman & Keim, 2001). This argument is in line with the central theme of CSV that it is possible to create social value and economic value simultaneously.

A second related concept is conscious capitalism. This concept has similarities to stakeholder management in that its core arguments build on having a higher purpose and core values, stakeholder integration, conscious leadership, and conscious culture and management (Mackey & Sisodia, 2014). According to this concept, having a higher purpose such as doing what is right for a better world in the future energizes and aligns all stakeholders. Managers of companies which pursue conscious leadership, culture, and management aim to develop close trust-based long-term relationships with their stakeholders, promote teamwork, treat stakeholders fairly, create value for the society, and have a conscious approach to the environment (Sisodia, 2014). Stakeholder engagement around a shared vision is also recognized as a key priority by CSV literature in order to create collective impact (see Kramer & Pfitzer, 2016; Matinheikki et al., 2017).

A third related concept is CSR, which implies corporate responsibilities to sustainable development and the advancement of the wellbeing of the community (Kotler & Lee, 2005). These responsibilities concern economic, legal, ethical, and philanthropic aspects (Carroll, 1979). CSR can be in response to external institutional pressures, i.e., responsive CSR, or on a voluntary and strategic basis, i.e., strategic CSR (Porter & Kramer, 2006). Vallentin and Spence (2017) see CSV and strategic CSR as very close concepts. It is possible to argue that perhaps strategic CSR literature takes a broader view and perceives the tensions between social value and economic value more realistically, as

can be seen in Galbreath's (2006) typology of CSR strategies. This typology has four CSR strategies, namely shareholder strategy, defensive altruistic strategy, reciprocal strategy, and citizenship strategy. In both the shareholder strategy and the defensive altruistic strategy, management takes a short-term focus by prioritizing returns to shareholders and sparing minimum efforts to fulfill CSR. These are responsive strategies, which prioritize economic value over social value. In the reciprocal strategy, management accepts social responsibilities and aims to find a balance between creating economic value and social value, and finally in the citizenship strategy management integrates social issues into the corporate strategy proactively. CSV by definition would perhaps match with the citizenship strategy in this typology.

CSV

Porter and Kramer (2011) argue that CSV is not about redistributing economic value among stakeholders but increasing the pie for all stakeholders while enhancing social value simultaneously, without making a trade-off between them. Similar to strategic CSR and citizenship strategy, social issues are addressed proactively at the core of company strategy in CSV (see Galbreath, 2006; Vallentin & Spence, 2017). Ilmarinen and Akpinar (2018) argue that CSV is a kind of blue ocean strategy, which will differentiate companies from their competitors. CSV embeds a social purpose in the culture, identifies the social needs, and deploys resources to deliver the innovations to meet the identified needs (Pfitzer et al., 2013). Implementing CSV is challenging because managers are subject to the problem of bounded rationality in solving a complex set of social issues (Lee, 2019). Although there is truth to this, especially regarding the goal of operating at zero footprint, CSV literature offers suggestions for successful implementation. For example, Matinheikki et al. (2017) suggest that in creating shared value it is important to create and implement a shared vision, which

will be embraced by all stakeholders. This requires strong leadership in order to create collective impact (Kramer & Pfitzer, 2016; Matinheikki et al., 2017). Similarly, Mühlbacher and Böbel (2019) highlight the relevance of shared value-oriented entrepreneurial vision, strategic alignment, shared value-oriented innovation, networking capabilities, and impact monitoring for the successful implementation of CSV. The successful creation of shared value is more likely to happen when companies have the capability to do so, when there is consistency between the creation of economic value and social value, and when the social value can be cultivated beyond the company that created the initiative (Maltz & Schein, 2012). CSV is a dynamic concept, and measuring economic and social value is key for maintaining stakeholder engagement over time (Pfitzer et al., 2013; Pfitzer and Scholz, 2019), and in the B-case "win-lose" issues there will be need for norm-taking or engaging in norm-making approaches (de los Reyes et al., 2017).

There are various conceptualizations on the ways to achieve CSV. For example, Micheleni and Fiorentino (2012) suggest two ways: the social business model and the inclusive business model. Whereas the social business model aims to solve a social problem using business methods (Yunus, 2010), the inclusive business model attempts to diminish poverty by integrating low-income communities in the value chain (World Business Council for Sustainable Development and SNV Netherlands Development Organization, 2008). According to Porter and Kramer (2011), there are three ways to achieve CSV. In the first way, called reconceiving products and markets, companies focus on unmet social needs which can concern health, nutrition, housing, aging, financial security, and the environment, and they aim to innovate new products for new markets. Emerging markets and disadvantaged communities, e.g., the bottom of the pyramid, present potential markets for this way of CSV (Prahalad, 2010). The second way is by redefining productivity in the

