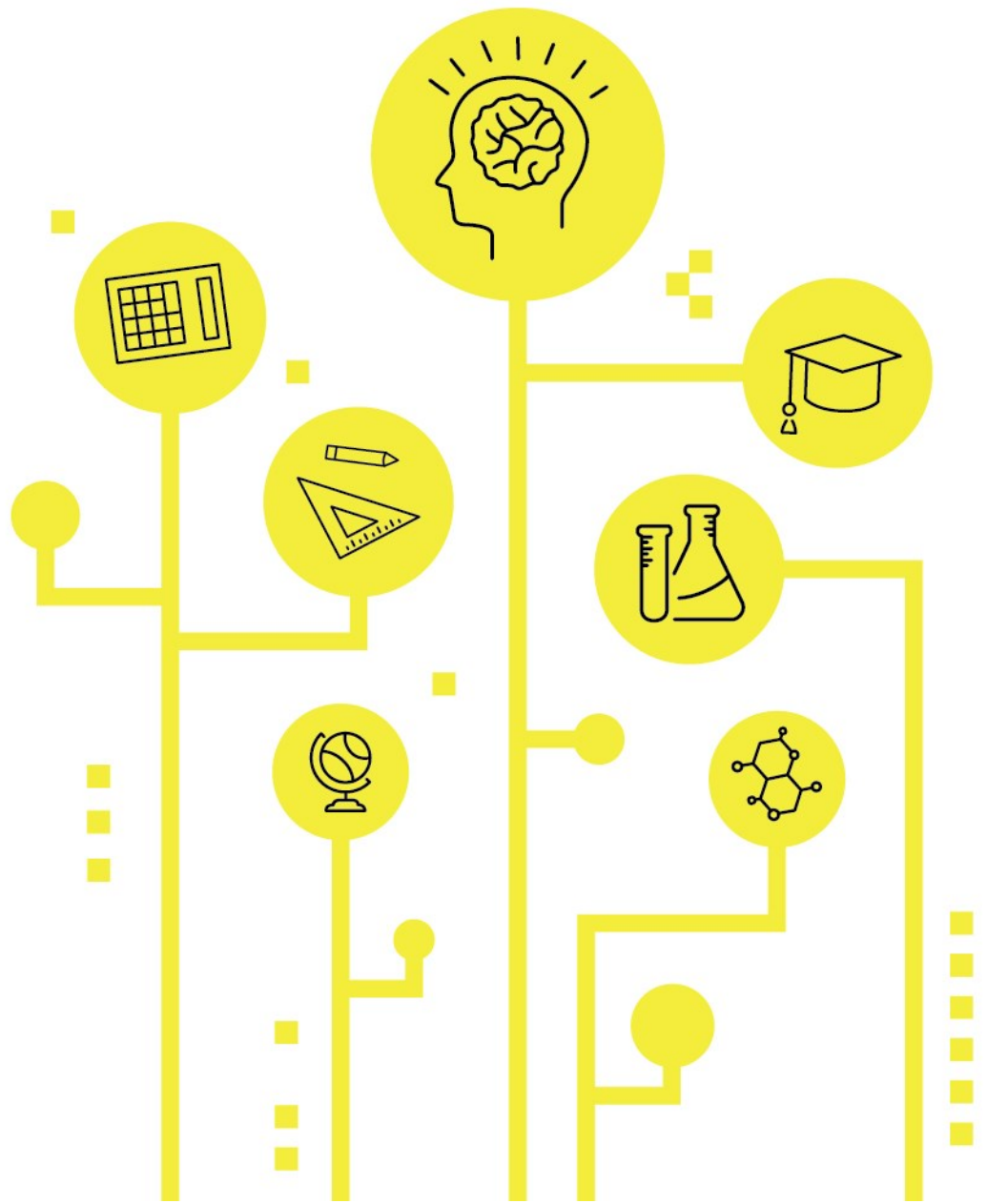
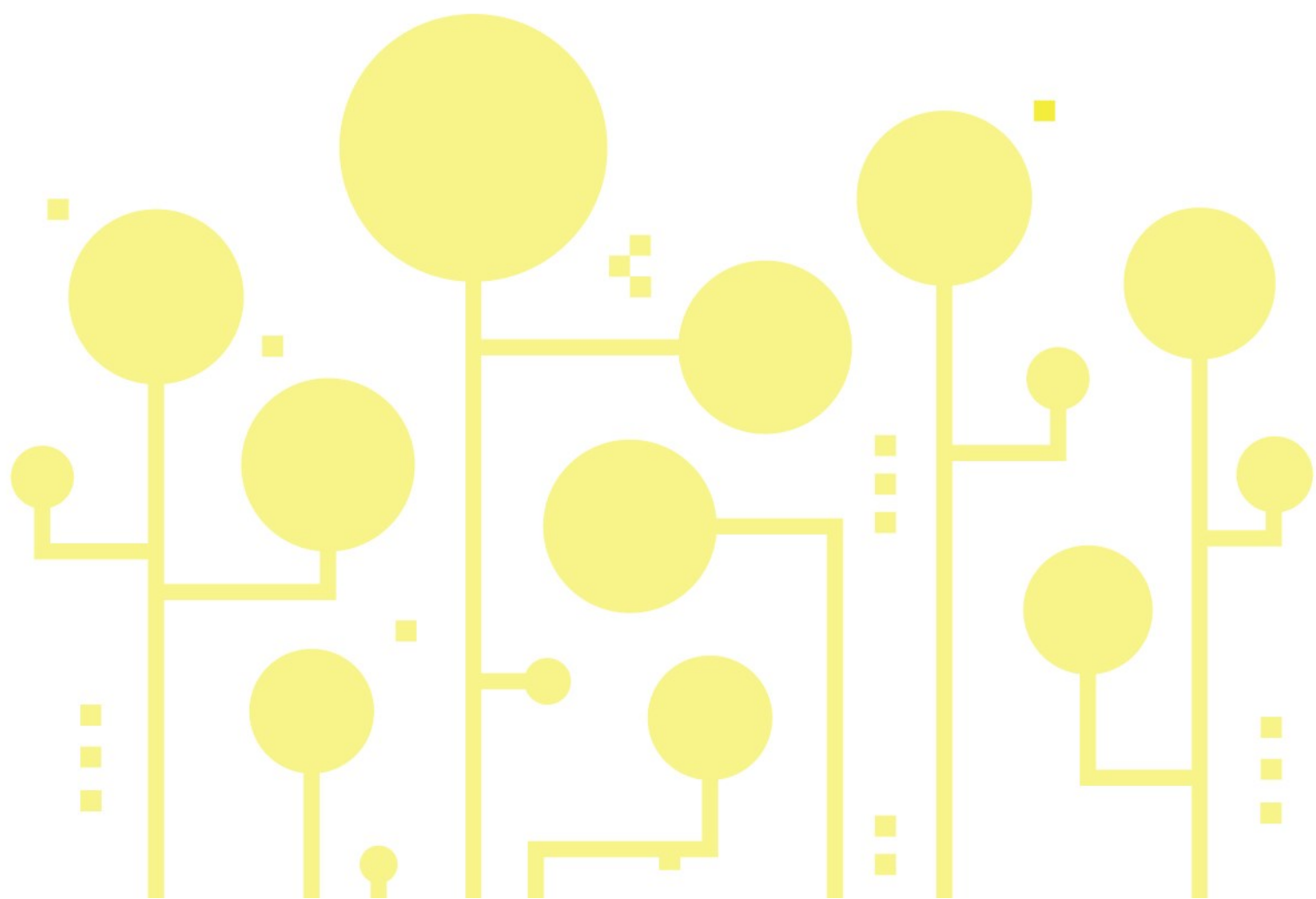


# Branding in the academic and business world – Future challenges

BBU Day of Hungarian Science  
2024





# **Branding in the academic and business world – Future challenges – BBU Day of Hungarian Science**

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# The Impact of Digitalization on Sustainable Branding in the Tourism destination

Mbarek Alhaddar<sup>1</sup>, Harshavardhan Reddy Kummitha<sup>2</sup>

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## ABSTRACT

**Purpose:** The purpose of this study is to conduct a systematic literature review to comprehensively investigate the influence of digitalization on sustainable branding strategies within the tourism industry, with a specific focus on tourism destinations. Through this research, we aim to provide valuable insights into how digital technologies impact sustainable branding approaches such as eco-certifications, community empowerment, wildlife conservation, and cultural heritage preservation. We seek to synthesize existing knowledge, identify trends, and facilitate informed decision-making for stakeholders in the evolving landscape of tourism and digitalization.

**Methodology:** This research employs a Prisma methodology and systematic literature review, this study searched the databases of articles on “digitalisation,” ”sustainable branding”, and “tourism destination”. The selection criteria covered only academic papers published over recent years as related to digitalisation to sustainable brands within tourism. The systematic review comprises of keyword search, group classification bibliometric analysis and the presentation in a more detailed manner of 60 articles which comprise innovation dimensions on an international level.

**Findings:** Our research shows the significant influence of digitalization on branding strategies in tourism destinations. We discovered emerging trends in sustainable practices by studying the current landscape. Our study explains how to make use of digital innovations, such as interactive virtual reality experiences and smartphone apps for eco-friendly tours, which enable places to engage tourists ethically. We also highlight the significance of environmental preservation activities, and plastic-free programs. These findings offer industry stakeholders practical techniques for navigating the digital-driven transition in sustainable branding, resulting in a more ecologically conscious and visitor-friendly tourism sector.

**Key Words:** Sustainability, Digital Marketing, Branding, Tourism Destination.

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## **Introduction**

The confluence of digitalization and sustainable branding is reshaping the landscape of the tourism industry. Digital technologies, encompassing social media, mobile applications, and online platforms, have become integral tools influencing tourist behavior, destination management, and communication strategies. Researchers (Smith et al., 2022; Wang & Li, 2021) argue that the fusion of digitalization and sustainability is not a mere coincidence but a transformative force that demands scholarly attention. The synergies and tensions between these two phenomena warrant a systematic examination to understand their collective impact on tourism destinations.

This research aims to contribute to this understanding by comprehensively investigating the integration of digital technologies within sustainable branding business plans for tourism destinations. The study sets out to explore the effectiveness of digital engagement platforms, such as websites and mobile applications, in disseminating sustainable tourism information (Buhalis & Law, 2008). It will evaluate the impact of virtual tours and augmented reality experiences on enhancing destination sustainability visibility (Kim & Uysal, 2018). Additionally, the research will analyze the role of online sustainable travel guides in promoting eco-friendly accommodations and responsible tour operators (Farmery et al., 2017). The influence of an eco-certification program on local businesses will also be examined, along with the effectiveness of digital storytelling campaigns and influencer collaborations in emphasizing a commitment to sustainability (McDonagh & Prothero, 2014).

Furthermore, the study will explore the role of community engagement through digital platforms in fostering collaboration among locals and visitors for sustainable tourism initiatives (Hean et al., 2017). Utilizing data analytics, the research aims to monitor and measure the impact of sustainable branding efforts continuously (Heid et al., 2021). This investigation addresses the current lack of detailed understanding about the precise impact of digitalization on sustainable branding in tourism destinations, filling a critical gap in existing research.

The existing literature recognizes the importance of sustainable branding in tourism destinations but lacks a comprehensive understanding of the specific impact and integration of digital technologies within sustainable branding business plans (Hall & Page, 2014). This study aims to fill this gap by providing a holistic examination of how digital platforms collectively contribute to promoting sustainable practices, enhancing environmental consciousness, and fostering responsible tourism in destination management (Buhalis, 2000).

**Research Question:** How does digitalization impact the sustainable branding strategies of a tourism destination?

## **Literature review**

### ***Sustainability and its importance in tourism industry***

Sustainability in the tourism industry is a multifaceted concept encompassing environmental, social, and economic dimensions. Defined as the responsible management of resources to meet

current needs without compromising the ability of future generations to meet their own, sustainability is paramount in ensuring the long-term viability of tourism destinations (World Tourism Organization, 2019). Recent scholarship underscores the urgency for the tourism sector to adopt sustainable practices, recognizing the interconnectedness of environmental preservation, community well-being, and economic prosperity.

In the context of tourism destinations, environmental sustainability involves minimizing ecological footprints through initiatives such as waste reduction, energy efficiency, and conservation efforts (Gössling & Scott, 2019). Cutting-edge technologies play a pivotal role in achieving environmental goals, with studies highlighting the integration of digital platforms and smart technologies to enhance resource management and promote eco-friendly tourism experiences (Smith et al., 2022; Wang & Li, 2021).

The social and cultural dimensions of sustainability are equally critical, emphasizing the need for community engagement, empowerment, and the preservation of local heritage (McKercher & du Cros, 2020). Recent research by Jamal and Stronza (2022) stresses responsible traveler behavior, including cultural sensitivity, support for local businesses, and the respect for the social fabric of host communities as essential components of sustainable tourism.

### ***Digitalisation in Tourism***

Digitalisation in tourism is reshaping the industry landscape, revolutionizing how businesses operate and enhancing the overall traveler experience. It involves the integration of digital technologies to streamline operations, provide personalized services, and optimize destination management. Recent research highlights the role of digital platforms and smart technologies in improving efficiency, connectivity, and accessibility within the tourism sector (Smith et al., 2022; Wang & Li, 2021). From online booking systems to augmented reality experiences, digitalisation is a key driver of innovation and competitiveness in the contemporary tourism market.

### ***Sustainable Branding in Tourism***

Sustainable branding in tourism is a strategic approach that aligns a destination or business with environmentally and socially responsible practices, catering to the growing demand for ethical and sustainable travel. It involves communicating a commitment to sustainability through branding efforts, influencing consumer perceptions, and fostering a positive impact on local communities and ecosystems. Recent studies emphasize the importance of integrating sustainable practices into branding strategies, emphasizing authenticity, transparency, and community engagement (Jamal & Stronza, 2022; Gössling & Scott, 2019). Sustainable branding not only contributes to a positive image but also plays a pivotal role in attracting conscientious travelers and supporting the long-term resilience of tourism destinations.

### ***Integration of Digitalization and Sustainable Branding***

Digitalization has revolutionized the tourism industry, profoundly influencing sustainable branding strategies for destinations worldwide. Buhalis and Amaranggana (2015) emphasized the pivotal role of digital technologies in enhancing visitor experiences and fostering sustainable practices within tourism destinations. Through the integration of mobile apps,

social media platforms, and online marketing initiatives, destinations can effectively communicate their eco-friendly initiatives to a global audience, encouraging responsible tourism behavior (Buhalis & Amaranggana, 2015).

Furthermore, Gössling, Scott, and Hall (2016) highlighted the environmental benefits of digitalization in tourism. Real-time monitoring and data analysis, facilitated by digital technologies, enable destinations to optimize resource utilization and minimize negative environmental impacts. Sustainable practices, such as energy-efficient accommodations and eco-friendly transportation options, are promoted through digital platforms, shaping the branding image of destinations as environmentally conscious (Gössling, Scott, & Hall, 2016).

The integration of digital tools not only enhances environmental conservation efforts but also empowers local communities. Jamal and Budke (2014) demonstrated in their study that digital platforms enable indigenous communities to showcase their cultural heritage and engage with tourists directly. This engagement not only preserves local traditions but also fosters a sense of community empowerment, contributing to the overall sustainable branding of the destination (Jamal & Budke, 2014).

Moreover, Stone (2012) explored the concept of dark tourism and its digital representation. Through online platforms and virtual tours, destinations associated with sensitive historical events or natural disasters can manage visitor experiences sensitively, emphasizing education and preservation. Digital storytelling in dark tourism contexts exemplifies how digitalization can shape sustainable branding, ensuring respectful and responsible engagement with sensitive destinations (Stone, 2012).

In summary, the literature underscores the transformative impact of digitalization on sustainable tourism branding. Through digital technologies, destinations can communicate their sustainability initiatives, promote responsible tourism behavior, preserve local cultures, and conserve the environment. The amalgamation of digitalization and sustainable branding not only enhances the visitor experience but also contributes significantly to the long-term viability and positive image of tourism destinations.

## **Research methodology**

In this research we have used Prisma research methodology and a systematic literature review follows a rigorous methodology to ensure the comprehensiveness and replicability of the research process. The search strategy involves querying reputable databases such as Scopus, PubMed, and Direct Science using keywords like "digitalisation," "sustainable branding," and "tourism destination." The inclusion criteria encompass peer-reviewed articles published in the last decade, focusing on the intersection of digitalisation and sustainable branding in tourism contexts. The initial search yielded a pool of potential articles, which underwent a multi-stage screening process based on relevance, methodology, and quality.

### ***Data Collection***

The systematic review methodology involved conducting a keyword search within a selected database to ensure an objective approach to data collection. Following the approach of Prisma



research methodology, the focus was exclusively on empirical articles published in scholarly journals, excluding non-empirical studies such as books and internet sources. The research scope was confined to papers published in peer-reviewed journals accessible through the Web of Knowledge databases: Science Citation Index Expanded (SCI), Social Sciences Citation Index (SSCI), and Arts & Humanities Citation Index (A&HCI).

The chosen keywords for the search were "branding" and "tourism." And "sustainable branding" Employing various combinations, the search produced 300 results for "branding" in the title and "tourism" in the topic, 400 results for "branding" in the topic and "tourism" in the title, and 1568 articles when both keywords were used in the topic. The document type was specified as an article, and the search spanned the year 2015 to the present, with English as the language of inclusion.

### ***Analysis***

The second phase of the systematic review process involves several key steps:

#### **Identification of Relevant Papers**

Instead of relying solely on keyword searches, a more nuanced approach was adopted to identify papers aligned with the research's core objective. The search criteria were refined to ensure that the selected papers genuinely addressed innovations in tourism.

#### **Categorization of Papers**

Papers were then categorized based on additional criteria, including the study's location, research methodology, data acquisition methods, level of analysis, and the types of innovation explored. This multi-dimensional grouping facilitated a more comprehensive understanding of the literature.

#### **Bibliometric Analysis**

Selected papers underwent bibliometric analysis to unveil the theoretical foundations of tourism innovation research. A network grouping algorithm was applied to identify and visually represent the structure of this foundation.

#### **Detailed Presentation of Papers**

The 120 papers selected for in-depth analysis were presented in three distinct groups: those examining the significance of innovation for firms (micro-level), those addressing regional innovation (macro-level), and those concentrating on innovations in a broader context.

#### **Refinement of Sample**

Abstracts of all 120 papers were meticulously reviewed, and the refined criteria were applied to narrow down the sample to the final 60. Papers not directly related to innovation in the tourism sector and those primarily adopting methodological approaches were excluded.

### **Computer-Managed Data**

All 60 selected articles were systematically managed using a Microsoft Excel database table. Each row encapsulated all reference information for a given article, encompassing title, author(s), journal, year of publication, study location, statistical methods used, presented point of view, level of analysis, and innovation category.

### **Descriptive Analysis**

A detailed descriptive analysis of the 60 papers was conducted, elucidating the characteristics of these papers and the diverse dimensions of innovation encapsulated within them.

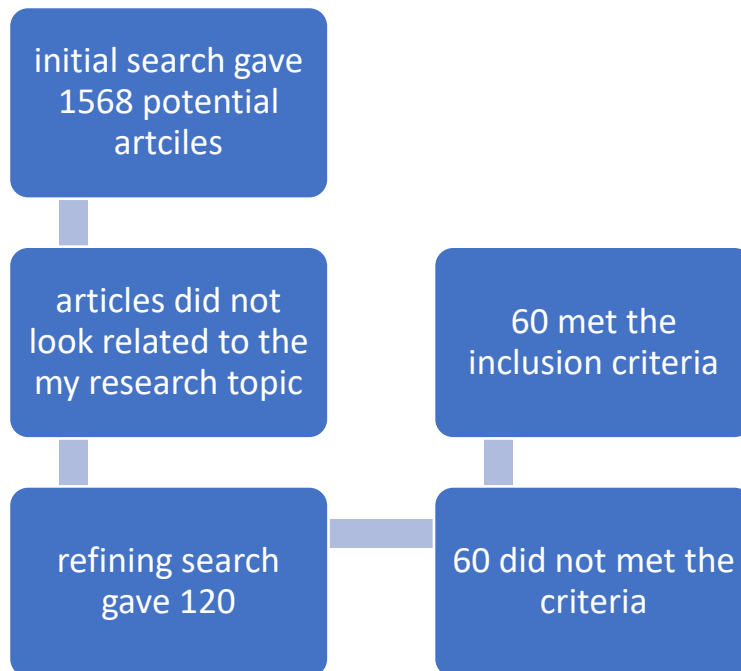
### **International Context**

Within an international context, European tourist destinations emerged prominently, featuring in 50.44% of the selected studies. A total of 20 studies were performed in Europe, 10 in the USA and Caribbean, 10 in Asia, 15 in Africa, and 5 in Australia. Additionally, 20 papers presented comparative studies across multiple countries. Fourteen papers, primarily qualitative discussion papers, could not be associated with any specific destination.

### **Results and findings**

The systematic literature review identified a total 60 articles meeting the inclusion criteria. These articles were categorized into key themes, including digitalisation in tourism, sustainable branding practices, and the impact of digitalisation on sustainable branding. Preliminary analysis reveals a growing body of literature emphasizing the transformative role of digital technologies in shaping sustainable branding strategies within tourism destinations. Further detailed analysis will be conducted to extract nuanced insights and identify patterns across the selected articles.

**Figure 1:** Article selection process



*Source: Authors' own editing.*

The figure outlines the systematic progress of a literature search, commencing with an initial search yielding a substantial pool of 1568 potential articles. However, upon closer inspection, these articles were deemed unrelated to the research topic, prompting a refinement of the search strategy. The subsequent refinement resulted in a narrowed selection of 120 articles. Notably, half of these, totalling 60 articles, did not meet the predefined criteria, suggesting a stringent application of inclusion standards. The remaining 60 articles successfully met the inclusion criteria, signalling a more focused and relevant set of literature for the research at hand. This figure underscores the importance of a meticulous search and refinement process, steering the researcher towards a more targeted and pertinent collection of articles for in-depth analysis and synthesis in the subsequent stages of the research endeavor.

The results of the systematic literature review illuminate a compelling landscape at the intersection of digitalization, sustainable branding, and tourism destinations. The identification of 60 articles meeting inclusion criteria underscores the scholarly attention to the transformative potential of digital technologies in shaping sustainable branding practices within tourism. The rigorous selection process, depicted in Figure 1, emphasizes the importance of precision and relevance, as only articles directly contributing to the research topic were retained.

The preliminary analysis reveals a growing consensus among scholars on the significant impact of digitalization on sustainable branding in tourism destinations. This alignment reinforces the importance of embracing digital tools to enhance the sustainability narrative, as demonstrated

by the refined set of 60 relevant articles. As the review progresses, a more in-depth analysis will extract nuanced insights, identify patterns, and contribute to a comprehensive understanding of how digitalization can be harnessed to attract visitors while safeguarding the environment. These findings affirm the critical role of sustainability in the tourism sector, not only as a mechanism to attract visitors but also as a proactive measure for environmental conservation and destination resilience.

## **Discussion**

Based on the literature reviewed, it is recommended that destination managers and marketers leverage digital platforms strategically to communicate sustainable initiatives. Authenticity should be prioritized in sustainable branding efforts to build trust among tourists. Collaboration between the public and private sectors is essential for the successful integration of digitalisation into sustainable branding strategies.

### *Sustainable Branding Business Plan for Tourism Destinations:*

In advancing sustainable branding strategies for tourism destinations, the proposed business plan strategically harnesses digital tools to both promote and integrate environmentally conscious practices. The plan encompasses diverse initiatives, including the development of an interactive website and mobile application serving as a centralized hub for comprehensive sustainable tourism information. These platforms not only disseminate crucial details on sustainability initiatives, local experiences, and environmental conservation efforts but also actively engage with a diverse audience through various social media channels. Moreover, the integration of virtual tours, augmented reality experiences, and strategically placed QR codes (Quick responses codes) offers potential visitors' immersive virtual explorations of the destination's sustainable practices and cultural richness. This fusion of digital technologies extends to the creation of online sustainable travel guides, featuring eco-friendly accommodations, responsible tour operators, and community-contributed content, fostering a virtual community of environmentally conscious travelers.

Complementing these digital endeavors, the business plan includes tangible strategies such as an eco-certification program for local businesses. This program incentivizes and validates sustainable practices among hotels, restaurants, and tour operators, with prominently displayed eco-certification logos across both digital and physical platforms enhancing visibility and credibility. Additionally, the plan advocates for compelling digital storytelling campaigns, leveraging influencers and travel bloggers to emphasize the destination's commitment to sustainability. Community engagement is fostered through online forums and social media groups, providing spaces for collaboration among locals and visitors on sustainable tourism initiatives. Lastly, the incorporation of data analytics tools ensures continuous improvement, monitoring the impact of sustainable branding efforts and adapting strategies based on insights, thereby ensuring a dynamic and effective approach to sustainable branding in the tourism industry.

## Conclusion

The synthesis of existing literature demonstrates a complex interplay between digitalisation and sustainable branding in tourism destinations. Digital technologies, particularly social media and mobile applications, have emerged as powerful tools for destination marketers to communicate sustainable initiatives and engage with a global audience. Sustainable branding, rooted in authenticity and transparency, has become a strategic imperative for destinations navigating the digital landscape. The review highlights the need for a nuanced understanding of these dynamics to inform effective destination management practices.

## Future research

While this review provides valuable insights, future research should delve deeper into specific aspects, such as the role of emerging technologies (e.g., augmented reality, virtual reality) in sustainable branding. Additionally, longitudinal studies could offer insights into the evolving nature of digitalisation's impact on sustainable branding over time. Comparative analyses across diverse tourism destinations and cultural contexts would contribute to a more comprehensive understanding of the global implications.

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## Social Entrepreneurship Education in Ghana

Ebenezer Rexford Amankwah<sup>1</sup>, Marian Cudjoe Miller<sup>2</sup>

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### ABSTRACT

The growing socio-economic issues that significant portions of the populace face in Ghana are not being addressed by the political, social, and economic institutions that are supposed to guarantee the fundamental rights and necessities of every member of the public. According to several studies, giving students' entrepreneurship education increases their ability to start new businesses, which has an impact on society's economy (Mars, Slaughter, & Rhoades, 2008). The study of entrepreneurship is one of the subjects in education that is expanding the quickest in the world, but many academics have noted that there is a lack of agreement and focused attention in the areas of "what" and "how" to teach in these programs. The authors contend that, despite significant advancements, social entrepreneurship (SE) is not sufficiently taught in Ghanaian schools and that, in part, this may be remedied by including SE instruction in the preservice educator curriculum. The purpose of this article is to give a review of common and best practices for tertiary-level entrepreneurship curriculum material and teaching methodologies, as well as to investigate the relationships between these practices and guidelines. We found that many of these companies have moved from the collaboration phase to the exploration phase and now have many social (and environmental) organizations involved in their policies, operations and management, and sometimes their product lines and business models. Educational and research materials from SAP and Credit Suisse, as well as E4impact and Miller Academy, provide training and support to entrepreneurs and businesses at various stages of development. The research cited here contains 'strategic' research data (from academic and policy organisations).

**Keywords:** Social Entrepreneurship, Ghana, Teaching, Higher Education

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## **Introduction**

Ghana's historically underprivileged populations, and particularly the majority of their youth, have faced a plethora of socio-economic challenges, such as unequal access to education, discrimination based on culture, and rising rates of unemployment. Additionally, research indicates that teaching students about entrepreneurship enhanced their ability to start new businesses and social projects in the marketplace (Mars et al., 2008; Timmons & Spinelli, 2004). As a result, education is a major factor in entrepreneurial activity. Future educators would be better able to support the development of SE in schools if they had the knowledge and abilities necessary to function as mentors for social entrepreneurs. Furthermore, it would help the growth of society if educators could foster a feeling of social responsibility through entrepreneurial activity.