value chain while addressing social problems, e.g., the application of environmentally friendly technologies or the use of renewable sources of energy along the value chain, as well as the optimization of transportation along the value chain and better use of natural resources through digitalization. The third way is through developing local clusters. A cluster is “a geographic concentration of interconnected firms and institutions in a particular field, linked by commonalities and complementarities in providing a related group of products or services” (Porter, 1998, p. 78). Strong local clusters improve productivity, innovativeness, and the rate of new business formation and thus enhance the prosperity of companies and their local communities (Delgado et al., 2010). Kramer and Pfitzer (2016) suggest that a collective-impact approach is always necessary for the third way while it may not always be the case for the first two ways. Alberti and Belfanti (2019) find strong similarities between the literatures on CSV and cluster development, and Yelpeo and Kubelka (2019) suggest that CSV initiatives can also be directly undertaken by clusters, i.e. shared value clusters. The collective-impact approach requires system leadership, where companies must team up with governments, non-governmental organizations and even competitors in implementing a common agenda, a shared measurement system, mutually reinforcing activities, and constant communication (Kramer & Pfitzer, 2016). Porter et al. (2012) propose the use of multiple measurements for each way of CSV. Finally, Jais et al. (2017) adapt the framework of Porter and Kramer (2011) and identify three kinds of CSV strategies in the insurance sector. The first one concerns risk prevention through rewarding customers for their risk reduction behaviors. This strategy is an adaptation of Porter and Kramer’s (2011) first way to achieve CSV by reconceiving of the products for the already existing market. The second strategy is about closing the protection gap for the underserved markets, which include customers who can’t

afford insurance or customers who opt not to be insured (Jais et al., 2017). This strategy also clearly addresses Porter and Kramer’s (2011) first way to achieve CSV. Finally, the third CSV strategy of insurance companies is to invest their assets in systems which contribute to reduction and prevention of risks (Jais et al., 2017). This strategy has parallels with Porter and Kramer’s (2011) third way to achieve CSV in that system investments benefit the development of all actors in the cluster.

This research uses as its theoretical framework the three ways to achieve CSV strategy by Porter and Kramer (2011) as well as the arguments for the successful implementation of CSV strategy. The empirical study illustrates and explores particularly the first way, which is about reconceiving products and markets to satisfy unmet social needs.

METHODOLOGY

Research Design and Case Selection

The research utilized an in-depth exploratory longitudinal case study method based on the historical analysis of AHE’s CSV initiatives in order to improve the participation of women to their private pension system (PPS). Case study is more than simply conducting research on a single individual or situation (Baxter & Jack, 2008), and it is a useful research tool in understanding complex social phenomena by allowing investigators to retain the holistic and meaningful characteristics of real-life events (Yin, 2009). Moreover, it is appropriate when the aim is to understand the peculiarities and the determinants of a phenomenon especially at an early stage of knowledge (Lamberti & Lettieri, 2009). Siggelkow (2007) suggests that case study is a valid tool to evaluate a theory by pointing to gaps and by making recommendations to fill them. This fits well for this research, which aims to understand the effect of a CSV initiative in creating competitive advantage, using the typology of Porter and Kra-

mer (2011) as the theoretical framework. Longitudinal case study with the use of historical data is a suitable method to study changes over time and explore dynamic concepts (Golder, 2000). This is mainly due to the fact that it allows the incorporation of heterogeneous data from a variety of sources and allows the analysis of phenomena at several levels over time (Eisenhardt, 1989; Langley & Royer, 2006). As CSV is a dynamic concept, which is at a rather early stage of research (Pfitzer & Scholz, 2019), we are trying to fill the gap by introducing the practice of AHE, a well-known insurance company in Turkey, through a longitudinal case study.

The reasons why AHE was selected as the case company are fourfold. First of all, it is Turkey's first life insurance company established in 1990, and it is the first life insurance and pension company to be listed on the country's stock exchange. As of 2019, it had the second highest Private Pension funds and the highest number of participants in Turkey. Secondly, AHE has been endorsing the CSV strategy by heavily promoting the participation of women in their PPS. Thirdly, AHE offered us the possibility to have access to the company's data in order to conduct this research. Lastly, one of the authors of this paper is a member of the company's board, hence an embedded participant. Embedded participation leads to more robust observations and interactions with key participants (Bryman & Bell, 2015). The embedded participant allowed us access to several relevant managers across different departments and derive valuable insights from the company's top management team about their CSV initiatives.

Data Collection and Analysis

We carried out data collection and analysis hand in hand. In doing that, we first met the Managing Director of AHE and briefed him about the research. He introduced us to the company's managers whom we met four times to conduct semi-structured interviews, which

lasted between one to one and a half hours each. Interview questions were designed based on the theoretical framework, and the interviewees were selected among the managers who participated in the formulation and launch of the CSV initiatives and/or had deep knowledge of the initiatives. Furthermore, almost all of them have lived through the successive implementation of the initiatives. The inter-subjective interviews with the knowledgeable informants facilitated the interpretation of the data (Halinen et al., 2012). We recorded and transcribed the interviews in order to achieve reliability, and their analysis took place immediately after each interview. In addition to the interviews, we also used primary data from company documents as well as secondary data from the company's website, media news, and industry reports to identify the evolution of the private pension sector in Turkey, the situation of AHE vis-à-vis its competitors, and the effect of the CSV initiative on company's financial performance. One important source of secondary data was the Pension Monitoring Center (EGM – Emeklilik Gözetim Merkezi), which was established by the Turkish Undersecretariat of the Treasury. The official data from EGM contributed to evaluate the financial results such as the number of participants, total fund size, and market shares of each player regarding the company's CSV initiative. Data triangulation with the use of data from multiple reliable sources helped to improve the reliability of the findings (Yin, 2009). In the case of missing data, we contacted the managers through e-mail and through follow-up meetings.