Concentrating on education science inquiries may help create successful SE programs that align with entrepreneurial learning practices (Jones, 2010) and can be tailored to the financial and schedule limitations of higher education establishments (Vincett & Farlow, 2008). This article attempts to offer a thorough roadmap of standard and optimal approaches for teaching social entrepreneurship at the tertiary level, both in terms of curricular material and instructional strategies.

The course material and entrepreneurship teaching methodology (Solomon, 2007) require a more thorough explanation to support the pursuit of identifying the top EE program practices (Jones & Matlay, 2011) instructing "for" entrepreneurship programs. The curriculum content of this topic uses skills-based methods to teach pupils about the inner workings of a corporation (Bennett, 2006). This paper examines social entrepreneurship education in general, its advantages, and potential suggestions for Ghanaian stakeholders.

### **This study will seek to answer the following research questions.**

1. Does Ghana have social entrepreneurship education in its national curriculum?
2. What is the structure and duration of the curriculum of social entrepreneurship courses?
3. How has social entrepreneurship solved unemployment in Ghana?

By answering these questions, we will seek to contribute to the limited study of social entrepreneurship in Ghana.

## **Literature review**

### **The effect of the African Sub-Saharan Environment on Social Entrepreneurship**

Researchers studying social entrepreneurship appear to have a particular interest in the sub-Saharan African area. Numerous social and economic issues arise, generating demands that may present chances for businesses with some social objectives. These endeavours can take many different forms, from profit-driven commercial business models that target niche markets to more socially conscious initiatives that address the acute needs of marginalized communities, extreme poverty, institutional gaps, and vulnerable environmental resources.

Thus, an investigation into the connection between social entrepreneurship and the unique characteristics of the sub-Saharan African setting is probably going to yield some fresh perspectives. Expanding on the topic of social entrepreneurship and environmental factors, we address expectations regarding the impact of the sub-Saharan African environment on social entrepreneurship in this section. We take into account the four contextual factors – acute poverty, informality, colonial history, and ethnic group identity – that are especially relevant to Africa while discussing significant aspects of social entrepreneurship.

According to the literature, social entrepreneurship develops when demands cannot be met by the public or commercial sectors and when doing so may have significant positive externalities (Santos, 2012).

The attitudes, abilities, and knowledge needed to create social value through economically sustainable organizations were among the Secondary Education Commission (SECs) this study examined (Sun and Cai, 2013). As the conformation of innovation, creativity, entrepreneurship, and social impact, the SEC may be viewed as a meta-competency (Brown, 1994; Le Deist and Winterton, 2005; Edwards-Schachter et al., 2015). Since the formation of social entrepreneurs is aided by adequate personal skills and beliefs, education in (social) entrepreneurship focuses on building individual traits to carry out the task successfully (Colom and Flores-Mendoza, 2001; Othman et al., 2017).

By employing a flexible curriculum and combining theory and practice to identify social problems and create multidisciplinary solution proposals, SEC mastery can be developed and increased (Bloom, 2006). Active learning strategies are the foundation of educational initiatives focused on (social) entrepreneurship. Students must connect theoretical thought to an experience in the actual world by overcoming real-world obstacles (Awaysheh and Bonfiglio, 2017; Boyatzis and Kolb, 1991; Wu and Martin, 2018). Peer discussions, case studies, project-based learning, action research, service-learning, and situated learning are among the active methodologies that are frequently added to traditional classroom methodology (Castro-Spila et al., 2018; Joos and Leaman, 2014; Mueller et al., 2015; Thomsen et al., 2019).

### **History of Colonialism (from another perspective?)**

In sub-Saharan Africa, social entrepreneurship is likely to be influenced by a nation's colonial past in the same way that other facets of the economy are. Even though colonization was a relatively recent development in African history, the effects of the former colonizing power are frequently still felt today in a variety of contexts, such as the continent's institutions, cultural norms, and economic development (Acemoglu et al., 2000; Herbst, 2000).

As previously mentioned, academics have observed that African nations that were previously colonized by the British tend to be wealthier and possess more advanced formal institutions than those that were formerly colonized by the French, Belgians, Germans, or Portuguese (Acemoglu et al., 2000), indicating a greater general emphasis on and confidence in economic institutions. This shift in focus is probably going to have an impact on social entrepreneurship in general and on how it's seen in particular. Entrepreneurs who place greater emphasis on and have greater faith in economic institutions may see their endeavours as more for-profit than

charitable, reflecting a wider belief in the ability of industry to solve issues and a more favourable experience with economic institutions.

There is no reason to believe that the belief in for-profit business should have an impact on a venture's self-perception as a social enterprise, even though it is likely to be higher in British-colonized countries (Acemoglu et al., 2000). This is because the venture's actual activities will be driven by the needs of the people it targets, as previously discussed, rather than by the belief in for-profit business.

### **Informality – poverty**

Although informality is a global phenomenon (Godfrey, 2011; ILO, 2012), as was already said, it is especially common in sub-Saharan Africa because of the region's formal governments, which are often weaker or less effective. Even while informality plays a significant role in the environment of sub-Saharan Africa, it has a complicated effect on social entrepreneurship. Businesses, whether formal or informal, can place equal emphasis on their social objectives and their solely profit-oriented missions.

While a microfinance institution has its roots in the formal financial sector, a local money lender, for example, may be integrated into the informal economy and use the poor as part of its business model while still maximizing its profits (Collins, Morduch, Rutherford, & Ruthven, 2009). Based on research on the impact of colonization on economic development in Africa, this logic pertains to the effect of British colonization in Africa and does not imply a comparable relationship for other former British colonies, such as the United States, India, or New Zealand. Thus, generally speaking, we may anticipate that an African nation's colonial past will impact the venture's self-perception as a social enterprise but not its actual operations, indicating a gap in this case between self-perception and social goal.

### **The Identity of Ethnic Groups**

Additionally, compared to other regions of the world, ethnic groupings have a comparatively greater influence on the sub-Saharan African environment (Herbst, 2000; Michalopoulos & Papaioannou, 2015). Although it conflicts with the state, ethnic group identity adds an alternative institutional framework to national institutions that may be acknowledged by the state (Posner, 2005). In sub-Saharan Africa, strong ethnic identities are likely to have an impact on social entrepreneurship in the same way that they do on other sectors of the economy. Specifically, the Ubuntu approach that is commonly adopted in sub-Saharan Africa, which is based on a worldview that prioritizes human interdependence and reciprocity over individualism (Mangaliso, 2001; West, 2014), could potentially influence social initiatives in African regions where ethnic or tribal identities are strongly held.

Because traditional sub-Saharan African worldviews are less individualistic, we can anticipate that social initiatives in these countries will be associated with a more social than for-profit approach when it comes to self-perception. Since this is more in line with the traditional Ubuntu and group-based approach to decision-making than with top-down decision structures, we can also anticipate that social ventures will adopt activities that emphasize the engagement of communities in decision-making when it comes to their social mission (Mangaliso, 2001).

Notably, informality occurs both within and outside of ethnic groups (De Soto, 2000; Godfrey, 2011), although ethnic institutions are generally informal (Herbst, 2000; Rivera-Santos et al., 2012). This explains why we anticipate a particular effect of ethnic group identity on social entrepreneurship from informality. Overall, this logic implies that the four contextual factors should impact the venture's conception of itself as a social enterprise as well as the activities it chooses to do, offering uniquely African perspectives on our comprehension of social entrepreneurship.

Overall, our exploratory findings point to a higher likelihood that the venture will perceive itself as a social enterprise and select initiatives that further its social mission when poverty levels are higher and ethnic group identities are strongly held. On the other hand, colonization by the British as opposed to other countries greatly lowers the likelihood that a business will consider itself to be a social enterprise, but it has no effect on the company's real social objective on the ground. Regarding the two definitional dimensions of social entrepreneurship, informality has no discernible impact.

### **Concept of Social Entrepreneurship**

Although the primary goal is social, businesses that create economic value can be classified as social entrepreneurs (Austin et al., 2006; Martínez-Rivera and Rodríguez-Díaz, 2013; Sassmannshausen and Volkmann, 2013). Because they combine the financial orientation of traditional businesses with philanthropic or altruistic goals that create social benefits, some authors refer to these businesses as hybrids (Alegre et al., 2017; Battilana and Lee, 2014). There are typically two schools of thinking in SE: the European and the North American. The first is marked by the application of socially innovative ventures, which began with the establishment of Ashoka and have served as a platform for the scaling and support of social entrepreneurial companies (Bacq and Janssen, 2011).

Social innovation entails developing social practices that result in social transformation as well as collaboratively solving social problems (Pol and Ville, 2009; Young, 2006; Cajaiba-Santana, 2014). Their main goal now is to change the structure of social interactions by empowering various social actors, particularly the traditionally marginalized groups, and by providing a creative answer to a social demand (Portales, 2019). Novelty and technology should not be confounded when considering social practices (Domanski et al., 2020).

According to Vizcaíno et al. (2020) and Weerawardena and Sullivan Mort (2006), the traditional definition of a social entrepreneur is a person who prioritizes meeting the needs of marginalized communities and is typically portrayed as proactive, resilient, and maintaining a distance from power. Emotional intelligence is one of the factors that contribute to the success of social entrepreneurs because they possess the conviction and ability to turn ideas into actions (Winarno et al., 2019; Zhou and Bojica, 2017). They blend their commitment to sustainability and social justice with the pursuit of financial objectives (Wry and York, 2017). Three definitions of the social entrepreneur were presented by Zahra et al. (2009): social bricoleur (Hayek), social constructionist (Kirzner), and social engineer (Schumpeter). However, Abebe and colleagues (2020) define four archetypes of the social entrepreneur based on their life

experiences and the scopes of their social engagements: (1) seasoned champions, (2) local pragmatists, (3) social activists and (4) corporate veterans.

The discourse on entrepreneurship is more focused on achieving economic sustainability because social entrepreneurship is defined as a concept that includes the processes and activities used to identify, define, and take advantage of social opportunities to increase social wealth and add social value to society (Zhara, Gedajilovic, Neubaum, & Shulman, 2009, p. 522).

Social entrepreneurship resonates well with the concepts of social justice because it focuses on directly addressing basic human needs that are not being met by existing economic or social institutions. The functioning of the main social institutions determines how valuable items like childcare, education, healthcare, personal security, housing, and leisure time are distributed.

Because the state determines how much goes to each individual through the enactment of laws, the setting of taxes, the organization of the delivery of health care and education, and other activities, its policies and practices serve to improve social justice (Miller, 2003). However, without the cooperation of other significant institutions like universities, colleges, and schools, the state would be essentially powerless. University instructors and students are inescapably involved in the multifaceted roles that cultivating social justice entails.

### **Social Entrepreneurship Education**

These days, one of the areas of education with the quickest rate of growth worldwide is entrepreneurship education (EE) (Solomon, 2007). This demonstrates the significance of entrepreneurship for any society's economy. There is a subliminal belief that there will be positive economic growth, job creation, and overall improvement in the economy if EE is provided. Numerous scholars investigated this hypothesis, and they discovered some evidence in favour of it (Dzisi, 2008; Ligthelm, 2007; Mojica, Gebremedhin & Schaeffer, 2010; Pacheco, Dean & Payne, 2010). Furthermore, whether entrepreneurship can be taught at all is a topic of discussion among academics and business professionals (Fayolle & Gailly, 2013).

The authors contend that without cooperative human change agents, universities, colleges, and schools – which can be seen as structures of change in the knowledge economy – would not be able to operate effectively. Human agency was defined by EmirBayer and Mische (1998: Page 7) as "the temporally formulated engagement by actors of different structural environments which, through the reciprocity of habit, imagination and judgment, both transforms and reconstructs those structures in an interactive response to the problems posed by changing historical situations." This statement is consistent with Bourdieu's (1977) previous concept of habitus, in which he contended that an individual's intentional and cognitive patterns of empirical behaviour are determined by the formative effect of their past.

According to some research, indirect learning from the family context, firsthand experiences, or social persuasion frequently influences how entrepreneurship education affects behaviour and attitudes (Bae et al., 2014; Bloemen-Bekx et al., 2019; Entrialgo and Iglesias, 2016; Levie and Hart, 2011; Mari et al., 2016). According to Shirokova et al. (2016), gender and the

academic setting are additional factors. The goals of social entrepreneurship might differ depending on the institutions and backgrounds involved, thus educators should encourage the development of entrepreneurial attitudes and abilities as well as promote SE at the knowledge level (Salamzadeh et al., 2013; Urban and Kujinga, 2017). Additionally, some research has emphasized how personality qualities, role models, and particular forms of support affect SE intention (Tran and Von Korflesch, 2016; Younis et al., 2020). Others include emotional intelligence, gender and the individual's culture (Elliott, 2019; Pines et al., 2012; Tiwari et al., 2020).

Concurrently, these entrepreneurs assign low marks to pre-university education, arguing that primary and secondary education falls short in fostering creativity, independence, and personal initiative, as well as entrepreneurship and the creation of new businesses.

These areas also meet criticism of colleges and universities, and the efficiency of vocational training in assisting individuals in starting and growing businesses is considered just mediocre.

This calls for universities in African countries to support entrepreneurship education programs (EEPs) to foster social and economic growth. Over the past 20 years, EEPs have expanded dramatically to promote entrepreneurial mindsets and abilities as well as to create jobs (cf. Valerio et al. 2014; Martinez et al. 2010). The underlying idea of these programs is that entrepreneurial skills are not innate personality qualities but rather can be learned opinions of other scholars regarding the study conducted by EEPs.

Most academics concur that communities and cultures that value entrepreneurship produce successful entrepreneurs rather than the other way around (Watson et al., 1998; Lee and Peterson, 2000). Among the first to show a clear correlation between education and the likelihood of starting and growing a successful business was Robinson et al. (1994).

Research shows, for example, that theoretical programs are much less successful than those that assist students in putting theory into practice by preparing them for a career in self-employment and giving them the tools to develop a business plan, launch, or grow their company (Meyer, 2011).

Universities from all around the world have recently started offering courses to develop into social entrepreneurs. In the United States, innovative and idealistic students at Babson College, which historically taught commercial entrepreneurs, are offered a full curriculum on social entrepreneurship. These students participate in 'hands-on' social innovation laboratories where they develop applications that change people's lives, develop nutritious food recipes, develop energy-saving technology, or develop commercial ideas that benefit society as a whole.

Universities with social media presences include those in the United States, the United Kingdom, Europe, Singapore, Sao Paulo, Beijing, and an increasing number of universities in Africa, including the University of Ghana Business School, the University of Cape Town Graduate School of Business (UCT) and the Gordon Institute of Business Science (GIBS).

This E4impact program is designed to increase the capacity of African students and African universities through collaboration with the 6 Africa Journal of Management.

It now includes partner programs with universities in Ghana, Sierra Leone, the Ivory Coast, Senegal, Uganda, and Ethiopia in addition to the original Kenyan university.

In sub-Saharan Africa, several more Master of Business Administration (MBA) and diploma programs are jointly offered by Western and African colleges that are aimed partially or entirely toward social entrepreneurs.

These programs were compared along the following dimensions: their duration, or the length of their participants' entrepreneurial journeys;( E4impact program)

- A blended approach that offers both classroom and "outside the building" training.
- Participants must bring a "business idea" to develop and put into action.
- Business plans are used to combine creativity with practicality in operations and finances.
- Individual coaching – to put theoretical knowledge into action in real-world business;
- Mentoring – to offer great "role models" and first-hand business knowledge to investors; to increase the likelihood of success,
- Obtaining a master's degree will help you dispel the myth that entrepreneurship is a "B-rated" professional choice.

The E4impact program gives participants access to the entire spectrum of experiences most suited for growing impact entrepreneurs and allows them to obtain both a Master's degree from the local university partner and a European MBA from Università Cattolica del Sacro Cuore.

### **Model and Structure of E4impact**

E4impact is a 12- to 15-month curriculum that includes 264 hours of remote learning in addition to 39 days on campus (three boot camps lasting seven days each, and six weekends lasting three days) (video-lecturers, assignments, and tutorials to enable participants to practically engage in business start-up or management while attending the program).

A business coach assists all participants and helps them integrate the course material into their business plans. Each participant is connected with a mentor who offers advice on both personal and professional matters and is an expert in his or her field. The program also hosts four business competitions where participants can pitch their ventures to sponsors, funders, and investors.

Up to now– Graduate School Business & Society (Italian: Alta Scuola Impresa e Società). (ALTIS) has collaborated with the following colleges:

**Table: 1**

Tangaza University College	Kenya
Catholic Institute Business & Technology University of Makeni	Ghana Sierra Leone
Uganda Martyrs University	Uganda
Centre de Recherche et d'Action pour la Paix Institut Supérieur de Management	Ivory Coast Senegal
Saint Mary	Ethiopia

*Source: ALTIS*

Table 1 demonstrates how almost all of these programs offer both in-person and online instruction, allowing students to develop their ideas for social enterprises and including mentoring from reputable role models. Most of them are certificate programs that provide linkages to the business community and entrepreneurship incubation.

To put it another way, the authors of this article, aware of the difficult socio-economic conditions that the vast majority of schools face, recognize the following and, using their creative judgments – that is, their justifications for actions combined with an imaginative reflection of how institutions might unfold – propose the following: Socially conscious educators must mobilize as human beings to provide an entrepreneurial response to a societal need before social entrepreneurship in educational settings may take shape. Once social entrepreneurial educators have interacted with a social context, their ability to see a need as an opportunity will determine the latter human action. According to Lushka (2008), possibilities can only arise when social entrepreneurs aim to alter their surroundings in response to their forays into social entrepreneurship education. Nonetheless, based on Bourdieu's (1977) concept of habitus, the social entrepreneur as an individual is also shaped by the circumstances surrounding her or his interactions with other professionals in the field, as they contribute their rationales, assessments, and creative ideas to these thoughtful exchanges.

The concept of an encounter is what makes the human agent significant. According to Roland Martin's theory of education as an encounter, learning only takes place when a person and a culture have an encounter in which one or more of the person's capacities and one or more cultural artefacts become yoked (or attached) together (Martin, 2013). This indicates that education happens when talents and stock come together and bind. Individuals contribute their cultural knowledge and learning capacities to interactions, which in turn help to create the specific encounter (Waghid, 2016). According to Waghid (2016), cultural understandings are somewhat related to people's increased political consciousness, intellectual development, and alertness.



The capacities and cultural stock, such as societal ideas, habits, and values, resonate with Bourdieu's (1986) understanding of embodied cultural capital of individuals and are typically geared towards the attainment of social justice in society when an educational encounter aims to develop social entrepreneurial capacities among preservice educators in the field of education (Waghid, 2016). As a change agent, the social entrepreneurial educator brings to the interaction their cultural background and learning skills, which influence the encounter in and of itself as well as the social entrepreneurial educator's perspective while interacting with students in a classroom or school setting. Stated differently, the authors claim that preservice educators could be improved by using Bourdieu's (1977) idea of habitus and Roland Martin's (2013) theory of education as an encounter. Preservice teachers can make creative decisions about how to address societal issues based on thoughtful interactions with one another and others in a specific social setting.

### **Interdisciplinary training of social entrepreneurs**

Students can find opportunities to develop their creative, innovative, and entrepreneurial capacity through opportunities provided by the university as a stakeholder in the agenda for sustainable development (Bagur-Femenías et al., 2020; Bokova, 2014; Byun et al., 2018; Cabrera-Santacana et al., 2014; Robinson, 2011; Wagner, 2012; Zamora-Polo and Sánchez-Martín, 2019). According to McAdam and Debackere (2017), Higher Education institutions (HEI) are institutions that create social value by participating in cross-sector co-creation scenarios. This leads to reflection, where formative processes integrate place-based learning and critical reflection (Rivers et al., 2015b, c). This concept aligns with John Dewey's progressive pedagogy (González-Monteagudo, 2001).

Though entrepreneurial experiences are diverse and require the development of transversal abilities, entrepreneurial teaching has historically taken place in business schools (Smith and Woodworth, 2012). Numerous curricula take a traditional capitalist business strategy while teaching entrepreneurship (Buendía-Martínez et al., 2020a). To bring about social change, it is crucial to include aspects of economics and social innovation in all fields of vocational training (Worsham, 2012). Students understand that community service should be supported by economic considerations rather than the other way around in an environment where SE practices and learning are valued (Buendía-Martínez et al., 2020b; Howorth et al., 2012; Velasco Martínez et al., 2019). For this reason, scholars such as Jensen (2014) have defended the teaching of SE in humanities professions. Even more studies emphasize the advantages of teaching transversal SE outside of the university such as in preschool (Sarıkaya and Coşkun, 2015).

The characteristics of change agents align with 21<sup>st</sup> century competencies (Rivers et al., 2015). This is because social entrepreneurs and changemakers acquire soft skills including problem-solving, adaptation, growth promotion, and creativity (Daher et al., 2018; Worsham, 2012; Zat'ková and Ambrozy, 2019). Thus, in addition to self-efficacy, emotional intelligence, and interpersonal skills, communities of practice should foster the development of social entrepreneurship, innovation, and transversal competencies (Brock and Steiner, 2009; Hockerts, 2018; Lehner and Kansikas, 2011; Nandan and London, 2013; Nandan and Scott,

2013). (Byun et al., 2018). To achieve the aims of the Sustainable Development aims (SDG), changemakers need to be produced (Zamora-Polo & Sánchez-Martín, 2019).

According to the research, quasi-experimental studies using a pre-and post-test can be used to examine how attitudes toward entrepreneurship have changed (Entrialgo and Iglesias, 2016; Thomsen et al., 2019). Similar recommendations are made for research in many places and circumstances (Joos and Leaman, 2014; Kummitha and Majumdar, 2015). It is anticipated that new research will improve social entrepreneurship education across a range of subject areas, particularly education (Peterlin, 2019; Waghid, 2017).

### **Role and Importance of Social Entrepreneurship**

In India, social entrepreneurship is the key to future growth. Social entrepreneurs will become increasingly important in advancing social changes in the coming days. The finest thing about social entrepreneurship is that its success is measured not in monetary terms but rather in the quantity of people these businesses can positively influence and reach. Social entrepreneurship and social firms will become much more common shortly, which should have a positive effect on society.

According to Weerawardena and Sullivan Mort (2006), changemakers are proactive, resilient social entrepreneurs or innovators who can create and carry out creative solutions for issues about society and the environment. Since its founding in 1980, Ashoka has served as a model for social entrepreneurs seeking training, to transform into a worldwide society comprised of Ashoka Fellows (Sen, 2007; Sunduramurthy et al., 2016). The promotion of education for social entrepreneurship has become a growing focus for HEIs. Several pedagogical approaches and trends for training social entrepreneurs have surfaced in recent years, posing new difficulties for the academic community (Joos and Leaman, 2014).

Weerawardena and HEIs are challenged to provide training in skills for the knowledge economy, develop creative thinking, promote entrepreneurship, and make a social impact. Changemakers are active and resilient social entrepreneurs or innovators who can design and implement innovative solutions for social and environmental problems (Hamizan-Roslan et al., 2019; Saxena, 2019; Wagner, 2012). Students today need to be prepared for their university education to comprehend the new economy and respond quickly to its socio-economic issues. Companies and other groups need to be prepared to address environmental and social issues (Voronkova et al., 2019). Thus, to conduct problem-solving actions, training programs should emphasize students' understanding of social welfare while improving corporate and public sector logic (Pache and Chowdhury, 2012). Despite research looking into the best methods at universities for training social entrepreneurs (Amundam, 2019; Pache and Chowdhury, 2012), more studies are still needed (Alakaleek, 2019).

The principles and instructional techniques of general or traditional entrepreneurship are used in many university programs designed to address the training demands in social entrepreneurship. There are conceptual and procedural distinctions between the two, though; social entrepreneurship also necessitates having "soft" (transversal) abilities that go beyond what business schools teach about finance and technology. According to Lehner and Kansikas

(2011), entrepreneurship should be developed in a transdisciplinary way with an emphasis on helping students studying social entrepreneurship build interdisciplinary profiles and giving them the chance to acquire cutting-edge social entrepreneurship competencies (Brock and Steiner, 2009; Nandan and Scott, 2013).

Research indicates that attempts are being made to teach people about social entrepreneurship outside of the fields of business and engineering. For instance, Kummitha and Majumdar (2015) suggest preparing professionals to address social issues like what other research (Akhyadi et al., 2019; Mueller et al., 2015) has documented in educational procedures taught from a transdisciplinary viewpoint. Compared to 1,500 papers about traditional or general entrepreneurship published since 1988, only 29 publications from the period of 2002 to 2020 deal with social entrepreneurship education.

Potential future research directions for social entrepreneurship education in Ghana. As the field of social entrepreneurship continues to grow and evolve, there are several key areas that may be considered as potential future research directions for social entrepreneurship education in Ghana.

**Below are some suggestions for future research in this important domain:**

1. Impact Assessment and Measurement of Social Entrepreneurship Education Programs in Ghana.
2. Pedagogical Approaches for social entrepreneurship education in the Ghanaian context.
3. Stakeholder engagement and Collaboration on social entrepreneurship education programs between academia, government agencies, non-profit organizations, and the private sector.
4. Contextualized Curriculum Development tailored to the specific needs, challenges, and opportunities faced by social entrepreneurs in Ghana.
5. Access to Financial Resources for social entrepreneurs in Ghana.

**Conclusions**

Social entrepreneurship education in Ghana represents a beacon of hope for societal transformation and sustainable development. Through dedicated initiatives, it equips individuals with not only business acumen but also a profound sense of social responsibility. By fostering innovative thinking, ethical leadership, and a deep understanding of community needs, it cultivates a generation committed to effecting positive change.

As evidenced by its impact across various sectors, from healthcare to environmental conservation and education, this education in Ghana catalyzes inclusive growth. It empowers aspiring changemakers to address complex societal challenges creatively, driving economic progress while simultaneously uplifting marginalized communities.

However, to realize its full potential, continuous support and integration within formal education structures are crucial. Sustained collaboration between educational institutions,

government bodies, non-governmental organizations (NGOs), and the private sector can amplify the reach and effectiveness of social entrepreneurship education. Additionally, targeted investments in mentorship programs, access to funding, and networking opportunities are imperative to nurture a vibrant ecosystem conducive to social innovation.

In essence, the journey towards a more equitable and prosperous Ghana hinges upon the holistic integration and advancement of social entrepreneurship education. It stands poised not only to shape future leaders but to ignite a ripple effect of positive change that resonates far beyond the confines of classrooms, propelling Ghana towards a brighter, more inclusive future.

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# **Brand Building for a Product That Nobody Wants to Buy - Unveiling the Extraordinary Transformation in the Tire Industry: A Case Study of Pirelli**

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## **ABSTRACT**

Tires, the unassuming black, rounded products with a hole in the middle, epitomize one of the most mundane and low-involvement commodities, notorious for a lacklustre purchasing experience. It is akin to selling headaches – expensive, time-consuming, unpredictable, and unpleasant. Yet, mastering the art of selling tires suggests an ability to sell anything. In this article, we embark on an exploration of the remarkable brand evolution within the tire industry. We unravel the extraordinary journey of Pirelli, which defied expectations, rising to become one of the most iconic, globally recognized, and even sexiest brands.

This journey is revealed by reviewing case studies from real activations in the past and recent years on Pirelli's evolution from a tire manufacturer to a prestigious luxury brand, showcasing the profound impact of emotional branding and customer experience in reshaping a product. As a result, the reader should have a glimpse of how emotional branding leads to consumer loyalty and achieves substantial financial success. Pirelli's triumph provides invaluable insights for enterprises aiming to elevate their brands beyond core products, underscoring the crucial role of emotions and experiences in contemporary marketing approaches. The strategies and innovations embraced by Pirelli offer an inspirational blueprint for transforming a basic product into a globally coveted, luxury-driven brand that thrives on emotions.