We analyzed the data using a content analysis approach, and in doing that, we made use of codes derived from the theoretical framework. Content analysis with the aid of codes is a common approach for analyzing qualitative data in social sciences (see Twycross & Shields, 2008; Krippendorff, 2012). The amount of data was suitable to use Microsoft Word and Excel for organizing and combining it under themes

based on patterns of similarities, and in doing that there was continuous collaboration between the theoretical framework and the data (see Corbin & Strauss, 2008; Eriksson & Kovalainen, 2008; Yin, 2009). Finally, we conducted a review meeting with those interviewed in order to go over our findings with them, and identify and eliminate possible misinterpretations from the analysis. This enhanced the validity and reliability of our findings.

RESULTS

AHE

İşbank Group is Turkey's first truly national bank, established on 26 August 1924, and Anadolu Sigorta, İşbank Group's flagship company in the insurance sector, covered both life and non-life sectors (Türkiye İş Bankası, 2019). Anadolu Sigorta was the leader of the insurance sector in Turkey with its innovative product offerings such as "Tomorrow's Insurance." In response to the exponential growth of the insurance sector, a new law was passed, which separated life and non-life businesses, and Anadolu Hayat Sigorta was spun off from Anadolu Sigorta in 1990 as the first life insurance company in Turkey. The company, which was listed on the Istanbul Stock Exchange in 2000, transformed itself into AHE in 2003 after the Individual Pension Savings and Investment System Law, enacted in 2001, legally granted 10 existing life insurance companies the opportunity to set up private pension businesses (T.C. Resmi Gazete, 2001). İşbank group holds directly 63.9% and indirectly 20% of the company's shares, while institutional investors tightly hold the remaining 16.1% (Kamuyu Aydınlatma Platformu, 2019). AHE, which utilizes bank branches as sales channel, was by the end of 2018 the largest company in the sector with an asset size of 20.2bn TL and 1064 employees, of which 59% are female.

At the beginning phase the Turkish government incentivized the growth of retirement

funds with tax deductions in order to boost national savings. Investment returns were not subject to taxation during the contribution period, encouraging participants to remain in the system for at least 10 years until their retirement age of 56. Since the incentives were not fully appreciated, gauging by only 30% of participants deducting them from their taxes, the government opted for a more direct and visible incentive starting from January 2013. According to the new scheme, there was 25% matching state contribution to pension fund investments, and the fund management fees were halved (T.C. Resmi Gazete, 2013). These changes accelerated fund flows into the PPS with a compound annual growth rate (CAGR) of 17%, yielding a CAGR of 29% in Assets under Management (AUM) from 2009 to 2017. Initiation of an auto enrollment system together with the dramatic rise in interest rates has curtailed growth rates since then (Emeklilik Gözetim Merkezi, 2019).

AHE's CSV Initiatives

In 2003, AHE was the second largest company in Turkey in terms of fund size and the third largest in terms of number of participants. Following the government's incentives, competition in the pension business heightened severely, and AHE found itself slipping to the third place in terms of revenues and fifth in terms of number of participants as of March 2004 (Emeklilik Gözetim Merkezi, 2004). In response, AHE management searched for ways to strengthen the company's position and introduced the CSV initiative, attempting to attract female participants to the PPS.

AHE's strategy of reconceiving its products to target women and their needs should be viewed against a background of a country that was getting more conservative during the period of ramping up of the PPS. Moreover, the private pension system, itself, has somewhat accentuated the gender discrimination against women in Turkey. In other words, gender inequality is perpetuated and deepened in the PPS

with some gender-biased regulations in social security. Moreover, according to The World Bank, Turkey has one of the lowest female labor force participation ratio in Europe and Central Asia (see The World Bank, 2019). This meant that most women did not qualify for tax deductibility incentive in the early phase of the PPS. As argued by Elveren and Hsu (2007), Turkish women are disadvantaged from the outset because they receive a lower wage than men do and therefore contribute less to the PPS. The inequality further increases when we account for the fact that women work fewer full-time years than men do. The average annual pension for women, adjusted for differences in longevities of men and women, is between about half and two-thirds that of men (Elveren & Hsu, 2007). Turkey, ranked 64 according to the UNDP human development index, still has a long way to go in addressing gender inequality (Republic of Turkey Ministry of Treasury and Finance, 2019). We shall draw attention here to the fact that AHE's 59% ratio of female employment is an exception for Turkey.

AHE based its CSV initiative on two considerations. The first one was to satisfy the unmet needs of Turkish women and develop a product specifically targeting their wellbeing. The second one was to address the "real" customer in the family: AHE's communications department argued that even in a relatively conservative country like Turkey, women were the hidden decision makers concerning the majority of the household plans and savings. In order to formulate alternative ways to target women, AHE's Managing Director organized a brainstorming session with the marketing and communications managers. This led to the launch of the "Housewives Retirement Plan" on June 21, 2004, a product developed specifically for housewives who neither had a steady income flow nor possessed a social security/retirement plan. The primary purpose was to offer a distinctive private pension product to those seemingly "disadvantaged" women who could not save money and were deeply concerned about

their future. Following the initial success of this initiative, management decided to expand the product to include also working women by offering them the same benefits. The success of this initiative also attracted the attention of the company's business partners such as HSBC Bank and Albaraka Turk Participation Bank, which decided to offer AHE's product to their own customer base. HSBC Bank announced its "Housewives' Tomorrows Retirement Plan" on 12 November 2007, and Albaraka Turk Participation Bank's "Housewives' Abundance Retirement Plan" was launched on 23 February 2011. Hence, AHE's CSV initiative was spreading to the rest of the sector, albeit gradually and initially through its partners.