**Keywords:** Emotional Branding, Brand Equity, Brand Loyalty, Marketing, Tire, Sponsorship, Partnership, Co-branding

## **Introduction**

This study aims to provide real-life examples of emotional branding, offering valuable insights into the tire industry's ongoing revolution. The showcased activities are recent and not widely covered in mainstream media, providing a fresh perspective. One of the authors has over a decade of experience in the tire industry, overseeing operations in more than 70 countries and

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gaining insights from three major industry giants: Michelin, Goodyear, and Pirelli. The other author, a marketing professor, has always been intrigued by tire brands as exemplary cases. We believe that this unique combination of industry expertise and academic perspective contributes to a comprehensive and insightful study that bridges both theoretical and practical aspects.

The article delves into the evolution and impact of emotional branding, a phenomenon that has reshaped strategies across various industries, with a specific focus on the tire industry. Following a brief literature review on emotional branding, the article traces Pirelli's journey, shedding light on its recent and engaging activations. Our goal is to provide a captivating glimpse into the unconventional branding strategies employed by this industry giant, particularly emphasizing its non-industry-related initiatives and steering clear of conventional sponsorships. These examples illustrate how tire manufacturers have ingeniously extended their brand identities beyond their primary products, offering a nuanced understanding of their branding strategies.

## **2. The Increasing Role of Emotional Branding**

The foundational concepts of emotional branding, as articulated by key scholars such as Travis (2000), Gobe (2001), Roberts (2004), Kim and Sullivan (2009), Khairi, Setiawan, Mansoor (2022), and others, serve as the framework for understanding the profound shift from analytical, product-based approaches to emotionally driven consumer connections.

Travis (2000) posits that a brand transcends its mere physical attributes and becomes significant to consumers only when an emotional connection is established. This sentiment is echoed by Gobe (2001), the author of the groundbreaking book, "Emotional Branding," who emphasizes the importance of "Emotions Share" and mindshare over market share, asserting that brands should embody love, positive experiences, and foster a bond reminiscent of human relationships.

Roberts (2004) introduces the concept of emotional branding as a consumer-centric, relational, and story-driven approach to cultivating enduring bonds between customers and brands. He proposes the idea that brands should aspire to become "love marks," entities not just respected but genuinely loved by customers. Compelling consumer-brand linkages, as suggested by Atkin (2005), emerge when branding strategies resonate with customers' inspirations, aspirations, and life circumstances, fostering a sense of community among brand users. Kim and Sullivan (2009) underscore the role of emotional branding in addressing the challenge of brand differentiation, especially in the face of increasingly apathetic consumers. According to Khairi, Setiawan, and Mansoor (2022), emotional branding, based on the four pillars of relationships, sensory experiences, imagination, and vision, serves as a powerful strategy to engage customers and meet their desire for emotional connections with brands.

The shift in consumer behaviour is evident, highlighted by Jindal, Jindal, Chavan (2023), moving away from analytical assessments of product features towards a desire for emotional ties with brands. Marketers, as noted by Arundathi, Ganesh, Gokula (2023), achieve this by creating content that resonates with consumers' emotional states, egos, needs, and aspirations.

In the hypermodern society characterized by continuous interactions and facilitated access to information, brands need to redefine themselves. Montaguti and Lelis (2017) illustrate that successful brands have navigated this landscape by providing engaging and meaningful experiences and stories. In this context, customer loyalty, trust, and commitment are essential, emphasizing the transformative power of emotional branding.

In conclusion, as brands evolve in response to the dynamic landscape of consumer expectations, emotional branding emerges as a crucial strategy. This article presents a comprehensive overview of the evolution, principles, and impact of emotional branding, shedding light on its role in building lasting and meaningful connections between consumers and brands, with a focus on the distinctive field of the tire industry.

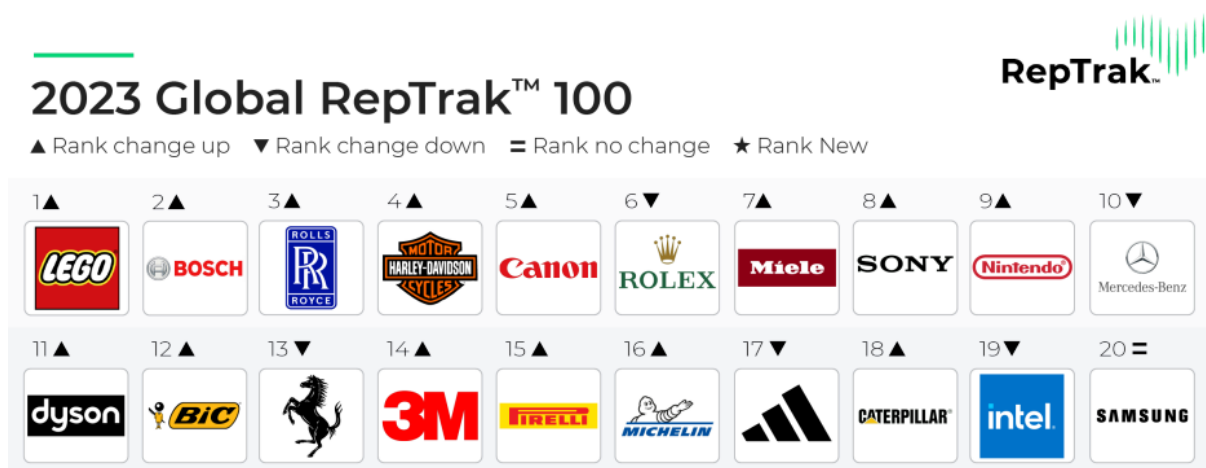
### **3. The Role of Emotion and Branding in the Tire Industry**

In contemporary marketing strategies, there is a crucial emphasis on tapping into consumer emotions and crafting a distinctive brand experience. This holds especially true for products with inherently functional purposes, such as tires. Pirelli, a frontrunner in the premium and prestige tire segment, serves as a noteworthy example of how a successful brand experience can be cultivated even for a product traditionally perceived as lacking strong emotional connections. As depicted in Illustration 1, the tire industry's most iconic brands have managed to attain some of the highest reputations among globally recognized brands.

Tires, often relegated to the realm of mundane and utilitarian products, bear a resemblance to the perceived inevitability and inconvenience associated with a visit to the dentist. Overcoming this perception poses a significant challenge for tire companies aiming to establish brand loyalty and evoke emotional resonance with consumers. However, as highlighted in Illustration 2, prominent tire manufacturers like Pirelli consistently generate substantial revenues, surpassing those of renowned car brands such as Ferrari, Lamborghini, and McLaren. Moreover, delving into the emotional aspect of branding within the tire industry opens up opportunities for companies to differentiate themselves and foster lasting connections with consumers. Despite the utilitarian nature of tires, successful brands in this sector have managed to transcend the functional stereotype and create a brand narrative that resonates on a deeper emotional level. This phenomenon challenges the conventional notion that emotional branding is exclusively reserved for products traditionally associated with strong emotional ties.

In conclusion, the tire industry provides a unique landscape where the fusion of emotion and branding plays a pivotal role in shaping consumer perceptions and fostering brand loyalty. Pirelli and other leading tire manufacturers serve as exemplars of how effective emotional branding can transform a seemingly mundane product into one that elicits consumer loyalty and achieves financial success, surpassing even the revenues of esteemed car brands.

Illustration 1: 2023 Global Reptrak report



Source: <https://www.reptrak.com/rankings/#ranking-list>

Illustration 2: Top Tire Manufacturers in the World

Company	Head Quarter	Revenue	Product Range
1. <b>BRIDGESTONE</b> Your Journey, Our Passion Bridgestone Corp.	Tokyo, Japan	USD 27.22 billion	Passenger Car & Light Truck Tires, Truck Tires (Radial & Bias), Speciality Tires (Earth Movers, Agriculture, Two Wheelers, Aircraft)
2. <b>MICHELIN</b> Michelin SCA	Clermont-Ferrand, France	USD 25.40 billion	Consumer (Passenger, SUV) Commercial Tires (Van, Truck and Bus), Off The Road Tires, Aircraft Tires and Air Free Concept (Non-Pneumatic) Tire
3. <b>GOODYEAR</b> Goodyear Tire & Rubber Co.	Akron, Ohio, U.S.	USD 15.37 billion	Aviation Tires, Commercial Truck Tires, Off-the-road Tires, Racing Tires and RV tires

Source: <https://www.marketresearchreports.com/blog/2018/07/05/worlds-15-largest-tire-manufacturers-revenue>

#### 4. The Case Study of Pirelli

Pirelli, founded in Milan in 1872, stands today as a global brand renowned for cutting-edge technology, high-end production excellence, and a passion for innovation deeply rooted in its Italian heritage. Operating across 18 production plants in 12 countries and maintaining a commercial presence in over 160, Pirelli boasts approximately 31,300 employees and reported a turnover of around 6.6 billion euros in 2022. It holds a distinguished position as one of the world's major producers of tires and associated services, uniquely focused solely on the Consumer tire market, encompassing products for cars, motorcycles, and bicycles. With a history spanning over 150 years, Pirelli has transformed its brand identity from a mere tire manufacturer to a symbol of luxury and innovation. This transformation is primarily attributed

to its strategic branding initiatives and consumer engagement tactics. Pirelli's association with motorsports, particularly as the exclusive tire supplier for Formula 1 and the World Rally Championship, has significantly bolstered its brand image. This involvement in high-stakes, high-visibility events align the brand with qualities of performance, endurance, and technological advancement. As demonstrated with Illustration 3, Pirelli partnered iconic brand Prada for winning the oldest trophy in sport history. With a legacy spanning over 150 years, Pirelli has transcended its identity as a mere tire manufacturer, evolving into a symbol of luxury and innovation. This transformation is primarily credited to strategic branding initiatives and consumer engagement tactics. Pirelli's deep involvement in motorsports, serving as the exclusive tire supplier for Formula 1 and the World Rally Championship, has significantly fortified its brand image. This participation in high-stakes, high-visibility events aligns the brand with qualities of performance, endurance, and technological advancement, exemplified by its collaboration with the iconic brand Prada, as illustrated in Illustration 3, resulting in the acquisition of the oldest trophy in sports history. Source: Pirelli.com (2024)

**Illustration 3: Luna Rossa**



Source: <https://www.lunarossachallenge.com/>

Pirelli's success extends beyond the quality of its products; it is rooted in its distinctive brand communication and experience-based marketing strategy. The company has creatively leveraged its rubber expertise to forge collaborations in diverse sectors. As depicted in Illustration 4, the partnership with Blossoms skis, part of the 'Pirelli Design' project, led to the creation of the Sport Carve Ski with an anti-vibration rubber layer designed in Pirelli laboratories. This innovative approach, incorporating rubber to reduce ski vibration, underscores Pirelli's commitment to diversifying its brand presence. Similarly, collaborations with PUMA for shoe soles and other luxury brands for unique products like speakers and furniture made from F1 tire replicas showcase Pirelli's dedication to expanding its brand influence.



#### Illustration 4: Blossom skis



Source: <https://www.pirellicalendar.com/en-ww/sport-speed/blossom-skis.html>

The company has established numerous innovative partnerships across various industries, including sportswear, fashion, and luxury goods. Additionally, Piorelli employs distinctive marketing tools such as the Piorelli calendar, which transports consumers into the world of fashion and culture without directly foregrounding its products. As you can see on Illustration 5, Piorelli Calendar turns 60 years in 2024 that demonstrates the long-lasting journey of this beautiful piece of art. The company has forged numerous innovative partnerships across various industries, including sportswear, fashion, and luxury goods. Additionally, Piorelli employs distinctive marketing tools such as the Piorelli calendar, which, as illustrated in Figure 3, celebrates its 60th anniversary in 2024, symbolizing the enduring journey of this beautiful piece of art that transports consumers into the realms of fashion and culture without overtly foregrounding its products.

#### Illustration: 5 The Cal

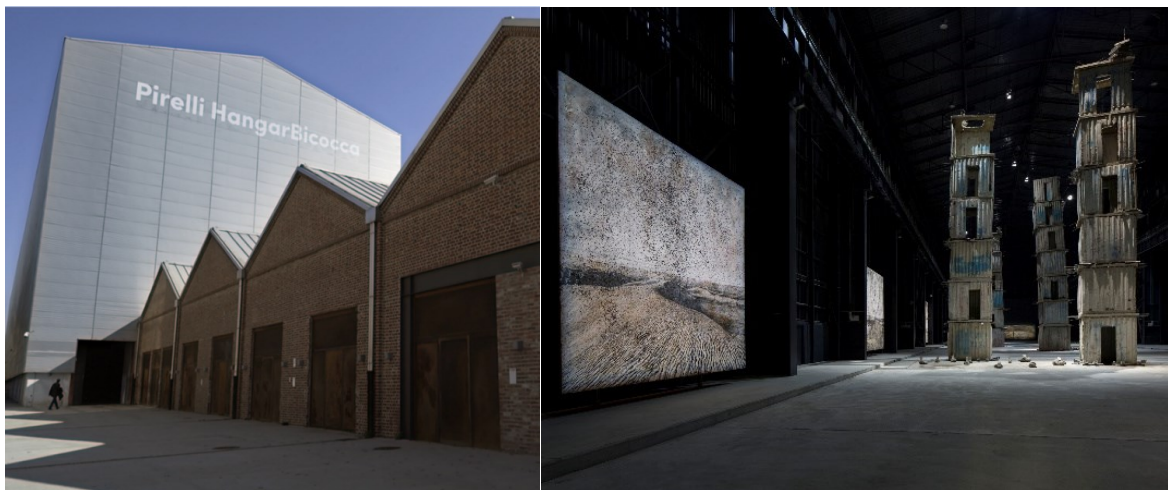


Source: <https://pirellicalendar.pirelli.com/en/home>

Similarly, Pirelli's visionary conversion of a warehouse into the Hangar Bicocca art centre stands as a testament to the brand's commitment to reinforcing its unique identity. Established in 2004, Pirelli Hangar Bicocca, a non-profit foundation entirely supported by Pirelli, has ingeniously transformed a former industrial plant in Milan into an institution dedicated to the production and promotion of contemporary art.

As vividly depicted in Illustration 6, this dynamic centre for experimentation and research sprawls across 15,000 square meters, making it not just a gallery but one of the largest contiguous exhibition spaces in Europe. Hosting major solo shows annually, featuring works by both Italian and international artists, each project is meticulously designed to harmonize with the architectural intricacies of the complex. The exploration is deepened through a calendar of parallel events, offering the public an opportunity for free admission, with facilitators on hand to foster a meaningful connection with the exhibited art.

**Illustration 6: Hangar Bicocca**



*Source: <https://pirellihangarbicocca.org/en/>*

Pirelli's strategic partnerships with luxury brands, as exemplified by the collaboration with Montblanc, where selected shops underwent a rebranding infused with the Pirelli image, underline the brand's upscale positioning. These collaborations transcend the traditional boundaries of tire manufacturing, serving as a showcase of Pirelli's unwavering commitment to innovation, manufacturing excellence, and creative design. As eloquently illustrated in Illustration 7, the exclusive series produced in collaboration with Pirelli Design aims not merely for uniqueness but to craft products that are iconic and one-of-a-kind. In this instance, the choice of Montblanc signifies excellence in craftsmanship and design, symbolizing sophisticated style, performance, and quality.

### Illustration 7: Montblanc trolley



Source: <https://www.pirellicdesign.com/en-ww/travel-accessories/montblanc.html>

The P Zero World stores, revolutionize the mundane tire shopping into a unique customer experience. These shops serve as a physical embodiment of Pirelli's brand values and an immersive platform for customer engagement. As shown on Illustration 8, P Zero World is a byword for a tire shop concept extraordinaire, which concentrates in particular on products and services for the Premium and Prestige segments. The special feature of P Zero World is the unique combination of first-class product and service quality, professional expert service and an elegant and very comfortable ambience that makes every visit a real experience for customers.

With its strategy based on the Perfect Fit philosophy, the Italian tire manufacturer evolved into a world-leading OEM (Original Equipment Manufacturer) for cars of the Premium and Prestige segments. The approach: in close cooperation with the engineers of renowned automotive manufacturers, the engineers of Pirelli develop individual tailor-made original equipment tires for each individual vehicle model of a manufacturer.

The P Zero World stores, featured in Illustration 8, redefine the conventional tire shopping experience, going beyond being a mere point of sale to embody Pirelli's brand values and create an immersive platform for customer engagement. Positioned as an extraordinary concept for tire shops, P Zero World focuses specifically on products and services tailored for the Premium and Prestige segments. What sets P Zero World apart is its distinctive combination of first-class product and service quality, professional expert service, and an ambience that effortlessly blends elegance with comfort. Every visit to P Zero World becomes a genuine experience for customers, aligning with Pirelli's strategy based on the Perfect Fit philosophy. This approach has propelled the Italian tire manufacturer to the forefront as a world-leading OEM for cars in the Premium and Prestige segments. The strategy involves close cooperation between Pirelli's engineers and those of renowned automotive manufacturers, resulting in the development of tailor-made original equipment tires for each vehicle model.



### Illustration 8: P Zero World

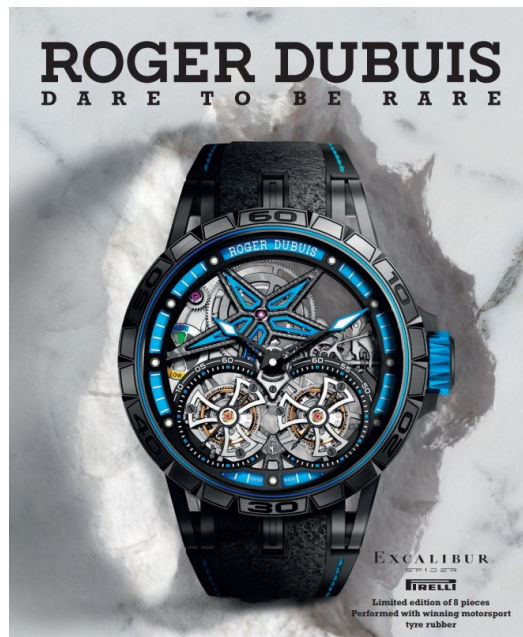


Source: <https://pzeroworld.pirelli.com/en-ww/pirelli-design>

The brand's luxury co-branding activities include the watch with straps featuring rubber inlays from certified Pirelli winning motorsport tires having competed in real races – and adorned with legendary tread motifs reproducing the profile of a Pirelli Cinturato intermediate tire, produced by Roger Dubuis, further reinforce Pirelli's premium image. As Illustration 9 demonstrates, Roger Dubuis took the fast track with the big reveal of its brand-new alliance with Pirelli, a perfect match on all key levels and a kindred spirit in delivering money can't buy experiences. A stunning embodiment of what can happen when visionary engineers meet incredible watchmakers. This luxury alliance between two partners who have long since grasped the fact that exclusive service leaves a lasting imprint on hearts and minds – as well as on racing tracks and connoisseurs' wrists.

The brand's foray into luxury co-branding extends to watches, featuring straps adorned with rubber inlays from certified Pirelli winning motorsport tires that have triumphed in real races. Additionally, these watches are embellished with legendary tread motifs replicating the profile of a Pirelli Cinturato intermediate tire. Produced by Roger Dubuis, this collaboration further solidifies Pirelli's premium image, as highlighted in Illustration 9. Roger Dubuis took the fast track in unveiling its new alliance with Pirelli, illustrating a perfect match on all key levels and a shared commitment to delivering unparalleled, exclusive experiences. This luxury alliance brings together visionary engineers and incredible watchmakers, acknowledging the profound impact of exclusive service not only on racing tracks but also on the hearts, minds, and wrists of connoisseurs.

### Illustration 9: Roger Dubuis



*Source: <https://www.pirelli.com/global/en-ww/life/lifestyle/design/excalibur-spider-pirelli-the-roger-dubuis-watch-that-brings-the-thrills-of-motor-sports-to-life-53493/>*

The P Zero Experience, an exclusive track day event, presents a comprehensive 360° Pirelli brand experience on some of the world's most renowned tracks, including the Mugello Circuit in Italy, the Red Bull Ring in Austria, the Silverstone Circuit in the UK, the Yas Marina Circuit in the UAE (United Arab Emirates), and many others. This event, tailored for supercar owners, allows them to immerse themselves in the high-octane driving emotions associated with Pirelli. As it can be seen in Illustration 10, the Pirelli-centric experience is curated in a sleek and tailored atmosphere, embodying the brand's image and cutting-edge technology. Guests not only partake in the thrill of the track but also have the opportunity to relax and be entertained within the exclusive 'Pirelli Lounge.'

### Illustration 10: P Zero Experience



Source: <https://pzeroexperience.pirelli.com/>

## 5. Discussion

The case study of Pirelli aligns with the foundational concepts of emotional branding discussed in the literature review. Pirelli's brand evolution from a traditional tire manufacturer to a symbol of luxury and innovation reflects the transformative power of emotional branding.

### 1. Establishing Emotional Connections:

Travis (2000) posits that brands gain significance when an emotional connection is established. Pirelli's strategic branding initiatives, particularly its deep involvement in motorsports as the exclusive tire supplier for Formula 1 and the World Rally Championship, align the brand with qualities of performance, endurance, and technological advancement. The collaboration with iconic brands like Prada further exemplifies this emotional connection by associating Pirelli with high-stakes, high-visibility events and luxury.

### 2. Creating "Love marks":

Roberts (2004) suggests that brands should aspire to become "love marks," entities genuinely loved by customers. Pirelli's success goes beyond the quality of its products. The brand has become synonymous with luxury and innovation, extending its influence through innovative partnerships in diverse sectors like sportswear, fashion, and luxury goods. Collaborations with Blossom skis, PUMA, and the Pirelli calendar showcase Pirelli's commitment to creating emotional resonance beyond the conventional boundaries of tire manufacturing.

### 3. Differentiation Through Emotional Branding:

Kim and Sullivan (2009) highlight the role of emotional branding in addressing the challenge of brand differentiation. Pirelli's differentiation is evident in its ability to transcend the functional stereotype of tires. Despite the utilitarian nature of tires, Pirelli has successfully

crafted a brand narrative that resonates on a deeper emotional level, challenging the notion that emotional branding is reserved for products with traditionally strong emotional ties.

#### 4. Engaging Consumers Through Experiences:

Montaguti and Lelis (2017) emphasize the importance of providing engaging and meaningful experiences. Pirelli's initiatives, such as the transformation of a warehouse into the Hangar Bicocca art centre and the P Zero World stores, demonstrate the brand's commitment to engaging consumers in unique and immersive ways. These initiatives not only reinforce Pirelli's brand values but also offer consumers opportunities for meaningful connections with art and the brand itself.

#### 5. Luxury Co-Branding Activities:

The luxury co-branding activities with Montblanc and Roger Dubuis showcase Pirelli's dedication to reinforcing its premium image. These partnerships extend beyond the realm of tire manufacturing, emphasizing Pirelli's commitment to innovation, manufacturing excellence, and creative design, as highlighted in the literature.

#### 6. Exclusive Experiential Marketing:

The P Zero Experience, an exclusive track day event, aligns with the shift in consumer behaviour noted by Jindal, Jindal, Chavan (2023), focusing on emotional ties with brands. Pirelli provides a 360° brand experience on renowned tracks, creating a sleek and tailored atmosphere that embodies the brand's image and cutting-edge technology. The Pirelli Lounge offers an additional layer of exclusive experiential marketing, allowing guests to relax and be entertained.

### **6. Conclusion**

Pirelli's journey from a tire manufacturer to a luxury brand exemplifies the power of emotional branding and customer experience in transforming a product. By transcending the functional aspects and infusing emotion and luxury into its brand identity, Pirelli demonstrates that successful branding in even the most utilitarian sectors is achievable through creativity, innovation, and strategic partnerships. The case study of Pirelli aligns seamlessly with the foundational concepts discussed in the literature on emotional branding, providing a real-world illustration of how these strategies can be effectively implemented.

In conclusion, Pirelli's case study serves as a compelling real-world example of how emotional branding strategies, as discussed in the literature, can be effectively implemented to transform the perception of a product, in this case, tires, into a brand that elicits consumer loyalty and achieves financial success. The brand's ability to forge emotional connections, differentiate itself, engage consumers through unique experiences, and venture into luxury co-branding activities positions Pirelli as a standout example in the tire industry's extraordinary transformation through emotional branding. Pirelli's success story offers valuable insights for companies seeking to elevate their brands beyond core products, underscoring the pivotal role of emotion and experience in contemporary marketing strategies. The strategies and

innovations employed by Pirelli provide an inspiring model for turning a simple product into a luxury and emotion-driven brand with global appeal.

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The following sources provide a comprehensive view of Pirelli's strategic approach to marketing and branding, highlighting the company's focus on quality, innovation, and emotional branding:

<https://www.mbaskool.com/marketing-mix/products/18675-pirelli.html#:~:text=Marketing%20Strategy%20of%20Pirelli%20analyzes,pricing%2C%20advertising%20%26%20distribution%20strategies>

<https://www.pirelli.com/tires/en-us/car/about-us/why-pirelli>

<https://pirellihangarbicocca.org/en/pirelli-hangarbicocca/#:~:text=Pirelli%20HangarBicocca%20is%20a%20non,contiguous%20exhibition%20spaces%20in%20Europe>

<https://corporate.pirelli.com/corporate/en-ww/aboutus/pirelli-in-brief>

# **The art of branding: an explorative pilot study into aspects of branding utilized by artisan entrepreneurs**

Nick Chandler<sup>1</sup>

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## **ABSTRACT**

Artisan and craft businesses have been and continue to be growing sectors. Branding plays a crucial role in the lives of artisan entrepreneurs and other entrepreneurs in the craft sector. With scant research into artisanal branding, this pilot study employs a theoretical framework to consider how artisan entrepreneurs build their brands. Pilot studies of qualitative research are recommended as a foundation for conducting a larger study, especially as a basis for developing contextual sensitivity. Five semi-structured interviews were conducted with artisan entrepreneurs in the UK. Initial findings indicate themes such as the use<sup>2</sup> of storytelling, quality concerns, personal branding, the value of media and the importance of distribution stream in the branding. It is also found that there is a dilemma between pandering to customer tastes and following their own line of creativity. Based upon the findings, it is recommended to substantially increase sample size for such a heterogenous sample where each craft is seen as different from others.

**Key words:** branding, artisan, entrepreneur

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## **Introduction**

Craft is a growing sector (Jakob, 2013), both from a business and research perspective. Branding plays a crucial role in the lives of artisan entrepreneurs and other entrepreneurs in the craft sector and has been found to be linked to the artisan's social status and personal brand (Dana and Salamzadeh, 2021). Despite this, there is scant research on this topic. Existing studies have opted for focusing on other areas such as value creation (Smagina & Ludviga, 2021) and different forms of capital (Pret, Shaw & Drakopoulou Dodd, 2016).

Due to a scarcity of research in this field, there is scope for an explorative investigation into the branding aspects of the craft entrepreneur. This study employs the research question: how do craft entrepreneurs use branding? The aim of this study is to undertake a pilot study for qualitative research, whilst also uncovering the key elements of branding and thereby developing a framework, which will serve as a basis for further research directions.