AHE's next initiative for women, called "Waiver of Contribution Benefit," was also unique in that the company guaranteed to pay the regular contributions for a period of maximum 10 years on behalf of participating women in the event of death or disability of their spouses or disability of themselves. An additional advantage of the product was the lowering of the monthly minimum contribution amounts from 75 million TL (worth 250 TL as of 2019) to 30 million TL (worth 100 TL as of 2019). This allowed more individuals to join the system at an early age, being able to save with a limited budget, which they could increase in later years. Furthermore, AHE also designed customized products for serious risks that women may face throughout their lives. For instance, the "Women-Specific Critical Illness Insurance," launched on September 18, 2012, was the first product of its kind in the life insurance sector offered solely to women. The plan provides an accumulated money guarantee and premature death cover if the customer gets a critical women's disease and provides financial support to close relatives in the case of death. Moreover, the company initiated the "Girls: The Insurance of our Future" project with 500 girls in 2005, and the scope of the project was expanded with 100 new students in 2010. The project aimed to support girls, who

were struggling to continue their education due to financial difficulties. These girls studied in the insurance departments of trade vocational high schools on scholarship from AHE. They completed further studies in banking and insurance with the support of the Ministry of National Education. AHE's designated women employees have been providing them guidance and support as "Life Volunteers" since 2008.

"Shots from Life as Seen by Women" was perhaps AHE's most visible initiative, albeit with less immediate and quantifiable, commercial benefits. This was a nation-wide photography contest aiming to contribute to the social and cultural development of the Turkish women by "offering them a platform where they can freely express themselves" (Anadolu Hayat Emeklilik, 2019a). AHE launched this initiative in 2007, and since then 15,584 women have submitted a total of 62,220 photographs, according to numbers provided by the company. The contest is over in April each year, and AHE exhibits winning photographs in various venues across the country and publishes them in a special catalogue.

Advised by the Turkish Photographic Art Federation, the initiative has become one of the most popular photography contests in Turkey. AHE keeps the intellectual property rights for all photos and uses them extensively in official publications and promotional documents. Although the cost savings are insignificant, AHE's management mentions that the "strengthening of the ties between the contenders and the company is invaluable."

Finally, AHE signed in 2018 the "Women's Empowerment Principles," a partnership initiative of UN Women and UN Global Compact that aims to promote gender equality in the workplace, marketplace, and community (Anadolu Hayat Emeklilik, 2019b). This reinforced the company's 15 years of CSV initiatives to connect with and empower women to produce mutual gains.

Implications of AHE's CSV Initiatives

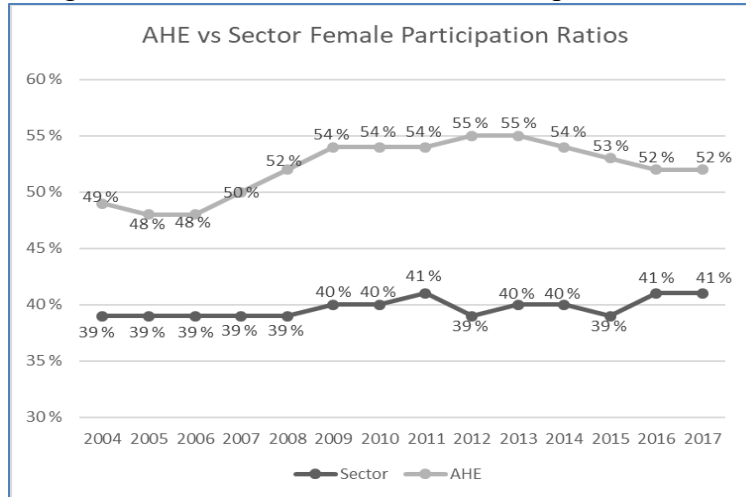
Jais et al. (2017) argue that insurance companies, which incorporate the society's needs into their strategies by building on existing and new capabilities, will achieve sustainable competitive advantage. AHE's CSV initiatives provide a good example of such a case in that the company targeted an underserved yet important segment in the Turkish private pension sector, namely women with no social security or retirement plans. By launching the "Housewives Retirement Plan" along with its specific features, as well as women-specific insurance products and the nation-wide photography contest, AHE succeeded in coming up with a comprehensive solution to an important need in the market. The creation of social value allowed AHE to generate more revenues through increasing its customer base, leading to the creation of economic value and competitive advantage. AHE accomplished this by undertaking four key tasks. The first task was to identify the underserved: in this case Turkish women with no social security or retirement plans. The second task was to build trust. AHE achieved it by generating a well-rounded service, emphasizing its women focus through specific insurance products and women-only contests culminating into its trustworthy image. The third task was to create simple and affordable solutions by reconceiving the existing PPS product and making it more affordable with much lower rates of minimum contribution than the sector average. Finally, the fourth task was to add tangible benefits, which were easy to perceive and grasp by their target customers.

The economic value of the CSV initiatives is visible in the company's financial results. AHE's "Housewives Retirement Plan" with additional features such as the "Waiver of Contribution Benefit" option and a payment plan with more flexible minimum contribution rates was a unique product in the Turkish private pension sector. Moreover, the "Women-Specific Critical Illness Insurance" scheme, the "Girls: The Insurance of our Future" project

and the “Shots from Life as Seen by Women” photography contest were important initiatives of the company to further emphasize this focus.

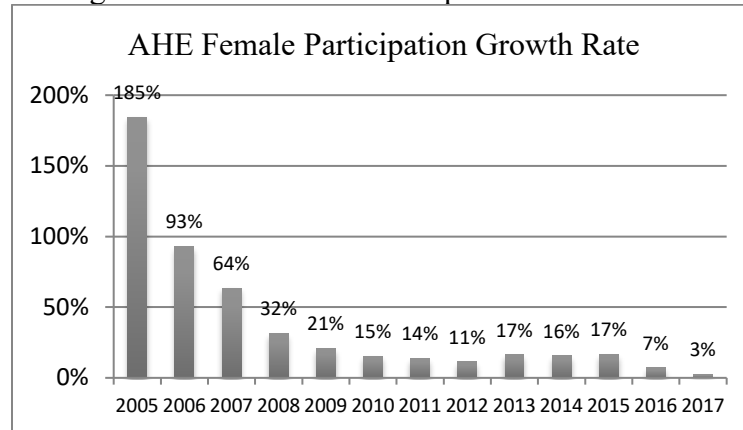
As a result, AHE was able to increase the number of women among its customers from 48% in 2005 to 52% in 2017 (see Figure 1).

Figure 1. AHE vs. Sector Female Participation Ratios



Source: Emeklilik Gözetim Merkezi (2019).

Figure 2. AHE Female Participation Growth Rate.

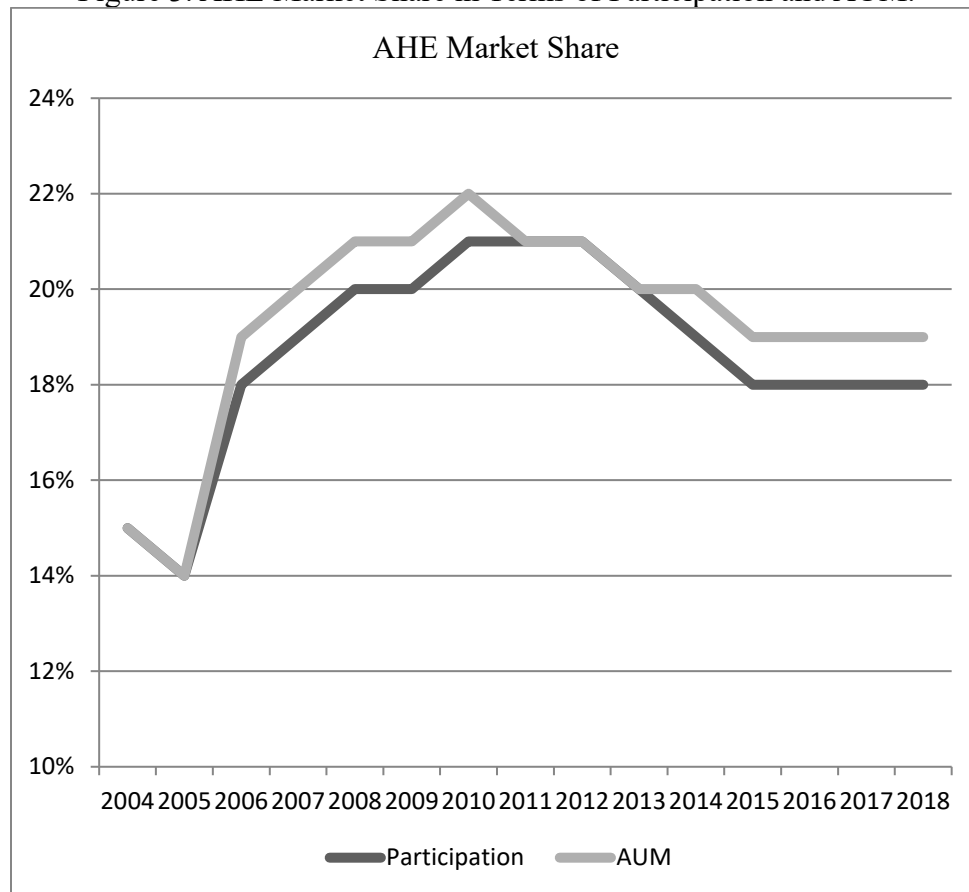


Source: Emeklilik Gözetim Merkezi (2019).

AHE's female participation ratio has been significantly higher than the sector average already before the CSV initiatives (see Figure 1). The important aspect to note here is that whereas AHE's female participation ratio increased by 4% from 2005 to 2017, the sector average increased only by 2% during the same period from 39% to 41% (see Figure 1). We can attribute the 2% extra increase in AHE's female

participation ratio to the CSV initiatives. Moreover, we can also observe the impact of the CSV initiatives primarily after their launch in 2004 (see Figure 2). As we also note similar very high growth rates in the participation of men during 2004-2006, we admit that the tax incentives provided by the government also played a significant role in this performance improvement.

Figure 3. AHE Market Share in Terms of Participation and AUM.



Source: Emeklilik Gözetim Merkezi (2019)

Thanks to the very high female participation growth rates during 2005 and 2006, AHE improved from the fourth position in terms of number of participants and the second position in terms of AUM at the end of 2004 to become the first in the market in both of these metrics by the end of 2006. AHE managed to maintain the first or the second position in both metrics until the end of 2018. The company's management strongly argues that the growth in female participation rates played an important role in achieving these results. Market share in AUM as well as number of participants both increased significantly from 14% in 2005 to 21% by 2012 (see Figure 3).