Qualitative pilot studies have been used in entrepreneurship research to understand the key elements that bear further consideration in a larger qualitative or quantitative study (Aslan et al., 2016). As Nunes et al. (2010) point out, there are many benefits in employing a qualitative pilot study. First, insights about the context can be gained (i.e., greater contextual sensitivity) that enable a better focus on the issues at hand as well as greater insight into the more suitable data collection instruments and approaches to theoretical sampling. The use of a pilot study also gives greater credibility related to the validity and reliability of its data, which are often key concerns for qualitative studies (Gani et al., 2020).

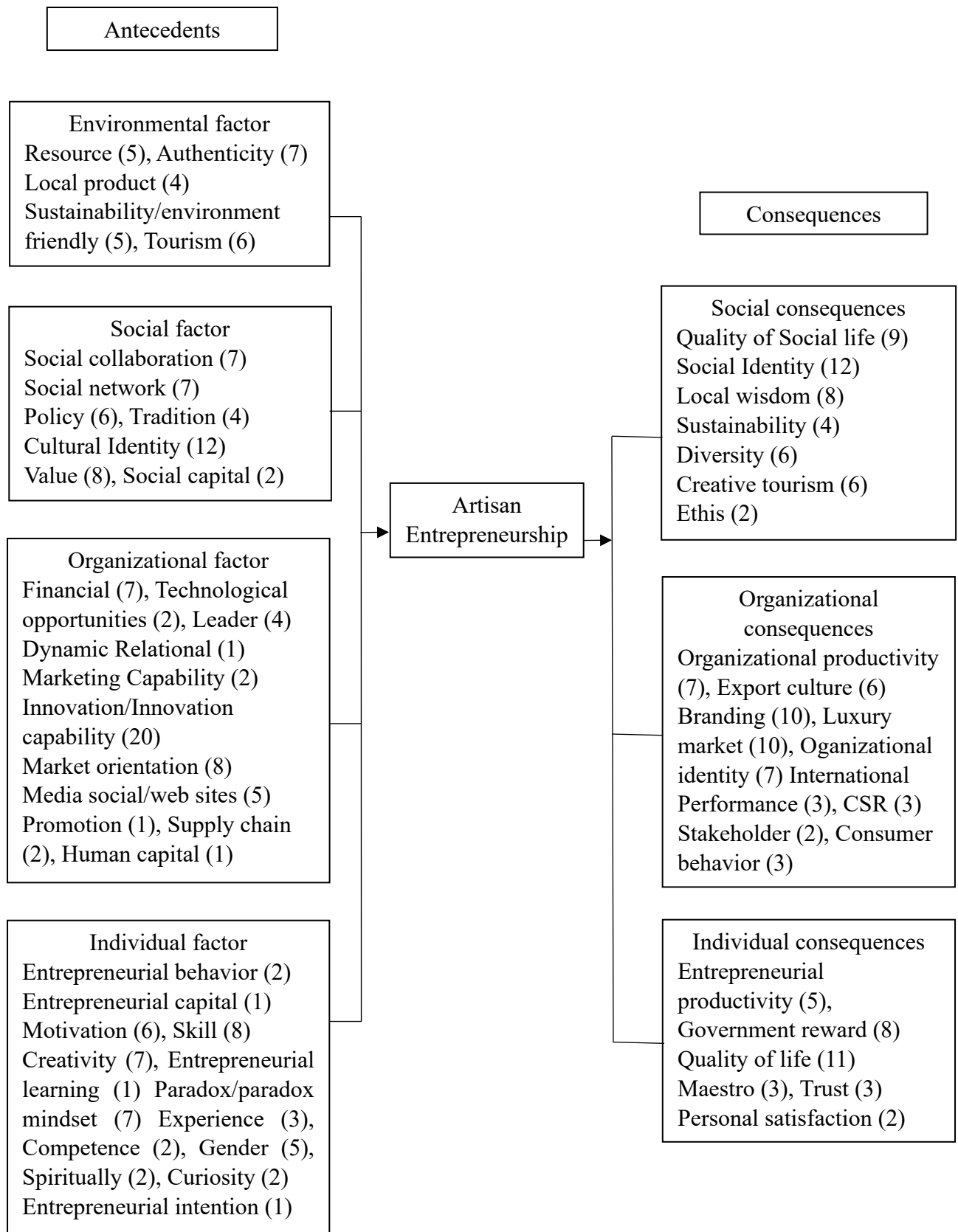
This paper first presents the key characteristics of craft entrepreneurs, and then the specific branding elements that are utilized by craft entrepreneurs, as found in existing studies. Following this, the methodology is presented, then the findings from the semi-structured interviews. The results section presents key findings, considers existing research in light of the findings and then puts forward a conceptual model based upon the findings for further research. The conclusions section considers the effectiveness of the pilot study and key findings, offering implications for a larger study.

## **Key idiosyncrasies of craft entrepreneurs**

Craft entrepreneurs are frequently driven by a deep passion for their craft (Kraus et al., 2018). Research by Gorgievski and Stephan (2016) indicates that they are often intrinsically motivated, valuing self-expression, creativity, and the satisfaction derived from their work. In contrast, mainstream entrepreneurs may be more motivated by profit and market opportunities (Shane, 2003). Craft entrepreneurs' strong commitment to their craft is a defining characteristic that sets them apart. Craft entrepreneurs are also known for their focus on product quality, uniqueness, and authenticity (Fillis & Wagner, 2005). They operate in niche markets, catering to consumers who appreciate artisanal, handmade, and locally sourced products. Mainstream entrepreneurs, on the other hand, often target broader markets and may prioritize scalability and market reach (Ward, 2015). Craft entrepreneurs' emphasis on niche markets allows them to differentiate their products in a highly competitive environment. In a 50 year review of the

literature, Hasanah et al. (2023) highlight the key themes of studies into craft entrepreneurship, as shown Figure 1:

**Figure 1:** The antecedents and consequences of artisan entrepreneurship



Source: adapted from Hasanah et al. (2023)

As can be seen in Figure 1, this is an emerging topic and as such the number of articles is rather low. The most attention of research to date has been on innovation, as well as cultural identity and social identity. Branding is also increasingly covered in research, though there is still plenty of scope for further studies in this area.

Craft entrepreneurs commonly engage in artisanal production processes, creating products by hand or in small batches (Cooper et al., 2019). They often prioritize local sourcing, supporting local communities and emphasizing sustainability. Mainstream entrepreneurs, especially in industries like manufacturing, may rely on large-scale production processes, automation, and global supply chains (Teece, 2018). Craft entrepreneurs' artisanal production methods contribute to the uniqueness and individuality of their products. Craft entrepreneurs frequently foster strong ties with their local communities and customer base (Pavlou et al., 2021). They engage in community events, collaborations with local artists, and direct interactions with customers. The community engagement of craft entrepreneurs creates a sense of belonging and support that can be a significant driver of success. Most importantly, craft entrepreneurs often employ branding strategies that highlight the authenticity and provenance of their products (Beverland & Lockshin, 2004). This authenticity is deeply rooted in their brand identity and storytelling (Escalas, 2004). In contrast, mainstream entrepreneurs may prioritize traditional marketing strategies and economies of scale (Kapoor & Agarwal, 2017).

### **Branding in craft entrepreneurship**

Building upon the previous section, which considered the distinction between craft entrepreneurs and mainstream entrepreneurs, this section will specifically examine how craft entrepreneurs employ branding in their field of business, under the key themes that were found in the review of the literature.

#### *Authenticity as a Cornerstone of Branding*

Authenticity is a central theme in the branding strategies of craft entrepreneurs (Beverland & Lockshin, 2004). Craft entrepreneurs frequently highlight the handmade nature of their products and emphasize local and sustainable sourcing. By doing so, they convey a sense of transparency and a commitment to quality, which resonates with consumers seeking genuine, non-mass-produced alternatives (Visconti et al., 2019). Crafting an authentic brand identity is crucial to the success of craft entrepreneurs, as it differentiates their offerings from mass-produced alternatives (Gentile et al., 2007).

The promotion of a sense of authenticity has been encountered in studies involving hand-made goods and is reinforced through historical aspects and narratives (Bell, 2022). It has also been found to be a key antecedent to the brand image and developing a positive consumer relationship, such as in the craft beer industry (Rodrigues, Pinto Borges, & Sousa, 2022; Bowen and Miller, 2023). Some authors (e.g., Mulholland, Ricci, & Massi, 2022) argue that the artisan brand is a guarantee of authenticity and gives legitimacy to craft products. The theme of authenticity also extends beyond the product itself to the work processes (Bell, 2022) and the

narrative surrounding the founder and craftsman as a ‘master of their trade’ (O’Neil, Ucbasaran, & York, 2022). The latter of these will be discussed further in the following section.

### *Storytelling and Narrative Branding*

Storytelling is another powerful tool in the branding toolkit of craft entrepreneurs (Escalas, 2004). By weaving their brand story into their identity, they create a deeper connection with consumers. This narrative approach not only communicates the journey of the entrepreneur but also instils a sense of heritage and tradition (Kim and Kim, 2018). Craft entrepreneurs often position themselves as the embodiment of their brand, enabling them to forge a personal connection with consumers and generate emotional engagement (Fogel et al., 2017).

A number of studies have linked storytelling to the development of other aspects of the brand. A study of female craft entrepreneurs in South Africa linked the unique stories of the entrepreneurs to providing a degree of authenticity (Peer and Reyneke, 2022) (see previous section). A qualitative study by Mars (2023) found that narratives had the following key themes: idiosyncrasy, inclusivity, interconnectedness, and unfolding development.

### *Building Trust and Loyalty*

Building trust is pivotal for craft entrepreneurs, especially as they often command premium prices for their products (Kim & Lee, 2019). A consistent brand identity and the delivery of quality products reinforce the trust that consumers place in the brand (Veloutsou & Guzman, 2017). This trust, in turn, leads to brand loyalty, as consumers are more likely to make repeat purchases and recommend the brand to others (Del Chiappa et al., 2020). Thus, it seems that crafting a compelling brand that fosters trust and loyalty is paramount for the long-term success of craft entrepreneurs.

Costa and Franco (2022) in their study of cooperation of craft entrepreneurs found that wherever knowledge is transferred, then trust is built. This also relates to branding in linking the use of story-telling relating to both the crafter and the product to build authenticity and, through this transfer of knowledge from crafter to customer, build trust. However, this is not confirmed in any studies, to the author’s knowledge, and there is scant research on the theme of the role of trust in craft entrepreneurship.

### *Challenges and Opportunities*

As craft businesses expand, they encounter challenges in maintaining brand consistency (Coviello & McKechnie, 2017). Ensuring that the essence and values of the brand remain intact while the business grows can be a daunting task. Additionally, addressing the diverse needs and expectations of a broader customer base can prove challenging. Nevertheless, it also presents opportunities for craft entrepreneurs to refine their brand strategies, adapt to new

market segments, and continue growing while preserving their authenticity (Gutiérrez et al., 2021).

In terms of creating opportunities on a general level, Roy's (2020) case study of an artisan entrepreneur found that planning takes place regarding how to market the product and the craft entrepreneur takes a course in start-ups to familiarize with such unfamiliar aspects, before launching the business. However, a larger sample would shed more light on the importance of planning and education in the development of the brand.

In summary, most studies in this field have tended to focus on one sole element of the branding elements, but some have also found distinct links around 2 themes in the sphere of branding.

## **Methodology**

This study concerns an area upon where the existing research is somewhat scant. Therefore, this study adopts an explorative approach as a means towards building on existing theory and studies, as well as opening up avenues for further research. The findings may also serve to consider ways of supporting craft entrepreneurs through the insights given.

### *Data collection*

Semi-structured interviews were used as the basis for answering the research question, as the research aims involve developing a deep understanding of different phenomena (Saunders et al., 2012). As a part of the protocol, 10 questions were set as a means of keeping the interview on-topic (Bryman & Bell, 2011), involving how the business was set up, perspectives of what constitutes success and failure, factors affecting success or failure, advice to other prospective entrepreneurs, motivation for becoming an entrepreneur, challenges, and attitudes to planning.

### *Sample*

According to Morse (2000) sample size is affected by factors such as: quality of data, scope of the study, nature of the topic, and amount of useful information from the participant (p.1). Dworkin (2012), in a review of sample size policy, indicated that sample size varies between 2 and 50 participants in articles. Thus, as a pilot study, 5 participants were selected. The interviews took place in 2022.

Only the founders, i.e., the craft entrepreneur, participated in this study to ensure that results consist of the perception of the craft entrepreneurs' own experiences and opinions rather than that of the company. The sample was selected randomly from those available on the Crafts Council, which is a network for craft entrepreneurs from across the craft sector and has a searchable database of over 800 leading craft makers from across the United Kingdom (UK). From 21 willing participants, the selection criterion was to have a business selling one's own craft, regardless of the craft itself. In this way hobbyists were excluded from the sample. No



distinction was made in the sample between those starting off a business part-time and those that have moved to a full-time entrepreneur.

### *Data Coding*

According to Miles and Huberman (1994), thematic analysis can be employed with themes a priori based on theory or findings in the literature or emergent themes can be detected based upon the data. With the deductive approach, this qualitative study uses the themes of 9 schools of strategy (Lincoln & Guba, 1985), with the exception of the configuration school that was found to be unsuitable for this study. This approach aims to condense a wide and varied set of text data and is employed to develop a model relating to building or adding to existing theory (Costa et al. 2016). The first stage of coding was to read through the data a few times for an overview of the materials. Then literature was read thoroughly to consider key elements of the schools to be looked for in the data. Then the transcripts were read in detail. Dey (2003) describes this approach as iterative as it involves going back and forth during analysis.

### **Findings**

Based upon willingness and access to participants, the sample of this study included a range of artists. However, most of the sample (more than a quarter) were ceramicists. The following table gives a breakdown of the crafts (occupations) of the sample:

**Table 1:** Occupations of craft entrepreneurs in the sample

Ceramicist	1
Textile Artist	2
Weaving	1
Jeweller	1
Metal Worker	1
<b>Total</b>	<b>5</b>

*Source: own work*

Table 2 highlights the key themes that emerged as a result of the data analysis, categorized into a main theme and associated sub-themes.

**Table 2:** The key themes and subthemes in the sample

Theme	Subtheme
Premium product	Quality Mastery High Price Back Story Uniqueness Appearance Tradition
Online Networking	Use of media Personal brand (heritage, style, etc.) Promotion Story
Offline Networking	Authenticity Story Emotional connection Trust-building Exhibitions (outlets)
Marketing in general	Timing Skills Creative desires vs. selling well 'Victim of fashion' / zeitgeist

*Source: own work*

## **Discussion**

The findings of this study explore the range of branding related issues found in the literature. The artist was confirmed to be a key element of the brand (Fogel et al., 2017). as well as the central role of narratives and storytelling (Escalas, 2004). The findings also confirmed that these served as a basis for building a relationship with the consumer (Fogel et al., 2017). Interestingly, few members of the sample referred to authenticity itself or the need to confer this, i.e., it was not a continuous theme across the sample, though this could be due to it not being a conscious decision to 'be authentic', but rather authenticity is the intrinsic nature of the artist. Further research into the craft entrepreneurs' self-awareness with regard to the need for authenticity and how it relates to their values would be a fruitful area for further research.

The online and offline networking were linked to an awareness of potential customers, and need to communicate the story, which the sample referred to as 'exposure'. It can be seen as well that aspects of the story seemed to bridge across a number of the themes, be it a back story, a personal branding story or as a basis for building emotional ties, trust, and a belief in a quality product.

The study also uncovered elements not mentioned in the literature review that may present a fruitful direction for further investigation. There is certain a strong role to be played by the exhibitions and galleries in promoting the brand and giving an opportunity for the craft entrepreneur to communicate personally the narratives upon which trust and emotional ties are built with the customer. In fact, the sample also felt a degree of frustration that the outlets had a high cost and there was little turnover in return. This seems to indicate a short-term focus on returns rather than seeing the bigger picture of how communicating the story and building personal relationships with the customer may payoff later on, as the brand and reputation of the crafter begins to grow. Further research would be needed to give insight into the short-term vs long-term focus of craft entrepreneurs, but it would certainly explain how there may be a limit in how much it costs to get the narrative across to the customer.

Although it was found in the literature that there are stark differences between mainstream and craft entrepreneurs, the story does not end here. There also appeared to be large differences between entrepreneurs from different crafts, even with some examples of an 'us v. them' mentality. This finding will aid in developing further qualitative studies as it seems to indicate the need for a larger sample with such a heterogenous group, in order to a reach saturation.

## **Conclusions**

This explorative study puts forth several contributions that build upon existing theory, concepts and develop research in a scantily investigated sector. The methodological strategy was explorative in nature, to answer the research question: how do craft entrepreneurs use branding? The key aim of this study was to uncover the key elements of branding through a qualitative approach and consider the findings of this pilot study as a means for developing future research directions.

The study is limited by the small sample size, which has led to some areas found in the literature as not being found in the study or only in a small number of responses. ‘Authenticity’ was not referred to much, despite being found in the literature. There was also no mention of the use of social objects, such as business cards, logos and badges, to name but a few. It is hoped that a wider study will uncover more of these areas and inspire other researchers to continue studies in this emerging topic that has increased in relevance due to the emergence of craft entrepreneurs in many sectors of the economy. The method employed in this study was with a limitation that the sample was limited to those that had recognised the need to join the UK crafts council as a means of building their reputation and reaching out to customers. In this way, although there was a cross-section of different craftspeople, those that did not take this initiative might present a different strategic approach. Moreover, several craft entrepreneurs made statements that some crafts experienced more growth than others, or that some simply appealed more to the general public. Likewise, it was found there was a certain degree of prestige derived from being involved in projects with entrepreneurs from different crafts. Thus, it seems a quantitative study could consider clustering craft entrepreneurs by craft to examine potential differences and similarities.

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# How Can Communication Channels Reflect to University Values? (Research Based on the Answer of BBU Students)<sup>1</sup>

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## ABSTRACT

One of the most important resources of higher education is information, and making good use of it is essential for real impact. Effective utilization of information is crucial for achieving desired outcomes. Clear communication and transfer of knowledge are essential components of successful utilization. Knowledge sharing has the potential to impact not only the academic world but also the business sector, making it essential both inside and outside the institution. In the context of information flow and processing, it is vital to consider the different units and members of an institution. Effective communication methods and high-quality information transfer can significantly enhance the credibility of an institution. In the realm of higher education brand building, it is imperative to have a clear vision and values that align with the mission of the institution. In our primary study, we investigated how the communication aspects – effectiveness and transparency – of the explicit values held by Budapest Business University (BBU) could manifest in the daily experiences of our students. The researchers conducted a survey among available student groups using a questionnaire. Analysing the responses of 358 university students we found that there are too many communication platforms – of which students prefer Coospace over Moodle, and students appreciate being emailed about any kind of information. The University considers knowledge sharing and effective communication as crucial measures for both internal and external stakeholders. The importance of these factors in shaping the image of the institution cannot be ignored; they are crucial for creating a positive perception.

**Keywords:** *communication, education, learning management systems*

## 1. Introduction

Nowadays, universities operate in an open market, striving to boost not only their student enrolment numbers but also their students' satisfaction levels as consumers. An essential aspect of achieving this requires fulfilling preconceived expectations of education whilst also

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providing exceptional student experiences that enhance the standing of the institution. These efforts allow universities to create a unique brand that sets them apart from rival institutions in the market and garners recognition. Consequently, we will not only garner the confidence of those who select us but also establish enduring loyalty for decades and even generations to come.

Effective branding requires effective communication. This not only refers to the university's external communication efforts but also to meeting the internal needs of its students. This study aims to investigate the experiences and expectations of students currently studying at the Budapest Business University, specifically in relation to communication channels and methods utilized when interacting with lecturers, administrators, and other departments. The communication channels serve not only to store and disseminate educational information but also to furnish the students with relevant data about the administration and the community aspects. Precautionary measures must be taken to ensure their efficient operation and alignment with the students' interests, guaranteeing a productive relationship with the University right from the start.

## **2. Literature review**

With the use of technology and the Internet, education is undergoing a significant transformation, resulting in changes to teaching and learning methodologies. The changes were primarily induced by the increasing level of cooperation related to Industry 4.0. The consequence of this was a paradigm shift (Kálmán et al., 2023). The learning content and outcome requirements of higher education are increasingly determined by the requirements of industry. These requirements must be met by career starters (Kőműves, Hollósy-Vadász & Szabó, 2021). The industrial sector provides the financial and technical conditions, higher education provides the knowledge necessary for innovation. An important element of knowledge transfer is the use of virtual environmental factors available in different formats including learning and teaching platforms. Teachers have already been using modern technological tools and students benefit from the diversity of information, communication, collaboration and knowledge sharing. The use of LMS (Learning Management System) has become almost indispensable in universities. Computer-mediated learning, which complements face-to-face learning, has become a tool for blended learning. This includes electronic platforms used in education, which can contribute to the integration of flexible and efficient information transfer tools (Lopes, 2011). The students' satisfaction with the LMS is based on three factors: system content, interaction and technology quality (Toring, 2023).

The education system faces new challenges and requirements. This is due to the rapid change in our world. This is how the concept of sustainability entered the operation of higher education, which is the most important in three areas: higher education that is environmentally friendly, competitive and has sustainable resources can be considered sustainable (Kálmán, 2023). Sustainability is also the key to talent management, which contributes to the innovative workplace of the future (Kőműves et al., 2020). It has become necessary to change and improve

the online learning system in order to keep up with these changes. This change was facilitated and accelerated by the transformation of COVID-19, lifestyle and education (Kálmán et al., 2021; Zéman et al., 2021). Competences have become important, since learning itself must be taught in a rapidly changing environment. The pandemic was therefore not only a crisis but also an opportunity (Kömüves & Szabó, 2021). E-learning is becoming more and more important in higher education, and it plays a prominent role in learning. It facilitates communication between students and is also a means of knowledge flow between teachers and students. Academic competitions can even be organized online (Borbély & Kömüves, 2021). The quality of communication contributes to an increase in student satisfaction and a more favourable perception of the university (Alrikabi et al., 2022). Various forms of community software are increasingly used in learning and teaching processes in higher education. The platforms also serve to build a social network and contribute to interactions between students and educators. However, it can be said that in addition to the benefits, their introduction in some cases also has harmful consequences for students, teachers, but also for the institution as a whole (Schroeder et al., 2010).

E-learning platforms also provide a teaching and learning experience, and their use is essential in higher education. Moreover, since education these days does not end with obtaining a degree, these platforms are also important tools for lifelong learning (Kálmán & Kalman, 2021). Moodle is an interactive e-learning tool that is suitable for involving students in solving tasks and helps cooperation (Benta et al., 2014). The application of certain interfaces (Moodle, Zoom, Teams) was already of paramount importance during the pandemic. Reaching out to students became critical during this period, as well as facilitating access to educational materials. This trend continued even after the pandemic passed, the interfaces can also be used as an additional element of personal education (Alameri et al., 2020).

Online learning platforms used in universities (such as Moodle, Open edX, etc.) provide many benefits for teachers and students alike. Among other things, teachers highlight greater freedom of access, the possibility of dividing into modules, flexibility in teaching, cost-effectiveness, the ability to keep up with the pace of life, the ability to set criteria for assessment (Liu et al., 2020). It can also explore how electronic platforms can increase motivation to learn, as well as students' interest in developing learning activities in cyberspace. With this knowledge, it is also possible to develop surfaces (Oproiu, 2015).

Moodle is basically a high-potential interface, yet it is mostly used for storing documents. Students recognize the importance of other functions, so they use them to promote learning and, in the case of educators, teaching processes (Costa et al., 2012). E-learning is now part of the classroom, where Moodle is one of the most widely accepted tools. It can also be considered as a communication tool commonly used by students, lecturers and assistants (Hölbl & Welzer, 2010). Moodle can be seen as an online tool that facilitates learning in higher education, however, it often becomes a content factory rather than an interactive environment. It basically promotes interactivity and content management (Susana et al. 2015).

There is still little specific research available on the factors that influence student satisfaction with learning platforms. Some researchers have found that information quality is the most important predictor of student satisfaction while satisfaction is the most important determinant

of perceived learning outcomes. In addition, the impact of communicativeness on perceived learning outcomes may depend to a large extent on the educational context (Pérez-Pérez et al., 2020).

Some researchers have sought to identify factors that affect the effectiveness of Moodle. During the examination, several influencing factors can be determined such as behavioural intent in the future, communicativeness, format, information quality, performance result, perceived utility, satisfaction and system quality. System and information quality did not affect satisfaction, while communicativeness had the largest significant impact on performance (Damjanovic et al., 2015). A study conducted among university students came to the following conclusion. 81% of students stated that e-learning provides academic material in an interesting way. Similarly, 80% of students responded that e-learning increases the possibility for students to connect among themselves and between students and teachers. 73% of students indicated that they spend more time in front of technical tools of social interaction due to increasing social isolation (Al Rawashdeh et al., 2021).

During education, students typically agree that electronic interfaces can be used effectively. Convenience, content, efficient use, language, clarity and fun use are especially important to them (Barus & Simanjuntak, 2020). In some cultural contexts, students tend to use better-known media platforms (e.g. WhatsApp). Research has shown that students were most likely to use formal e-learning platforms (Moodle) rather than the more familiar informal e-learning platforms (WhatsApp). You might want to consider using a personal e-learning platform combining Moodle and WhatsApp (Mpungose, 2020).

If we take into account teachers' opinions on how to use the platform, it can be concluded that the most commonly used elements by teachers are assignments, quizzes, forums, lessons and external tools. Only teachers perceived the impact of Moodle on teaching and learning as significantly greater: database (creating and sharing an information tool), forum (communication tool), glossary (collaborative tool), quiz and survey (assessment tools) (Badia et al., 2019).

### **3. Research design**

BBU's mission '...is to provide inspiring business education that enables learners to address challenges of the future effectively and responsibly.'<sup>5</sup> (BGE, 2023) To fulfil this mission – and via that strengthen the brand of BBU – the university defined 5 values which are in line with its aim and can create a motivating environment for students and employees as well: collaboration, expertise, commitment, development and trust (BGE, 2023). From the point of view of this article, we focus on collaboration and trust – how can we see these values in the communication of the university with students. Collaboration as a foundation for shared knowledge and effective working requires open and objective communication, whilst being receptive to feedback. Two-way communication is necessary for feedback, which can be easily

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<sup>5</sup> <https://uni-bge.hu/en/vision-and-mission>

acquired through modern digital media at a low cost. The question is whether universities make use of this opportunity. Trust, another essential value, can be established through reliable communication along with ethical behaviour.

### *3.1. Research question*

Efficient communication with students is crucial in the realm of teaching. There are many options for achieving this but it is important to recognise that the younger generation uses digital tools in various ways with different applications and platforms. The insights provided by the interviewed students will benefit not only us as educators but also other staff members we may meet. Their efforts will facilitate students' daily university experience. We aim to determine student views on the accessibility and clarity of information at BBU's Faculty of Finance and Accountancy.

Digitalization is essential for higher education; achieving it requires much effort. Nevertheless, it presents opportunities for novel methods of information exchange, teaching, and learning. As Y and Z generations are advanced users of modern technologies and platforms, it is evident that higher education institutions must adopt these technologies. The COVID-19 pandemic expedited this process as over the years, teachers and students have become accustomed to remote learning options and have successfully integrated them into their daily routines.

At the moment, BBU uses both central and faculty-specific communication platforms and channels (see Table 1). The recent emergence of various social media platforms such as Facebook, Instagram, and TikTok, alongside digital communication methods such as Messenger and email, offers the great advantage of easily and quickly reaching a diverse audience at minimal expense. Additionally, the majority of these platforms facilitate two-way communication, thereby allowing for valuable feedback.

Our research questions are (1) how easy or difficult it is for students to access all the information they need at the university on the given platforms and (2) what the communication channels which they find remarkably good are and why. Answering these questions can help to develop and operate communication channels and interfaces that are most useful to students.