However, AHE lost some market share starting 2013 when the government introduced the incentive of 25% state contribution and subsequently state banks entered the market

(see Figure 3). On the other hand, the size of the total pie grew in the sector thanks to the new government incentive and the increase in women participation brought about by AHE's CSV initiatives. As a result, AHE was able to grow its total and female participants at CAGR of 29.7% and 30.3% respectively. We can argue that the increase in the number of female participants, the real decision makers in the family, also triggered an increase in the size of the total pie of AHE.

Competition eventually decided to launch their own products targeting women. For example, Cigna Finans ve Emeklilik launched the "Hanimeli Private Pension Plan" in 2015, and Halk Hayat ve Emeklilik, a subsidiary of the state bank Halkbank, launched the "Industrious House Wives' Pension Plan" in late 2018.

Thus, we can argue that AHE's competitive advantage from targeting women lasted a long time since 2005. In fact, by the time the aforementioned competing products entered the market AHE had already started to wind down its incentive programs for women as the market reached a saturation point by raising the progressive pricing scheme to fixed pricing starting from 2016 and setting new minimum contribution levels. These findings demonstrate that it is indeed possible to create sustainable competitive advantage even in a conservative sector such as the private pension sector by a focused CSV initiative in an emerging market like Turkey.

DISCUSSION

This research aimed to explore whether and how CSV occurs in a developing country by studying the conservative private pension sector in Turkey. The motives were twofold. First, CSV is a relatively young but promising concept that needs more research in different contexts (Vallentin & Spence, 2017; Lee, 2019; Pfitzer & Scholz, 2019). Second, developing countries offer good possibilities for companies to undertake CSV initiatives, but there are very few studies so far (Michelini & Fiorentino, 2012). Indeed, we did not come across a single study from Turkey on CSV during our literature review. All of the studies from Turkey were about CSR (see Dincer & Dincer, 2007; Turker, 2009; Yamanoglu, 2010; Aras et al., 2011; Bagcan, 2014; Kilic et al., 2015; Akin & Yilmaz, 2016; Kilic, 2016; Ozdora-Aksak & Atakan-Duman, 2016; Akdogan et al., 2017). One reason behind this may be that perhaps there are not many CSV initiatives in Turkey because, as Kucuk-Yilmaz (2008) observe, most Turkish companies perceive CSR as philanthropy to achieve their objectives and improve their image. Ozdora-Aksak and Atakan-Duman (2016) second this observation by providing evidences from B2C industries in Turkey.

A second reason may be that the implementation of CSV is challenging (Lee, 2019). There can be additional challenges in developing countries despite the fact that their markets offer promising opportunities for CSV (Michelini & Fiorentino 2012). Finally, a third reason may be that CSV is a relatively new concept and not so well known yet in developing countries. In light of these facts, this research is a pioneer to display a CSV initiative from a B2C sector in Turkey, and hence contributes to the literature.

The case of AHE revealed that it is possible to improve the company's economic performance even in a conservative sector by strategically targeting to tackle unmet social needs. Thanks to the CSV initiative, the market share of AHE improved significantly from 14% in 2005 to 18% in 2018 (see Figure 3). We can directly connect some of this improvement to the CSV initiative because the company's women participation rate increased during the same period by 4%, which was higher than the 2% increase in the total sector (see Figure 1).

As women constitute nearly half of AHE's participants, we can assume roughly that the additional 2% increase in the women participation rate of AHE vis-à-vis the sector corresponds to 1% increase in the company's market share. This empirical evidence from the Turkish B2C sector strengthens the arguments in favor of CSV (Porter & Kramer, 2011) and the instrumental stream of stakeholder theory (see Jones, 1995; Harrison & St. John, 1996; Beraman et al., 1999; Hillman & Keim, 2001).

The case of AHE also revealed that CSV does not necessarily imply undertaking all of the three ways in the framework of Porter and Kramer (2011). AHE's initiative fits mainly with the first way to reconceive products and services to satisfy an unmet social need. Whether or not the use of photos taken by women for the company's official publications is a way of redefining productivity in the value chain, the second way in the framework of Por-

ter and Kramer (2011), or an effort towards improving the local and regional business environment, the third way, is debatable. This is because, in the case of the former, savings generated by those photos are rather inconsequential and unquantifiable. In the case of the latter, it is not evident whether developing the photographic skills of the women was able to improve the business environment and the supplier base of the company because this endeavor is not in a scale to impact on AHE's overall business results.

Therefore, we can argue that the main way for AHE to achieve CSV was by reconceiving its products and services to satisfy unmet social needs. This is similar to the observation in the banking sector by Ilmarinen and Akpinar (2018). These observations lead us to question whether the first way is more common, and whether the other two ways are at all achievable in these industries.

LIMITATIONS and FUTURE RESEARCH AVENUES

This research has two limitations. The first one is the difficulty to drive generalizations out of one case study (Eisenhardt, 1989; Siggelkow, 2007; Yin, 2009). We acknowledge this fact and emphasize that the intention of this study was not to generalize but rather explore and provide evidence for the feasibility of CSV in a conservative sector in a developing country. We recommend future research to study other cases of CSV initiatives from different industries in Turkey and other developing countries. Comparative case studies can increase our understanding of which aspects of CSV by Porter and Kramer (2011) occur in which industries and the drivers behind each way. The second limitation is that we interpreted the results of the company's CSV initiative only through managers' eyes and secondary sources. Although we believe that both the boom in female participation and the feedback provided by managers complement each

other well and provide solid evidence of the initiative's success, this bears a slight risk of bias regarding the extent of the created social value. Therefore, we recommend future research to focus on the company's female customers in order to get a deeper understanding of the social value. Future research could also study the challenges of implementing CSV initiatives in developing countries. This is an important avenue since developing economies offer a good potential for CSV (Michelini and Fiorentino, 2012), but there are not many CSV initiatives. This is especially the case for the second and third ways of Porter and Kramer (2011) to achieve CSV, as our research and the research by Ilmarinen and Akpinar (2018) suggest. Understanding the challenges of implementing CSV and ways to overcome them can help realize the promised potential in developing countries. However, it is important to note that the context of developing countries is complex, dynamic and continually evolving (Dabic et al., 2011), and as a result, it is not always easy to foresee and measure the social and economic consequences of CSV initiatives in these countries. Finally, we need quantitative studies on CSV in order to test and generalize findings from exploratory case studies.