To answer the research questions objectively, we conducted a broad survey among available student groups using a questionnaire. The questionnaires were distributed both in person and online to students under our tutelage with a limitation to respondents from PSZK (Faculty of Finance of Accountancy/Pénzügyi és Számviteli Kar). We aimed for comprehensibility and logical structure, maintained conventional structure, adhered to a clear, objective language, followed consistent formatting and citation styles, maintained formal register, and ensured grammatical correctness and precise word choice.

**Table 1:** List of university and faculty-specific communication platforms and channels

University communication platforms/channels	Faculty-specific communication platforms/channels
BGE website	PSZK website
BGE website - Student Account	PSZK newsletter
BGE Facebook	PSZK Facebook
BGE Instagram	HÖK (Hallgatói Önkormányzat) pszfonline web
BGE TikTok	HÖK Facebook
BGE YouTube	HÖK Instagram
BGE LinkedIn	HÖK Tiktok
EHÖK Facebook	Lámfalussy Szakkoli Facebook
EHÖK Instagram	Lámfalussy Szakkoli Instagram
University newsletter	Lámfalussy Szakkoli LinkedIn
Scientific newsletter	Business IT Club Facebook
BGE Communication	Business IT Club Instagram
NEPTUN	University Business Club Facebook
Prosperitas magazine (scientific journal)	University Business Club Instagram
Language World	University Business Club LinkedIn
	AIESEC (Association Internationale des Étudiants en Sciences Économiques et Commerciales) Facebook (national)
	AIESEC Instagram (national)
	AIESEC Instagram (PSZK)
	Zuggazdász (magazine for students) (print)

Note: BGE=BBU, PSZK=Faculty of Finance and Accountancy, HÖK=student government at faculty, EHÖK= student government at university level, Szakkoli=vocational college

Source: Authors' own compilation from  
<https://unibge.sharepoint.com/SitePages/M%C3%A1rka,%20m%C3%A9dia/Kommunik%C3%A1ci%C3%B3s-fel%C3%BClepek-%C3%A9s-csatorn%C3%A1k.aspx>  
 Accessed 10 October 2023.

Our aim in creating the survey was to utilise an interface that all of our students could access from their own devices without any difficulty, and to collect the data in a single, common database, which is why we opted for Google Forms. In accordance with the research question we posed discrete inquiries regarding the respondent's university degree and year of study as there could be differences across generations in their degree programs. The survey comprised mainly of queries formulated on a 5-point Likert scale, and additionally featured a pair of open-ended inquiries which allowed for a more profound understanding of the responses of the students.

### *3.2. Sample description*

358 students filled our online questionnaire within the period of February-April 2023. 70.9% of them are full-time students, the rest are part-time students. Two-third of the respondents (64.5%) are female. The age of respondents varied according to their enrolment: mean age of full-time students is 20.31 years, and 29.3 years for part-time students. 58.4% of the respondents were in the second semester of their studies; which means they had enough time to get to know the system and have very fresh memories on how they could manage that, and 36 % study in their 4th semester. The majority of respondents (86%) are in the bachelor's program; the others are in the postgraduate program (8.6%) and 10.3% are under-graduate (short-cycle vocational education, i.e. FOSZK, higher education vocational training, felsőoktatási szakképzés) students. In terms of the use of digital media, 99.1% of our respondents use their mobile at least 1-2 times of a day, 87.4% of them use their laptops on most days of a week. Female respondents use their laptop significantly less frequently than male students (Chi-square 9.693 (df 4)  $p=0.046$ ). 31–50-year-old students in the sample use their laptop at higher frequency than younger students (Chi-square 20.857(df 8)  $p=0.008$ ).

## **4. Results**

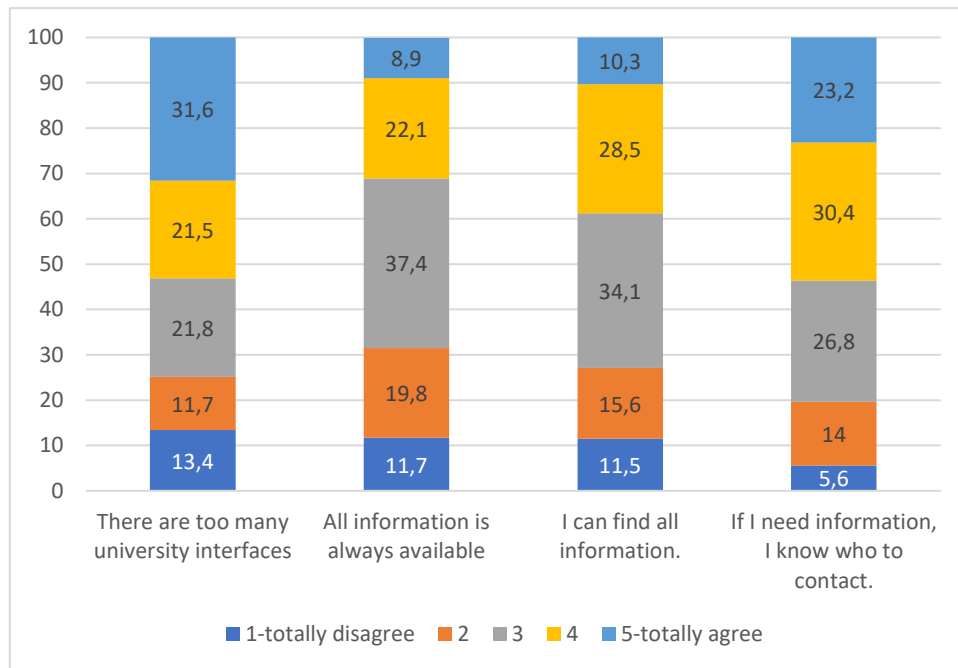
### *4.1. Opinion on information availability*

Our survey investigated the extent of agreement with the statement 'There are too many university interfaces', with responses recorded on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Currently, students are required to access information via numerous platforms, including Coospace, Moodle, Neptun, the university website, Teams, email, Facebook, Instagram, Twitter, apps and SMS messaging, in order to obtain the necessary information. Some of the online platforms are part of students' daily lives, making them familiar and easy to use. Others are new to them as a tool for learning although the pandemic has compelled the entire education system to accustom itself to at least one online platform.

An excess of information sources can impede efficient and swift access to the information we require. In the entire sample, 53.1% of respondents agreed with this statement while only 25.1% were opposed. Nearly a third of participants fully agreed, indicating that "less is more" can indeed hold true. Overload of information can produce the sense of being lost, similar to not having any information at all.

Analysing the responses to the statements based on age categories, we found a statistically significant difference related to the statement about too many interfaces. The mean for the youngest students aged 18-20 was 3.63, indicating a higher level of agreement with the statement compared to the average of 2.69 for students aged 31-50. This difference was significant according to the Kruskal-Wallis test (10,886; df 2; p=0.004), demonstrating that the mean for students aged 31-50 was significantly higher than the mean for both other groups.

**Figure 1:** Distribution of level of agreement with statements related to information availability at the university (%) N=358



Source: Authors' own research

Full-time students showed also stronger criticism toward the high number of interfaces: this subgroup had the highest level of agreement with the statement (mean=3.73) and it was significantly higher than part-time students' mean (2.80) (U=8593, Z=-5.342 p<0.01). As program types correlate with age, it was not surprising that students in higher education vocational training program and bachelor's programs were more dissatisfied with the number of interfaces than master students (mean: 1.92). The Kruskal-Wallis test value was 13.413(df 2) p=0.01.

The statement regarding information availability received the most considerable opposition, with 31.5% of the students entirely or partially disagreeing. Merely fewer than 10% found all the information to be accessible consistently. It is frequently not only a matter of actual availability (information served) but also how easy or transparent it was to locate the necessary information (information find). Therefore, it is worth examining the statement 'I can find all information', as this reflects the respondents' ability to locate the relevant information they require. The responses indicate that 38.8% of individuals can easily locate what they are looking for, while 11.5% appear to experience difficulty in doing so. This is a crucial issue as universities must not only provide information, but also ensure that students can access it to make informed decisions, meet deadlines, and access learning materials. The results of the chi-square analysis have shown a significant association between the responses to these two statements (Chi-square 512.9 (df16)  $p < 0.001$ ), indicating that those who can find information assume that it is always available, and vice versa.



**Table 2:** Mean level of agreement with statements related to information availability at BBU by gender, enrolment, and program categories (mean on a 5-point scale 1- totally disagree, 5- totally agree)

	'There are too many university interfaces.'		'All information is always available.'		'I can find all information.'		'If I need information, I know who to contact.'		
	N	Mean	SD	Mean	SD	Mean	SD	Mean	SD
Gender									
Male	125	3.50	1.34	2.98	1.01	3.14	1.08	3.48	1.11
Female	231	3.43	1.41	2.96	1.18	3.08	1.18	3.54	1.17
Total	356	3.46	1.39	2.96	1.12	3.10	1.14	3.52	1.15
Enrolment									
Full-time	254	3.73*	1.23	2.91	1.09	3.06	1.14	3.45	1.17
Part-time	104	2.80*	1.52	3.11	1.17	3.23	1.14	3.68	1.1
Total	358	3.46	1.39	2.97	1.12	3.11	1.14	3.52	1.15
Program									
HE vocational training	37	3.46**	1.39	3.11	0.99	3.24	1.12	3.73	1.1
Bachelor's	308	3.53**	1.35	2.92	1.14	3.07	1.16	3.47	1.17
Master	13	1.92**	1.38	3.62	0.77	3.59	.77	4.08	0.64
Total	358	3.46	1.39	2.97	1.12	3.11	1.14	3.52	1.15

Note: None of the responses for the four statements followed normal distribution, so we used non-parametric tests for the analysis. \*Statistically significant difference at .05 level with Mann-Whitney test; \*\*Statistically significant difference at .05 level with Kruskal-Wallis test, N=number of respondents, SD=standard deviation

*Source: Authors' own research*

The situation outlined in the fourth statement could be the “helping hand” when students are lost and need information. ‘If I need information, I know who to contact’ statement reflects to the capability of the students that they know who the reliable source of the information can be. 53.2% of the respondents showed self-confidence in how to solve the problem of lack of information, and only 5.6% seems to be totally lost –unaware of who to approach for aid. These 20 students in the sample were analysed and we found the 19 out of them were on bachelor's program and 70% of them were in their 2<sup>nd</sup> semester, so perhaps at that time they still can face

up with situations which are totally new for them. The gender distribution within the sample remains consistent with the total sample, with 13 out of 20 being female.

However, efficient information searching skills for students are also essential. They should be aware of the type of information they seek and the official and reliable sources of that information. We have observed that students frequently share information based on private conversations and on social media platforms, leading to unreliable and incorrect information. This requires further communication to correct such misinformation.

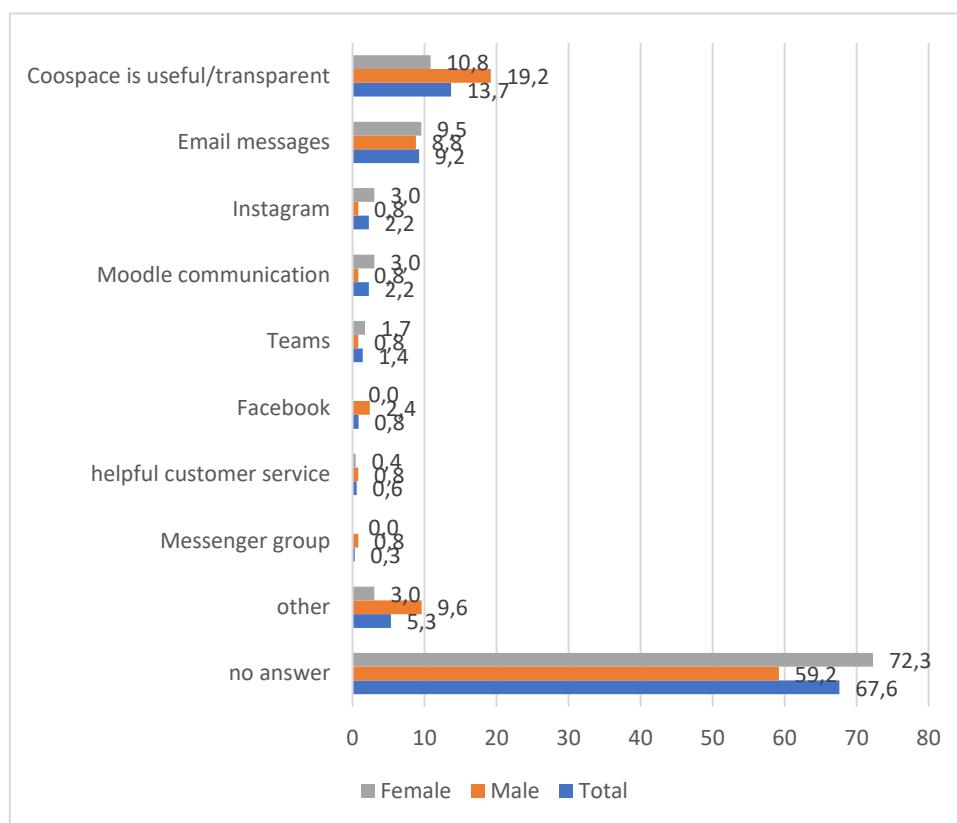
#### *4.2. Positive feedback on BBU's information platforms*

Respondents were asked to mention their positive experience on BBU communication if they have any. (Have you ever experienced a form of communication at the university you appreciated? If so, why?) Although majority of students were not able to specify any noteworthy instances, 32.4% of them mentioned at least one feature they liked. Coospace received the most positive response from both male and female participants. The transparency of the platform proved to be useful as well. These statements summarize our findings: 'CooSpace, I always get up to date information' (female, bachelor's program, 28, part-time); 'I find the interface of Coospace suitable for the transfer of information. Transparent and clear.' (female, part-time, bachelor's program, 25). Additionally, the automatic email notifications for updates were considered an essential feature, as the following opinion shows: 'CooSpace, I can find everything on it, it can be tracked, and it also sends notifications by e-mail immediately.' (full-time, bachelor's program, female, 20). Comparing that to Moodle system, automatic email notifications on changes at Coospace can be considered a clear advantage.

1.4% of respondents highlighted the effectiveness of the Question-and-Answer section in providing swift responses and the ability to monitor the inquiries of others. 'The interface of the Coospace forum is user-friendly, which has worked best for me so far.' (female, part-time, bachelor's program, 24); 'The forum on Coospace: a forum for questions of public interest, which are visible to everyone and are usually answered quickly' (full-time, bachelor's program, male, 20).

There were some references to the majority-effect: as more courses use Coospace as a platform for sharing knowledge, and so the more students use this platform, the more familiar they are with it. The following opinion reflects this phenomenon well: 'Email and Coospace. A reliable source, most people use it, so everything is in one place, Coospace is fast (at least twice as fast and more transparent as Moodle)' (male, full-time, bachelor's program, 20)

**Figure 2:** Features students liked in university’s communication platforms – spontaneous mention (%) multiple responses (N=356, Female n=231 Male n=125)



*Source: Authors' own research*

Comparing the opinions above with the ones mentioning Moodle system as a positive communication experience (only 2.2% of the total sample), the difference is clear. Students mentioned less features as noteworthy for Moodle, and an important result is that all those who mentioned Moodle (8 students) were part-time students and 87% of them are female. Typical responses are the following ones: ‘Moodle - a useful repository for material from class lectures and online exams’ (part-time, bachelor's program, female, 41) and ‘Moodle because it is transparent and easy to use’ (part-time, bachelor's program, female, 49).

Another communication form highlighted by participants was email messages (9.2% of the total sample). This method provides objective information on exams, changes and important deadlines, and is convenient since information can be obtained without any additional search efforts. Regular email checking means staying up to date requires no extra time or effort. Responses of students summarise these advantages well: ‘Email notifications are my favorites; I definitely see them, and the necessary information reaches me properly.’ (female, part-time, 25); ‘I am very reassured that I am notified by e-mail of any changes that occur on the Coospace and Neptun interfaces, so I only log in these interfaces when there is a need for it, except for preparation.’ (female, part-time, bachelor’s program, 40); ‘E-mail, because it can be reviewed by arrival time, sender and subject’ (female, full-time, bachelor’s program, 19); ‘I

like to receive emails about everything, because there I can see the notifications of all interfaces in a uniform way.’ (female, full-time, bachelor’s program, 18)

During the COVID-19 pandemic, Teams has become a popular communication platform. Despite its widespread use in education, this study did not yield typical positive feedback regarding Teams. Merely 1.4% of students cited it as a favourable source of videorecording and an opportunity for participating in online lectures while saving time by forgoing travel. Notably, 4 of these 5 students were enrolled in the part-time program. Comments like the following describes the positive features of Teams: ‘(...) Teams is also a very easy-to-use interface, and it’s great that you can watch the videos again when a recording is being made, so if I do not understand something, I can access it another time.’ (female, part-time, bachelor’s program, 24); ‘Teams because it was flexible and more comfortable than sitting in class.’ (female, part-time, bachelor’s program, 31); ‘It would be possible to make the classes online more often, because I think it is very practical and can save a lot of commuting time!’ (male, part-time, master program, 26).

Interestingly, the study found that popular social media platforms among young people, such as Instagram, Messenger, and university Facebook pages, were not frequently mentioned as notable source of positive experience (Instagram was the most mentioned, with only 2.23% of the total sample). Only two respondents mentioned Neptun.

It seems that the homepage of the university is rather a communication platform for the external world, but those who are already belong to the university prefer other, more personal means of communication.

Analysing positive feedback on university communication among students from different educational programs, we got two interesting results. First, the majority of students from HE vocational training programs did not find anything to mention (86.5%). The other few respondents (5 students) mentioned CooSpace (2), Mentor program (1) and emails (2). The other interesting result was that students on master programs did not mention CooSpace at all, but Moodle and emails – however here the subsample size itself was very low (13), so we should be careful of how to interpret these data.

## **5. Discussion and Implications**

The study showed that students do not like it when we use too much space on campus to communicate. Interestingly, however, this was more of a problem among younger people and at lower levels of education. However, as age and level of education increases, respondents felt that this was less of a problem, i.e., they might even get used to initially uncomfortable solutions over time. The question here is to what extent this affects their academic progress or helps them to adapt and develop the flexibility they will need in the future.

Attention must be directed towards a significant group of students who may face difficulties in acquiring available information. Such students are disadvantaged not only in administration but also in academic progression due to lack of access to the aids and information developed

by their lecturers. During academic progress, the learning experience is easily observable. First-year students make up the majority of those who are unsure where to direct their questions, while the prevalence of this issue diminishes over time.

Based on the open-answer feedback, it can be inferred that students prefer receiving personalized updates regarding news and changes that directly impact them without having to sift through a mess of irrelevant information. In this respect, students prefer subject-specific question-and-answer forums, which provide prompt responses from both fellow students and lecturers, thus minimising the risk of inaccurate or erroneous information, as compared to general social media platforms.

Since many students frequently use the email system irrespective of their courses, email messages have a noteworthy function in university communication. However, it is crucial to avoid surpassing a certain threshold of messages on this channel, beyond which their importance diminishes.

The feedback reveals that despite the direct messaging option facilitating quick, efficient and monitored interaction between students and teachers, the Teams interface is underused. The university's website is mostly dedicated to showcasing public information for external parties, which the student body doesn't often keep up with. They prefer receiving personalised updates.

Moodle falls significantly short of Coospace as a means of facilitating effective communication practices. This can be attributed to the fact that fewer instructors employ Moodle compared to the Coospace system. Additionally, a substantial proportion of the students who we contacted had already completed an economics course, which necessitated the use of the Moodle framework. Concerning the decision of BBU to change the recent practice (of using the two educational platforms in parallel) to use only one platform, Coospace as the main source of teaching and learning materials will definitely help students to use them efficiently and it shows that the university is open to the students' feedback, but also respect the difficulties what this transformation may cause for some institutions to convert their materials and exams from Moodle to Coospace. So BBU gives enough time for this change, what makes possible the incremental way of transition.

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# Evaluating Policy Orientation and Stakeholder Engagement in the EU's Green Initiatives for Industry 4.0 Adoption in SMEs: A Systematic Literature Review

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## ABSTRACT

This systematic literature review explores the European Union's policy landscape and stakeholder engagement in fostering Industry 4.0 adoption in Small and Medium-sized Enterprises (SMEs), with a focus on green initiatives. Rigorous methodology, combining electronic database searches and manual exploration, is employed to assess policy orientations and stakeholder dynamics. Findings highlight key orientations, including modernization, circular economy, and digital sovereignty. Stakeholder engagement emerges as a crucial factor in shaping effective and sustainable policies. This research contributes valuable insights for policymakers, industry stakeholders, and academia, offering a nuanced understanding of the European Union's strategic approach to integrating green initiatives in Small and Medium-sized Enterprises' Industry 4.0 adoption.

**Keywords:** EU Green Initiatives, Policy Orientation, Stakeholder Engagement, Industry 4.0, SME

## Introduction

The advent of Industry 4.0 has ushered in a transformative era for businesses globally, characterized by the integration of digital technologies into manufacturing and production processes (Mourtzis et al., 2022). This revolution holds particular significance for Small and Medium-sized Enterprises (SMEs) within the European Union (EU), which are pivotal to the economy, innovation, and employment (Klein & Todesco, 2021). The EU's policy orientation towards green initiatives in the context of Industry 4.0 is not just a matter of technological advancement but also of sustainable development and inclusive stakeholder engagement (Tang et al., 2022). This systematic literature review aims to evaluate the direction, priorities, and stakeholder involvement set by policies related to the EU's approach towards green initiatives in Industry 4.0 for SMEs.

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Industry 4.0, also known as the Fourth Industrial Revolution, emerged from the German government's strategy project to promote the computerization of manufacturing (Buchi et al., 2020). It quickly evolved into a global paradigm, encapsulating trends such as cyber-physical systems, the Internet of Things (IoT), and cloud computing. These technologies have rapidly developed, becoming increasingly accessible and affordable for SMEs, which form the backbone of the EU's internal market (Klein & Todesco, 2021). The importance of Industry 4.0 has been further amplified in the post-COVID-19 era, as businesses seek resilience and agility in their operations. The pandemic underscored the need for digital solutions that enable remote monitoring, predictive maintenance, and smart supply chains, which are essential for SMEs to adapt to new market realities and maintain competitiveness (European Commission, 2020).

The European Union, recognizing the critical role of SMEs in economic recovery and growth, has emphasized the need for policies that support the digital transition. One of the key strategies is the "Digitizing European Industry" initiative, which aims to foster the digital transformation of European industries. This initiative includes pillars such as the Digital Single Market, which promotes a unified digital market within the EU, and the establishment of Digital Innovation Hubs (DIHs) that provide support to firms in their digitalization efforts (Teixeira and Tavares-Lehmann, 2022). The EU's Digital Single Market strategy aims to open up digital opportunities for businesses and enhance Europe's position as a world leader in the digital economy. Policies are being crafted not only to drive technological adoption but also to ensure that this transition is aligned with the EU's ambitious climate goals, as outlined in the European Green Deal. The integration of green technologies in Industry 4.0 is seen as a strategic move to achieve a sustainable and inclusive digital economy, which is vital for the EU's long-term prosperity and environmental stewardship (European Commission, 2023).

Consequently, the emergence and rapid development of Industry 4.0 technologies have been pivotal in shaping the future of SMEs in the EU. The post-pandemic landscape has only heightened the importance of these technologies, as they offer solutions to the challenges of market volatility and the need for sustainable operations. The EU's policy-making efforts are thus focused on creating a conducive environment for SMEs to thrive in this new digital era, ensuring that technological progress goes hand in hand with ecological and social advancement. This systematic literature review will delve into these policies, evaluating how they are set to influence the trajectory of SMEs within the green and digital transitions of Industry 4.0.

### *Synthesis of the relevant literature*

While there has been a growing focus on Industry 4.0 and the formulation of policies to promote it, there is still a relative scarcity of research on the formulation, implementation, and results of these policies. Teixeira and Tavares-Lehmann (2022) emphasized the need for comprehensive comparative studies that analyze the EU policies and strategies, as well as individual initiatives of EU countries, to understand the similarities and asymmetries among them. It also mentions the need for research on the impacts of the COVID-19 pandemic on the

implementation of Industry 4.0 and global value chains. Additionally, they suggest exploring the outcomes of the policies and evaluating the investments made in relation to Industry 4.0. In their research, the emerging concept of "Industry 5.0" and the need to focus on a more sustainable, resilient, and human-centric perspective of the industry is necessary.

The adoption of Industry 4.0 technologies is pivotal for the European Union's pursuit of the "twin" transition, which seeks to align digital transformation with sustainability objectives. This strategic approach underscores the interconnectedness of digitalization and environmental sustainability as mutually reinforcing elements shaping the EU's future (European Commission, 2021). The EU envisions leveraging digital innovation to enhance economic growth while concurrently addressing environmental challenges. However, SMEs encounter obstacles, including financial constraints, limited government support, technical skill shortages, and environmental culture barriers (Cronin & Doyle-Kent, 2022). Careful policy considerations and stakeholder engagement are imperative to navigate these challenges effectively. Notably, the integration of Industry 4.0 technologies has been identified as a substantial enabler of circular economy (CE) applications within European SMEs, suggesting that these technologies can significantly contribute to the individual strategies outlined in existing research frameworks (Findik et al., 2023).

The EU's technological-specific industrial policies, particularly those surrounding the deployment of 5G and 6G technologies, are critical to the digital transformation of industries, including SMEs (Rossi, 2023). The integration of these technologies is essential for the development of a digital single market and for ensuring the competitiveness of European businesses in the global market. However, the rollout of such technologies has not been without its challenges. Blind and Niebel (2022) discuss the complexities of the 5G ecosystem in the EU, highlighting the multitude of stakeholders and competing interests that make policy assessment challenging (Blind & Niebel, 2022). Their research focuses on identifying innovation 'failures' related to the 5G rollout and the policy measures implemented to address them, providing a tangible overview of the policy issues and the relevant 'failures' in the context of 5G rollout.

The circular economy is another cornerstone of the EU's green initiatives, with policies aimed at reducing waste and promoting resource efficiency. De Pascale's work on the circular economy implementation at the EU level offers a historical perspective and examines the current state and future directions of these policies (De Pascale, 2023). The circular economy demands the use of clean and affordable raw materials, and digital technologies are expected to create new business models, enhance productivity, and contribute to the de-carbonization of the economy (Liu et al., 2022). There is other research about the influence of the policy on the adoption of new technologies for example, Mallik's contribution to the academic and policy discourse provides a well-researched and documented analysis of the EU's policy landscape, using a variety of sources, including policy documents, industry reports, and expert opinions, to build a comprehensive picture of the EU's policy landscape (Mallik, 2023). The article identifies both challenges and opportunities for the EU's manufacturing industry, such as the need for breakthrough technologies and modernization to achieve climate neutrality goals. Paiho's article on the twin transition in the built environment addresses policy mechanisms,

technologies, and market views from a cold climate perspective (Paiho, 2023). It provides a comprehensive overview of the EU's policy landscape in the context of the green and digital transitions, significantly contributing to the understanding of the EU's strategic directions and the implications for its position in the global manufacturing industry.

The EU's policy-making process is characterized by a high level of stakeholder involvement (Ehlers et al., 2022), which is likely to have a significant impact on shaping policies related to the green and digital transitions. Brodny and Tutak (2023) found out that the success of EU initiatives in the Three Seas Initiative countries, which is crucial for the EU's development, appears to be significantly influenced by the level and nature of stakeholder engagement (Brodny & Tutak, 2023). This underscores the importance of such engagement, particularly by government entities, in advancing digital maturity.

The research design and methodology used in the articles to analyze EU policies and initiatives include a combination of qualitative and quantitative analyses, as well as the use of various scientific and analytical tools. Rossi's conceptual and analytical study draws on a wide range of secondary sources to analyze EU policies and initiatives, including studies and reports from the European Commission and other EU bodies, academic literature on industrial policy, competition, and innovation, and publications from strategic bodies and research institutes (Rossi, 2023).

In conclusion, the articles collectively underscore the EU's comprehensive approach to achieving a sustainable and digitally advanced economy, balancing technological innovation with environmental responsibility and societal needs. They highlight the EU's efforts to create a single digital market, formulate new legislations, strategies, and services to ensure product and data safety, and support investment in industry transition through various EU programs and funds.

### *The Role of EU Institutions in Crafting the Green Deal's Strategies*

The institutions that make up the European Union are like a symphony, each with a different but harmonic function in the organization's commitment to a sustainable future. The European Commission is in charge of creating the legislative and policy framework for the EU's environmental goals. It is the architect of the European Green Deal, designing strategies that intertwine the threads of green policy with the fabric of economic growth and innovation. The Commission's proposals are then deliberated upon by the European Parliament, a body that gives voice to the citizens of the EU, ensuring that the collective public interest shapes the environmental narrative. Alongside the Parliament, the Council of the European Union brings to the table the perspectives of individual member states, ensuring that the local realities of each country are woven into the EU's green tapestry (European Commission, 2023; European Parliament, 2023).

The EU has unveiled a variety of plans, some of which are especially pertinent to the intersection between Industry 4.0 and SMEs. The Circular Economy Action Plan, for instance, is not merely a policy document but a call to action for businesses to embrace a lifecycle

approach to resource use (Ghisellini et al., 2016). It nudges SMEs towards innovative digital solutions that can lead to greater resource efficiency—a key aspect of Industry 4.0. The Industrial Strategy for Europe is another strand that seeks to bolster the competitiveness of the EU's industrial base, ensuring that SMEs are not left behind in the digital leap forward while aligning with the EU's green aspirations. The Digital Europe Program, with its focus on digital transformation, is a catalyst for SMEs to harness digital tools and technologies, fostering growth that is both innovative and environmentally conscious (European Commission, 2021).

The EU climate law initiative weaves yet another crucial strand into the EU's green strategy (Climate Action, 2023). With its ambitious goal to slash greenhouse gas emissions by 55% come 2030, it sets a clear and challenging course for SMEs. These businesses are encouraged to integrate green technologies and practices into their operations—many of which are integral components of Industry 4.0—to meet these stringent targets. This initiative is not just about meeting numbers; it is about transforming the very way SMEs operate, making them pioneers in a green industrial revolution (European Commission, 2023).

These strategies are not standalone efforts but are interconnected in the EU's grand vision of a sustainable, digital future. By fostering an ecosystem that encourages innovation and sustainability, the EU is ensuring that its industries, especially SMEs, are not just surviving but thriving in a world that is rapidly embracing a digital and green future.

Building on the introduction's foundation, the objectives of this systematic literature review are succinctly articulated as follows:

#### Objective 1: Assessing Policy Directions in Reviewed Articles

This objective is centered on examining the policy directions discussed in the literature. It seeks to summarize the key points of the EU's strategy framework for green initiatives and the adoption of Industry 4.0 technologies by SMEs. The focus will be on identifying the key policy orientations and how they are designed to support SMEs in the transition towards a greener and more technologically integrated future.

#### Objective 2: Exploring Stakeholder Engagement in Policy Development

The second objective delves into the nature and extent of stakeholder engagement as presented in the academic articles. It seeks to understand the roles various stakeholders play in shaping the policies that drive the adoption of Industry 4.0 by SMEs. This includes looking at how stakeholders' contributions and collaborations are reflected in the policy-making process and the impact of such engagements on policy outcomes.

### **Methodology**

The methodology of this systematic literature review was meticulously designed to ensure a comprehensive and rigorous analysis of the European Union's policy orientation and stakeholder engagement in green initiatives for Industry 4.0 adoption in SMEs. The search strategy and selection process were underpinned by a combination of technical evidence collection, stakeholder engagement analysis, and policy impact assessment.

## Search Strategy and Article Selection

The initial search was conducted using a combination of keywords on Scopus and Web of Science databases to ensure a wide coverage of the relevant literature. The keywords used were strategically chosen to capture the essence of the EU's green initiatives in Industry 4.0 for SMEs, policy orientation, and stakeholder engagement. The search was limited to articles published between 2020 and 2023 to focus on the most recent initiatives post-COVID-19 as pandemic have had a significant impact on the initiatives encouraging implementation of Industry 4.0 technologies in businesses (Teixeira & Tavares-Lehmann, 2022). The keywords included combinations of "EU," "Green Initiatives," "Industry 4.0," "SMEs," "Policy," "Sustainability," "Digital Transformation," "Policy Framework," "Regulatory Landscape," and "Stakeholder Engagement."

The initial search yielded approximately 300 articles. These were narrowed down to 18 relevant articles through a rigorous screening process. The inclusion criteria focused on articles that specifically addressed the EU's policies and green initiatives in the context of Industry 4.0 and SMEs. The exclusion criteria removed articles that did not directly relate to the EU's policy framework or stakeholder engagement.

There is a clear research gap highlighted by the noticeable scarcity of publications that particularly address SMEs in the context of EU green initiatives and Industry 4.0 adoption. The limited focus on SMEs is particularly striking given their pivotal role in the European economy and their unique challenges and opportunities in the digital transformation era. The predominance of literature on broader business contexts suggests that while the overarching policies of the EU are well-documented, there is a pressing need for a more granular analysis that considers the specificities of SMEs. This review, therefore, not only seeks to synthesize the existing body of knowledge but also to highlight this gap, advocating for a more targeted research agenda that can inform policy formulation and stakeholder engagement strategies tailored to the needs of SMEs. The findings of this review are expected to contribute significantly to the academic discourse and provide a foundation for future empirical studies focused on this critical sector.

## *Data Extraction and Synthesis*

Data extraction was tailored to gather information relevant to the EU's policy directions and stakeholder engagement from the selected articles. The synthesis process involved summarizing the key points related to policy orientation and the roles of various stakeholders as discussed in the literature. This step was crucial in identifying the alignment of policy initiatives with the needs of SMEs and the extent of stakeholder influence on policy outcomes.

## *Policy Orientation and Stakeholder Engagement Analysis*

The analysis focused on the policy orientations and engagement of stakeholders outlined in the literature. The aim was to understand the strategic direction of the EU's policies and the

dynamics of stakeholder involvement in shaping these policies. This included a review of the discussions on policy frameworks, strategies, and the engagement of SMEs and other stakeholders in the policy-making process.

## **Findings and Discussion**

The European Union has been at the forefront of integrating green initiatives with the technological revolution known as Industry 4.0. This integration is not only a strategic move towards sustainability but also a response to the global competitive pressures and the need for technological sovereignty (Tang et al., 2022). The EU's policy orientation has been shaped by several key themes and issues, which will be discussed in detail, drawing on the findings from reviewed articles.

Teixeira and Tavares-Lehmann (2022) attempted to categorize the several EU policies that are being enhanced and put into effect to promote Industry 4.0 as follows:

**European Platform of National Initiatives:** Created in 2017, this platform brings together national initiatives that aim to stimulate digitalization. It promotes coordination, financial support, and the sharing of experiences, research, and best practices.

**European Stakeholder Forum:** Established to promote contact between different initiatives, this forum focuses on financial support, regulation, coordination, and creating opportunities for new sectoral investments.

**European structural and investment funds:** The European Commission encourages member countries to frame their digitalization policies within the opportunities provided by these funds.

**Public-private partnerships and digital industrial platforms:** The EU strategy emphasizes creating leadership through large-scale partnerships and platforms to drive digital transformation in industries.

However, based on articles that are researched in this study, this classification does not cover all the policy orientations that were investigated in terms of EU policies towards the adoption of Industry 4.0 technologies in SMEs. In this regard, it becomes apparent that the complexities of EU initiatives extend beyond the categories proposed by Teixeira and Tavares-Lehmann (2022). As our comprehensive review reveals, there are additional dimensions and nuanced approaches embedded within the EU's strategic framework for fostering Industry 4.0 integration.

To provide an example, we have summarized a portion of our findings into Table 1, which highlights particular policy orientations found in a number of articles. It is noteworthy that Table 1 provides an instructive example that captures the variety of the EU's initiatives to promote Industry 4.0 in the context of SMEs. It does not, however, represent all of the articles that have been evaluated. The next sections provide a complete overview of our findings, while the table provides a snapshot of the range of approaches recorded in our study.

The EU policies' orientation and stakeholder participation were categorized as follows, based on the policies that are featured in the research's evaluated publications.

## Policy Orientations

### 1. Modernization and De-carbonization

This orientation of policies is in line with the EU Climate Law initiative. The EU's commitment to modernization and de-carbonization of energy-intensive industries is a central theme in its policy orientation. The focus on breakthrough technologies, such as zero-carbon steel making, reflects the EU's dedication to advancing manufacturing with sustainability in mind. Despite challenges, such as business corruption (Chatzistamoulou, 2023), the EU strives to lead global efforts in de-carbonization and digitalization, aiming to become the first carbon-neutral continent by 2050. The twin transitions of digitalization and sustainability are core European concepts, driving advancements in manufacturing to support these transitions (Malik, 2023).

**Table 1: Summary of findings**

Article Title	Author(s) & Year	Research Field	Policy Orientation	Stakeholders
Industry 4.0 as an enabler of circular economy practices: Evidence from European SMEs	Findik et al., 2023	Investigate the link between circular economy practices and I4.0 technologies	Twin Transition: Digital and Green transition  EU should prioritize I 4.0 for SMEs to improve Their CE practices	EU policy makers are considered as the main stakeholder in this research
Creating Value with Environmental, Social, Governance (ESG) in Irish Manufacturing SMEs': A Focus on Disclosure of Climate Change Risks and Opportunities	Cronin and Doyle-Kent, 2022	Evolving regulations and increasing pressure from governments and consumers on SMEs to move towards sustainability	De-carbonization:  Policy direction towards increased transparency and accountability in environmental impact reporting	SMEs and owners
Going beyond waste reduction: Exploring tools and methods for circular economy adoption in small-medium enterprises	Mickey Howard et al., 2022	Explores tools and methods to improve SMEs' chances of adopting CE	Circular Economy:  Waste reduction and value creation through resource optimization	SMEs and UK government  Engagement approach: participatory
EU technology-specific industrial policy. The case of 5G and 6G	Maria Alessandra Rossi, 2023	Assesses EU policies and initiatives related to 5G and 6G, focusing on demand and adoption patterns.	Analysis of the EU's policy priorities in the context of 5G and 6G technologies: Digital Sovereignty	Not specifically mentioned  Implies: Importance of governance and policy coordination
The circular economy implementation at the European Union level. Past, present and future	De Pascale et al., 2023	EU policy framework that encourages sustainable economic growth, innovation, and employment.	EU's policy direction and priorities in relation to sustainability and digital transformation goals.  Circular Economy/Sustainability	Three main categories of stakeholders involved in CE implementation: policymakers, businesses, and other society stakeholders

The future of the technology-based manufacturing in the European Union	Awadesh Kumar Mallik, 2023	Modernizing and decarbonizing energy-intensive industries to support its climate neutrality goal	Modernization and De-carbonization: For example: zero-carbon steel making	Involving stakeholders through co-creation, public-private partnerships, and consultative events (policymakers, academia, civil society)
5G roll-out failures addressed by innovation policies in the EU	Blind and Niebel, 2022	Focuses on addressing 5G rollout 'failures' and policy measures in the EU.	Digital Sovereignty resulting in secure and diverse supply chain can be referred as digital economy	Public-private sector partnership.
Advances towards circular economy policies in the EU: The new Eco-design regulation of enterprise servers	Talens Peiró et al., 2020	Analyzes the EU's policy direction and priorities in relation to sustainability and digital transformation goals.	Implementing CE measures within product policies of EU for energy efficiency	Main: Manufacturers, independent IT service providers, end-of-life operators,  Others: European Standardization Organizations (ESOs), member states
Assessing the level of digital maturity in the Three Seas Initiative countries	Brodny and Tutak, 2023	EU's policies and initiatives aimed at fostering digital and green transitions, within the Three Seas Initiative	Digital maturity to create competitive advantage/ Digital Economy	Governments, enterprises, and possibly other entities such as research institutions

*Source: Author's own work*

## 2. Addressing Challenges in Adopting Digitalization and Industry 4.0

EU industries grapple with challenges arising from natural disasters, the COVID-19 pandemic, and a reevaluation of offshoring practices. The integration of IT systems in manufacturing, concerns about disruptions and security breaches, and efforts to create a single digital market underscore the EU's commitment to overcoming challenges associated with adopting Industry 4.0 (Peiró et al., 2020). New legislations, strategies, and services are being formulated to ensure product and data safety in the face of evolving threats. Moreover, EU's policies try to address barriers that intervene effective implementation of technologies such as lack of awareness and information about green practices, as well as cultural and behavioral factors (Lam-González et al., 2023).

## 3. Circular Economy and Sustainability

The EU's circular economy policy is anchored in achieving zero waste, with a focus on recycling, remanufacturing, and the use of renewable energies. This approach not only reduces dependence on foreign resources but also aligns with sustainability goals. The integration of digital technologies is anticipated to foster new business models, enhance productivity, and contribute to the broader de-carbonization of the economy. Therefore, CE related policies are



reflected as one of the main orientations in EU policies towards adopting Industry 4.0 technologies in SMEs (Howard et al., 2022).

#### 4. Digital Sovereignty and Innovation

The concept of digital sovereignty is prominent in EU policies, particularly in relation to securing a diverse and secure supply chain (Blind & Niebel, 2022). Articles within the research highlight digital sovereignty as a critical aspect, referring to it as a component of the digital economy. This orientation emphasizes the need for the EU to maintain control and security over its digital infrastructure, thereby fostering innovation and ensuring a resilient and competitive digital landscape.

#### Stakeholder Engagement

Stakeholder engagement is a critical aspect of shaping policies that drive the adoption of Industry 4.0, especially when considering the unique landscape of small and medium-sized enterprises (SMEs). Academic literature reveals a multifaceted involvement of stakeholders in the policy-making process, emphasizing collaboration and contributions from various actors (Blind & Niebel, 2022; Peiró et al., 2020; Howard et al., 2022).

##### 1. Roles of Stakeholders

SMEs themselves are pivotal stakeholders in the development of policies (Cronin & Doyle-Kent, 2022). Research by Cronin and Doyle-Kent (2022) highlights the active role SMEs play in providing insights into their specific needs, challenges, and aspirations regarding Industry 4.0 adoption (Cronin & Doyle-Kent, 2022).

Government bodies are instrumental in policy development. The study by Journeault et al. (2021) underscores the importance of regulatory bodies in creating an enabling environment for SMEs to embrace Industry 4.0 technologies (Journeault et al., 2021).

Industry associations and advocacy groups contribute significantly. The work of Brodny and Tutak (2023) demonstrates how collaborative efforts with industry associations influence policy outcomes, ensuring alignment with SME interests (Brodny & Tutak, 2023).

##### 2. Contributions and Collaborations

Stakeholder engagement involves active collaborations between SMEs, governmental bodies, and industry players. The previous studies illustrate successful policy outcomes resulting from collaborative initiatives that incorporate diverse stakeholder inputs (De Pascale et al., 2023; Peiró et al., 2020).

Public-private partnerships emerge as a prevalent collaboration model. Howard et al., (2022) showcases successful engagements between SMEs and private entities, contributing to the formulation of policies that address technological challenges and foster innovation (Howard et al., 2022)

### 3. Impact on Policy Outcomes

Stakeholder engagement significantly impacts policy outcomes. The findings demonstrate that policies shaped through extensive stakeholder involvement are more likely to be effective, sustainable, and well-aligned with the needs of SMEs (Hollebeek et al., 2022; Brodny & Tutak, 2023).

The level of engagement and inclusivity in the policy-making process directly influences the successful implementation of Industry 4.0 initiatives in SMEs. This is evidenced in the study by Cronin and Doyle-Kent, (2022), emphasizing the need for ongoing collaboration to address evolving challenges (Cronin & Doyle-Kent, 2022).

### Conclusion

In conclusion, this research set out to achieve two key objectives: firstly, to assess the policy directions discussed in the literature, and secondly, to explore stakeholder engagement in the development of policies driving the adoption of Industry 4.0 by SMEs. The findings reveal a dynamic and comprehensive policy landscape within the European Union, where the integration of green initiatives with Industry 4.0 represents a strategic response to global competitive pressures and a commitment to technological sovereignty. The categorization of policy orientations, including modernization and de-carbonization, addressing challenges in adopting digitalization, circular economy and sustainability, and digital sovereignty and innovation, provides a nuanced understanding of the multifaceted approaches employed by the EU. Notably, the identified policy orientations extend beyond existing classifications, emphasizing the intricacies of EU initiatives for fostering Industry 4.0 integration.

The stakeholder engagement aspect underscores the pivotal roles of SMEs, government bodies, industry associations, and private entities in shaping policies. Collaboration and contributions from these diverse actors are evident in successful policy outcomes that align with SME interests. The impact of stakeholder engagement is pivotal, influencing the effectiveness, sustainability, and alignment of policies with the needs of SMEs. The research contributes to the understanding of how EU policies and stakeholder engagement collectively drive the adoption of Industry 4.0 in SMEs, paving the way for a greener, technologically integrated future with a resilient and competitive digital landscape.

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# Enhancing University Branding through Fostering Intercultural Sensitivity: A Comparative Study of Domestic Students in Various Bachelor Programs

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## ABSTRACT

In the globalized world of higher education, many universities strive to attract international students by showcasing their commitment to intercultural sensitivity and diversity. This research delves into the realm of university branding by investigating how institutions can position themselves as attractive destinations for international students. Specifically, we explore the differences in intercultural sensitivity among Budapest Business university students in Hungary across four distinct bachelor programs: Commerce and Marketing, Communication and Media, International Business Economics, and International Relations. The study was conducted during the spring semester of 2023 among Hungarian students only, i.e., no international students were included in the study. The research examines the influence of gender and the number of years spent at the university on intercultural sensitivity. Our study included 254 participants and employed Chen and Starosta's (2000) 24-items Intercultural Sensitivity Scale, comprising five critical components: respect for cultural differences, interaction engagement, interaction confidence, interaction enjoyment, and attentiveness. Our findings shed light on the varying levels of intercultural sensitivity among students from different academic backgrounds. Notably, the research sheds light on how universities can leverage these differences to bolster their branding efforts. Universities can apply the outcomes of this study to strategically tailor their marketing and recruitment strategies in order to emphasize their ability to cultivate intercultural sensitivity among their sets of students.

**Keywords:** Intercultural sensitivity, MANOVA, Branding, Higher education

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## 1. Introduction

In today's globalized landscape of higher education, universities are faced with the ever-increasing challenge of attracting international students. In their pursuit of a diverse and interculturally sensitive set of students, universities are compelled to showcase their commitment to fostering an environment that thrives on inclusivity and mutual respect (Lin & Shen, 2020). This research examines this particular context of university branding, seeking to unravel the intricate dynamics of how institutions can strategically position themselves as alluring destinations for international students. This topic is particularly intriguing given the evolving dynamics of international education. As students from diverse cultural backgrounds seek higher education opportunities abroad, the role of intercultural sensitivity and its influence on their choice of academic institutions takes on significant importance (Bridges, 2023). The extent to which Hungarian students possess intercultural sensitivity, as well as the factors that impact it have become pivotal considerations for universities looking to attract and retain a globally diverse groups of students.

Despite the wealth of research in the area of intercultural sensitivity, a noticeable gap remains in the existing research in regard to the present research context. Prior studies (Toptsi & Hajeer, 2023; Chen & Hu, 2023; Jacobi, 2021) have explored various aspects of intercultural sensitivity but few have delved into the nuances of how it varies across different academic backgrounds. Furthermore, limited research has been dedicated to understanding the roles of gender and the duration of university enrollment in shaping intercultural sensitivity. This study endeavors to bridge this research gap by investigating these crucial aspects in the context of higher education. Therefore, the primary aim of this study is twofold. Firstly, it seeks to examine and elucidate the variations in intercultural sensitivity among university students in Hungary across various academic programs, namely Commerce and Marketing, Communication and Media, International Business Economics, and International Relations. Secondly, the study aspires to explore and understand the influence of gender and the number of years spent at university on intercultural sensitivity. By filling this research gap, the study aims to provide valuable insights that universities can utilize to tailor their marketing and recruitment strategies effectively, emphasizing their capacity to cultivate intercultural sensitivity among their student community, thus enhancing their global appeal.

### *1.1. Branding in Higher Education*

Branding and student satisfaction play a critical role in the global competitiveness of higher education institutions and in international student recruitment and enrollment. A study conducted by Hashemnia and Bagherimajd (2020) investigated the influence of branding on the attraction of international students in higher education, specifically considering the mediating effects of brand satisfaction and loyalty. With 177 faculty members from Sistan and Baluchestan Universities as the sample, the research utilized structural equation modeling. The results demonstrate that brand reinforcement significantly impacts brand satisfaction, loyalty, and international student attraction while brand satisfaction directly and indirectly affects both loyalty and the attraction of international students. In addition, brand loyalty directly influences international student attraction.

According to Joseph et al. (2012), some of the key factors that influence students' decisions when selecting a university include the reputation of the university, selectivity, personal interaction, facilities and athletics, cost, location, and programs offered. In the context of the present inquiry, the central emphasis will be placed on personal interaction. The personal interaction factor refers to the level of interaction that students have with faculty, staff, and other students at the university. This factor can include things like faculty/student interaction, student life, community involvement, and a friendly environment (Joseph et al., 2012). Recognizing the diverse cultural backgrounds of international students, it is postulated that fostering intercultural sensitivity among domestic students is of paramount importance to facilitate effective and harmonious interpersonal interactions. Hence, the pivotal role of intercultural sensitivity among domestic students in shaping and enhancing the institutional brand of higher education establishments is evident. This, in turn, may exert a substantial influence on the satisfaction levels of international students and subsequently impacts the recruitment and enrollment of future international cohorts.

### *1.2 Measuring Intercultural Sensitivity*

Intercultural sensitivity, a component of intercultural competence, has drawn scholarly attention with varied interpretations. Chen and Starosta (2000) note that it is often confused with intercultural communication competence and intercultural awareness. Within their framework, intercultural communication competence encompasses three dimensions: intercultural sensitivity, intercultural awareness, and intercultural adroitness. While intercultural awareness primarily involves cognitive aspects and intercultural adroitness relates to behavioral facets, intercultural sensitivity centers on the emotional and affective dimensions of the interacting individual (Chen & Starosta, 1996). In contrast, Bennet (1986) offers a different perspective, defining intercultural sensitivity as an individual's ability to transition from the denial stage, where cultural differences are denied, to the integration stage, which encompasses emotional, behavioral, and cognitive dimensions. Luo and Chan (2022) acknowledge the diversity of terminology in the field, including terms like intercultural sensitivity, cultural intelligence, cross-cultural adaptation, and global competence. Regardless of the nomenclature, these terms collectively revolve around a shared notion: evaluating how individuals navigate intercultural contexts.

To enhance the intercultural sensitivity of domestic students, it is imperative to initially assess their current level of sensitivity, which constitutes the primary focus of the present investigation (Luo & Chan, 2022). Different questionnaires have been created to measure intercultural sensitivity, including Bennet (1986), Bhawuk & Brislin (1992) and Chen & Starosta (2000), among others. The present research employed Chen and Starosta's widely recognized Intercultural Sensitivity Scale (2000), which has been extensively validated in numerous prior studies (Fritz et al., 2005; Tamam, 2010; Wang, 2016; Wu, 2015; Hajeer et al., 2023). Chen and Starosta's Intercultural Sensitivity Scale (ISS, 2000) has found widespread application in diverse professional and cultural contexts for assessing intercultural sensitivity. Previous studies have utilized the ISS to gauge intercultural sensitivity among individuals

across various domains, including education (Demir & Kiran, 2016) and the hospitality sector (Yurur et al., 2018).

The development of the Intercultural Sensitivity Scale (henceforth ISS) involved a three-fold process (Chen & Starosta, 2000). Initially, an extensive literature review informed the creation of a comprehensive set of 73 items designed to measure intercultural sensitivity using a five-point Likert scale. A validation study, encompassing 168 participants, led to the identification of 44 valid items. In the second phase, 414 participants completed the questionnaire to establish the factor structure of these 44 items. This analysis revealed five distinct factors, comprising a total of 24 items. These factors included Interaction Engagement, Respect for Cultural Differences, Interaction Confidence, Interaction Enjoyment, and Interaction Attentiveness.

## **2. Methods**

### *2.1 Participants and Data Collection*

The questionnaires were filled during the spring semester in 2023 and involved a total of 254 participants from Budapest Business University. The sample included 90 males and 164 females, ensuring a diverse gender representation within the sample. The nationality of the students is Hungarian. The age range of the participants was between 18 to 24 years, reflecting a predominantly younger demographic. The academic distribution among the participants encompassed various disciplines, with 74 individuals specializing in Commerce and Marketing, 58 in International Relations, 73 in Business, and 49 in Economics and Communication and Media. This diversity in academic backgrounds contributed to a well-rounded participant group, offering a broad perspective on intercultural sensitivity across different fields of study within the higher education context. For the initial data collection, an online Google Form survey was distributed to a total of 400 university students specializing in business-related fields. Out of the 400 surveys disseminated, a substantial cohort comprising 254 students actively participated by completing the survey, thereby providing valuable data for the study.

### *2.2 Instrument*

The data collection instrument utilized in this study was developed by Chen and Starosta (2000). The structured questionnaire consisted of 24 items (see Appendix 1) that represent five distinct constructs: Interaction Engagement (7 items) assesses the willingness of individuals to engage in intercultural exchanges, with items such as , "I often show my understanding of different cultures through verbal or nonverbal cues"; Respect for Cultural Differences (6 items), which focuses on acknowledging and accepting differences between individuals from diverse cultural backgrounds, with items such as, "I would not accept the opinions of people from different cultures"; Interaction Confidence (5 items), measuring an individual's self-assurance when interacting with people from different cultures, with items such as "I am confident when interacting with individuals from diverse cultures"; Interaction Enjoyment (3 items), which gauges the positive emotions and satisfaction experienced during



intercultural interactions, including items such as, "I enjoy interacting with people from different cultures"; and lastly, Interaction Attentiveness (3 items), which examines an individual's ability to focus on interactions with people from diverse backgrounds, as seen in items such as "I actively seek information during interactions with individuals from different cultures".

### 2.3 Data analysis

The reliability of the scales in this study was examined to ensure the consistency and dependability of the measurement tools. Cronbach's alpha coefficient was used to assess internal consistency, a key aspect of reliability, with a commonly accepted threshold of 0.7 or higher (Pallant, 2011). However, it is worth noting that for scales with a limited number of items, low Cronbach alpha values are common. In such cases, it may be more appropriate to report the mean inter-item correlation for the items, which is a robust alternative for assessing reliability (Pallant, 2011). An optimal range for the inter-item correlation is recommended to fall between 0.2 and 0.4 (Briggs & Cheek, 1986).