MANAGERIAL and PUBLIC POLICY IMPLICATIONS

The main managerial implication of this study is the evidence that a company can achieve successful results through a CSV initiative, even in a conservative sector like private pension in Turkey. This will set an example for other companies in Turkey and other developing countries to pursue CSV opportunities in their industries. The second managerial implication from the case study is that a company does not need to pursue all three ways of Porter and Kramer (2011) in achieving CSV. The first way by reconceiving products and services to satisfy unmet social needs can be easier to achieve in the private pension sector than the

other two ways. This was also the case in the banking sector (see Ilmarinen & Akpinar, 2018). The third implication concerns policy makers in developing countries who are interested in delivering benefits to their societies. They should encourage CSV initiatives by providing incentives that will help companies overcome the challenges. The Turkish government's 25% additional contribution to individuals' private pension payments is a good example of such support.

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BOOK REVIEW

A Guide to Commercial Diplomacy by The International Trade Center (2019). Geneva, Switzerland. 106 pages. ISBN: 978-92-9137-457-1

Reviewed by Claude Cellich, Vice President, International University in Geneva, Switzerland

The Guide to Commercial Diplomacy is intended for diplomats concerned with trade development and investment promotion. It is equally beneficial to small and medium enterprises (SMEs) in their initial stages of internalization by relying on the services of commercial diplomats.

The *Guide* consists of 3 parts. Part 1 deals with doing business in a disruptive and changing environment, making strategic choices, building host country networks, creating partnerships and engaging with business ecosystems.

Part 2 covers the practical aspects of exporting including how to approach new markets, what exporters need to know about local market conditions and prevailing business culture, and how to participate in trade fairs and business-oriented trade missions.

The services of the commercial representative are to large extent aiming to assist export-oriented small and medium enterprises planning to enter or expand into foreign markets. Thanks to the tools developed by the International Trade Centre (ITC)*, the commercial representative has access to detailed trade data for 5,300 products at the 2, 4, and 6 digit level. These Trade Maps provide online access to one of the world's largest trade databases on trade statistics, tariff data, foreign direct investment data, and voluntary standards. Unfortunately, it does not provide such information for the export of services. In Annex 11, a sample form

for interested home-base firms requesting advice from the trade representative is given, thereby facilitating the initial contact between the parties.

With the increasing importance of global value chains, commercial representatives can have an impact on attracting investment in their home country by adopting proactive roles. As global value chains invest in foreign countries, they are likely to associate with local SMEs as suppliers. By doing so, SMEs acquire valuable experience that can lead them to enter global markets as viable exporters. Checklists are provided summarizing the main activities of the trade representative seeking investors and on how to convince potential ones.

With regards to projecting a national image, reference is made to social media as an increasingly influential channel for online marketing and networking as it broadens exposure and customer outreach. A table summarizing the benefits and how to use it is given. In addition, commercial diplomats are expected to carry out trade advocacy and project a positive image of their countries.

Part 3 consists of managing the office and emphasizes the benefits of keeping in contact with the home network. This entails the need to set up a customer relationship management (CRM) system and keep it up-to-date. This is an area that could prove demanding unless it is digitalized. The *Guide* ends with ITC tools for commercial diplomacy and useful websites.

The Guide makes reference to the importance of building networks of personal relationships in identifying business opportunities as in many parts of the world, business is a social activity based on personal relationships, and people do business with an individual they appreciate and trust rather than with a company. This is an area where the commercial representative can provide valuable advice to new exporters to avoid costly cultural blunders. Moreover, the commercial representative should encourage potential export-oriented SMEs to plan long term as it takes time to develop a market that will be profitable and sustainable.

The Guide to Economic Diplomacy provides the reader with practical advice, checklists, and cases taking into account the increasing influence of digitalization of the global economy, the power of social media, and the expanding role of global supply chains. Overall the *Guide* is an excellent resource for future commercial representatives and particularly for those who

do not have access to their own government manual for trade representation. It is equally relevant to officials of chamber of commerce, trade associations, business consultants and institutes of foreign trade. Moreover, it is a must read for SMEs, entrepreneurs, and business executives considering exporting or joining global value chains to assess their export readiness.

The *Guide* is available in English, French and Spanish is free by downloading www.intra-cen.org/publication/commercial_diplomacy/

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*The International Trade Centre is the joint agency of the World Trade Organization and the United Nations. ITC focuses on trade promotion and export development as part of ITC's technical co-operation program with developing countries and economies in transition.