As presented in Table 1, the reliability analysis of the five scales used in this study revealed varying results. The "Attentiveness" scale, with only three items, demonstrated a relatively low Cronbach alpha, which is typical for shorter scales, at 0.433. However, the inter-item correlation for this scale, as reported in the table, falls within the acceptable range. This suggests that despite the brevity of the scale, the items were consistent in measuring the construct. The other scales displayed Cronbach alpha values around the 0.7 threshold, indicating strong internal consistency and reliability. Table 1 provides a comprehensive overview of the Cronbach alpha values and inter-item reliability for all five scales, ensuring that the measurement tools used in this study are reliable and dependable for analyzing intercultural sensitivity.

**Table 1:** Cronbach Alpha & Interitem correlation of the five scales

Scale	Cronbach's Alpha	Inter-item correlation mean
Engagement	.664	.228
Respect	.742	.333
Confidence	.851	.534
Enjoyment	.603	.332
Attentiveness	.433	0.203

*Source: Authors' own research (editing)*

Prior to conducting a Multivariate Analysis of Variance (MANOVA), several assumptions were assessed to ensure the validity of the analysis. These assumptions, outlined below, encompass considerations related to sample size, normality and outliers, linearity, homogeneity of regression, multicollinearity, and homogeneity of variance-covariance matrices (Pallant, 2011).

**Sample Size:** One fundamental prerequisite for MANOVA is having an adequate sample size in each cell, surpassing the number of dependent variables. In this study, the

dependent variables consisted of five components of intercultural sensitivity, including "respect for cultural differences," "interaction engagement," "interaction confidence," "interaction enjoyment," and "attentiveness." It is noteworthy that each cell within the sample significantly exceeded the minimum required number of cases, ensuring the robustness of the analysis.

**Normality and Outliers:** Assessing normality involves scrutinizing the skewness and kurtosis values for each variable. The data was considered normal if the skewness fell within the range of -2 to +2 and the kurtosis ranged from -7 to +7 (Byrne, 2010; Hair et al., 2010). In the present study, skewness values between variables ranged from -0.918 to 0.35, while kurtosis values ranged from -0.600 to 0.579. Furthermore, multivariate normality was assessed using Mahalanobis distances, which revealed three outliers that were subsequently removed from the dataset.

**Linearity:** The linearity assumption examines the presence of a linear relationship between each pair of dependent variables. To assess this, scatterplots were generated for each pair of variables (Pallant, 2011). Examination of the scatterplots indicated that all variables displayed linear relationships, satisfying this assumption.

**Homogeneity of Regression:** The assumption of homogeneity of regression is pertinent when conducting a stepdown analysis, which organizes dependent variables based on theoretical or conceptual reasoning (Pallant, 2011). Since such an analysis was not part of the study's design, this assumption was not explored.

**Multicollinearity and Singularity:** To evaluate potential multicollinearity among variables, a Pearson correlation test was performed. The analysis revealed that the correlation coefficients ( $r$ ) ranged from 0.091 to 0.592, indicating no excessive correlations among the variables.

**Homogeneity of Variance-Covariance Matrices:** The homogeneity of variance-covariance matrices was confirmed through Box's test, where the significance level was set at 0.095. This test's non-significant result suggests that the variance-covariance matrices were indeed homogeneous, supporting the assumption's validity.

### **3 Results and Discussion**

#### *3.1 Differences based on field of study.*

As shown in the following table, there is no evidence of a significant difference among the groups. This is indicated by the significance level (Sig.) of Wilk's Lambda and Pillai's Trace test, which is reported as .572 and .569 (refer to Table 2 for more details). This significance level indicates that the  $p$ -value is more than 0.05. This means that statistically, there is no significant difference among the four specializations, namely, Commerce and Marketing, Communication and Media, International Business Economics, and International Relations in terms of their intercultural sensitivity level.

**Table 2: Differences among the groups**

Effect		Value	F- value	Hypothesis degrees of freedom	Error degrees of freedom	Significance.	Partial Eta squared
Intercept	Pillai's Trace	.988	4165 .396	5.00 0	246.00 0	<.0 01	.98 8
	Wilks' Lambda	.012	4165 .396	5.00 0	246.00 0	<.0 01	.98 8
	Hotelling's Trace	84.6 63	4165 .396	5.00 0	246.00 0	<.0 01	.98 8
	Roy's Largest Root	84.6 63	4165 .396	5.00 0	246.00 0	<.0 01	.98 8
Specialization	Pillai's Trace	.053	.896	15.0 00	744.00 0	<u>.56</u> <u>9</u>	.01 8
	Wilks' Lambda	.948	.893	15.0 00	679.49 9	<u>.57</u> <u>2</u>	.01 8
	Hotelling's Trace	.055	.890	15.0 00	734.00 0	.57 6	.01 8
	Roy's Largest Root	.030	1.50 2	5.00 0	248.00 0	.19 0	.02 9

Source: Authors' own research (editing)

### 3.2 Differences based on gender

In light of the various analyses performed within this study, it is prudent to consider an adjustment to the alpha level, thereby mitigating the potential for Type 1 errors. A widely accepted technique for this purpose involves implementing a Bonferroni correction. In essence, this correction method entails dividing the original alpha level of 0.05 by the total number of planned analyses, thereby fortifying the statistical rigor (Tabachnick & Fidell, 2013). Within the scope of this study, examining five dependent variables, a tailored adjustment of the alpha level is warranted. This adjustment involves lowering the alpha value to 0.01 by dividing the conventional 0.05 alpha by the number of dependent variables, which in this case is five. Thus, statistical significance is attributed solely to results where the probability value (Sig.) registers below the 0.01 threshold. Consequently, the data reveals significant disparities in regard to three specific variables: engagement, respect, and confidence (as indicated in Table 3).

**Table 3: Statistical significance of dependent variables**

Variable	F-value	Significance.
Total engagement	7,167	,008
Total respect	14,828	<,001
Total enjoyment	,640	,425
Total attentiveness	1,241	,266
Total confidence	13,480	<,001

Source: Authors' own research (editing)

Upon analyzing the mean values for males and females (see Table 4), notable distinctions emerge. In terms of engagement, females exhibit higher mean value, suggesting a greater propensity for active participation in intercultural conversations. Conversely, males demonstrate higher levels of confidence in intercultural interactions. Furthermore, the data

indicates that females outperform males in terms of respect for cultural differences, suggesting a heightened propensity to exhibit respect in situations involving intercultural diversity and its associated nuances.

**Table 4:** Comparison of Intercultural Sensitivity Dimensions Between Genders

Variable	Gender	Mean
Engagement	male	25,633
	female	26,823
Respect	Male	24,600
	Female	26,335
Enjoyment	Male	12,100
	Female	11,884
attentiveness	Male	10,389
	Female	10,659
Confidence	Male	18,700
	Female	16,909

*Source: Authors' own research (editing)*

### 3.3 Differences based on year of study

The statistical analysis reveals an absence of significant differences among the groups, as evidenced by the significance levels (Sig.) obtained from both the Wilk's Lambda and Pillai's Trace tests, which are reported as 0.866. This indicates that the p-values exceed the 0.05 threshold. Thus, from a statistical perspective, no statistically significant distinctions exist among the three groups – first, second, and third-year students – regarding their levels of intercultural sensitivity.

## 4. Conclusions

This research aimed to provide a snapshot of intercultural sensitivity among university students in Hungary across diverse academic programs. Through addressing its aim, the study offers practical insights and a deeper grasp of the research problem. The findings highlight the uniform levels of intercultural sensitivity among students from various fields, reinforcing the inclusive nature of higher education institutions. Furthermore, it has successfully addressed a gap in the existing literature by underscoring the consistency of intercultural sensitivity across gender and years spent at university. This study emphasizes the importance of fostering intercultural sensitivity from the start of a student's university journey.

As we consider the future, this research paves the way for several avenues of exploration. Future research can delve into the dynamic aspects of intercultural sensitivity, including the impact of intercultural training programs and the role of extracurricular activities in enhancing this crucial attribute among students. Furthermore, exploring how curriculum design and pedagogical approaches influence intercultural sensitivity can provide valuable insights for academic institutions. However, this study is not without its limitations. The focus was on a specific set of academic disciplines, and extending the research to a more diverse range of programs would likely yield further insights. Additionally, the sample size, while adequate for the analyses conducted, could be expanded to increase generalizability. Despite

these limitations, the conclusions drawn here have important implications for higher education institutions. By positioning themselves as promoting of intercultural sensitivity, universities can enhance their global appeal, diversify their student body, and foster a culture of inclusivity and mutual respect, leaving a lasting impression on prospective international students. This study not only advances our understanding of the topic but also highlights the continued relevance and importance of intercultural sensitivity in today's interconnected world.

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## Appendix A. ISS

Below is a series of statements concerning intercultural communication. There are no right or wrong answers. Please work quickly and record your first impression by indicating the degree to which you agree or disagree with the statement. Thank you for your cooperation. 5 = strongly agree, 4 = agree, 3 = uncertain, 2 = disagree, 1 = strongly disagree (Please put the number corresponding to your answering the blank before the statement)

1. I enjoy interacting with people from different cultures.
2. I think people from other cultures are narrow-minded.
3. I am pretty sure of myself in interacting with people from different cultures.
4. I find it very hard to talk in front of people from different cultures.
5. I always know what to say when interacting with people from different cultures.
6. I can be as sociable as I want to be when interacting with people from different cultures.
7. I don't like to be with people from different cultures. 8. I respect the values of people from different cultures.
9. I get upset easily when interacting with people from different cultures. 10. I feel confident when interacting with people from different cultures.
11. I tend to wait before forming an impression of culturally-distinct counterparts.
12. I often get discouraged when I am with people from different cultures.
13. I am open-minded to people from different cultures.
14. I am very observant when interacting with people from different cultures.
15. I often feel useless when interacting with people from different cultures.
16. I respect the ways people from different cultures behave.
17. I try to obtain as much information as I can when interacting with people from different cultures.
18. I would not accept the opinions of people from different cultures.
19. I am sensitive to my culturally-distinct counterpart's subtle meanings during our interaction.
20. I think my culture is better than other cultures.
21. I often give positive responses to my culturally-different counterpart during our interaction.
22. I avoid those situations where I will have to deal with culturally-distinct persons.
23. I often show my culturally-distinct counterpart my understanding through verbal or nonverbal cues.



24. I have a feeling of enjoyment towards differences between my culturally-distinct counterpart and me.

# How do the theatres in Budapest communicate their mission and values?

György Komáromi<sup>1</sup>

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## Abstract

This paper focuses on the communication strategies of theatres in relation to their missions and values. While it is widely accepted and encouraged in a general market context to explicitly communicate missions and values to both regular and potential customers, as well as all stakeholders, theatres in Budapest appear to differ in some aspects. Using sample data from the field to illustrate the concepts of the relevant literature conference paper tries to identify several factors explaining why theatres in Budapest almost never formulate written mission statements. This phenomenon can be explained by programming with well-defined branding, audience partition, sharing artistic resources (actors and creative personnel), and financing structure with public subsidies.

**Keywords:** theatres, Hungary, organisational mission and values, cooptation

**JEL codes:** Z1, L3, M3

## Introduction

The theatre life represents a vibrant and colourful part of the cultural landscape in Budapest. We will focus on different communication strategies of theatres in relation to their missions and values. It is widely accepted and encouraged in a general market environment to explicitly communicate missions and values to both regular and potential customers, as well as all stakeholders, theatres in Budapest appear to differ in some aspects. Written mission statements and the expressions of values are rarely found in theatres. The paper tries to identify several factors explaining why theatres in Budapest almost never formulate written mission statements. These reasons include programming with well-defined branding, audience partition, sharing artistic resources (actors and creative personnel), and financing structure heavily reliant on public subsidies. Firstly, we present the theoretical arguments for formulating missions and values followed by an introduction to the theatre market of Budapest, and finally, we use the concept of 'coopetition' (a mix of competitive and cooperative elements in the market). We argue that this concept is applicable to Budapest theatres, indicating a direction for future research.

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### **Mission statement for theatres**

Mission statements can play a critical function when articulating the strategic intent and ideological framework of theatres, particularly for public and non-profit organisations (Bonet et al., 2018). These statements are the synthesis of the identity, artistic and economic objectives of theatres acting as a guiding text for both internal stakeholders and the public community. The significance of mission statements in non-profit and mission-based theatres reflects a complex interplay between artistic vision, community engagement, and organizational sustainability (McMillan, 2023).

Two typical examples (see Table 1) show that a mission statement can briefly define the unique identity of a theatre and its role in distinguishing it from its competitors in the cultural marketplace. Mission statements correspond the brands theatres build and maintain. This distinctiveness is not just a marketing tool but a strategic articulation of the purposes of theatres.

**Table 1:** Examples for mission statements

*„The Young Vic is driven by seven core values which underpin all that we do, both on stage and off, to make the Young Vic what it is today - bringing together artists, communities and audiences on a global scale and using the power of stories to change our world.*

*We believe theatre is at its best when everyone participates.*

*We are driven by relentless curiosity and debate.*

*We believe in pioneering and in leading into the unknown.*

*We are led by the creativity of our people and the limitless possibility of imagination.*

*We collaborate: working together to achieve shared goals.*

*We lead with kindness - with heart, with care, and with the wellbeing of our people.*

*We are committed to openness rooted in trust.”*

Young Vic London UK

(<https://www.youngvic.org/about-us/about-us> retrieved on 17.11.2023)

*„Its mission is to be a comprehensive centre for contemporary performing artists, focusing on interdisciplinary, experimental art and talent development, where creators from the region can realize their artistic visions under professional conditions and develop in a supportive environment.*

*Its goal is to provide a creative workshop and a common platform for the region's geographically and professionally diverse artistic community.”*

Bethlen Téri Theatre, Budapest, Hungary

(translated from Hungarian, <https://www.bethlenszinhaz.hu/a-szinhazrol/> retrieved on 17.11.2023)

It sets the commitment of the theatre to certain artistic or aesthetic values and social responsibilities, and sends a message to various stakeholders, especially with the founders (Ministry or Municipality) to build public trust. Transparency and consistency in conveying the mission and its corresponding values are profound to establish and maintain this trust. The mission of the theatre could enhance audience perception and loyalty. A clear and unique mission can become an orientation point for individuals and groups with shared values or

cultural interests. This can lead to a more engaged audience, fostering long-term relationships that extend beyond consuming cultural goods to being part of their identity.

Operational decisions within a theatre are also determined by its mission. Programme choices and building the repertory and ensemble are formed based on the mission summarized in a mission statement to establish coherence and integrity in the activities of the theatre. This alignment is important for maintaining focus on the core principles and avoiding mission drift, particularly in an environment of shifting artistic or social trends and audience expectations.

The communal aspect of the mission of a theatre is particularly important. Shared values among the workforce, potential partners including creative teams and the audience contribute to a dynamic cultural community with the theatre itself. For mission-based theatres, the community is not only an audience but also a participant in the cultural dialogue facilitated by the activities. This community-building aspect is integral to the social impact and audience development strategies of the theatre (Klaic, 2012; Bonet et al, 2018; McMillan, 2023). Bonet et al. (2018) argue that the articulation of the mission is instrumental in securing funding and support from both public and private sources. Philanthropic entities and governmental bodies often prioritize organizations whose missions align with their own objectives and values, using mission statements as a measure of potential impact and alignment with broader cultural and social goals. Based on the theatre management literature we can presume that a well-written mission statement is vital in many aspects, but it can thus be a driving force for theatres to attract financial resources (revenue and subsidies) necessary for its sustainability and growth. Widely considered, therefore, that mission statements are not mere formalities or cursory components of organizational literature; they are strategic tools that define the identity, purpose, and aspirations of theatres. They serve as fundamental tool for building trust, attracting and retaining audiences, guiding operational decisions, fostering community, and attracting funding.

**Table 2:** Functions of mission statements at theatres

<p><b>Define Identity:</b> It distinguishes the theatre from competitors.</p>	<p><b>Build Trust:</b> Transparency in mission and values builds trust with audiences, and other stakeholders.</p>
<p><b>Attract Audiences:</b> A clear and unique mission can attract audience with similar values or interests.</p>	<p><b>Guide Decisions:</b> It ensures that programming and operations are aligned with the core principles.</p>
<p><b>Foster Community:</b> Sharing values can help to create a sense of community among the audience and the theatre's workforce.</p>	<p><b>Support Funding:</b> People or private firms often look for organizations whose missions align with their own philanthropic goals.</p>

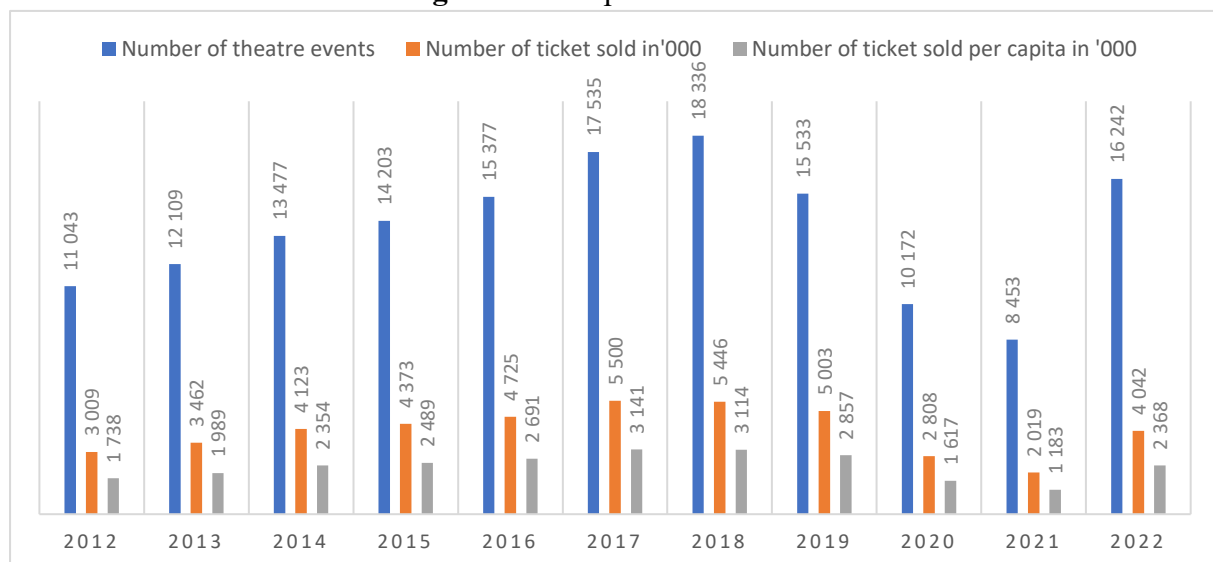
*Source: Synthesis of works of Bonet et al. (2012), Klaic (2012)*

## The thriving theatre landscape of Budapest

In Budapest, the vibrancy of the theatre scene is evidenced by an impressive annual output of over 16,000 events and the sale of more than 4 million tickets (see Figure 1), resulting a high number for theatres sold per capita, more than 2 tickets per a Budapest citizen. One of the rare comprehensive survey shows, however, a substantial proportion of the population – approximately 50% – never engages with the theatre (GfK, 2015). The city's theatrical infrastructure is diverse, comprising more than 40 brick-and-mortar theatres that range from state-operated to privately owned, both for-profit and non-profit. These theatres maintain a rotating repertoire supported by a permanent artistic ensemble; a model reminiscent of the renowned Moscow Art Theatre similar to other Eastern-European theatres (Klaic, 2012).

KSH (2009, 20170) shows a well-established, strong market of theatres in Budapest and in Hungary alike. The theatres in Budapest are characterized by their specialization in a variety of genres, such as drama, comedy, musicals, operettas, dance, opera, ballet, puppetry, and mixed genre. This specialization can be also seen by targeting specific audience demographics: productions are tailored for adults, youth, and children, allowing theatres to cultivate and engage with distinct audience segments. The branding of these institutions is marked by a strong aesthetic style, reflecting not only an artistic vision but also serving as a strategic tool for differentiation in the cultural marketplace. According to published research and surveys (e.g. Hunyadi, 2005) audience demographics reveal a middle-class predominance, with two-thirds of the audience being women and a significant portion characterized by an older age group, colloquially referred to as having 'greying hair.' (Phrased widely used in theatre discussions).

**Figure 1: Budapest theatres in numbers**



Source: KSH (2023)

On the day of the conference (November 9, 2023), 52 performances could be found there ranging from children's theatre to opera: Children & young: 9, contemporary: 8, classic: 7, dance: 3, performance: 1, mono: 2, readout: 2, musical: 8, comedy: 10, opera: 1, circus: 1 (data

from <http://www.port.hu/szinhaz> accessed on 17 November 2023). This strategic scheduling is part of a broader marketing and audience engagement strategy that the theatres of Budapest employ to maintain and expand their audience base.

### **Strong brands and coopetition of Budapest theatres**

In exploring the market of Budapest's theatres, one is puzzled by the lack of written mission statements among such professional organizations with only one theatre documenting its mission in writing. Voss et al. (2000), Klaic (2012) and Bonet et al. (2018) point out the importance of programming in theatre strategies, especially in their communication, but it seems that in Budapest the sector relies almost exclusively on its programming to articulate its brand identity. This branding by programming suggests that theatres are allowing the content of their productions, the composition of their ensembles, and the reputation of their actors, actresses, and directors to implicitly communicate their values and vision. Such a strategy reflects a nuanced approach to branding, one that needs no formal declarations in favour of an identity forged through artistic choices and the experiences of their audiences.

The apparent disinterest of theatre owners or founders in forming and publicizing mission statements could be symptomatic of a broader cultural trend within the sector. Perhaps it is an indicative of a prioritization of artistic expression over formalized strategic communication, or it might point to a potential lack of strategic management experience or managerial approach in articulating organizational purpose. This raises questions about the role and value of mission statements in this market and whether the traditional benefits associated with explicit mission communication are being realized in other ways within the theatres of Budapest.

The nature of the market itself provides further context for this phenomenon. Described as non-competitive, the theatre market of Budapest is characterized by a steady, high-demand audience base and bolstered by significant subsidies. Such conditions may diminish the perceived need for competitive differentiation through mission statements as financial security is less tied to the aggressive marketing of a mission. The market segmentation, with theatres employing brand partitioning to appeal to specific demographics, may also diminish the necessity for a single, overarching mission statement. We suggest that the concept of 'coopetition' may appear to be at play, where theatres engage in both cooperative and competitive strategies. The concept of coopetition has been formed by academics in the last 20 years. The corresponding literature (Jámbor, 2018) defines coopetition as a business strategy. Coopetition is a unique mix of competition and cooperation, manifesting in various forms and scales in business interactions. It represents a strategic approach that companies adopt to balance and benefit from both competitive and cooperative engagements.

In the Budapest theatre market, we can identify signs for existence of coopetition (Jámbor, 2018). The sharing of resources among theatres, such as actors, suggests a collaborative approach to managing market demands. Communication channels are frequently used among directors, financial directors to coordinate their activities, organize meetings along with common interest (e.g. legislation). At the same time, each theatre maintains its unique identity, competing to attract audiences to its distinct brand of theatre. This delicate balance of

cooperation and competition seems well-suited to a market that values diversity and creative symbiosis.

Financial considerations further influence the theatre landscape. Independent theatres, often more constrained in terms of funding, may need to focus on educational and politically themed productions to maintain financial viability. The Átrium Theatre's Donor Day is a good example when communicating mission and value (political engagement in this case) may regain its importance. (<https://www.facebook.com/atriumszinhaz/posts/5987054214675090> retrieved on 17 November 2023)

## Conclusion and further research

In conclusion, the Budapest theatre scene presents a unique case study in the communication of mission and values. The lack of written mission statements may seem surprising as in many cultural sectors such statements are considered foundational. Instead, the theatres of Budapest communicate their identity through their productions, artistic ensemble, and audience experiences. This implicit communication strategy followed by all the theatres in Budapest shows that this market has a distinctive feature with competitive and cooperative features, thus it can be seen as a cooptation when theatres, directors, artists are interconnected, intertwined. This market gives no incentive to the theatres of Budapest to explicitly communicate their mission and values. In order to understand the market of the theatres in Budapest, further and deep analyses are needed in the future.

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# Product Recalls and Brands: Analysis of Food Product Recall Announcements on Online News Portals

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## ABSTRACT

The system of product recalls helps increase consumer safety and is part of responsible manufacturing behaviour. In the case of food products, product recalls are announced on NÉBIH's (National Food Chain Safety Office) homepage, but to reach more customers, daily news and online news portals are also important sources of this information. However, news portals sometimes create exaggerated headlines or doesn't mention the exact brand name, so it can frighten consumers unnecessarily, as well as can harm the image of other producers (halo-effect). For the research we selected all food product recall announcements on the homepage of NÉBIH in the period of March-September 2023. We examined how these recalls were communicated on the online portals having the highest reach, focusing on transparency - especially in terms of comprehensiveness and correctness (regarding the brand name). The news' headlines have been categorized based on the mention of brand name in the headline and a quantitative analysis explored the performance of the online news portals. We found that comprehensiveness is relatively high, however, correctness in headlines is quite low, therefore there is high potential for negative spillover effect. Another important finding is that correctness does not correlate with comprehensiveness. We found different patterns for producer and private label brands.

**Keywords:** product recall, online media, negative spillover effect

## 1. Introduction

According to the saying, 'The only man who makes no mistakes is the man who never does anything.' When this concept is applied to companies, it is evident that mistakes can occur in their operations. While process and quality management aim to reduce the likelihood of failure, there are situations where a product may not meet expectations but still launched. If the issue is detected before selling the product, it is identified as waste. However, if the product has already been sold, it can pose a significant risk to consumers, potentially causing physical harm and leading to consumer loss, trust loss, and reputational damage. As a result, an efficient product recall is essential to mitigate these adverse effects.

Product recall is 'any measure aimed at achieving the return of dangerous product that is already in the hands of consumers or other end users' (EC CASP 2020:3). A product recall can

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be voluntary or mandatory. Product recall must be distinguished from product withdrawal, which ‘shall mean any measure aimed at preventing the distribution, display and offer of a product dangerous to the consumer’ (EC Directive 2001/95/EC on General Product Safety).

While in 2018 there was no detailed, practical legal regulation available for companies concerning withdrawal and recall in Hungary (Barna et al, 2018), in 2020 the European Commission and European Market Surveillance Authorities have developed a working document on guidelines for recall process as part of the mission to improve product safety in the European Union (EC CASP 2020).

## **2. Literature review**

The history of research on product recalls dates back to the rise of consumer market influence and awareness, as well as the introduction of market regulations in this field. This encompasses prior research conducted in both the US and Western European nations, such as Mowen (1979) and Jolly & Mowen (1985), as well as more recent studies in Hungary by Fazekas (1995), Kasza et al. (2012), and Barna et al. (2018). In the MTMT (Hungarian Scientific Works Repository) database, only four articles are found that explore recall or product recall through keyword search results. However, none of these articles specifically address the marketing impact of product recalls, including the communication of recalls and the potential halo effect. Hajnal and colleagues (2004) addressed the technical aspect of food recall tracing, while Kasza et al. (2012) provided an overview of product safety issues and their potential solutions. Barna et al. (2018) and Szakos et al. were also consulted. In 2018, the findings from a representative consumer survey conducted by the NÉBIH (National Food Chain Safety Office in Hungary) on product recall were released. This study provides valuable insights into consumer attitudes and behavior towards recalls, as well as their ability to remember specific details such as the reason for the recall and the types of products affected.

Concerning the product types which have already been in the focus of recall studies, some product categories are overrepresented in the literature. In the international literature, significant part of the articles deals with challenges of automobile recall (Wei et al. 2019; Giannetti & Srinivasan 2021), in which the Volkswagen scandal was one of the most studied one (Majláth 2016). Another group of articles deal with different product categories at the same time (Cleeren et al. 2013; Kübler & Albers 2012), and several studies focus on the food industry (Kong et al. 2019; Liao et al. 2020; Chowdhury et al. 2021; Yu et al. 2023). Supplementing the latter with the fact that in Hungary NÉBIH publishes food recalls on a regular basis and comprehensively, this article concentrates on food recalls in Hungary.