JOURNAL OF EUROMARKETING

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JOURNAL OF EUROMARKETING

Enlarged Europe is playing an increasingly more important role in the global economy. The purpose of the Journal of Euromarketing is to meet the needs of academics, practitioners, and public policy makers in the discussion of marketing issues pertaining to Europe and European countries' trading relationship with other nations. The purpose of this journal is to increase our understanding of the strategic planning aspects of marketing management in Europe. As well, marketing and international business aspects of the trading relationship between European and foreign firms are also explored conceptually and analytically. The unique position of the region provides fascinating reading material for practitioners, public policy makers and academicians. The articles submitted to the journal create a forum whereby a conceptual understanding of the European markets and marketing systems be operationalized, analytical insights obtained as well as the past, the present, and the future of European marketing be highlighted.

The manuscripts submitted should report the results of cross-cultural/national and comparative studies conducted among countries of Europe and European countries and other nations. The articles submitted can be based upon a single country of the region and/or industry there upon with a concerted effort to contrast the results/findings and managerial implications with those obtained by international marketing scholars/practitioners elsewhere. Both thought provoking and well-developed and documented conceptual/ theoretical as well as empirical contributions are sought. But every manuscript must have an applied, managerial orientation.

With its 28 full and 6 associate members, EU is the world's largest internal market possessing nearly \$13 trillion economy. Its importance is constantly increasing. Currently, there is a vacuum in the marketing literature which needs to be filled by relating the Europe factor to the global marketing scene;

emphasizing on an interaction mode – that is, the horizontal dimension as well as the inter and intra trade and marketing activities in Europe. As such, Journal of Euromarketing covers the following areas of inquiry:

- a) Functional areas of marketing in Europe and comparison with the practices of those in other regions.
- b) The dynamics that account for the linkage of European national markets into markets of the developing world, North and Latin America, the Far East and Africa.
- c) Determine the best methods available for marketing goods and services in different socio-economic, demographic, cultural, competitive, and legal-political environments of Europe at national and regional levels.
- d) The method by which European marketing institutions are linked together into viable and coherent business systems.
- e) The type of environmental factors prevailing in different European countries of the region which force changes in the marketing structure of the area countries and industrial sectors
- f) How efficiently does the marketing system perform its universal functions in the countries of Europe and how the weaknesses of the marketing system can be overcome in the region?
- g) The various stages of market and marketing system development in Europe as a working device for generalizing and, possibly, predicting likely developments in marketing in individual countries of the region.

Articles submitted must contain practical information for the marketing practitioners, public policy makers, classroom teachers and researchers with a major emphasis on European marketing. The Journal tries to appeal to a larger group of readers, so the articles should be written in such a manner that those outside the field can comprehend the expertise and attitudes of those who work within it. Hence, a major

criterion is that the language used should be as simple as possible without altering in any way, form, or shape the quality of the information to be communicated. Although not exhaustive, the following topics are illustrative of the subject areas to be covered in the Journal:

- Cross-National Consumer Segments in Europe
- Export behavior of European Firms
- Marketing Strategies of European Multinationals
- Marketing Implications of Strategic Alliances of European Firms
- Markets and Marketing Systems of European Countries
- Marketing Practices of Europe Companies
- Public Sector Marketing in Europe
- Comparative Marketing Systems in Europe
- Diffusion of Innovations Among European Nations
- Transfer of Marketing Technology and Reverse Technology Transfer in Europe
- Buyer-Seller Interactions and Organizational Buyer Behavior Issues in European Markets
- Business Customs and Practices Among European Countries
- Marketing Interaction/Interrelationships Between Europe and Other Trading Blocs
- European Corporate Cultures
- Legal-Political Aspects of Marketing in Europe
- Marketing Issues Pertaining to EU, EFTA, Council of Europe, European Members of OECD, and Associate Members of EU
- Marketing Research in Europe
- Communication/Promotion/Advertising Strategies of European Firms
- Other Topics Directly Related to European Marketing

The Journal is published four times a year. Papers are blind reviewed by at least two members of the Editorial Review Board. Book reviews and special case study materials based on product/service, success and/or failure of European companies in global markets and

industries shall also appear as regular items in the Journal of Euromarketing.

Prospective authors are requested to attempt to restrict their submissions to approximately twenty-five double spaced pages including figures, tables, and references. Authors should submit their manuscripts electronically along with a short abstract and a one-page executive summary (this is in addition to an abstract which emphasizes on the managerial and/or public policy implications of the article) to either Editor-in-Chief Erdener Kaynak at ek9@comcast.net or Associate Editor Dr. Abu N. M. Waheeduzzaman at waheed@tamucc.edu. The IMDA Press style guidelines should be used in preparing manuscripts. If in doubt, prospective authors should either refer to the inside back cover of any IMDA Press journals or use The APA Style Guidelines. For more information and subscription to the journal visit <http://journals.sfu.ca/je/index.php/euromarketing> For "Instructions for Authors" and for additional information, please contact the Editor-in-Chief.

Erdener Kaynak, Ph.D. D. Sc.

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INSTRUCTIONS FOR AUTHORS

Aims and Scope. The *Journal of Euromarketing* aims to meet the needs of academicians, practitioners, and public policymakers in the discussion of marketing issues pertaining to Europe. It helps to increase our understanding of the strategic planning aspects of marketing in Europe and the marketing aspects of the trading relationship between European and foreign firms. Today's Europe is going to play an increasingly more important role in the global economy, so the unique position of the region is certain to provide fascinating reading material. The *Journal of Euromarketing* fosters a conceptual understanding of the European markets and marketing systems, provides analytical insights, and highlights the past, present, and future of European marketing.

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