Cleeren et al. (2013) claim that product recalls could decrease not only the market share of the recalled product, but the sales of brands in the same category because of the negative spillover effect. Food product recalls can decrease consumers’ trust in safety systems (Liao et al. 2020) and can negatively affecting competing brands in the same product category (Zhang & Lim 2021).

Borah & Tellis (2016) examined automobile recalls and their potential negative effects on other car brands. They defined “perverse halo” (or negative spillover) “as the phenomenon whereby

negative chatter about one nameplate increases negative chatter for another nameplate”. They found strong evidence for such a negative spillover effect, which exists not only for some brands across segments, but also across brands within the same segments. However, they underlined that this effect is stronger if the recalled brand is a dominant brand on the market, and weaker if the recalled brand is a less dominant brand (Borah & Tellis 2016).

Contrary to the above-mentioned studies, there can be a positive approach of halo-effect related to recalls. Byun and co-authors (2020) examined the loyalty-halo effects of recalls at six grocery chains in US in two dimensions: whether consumers stay at or leave the grocery store after the recall and if they stay, how long is the delay of repurchasing the recalled brand-based on the data of a reward card program. Their definition of a loyalty halo is “a phenomenon where the halo effects of loyalty make customers resilient to negativity”. They found that the consumers who were very loyal before the product recall, typically stayed with the recalled brand, however customers with strong shopping habits were less likely to stay with the affected brand, so this phenomenon will create a positive outcome for competing brands.

Giannetti and Srinivasan (2021) also highlighted both positive and negative spillover effects of product recalls at brand, firm and country-level. Using the robust sample from the automotive industry, their finding strengthened previous results that non-recalled products at brand level can suffer after a recall. Liu et al (2021) also examined the spillover effect of product recalls on competitors’ market value.

However, these negative or positive spillover effects can come into operation only if the recall information could reach the consumers. Therefore, effective communication of the recall has high importance. The European Commission recall guidelines contain suggestions both for recall notice content and recall communication platforms. An effective recall notice should: (1) be eye-catching, (2) be available on the official language of the country, (3) be easy-to-understand, (4) have clear heading, (5) provide relevant product identification information, (6) should mentioning hazard, (7) give instructions what to do (8) provide details about the remedy (9) and provide contact details (EC CASP, 2020). Information on product recall should be spread fast and effectively in order to prevent any harm for the consumers, therefore the EC document recommends several communication paths: (1) direct contact of the consumers via email, telephone call, text message, (2) company’s communication platforms like homepage, newsletters, firm’s social media platforms (3) communication channel of national MSA – like NÉBIH (4) traditional media – newspapers, radio, TV, (4) in-store communication (5) specialist media. Beside these forms, word-of-mouth communication can improve the reach of potential consumers affected by the potential risk. (EC CASP, 2020)

### **3. Methodology**

The aim of this research is to examine product recall announcements on online portals with the highest reach from two dimensions: (1) how comprehensive the announcements of food recalls on the given online news portals and (2) how much these news headlines help consumers to identify the exact brand in order to prevent negative spillover effect.

Comprehensiveness is important because online news portals have 5.6 million users spent and they spend by far the longest time reading news sites (3 hours 42 minutes average – in a 3-month period) (NMHH, 2023). Online news portals – by definition – should share the most relevant and up-to-date news with their audience in an understandable and correct form. That is why their readers visit their page. Their advantages over traditional newspapers are their promptness: they can publish news in 24 hours a day and the other advantage is their closeness and convenience: as a mobile phone makes it possible to reach new information at any place and at any time of the day. Hence, if the aim is to inform as many people as possible and as soon as possible on a food product recall, it is worth communicating this recall on online news platforms. We decided to measure comprehensiveness by the percentage of food product recalls published on the online platforms in a given period. Therefore, values can vary between 0-100%, where 0% means, that a given online platform did not published any food product recall news, and 100 % means that all product recalls at NÉBIH site were communicated on the given news site. Of course, the higher values are better, but we should expect 100 % as the ideal value, because (1) information on recent food product recalls are freely available at NÉBIH's homepage, so the cost of accessing information is very low and (2) because the topic of this news is a kind of danger, it fits quite well with the general profile of news sites, which prioritize negative news over positive ones – but this time it coincides with the social interest.

The purpose of this study is to evaluate the product recall notifications published on online news platforms (1) in terms of their comprehensiveness, and (2) how well the accompanying headlines assist consumers in recognising the exact brand in order to avoid any adverse consequences. Comprehensiveness is crucial as online news portals have 5.6 million users who spend the longest time reading news websites (3 hours 42 minutes average in a 3-month period) as reported by NMHH in 2023.

Correspondingly, online news portals should provide the most pertinent and current news to their audience in a clear and precise manner, which is why their readers visit their platform. The advantages of online news platforms over traditional newspapers lie in their promptness – they can publish news 24 hours a day. Additionally, they offer convenience and accessibility, as mobile phones allow for access to new information at any time and place. Therefore, in the case of a food product recall, dissemination of the news on online news platforms is worth considering in order to reach as many people as quickly as possible. Comprehensiveness was measured by the proportion of food product recalls reported on online news platforms within a given time frame, with values ranging between 0-100%. A 0% result indicates that a particular online platform did not report any food product recalls, whereas a 100% result denotes that all product recalls from NÉBIH site were communicated on that news platform. While higher values are preferable, it is reasonable to anticipate 100% as the optimum value. This is due to the fact that recent food product recall information is readily accessible on NÉBIH's homepage, resulting in a low information access cost.

The other dimension we examine is correctness of these news headlines. Correctness here is focusing on the mention of a recalled brand's name in the headlines. Reasoning that kind of approach is twofold: (1) news headlines are for highlight the main content and give a glimpse on what is the news about and (2) to avoid the potential negative spillover effect to other

competing brands, it is clear that the brand name of the recalled brand should be mentioned. Even if the brand name mention, we still can experience other form of negative spillover effect as other product segments under the same umbrella brand may suffer from a recall of one kind of product.

Nowadays manufacture brands and private labels are both successful in the food trade. According to NÉBIH, there is a significant emphasis on the production and distribution of commercial private label products currently. This is because more and more consumers are opting for these instead of branded products with comparable quality attributes but at a higher cost. It is worth noting that private-label products, priced more competitively, do not necessarily signify inferior quality. No further laws apply to the food manufacturer who produces their own branded product, whilst the supervisory aspects, control mechanisms and procedural methods of the food inspection authority remain unaltered (Köpöncei, 2022).

In case of private-label brands, the brand communication is not so strong, but customers may know which retailer the brand belongs to. So, in case of private-label products, we considered to accept mentioning the retailer's name instead of the concrete private-label name in news headlines. It can also be supported with the fact that the potentially recalled private-label product cannot be purchased in other stores but only in the given retailer's shops.

Sample selection was created as follows: on NÉBIH's webpage the product recall announcements can be traced back only for a 6-7-month period. Therefore, we could analyse food product recalls within the period of March-September 2023. In this period, 27 food product recall cases have been registered at NEBIH's webpage. (see Table 1)

The next step was the selection of online portals on which we could search for news related to these product recalls. For this selection, we used the Q1 2023 report of the National Media and Info-communications Authority (NMHH). According to their report, 77.41% of the 15+ years old Hungarian population used internet in the first quarter of 2023.

The Hungarian online portals with highest reach are 24.hu, blikk.hu, origo.hu, index.hu, femina.hu, nlc.hu, ripost.hu, borsonline.hu, mindmegette.hu, and nosalty.hu. Two out of this TOP 10 (mindmegette.hu and nosalty.hu) were not included in this research as their main profile is to create recipe-collection.

**Table 1:** Food product recall announcements within the period of March-September 2023 at NÉBIH homepage

Date	Product	Reason of recall	Brand type*
21. 09.	Yi Yuan Sesame oil from black sesame seeds (100% Pure Black Sesame Oil)	high mineral oil content	1
06. 09.	Coop – Good for me! puffed rice slice, salty, seeded, 100 g/ natural, 100 g/ salty, 100 g	possible presence of cadmium content above the limit value	2
06. 09.	ENJOY IT FOR FREE! Puffed rice slice, natural, 100 g / salty, 100 g	possible presence of cadmium content above the limit value	2
24. 08.	Bertolli Pesto Calabrese sauce with red pepper, ricotta and extra virgin olive oil, 185 g	not labelled mustard allergen	1
09. 08.	SPAR NATUR PUR Organic couscous, 500g	sensory inadequacy (rotten smell)	2
04. 08.	dmBio raspberry puffed rice discs, from 8 months, 35 g	possible occurrence of aflatoxin content above the limit value	2
11. 07	FREE Chocolate-flavoured gluten-free extruded cereal, 300 g	non-labelled soy allergen	2
06. 07	Dárdás Boiled, smoked, quick-marinated Caesar bacon, 300 g	not a designated soy allergen	2
22. 06	7 Days Croissant strawberry 60 g/strawberry	not labelled peanut and milk allergen	1
21. 06	Flavoured, roasted corn kernels – several types (Mexicorn-Mogyi, Spar p.l. and Penny p.l.)	possible occurrence of aflatoxin content above the limit value	1/2
08. 06	Poultry sticks 1000 g (Kokárdás)	possible presence of Listeria monocytogenes	2
01. 06	Sonday Corn plate amaranth 105 g and Sonday Corn plate chia 105 g	non-approved pesticide residue (chlorpyrifos)	2
25. 05	ARDO Wok Mix 2.5 kg, 1 kg	possible presence of poisonous plant parts (potato berry fruit).	1
20. 05	Nutriversum - Vegan Protein PEA and RICE - in several flavours	non-labelled soy allergen	1
09. 05	Karát crispy pork hot dogs, 1000 g	non-labelled soy allergen	2
04. 05	SPAR FREE FROM gluten-free plate with caraway seeds, 100 g / with cheese, 100 g	gluten content not indicated	2
04. 05	Ziegler Gluten-free plate with cheese, 100 g	gluten content not indicated	1
04. 05	Delicacy double sausage, 250 g and Paprika, spicy double sausage, 250 g	possible presence of Salmonella	2
27. 04	Bergland Gluten-free plate with cumin seeds 100 g /with shallots 100 g	gluten content not indicated	1
12. 04	S-Budget "A" quality long grain rice, 1 kg	sensory inadequacy (insect contamination)	2
03. 04	Cachet Almond 72% Cacao Extra dark chocolate, 100 g/ Almond dark chocolate with 72% cocoa, 100 g	aflatoxin content above the limit value	1

29. 03	Szatmár bitter liqueur alc. 37.5%, 0.04 l/ Szatmár bitter liqueur alc. 34.5%, 0.7 l	beta-azarone content above the limit value	1
28. 03	Snack Day Gluten-free plate with cheese, 100 g/ with shallot, 100 g	gluten content not indicated	2
24. 03	dmBio sesame tahini cream, 250 g	possible presence of Salmonella	2
21. 03	Danone OIKOS Greek live flora blueberry cheesecake flavoured yogurt, 4 x 125 g	possible presence of mould	1
17. 03	Bauk Hof organic teff flour, whole grain 400 g	high tropane alkaloid contamination	1
09. 03	ABC Fruit Jelly Straws 260 g, ABC Fruit Jelly Straws 1000 g (Jelly Tubes with Fruit Flavour)	possible suffocation risk due to additives not permitted	1

\*own addition: Brand type: 1- manufacturer brand, 2-private label

Source: <https://portal.nebih.gov.hu/termekviszahivas> accessed: 1 October 2023

Femina.hu was not included, either, as Femina is not a classical news portal but the market leader in the segment of online women's magazines, but it has a direct link to index.hu and index.hu portal shows the leading posts of femina.hu too.

The remained 7 portals can be divided into classical news portals (24.hu, origo.hu, index.hu), tabloid portals (ripost.hu, borsonline.hu) and the mixture of classical and entertainment style, called infotainment (blikk.hu), and there is one portal explicitly dedicated to women (nlc.hu). Although this site is not a typical news site either, but it has an “Aktuális” (current) subpage which publishes the latest news. Final selection of news portals in this study can be seen in Table 2 with data of real users and popularity.

After identifying the list of online portals chosen for the study, we collected the news related to the 27 product recall announcements presented in Table 1. For that we used both search option on the news portals and Google search, if we could not find the article directly on the news portal. Altogether there was a potential for  $7 \times 27 = 189$  news items. Then, we collected each news headlines and evaluate them according to their correctness: whether the brand names (or in case of private label products at least the retailer's name) were mentioned in the news headlines or not.



**Table 2:** Description of online portals selected for the study

Online portal's name	Real users of Hungarian online websites with highest reach in the first quarter of 2023 (15+ domestic) (person)	Average time spent (ATS) in Q1 2023 (hour : min.: sec.)	The popularity rank of the top ten websites in gender groups	
			among men (rank)	among women (rank)
24.hu	4 674 932	0:26:06	1	3
blikk.hu	4 570 824	0:23:29	4	1
origo.hu	4 501 056	0:33:08	3	4
index.hu	4 449 240	1:03:43	2	6
nlc.hu	3 803 376	0:11:37	-	8
ripost.hu	3 710 012	0:07:02	9	10
borsonline.hu	3 643 100	0:09:30	-	-

Source: NMHH, (2023), author's own compilation

#### 4. Results

As was mentioned above, altogether there was a potential for  $7 \times 27 = 189$  food recall news items in the examined period, but our search has resulted in 149 items. This proportion of 78.83% has already shown that there is no total comprehensiveness in communicating food recall announcements on the most visited online platforms.

Comprehensiveness shows relatively narrow range of proportions from 51.8% to 100 %, but the 78.83% average suggests that majority of the most visited online sites regularly post on food product recalls. It can be quite conforming for blikk.hu and index.hu visitors that these two news portals report on each and every food recall (100%), so readers do not have to fear that a possibly important piece of news on the subject will not reach them. However, it is quite surprising, that 2 out of the 3 traditional online news portals perform lower proportions (77.8% and 88.9%). At the 24.hu portal recall news in May and June were published incompletely, but between July-September they urged their readers without exception. At origo.hu portal they have not informed visitors in connection with the jelly straw, a gluten-free product and a vegan protein recalls. Table 3 summarizes these results.

Nlc.hu has been one of Hungary's largest and most popular women's internet portals since its launch in 2001, both on the web and on mobile. It informs and entertains the widest possible groups on the most important topics affecting women, with diverse content and numerous services<sup>2</sup>. Although they publish actual news on politics, economics and the like, this portal still has strong magazine-style. Therefore, it is not surprising, that only 62.9 % of the food recalls have been published here. On the other hand, we must emphasize that in the Hungarian society, still women are those who are responsible for majority of food purchase and cooking

<sup>2</sup> <https://sales.centralmediacsopot.hu/termekportfolio/online/noi-eletmod/nlc/>

at home, therefore they are the most important target group for food recall announcements. The lowest proportion of published food recall news (51.8%) was detected at borsonline.hu, what functions as a tabloid portal.

**Table 3:** Comprehensiveness and correctness of food product recall news' headlines on selected online portals

Online portal type	Online portals	Transparent Communication Measures	
		<b>Comprehensiveness</b> Proportion of total food recalls published on the news portal (%)	<b>Correctness</b> Proportion of mentioning brand/retailer name in news headlines on recall (%)
news portals	24.hu	77.8	57.1
	origo.hu	88.9	45.8
	index.hu	100	37.4
infotainment news portal for women	blikk.hu	100	40.7
tabloid news portals	nlc.hu	62.9	58.8
	ripost.hu	70.3	5.2
	borsonline.hu	51.8	21.4

*Source: Author's own editing*

Correctness measurement was calculated by the proportion of headlines mentioning the brand name of the recalled product among recall news published at the given site in a given period. Therefore, it may happen that a portal reports only a few recalls but if the product brand name was mentioned in all the headlines, then Correctness value can be 100%.

13 out of the 27 food recall cases in our study affected manufacturer brands and 14 cases represented private label products. (In one case both were affected as the manufacturer, Mogyi Kft. sells its own brand but, at the same time, it produces private label products to retailers.) In cases where private label brands were recalled, we accepted both the brand name and the retailer's name in the headline, as to some extent it makes possible the identification of the product.

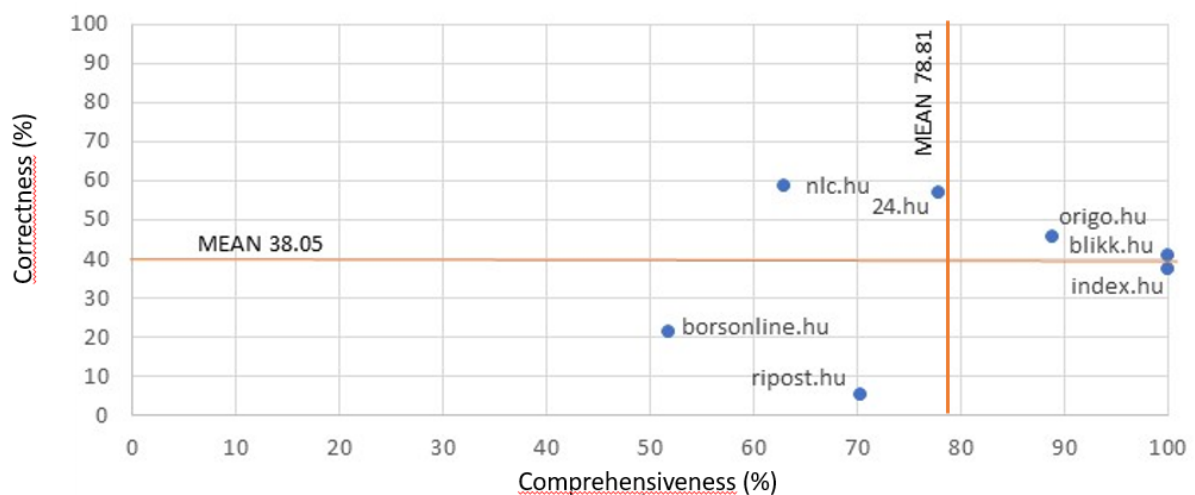
Recall news' headlines show wide range of incorrectness. Some of the headlines just mention the fact of the product recall but gives no closer indication what the subject of the threat is e.g.: 'This product was immediately recalled by NÉBIH, do not consume it if you have also bought it' (blikk.hu). Other headlines contain narrower or broader product categories but do not mention the exact brand name: e.g. 'Have you bought this popular cereal? Take it back immediately, it's dangerous!' (borsonline.hu). Another type of headline focuses on the problem, the reason of the recall but makes it no easy to find out, which is the exact product which is affected by the recall. e.g. 'There was gluten in the gluten-free snacks, snacks were recalled' (nlc.hu). Headlines like this: 'Attention! Products said to be gluten-free were recalled because they contained gluten: we show you which ones they are' (blikk.hu) – obviously want to increase the number of clicks, as readers must open the article to know which products are

affected. Chakraborty et al. (2016) argue that clickbait activity based on loud, exaggerated headlines can increase number of clicks on the short-term, but on the long-term, these headlines increase expectations and may result in disappointment for the readers.

Correctness values show high range among the selected online portals: from 5.2 to 58.8%. Highest correctness values were calculated for 24.hu and nlc.hu, but even these relatively high proportions mean that more than 2 out of 5 recalls the headlines did not mention the recalled brand's name. That means that (1) vague headlines are used for clickbait activity and (2) there is a strong basis for negative spillover effect for competing brands in the same product category of the recalled product. Not surprisingly, the two tabloid portals show the lowest percentage of correct headlines. Ripost.hu online portal shows 5.2% of correctness in the headlines concerning the mention of the exact product brand name and borsonline.hu gives correct headlines in just 1 out of 5 occasions (21.7%).

Negative spillover effects can occur when the brand or retailer's name, or the product category, is not mentioned in the news headline. If a product category is mentioned, but the exact brand or retailer's name is not, this can negatively impact sales for competing brands as consumers are unsure from the headline which brand is affected by the recall caused by a problem. Of course, both scenarios could also augment the readership of the news article if individuals are interested in gaining a comprehensive understanding of the matter.

**Figure 1:** Position of online portals based on food recall news headlines' comprehensiveness (%) and correctness (%) (based on news' headlines on food recall March-September 2023)



Source: Author's own edition

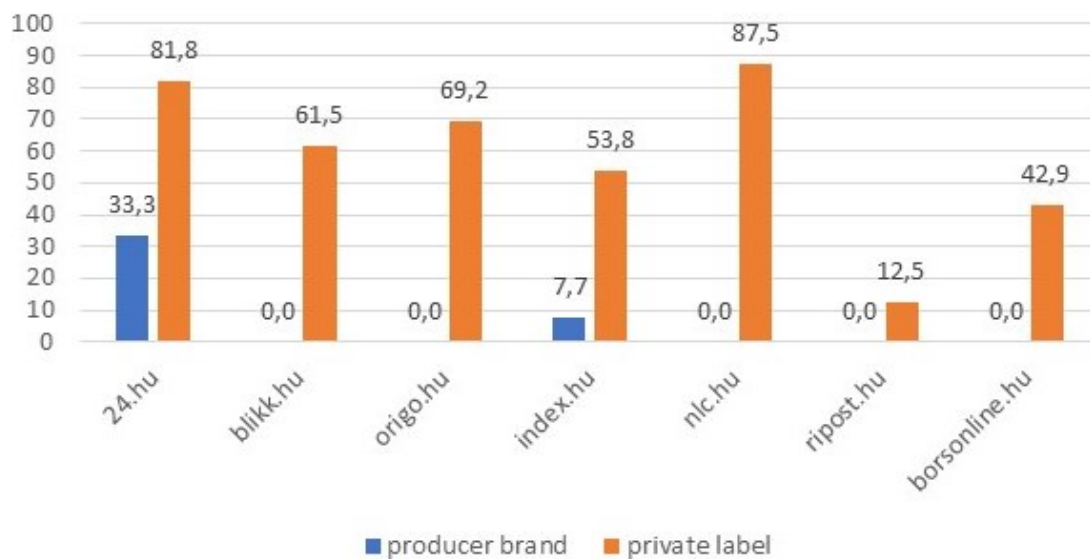
To present the findings, we have organised online portals in a coordinate system, with the axes of correctness (vertical) and comprehensiveness (horizontal) in Figure 1. Drawing the means of these measures in the figure, they divide the online portals into three groups: borsonline.hu and ripost.hu belongs to a quarter with relatively low comprehensiveness and low correctness; in the upper-right corner we found online portals with average level of correctness but very high comprehensiveness with blikk.hu, origo.hu and index.hu; while nlc.hu and 24.hu belongs

to the top-left area, in which comprehensiveness is below the average level, but correctness is the highest among the examined portals.

After categorising the sample by brand type, notable disparities have been identified. In our sample, 13 recall was related to manufacturer brands and in 14 cases the recalled products were a private label. Only a small number of headlines (4 out of 70) referenced manufacturer brands, while 58.9% of the headlines reporting on recalled private label products mentioned the retailers behind them. However, the latter category mentioned the exact private label brand name just in one case (Dárdás brand at Penny). (See Figure 2.) Tabloid portals (ripost.hu and borsonline.hu) shows the lowest proportions.

The findings imply that a greater negative spillover effect of recall could transpire with regard to private label products, as non-engaged readers who do not click through to further recall details may only retain that the retailer's products were hazardous without knowing which specific item was affected. In this instance, the adverse impact – for example, a lack of confidence – can affect other own brand items from the specific retailer, rather than the brands of their competitors.

**Figure 2:** Proportion (%) of food recall news' headlines mentioning the brand/retailer name



Source: Author's own edition

## 5. Discussion and Conclusion

Food product recalls mean potential risk for consumers, so it is absolutely justified to communicate this important news for the public. As indicated in the European Commission's document, there are many other communication channels available for the publication of product recall notices besides news sites. NÉBIH also provide press releases and it operates a Facebook page from which these alerts can be easily get and further communicated to

customers. Responsible news portals should publish all product recall announcements as people visit these pages because they want to be well-informed.

In the analysis, we wanted to know (1) to what extent the information-giving on food recalls is comprehensive on the most visited online portals, and we examined that by the percentage of the food product recalls published on the online sites (called comprehensiveness). The other aspect we examined was that (2) what percent of news' headlines mentioned the given recalled brand name or at least the retailer's name, as it can be informative for private label brands (called correctness).

We found that the examined online portals regularly report on food product recalls. The relatively high mean of proportion of reported cases is not surprising as food recall is a negative news and therefore there is higher probability to be published by a news site and get higher number of clicks. People are more open to negative news as it may help them to avoid a bad situation or to make a bad decision. In connection with food recalls, the aim is the same: to avoid consuming the food product which may cause problems. The typical online news portals showed higher comprehensiveness than tabloid portals and nlc.hu which has a rather magazine style.

Fortunately, those online news portals which publish the fullest list of food recalls has very high popularity among both gender groups: index.hu is the second among men and blikk.hu is the first most popular website among women. However, as cross-reading among websites with the five highest reach is quite high – more than 80% (NMHH 2023), the chance of reading at least one headline which reports on a given product recall is high either.

In connection with correctness in recall news' headlines the picture is more fragmented. Most headlines do not mention the recalled brand's name, and of course, this deliberately incomplete information would basically encourage the reader to click on the news. However, if this does not happen the reader "remains in the dark" and so, the news cannot prevent the consumption of a potentially dangerous product. People expect that headlines are for summarizing the main message of an article/news and not creating vague information just for clickbait. Nlc.hu and 24.hu created the clearest headlines with over 50% of mentioning the brand names in the headlines. Index.hu and blikk.hu is in the middle ground with close to the average 38.05% proportion of headlines containing brand names. These results are in line with Garcia Orosa et al. (2017)'s findings, that clickbait is more and more typical among online news portals in the EU – from Hungary, especially blikk.hu was criticized in their study.

At ripost.hu we found very low correctness in headlines – which is not very surprising if we consider its tabloid feature. However, not only the 5.2% of correctness has very bad message, but if we analyse it together with the 70.3% of comprehensiveness rate. Headlines at ripost.hu are very manipulative: 'Do not eat from it if you bought one in the store! Immediately recalled by NÉBIH' or 'If you buy this cake, do not eat it!'. These types of headlines are manipulative in three ways: (1) they do not mention the exact product category, (2) they do not mention the exact brand or retailer name (3) they use exclamation mark, which creates the feeling in the reader that it is an urgent and imperious news. If the topic is a type of danger, this kind of punctuation may be acceptable, but without providing the most important information on the

case – namely the product category or brand name – it is just for the effect and for higher number of clicks. However, in these cases we cannot speak about negative spillover effect because these headlines are too vague to create concrete association in the head of the reader. The study results indicate that private label food products might experience a more significant negative spillover effect compared to manufacturer brands. This is because news headlines commonly mention the retailers' name, leading to a higher frequency of associations with food product recalls.

Examining comprehensiveness and correctness at the same time – with the location of the points represented the portals in Figure 1 – draws attention to the fact that comprehensiveness and correctness have no correlation. It means, if the alert is regularly published on the news portal, that does not mean automatically that the headline mentions all relevant information regarding the recall. There were two online portals which publish all food product recalls (index.hu and blikk.hu), however, correctness rate is just above the (relatively low) average. The other portals in this study showed deficiencies in both completeness and correctness, which could potentially lead to negative spillover effects. It is evident that the adverse impact on brands and companies that were not responsible for the recall but are still linked to it leads to increased social costs for society. To mitigate these costs, news portals ought to provide transparent information to their readers, including in their headlines. This study reveals that progress remains to be made in this realm.

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# 25-Year Odyssey in the World of Country Branding: Overcoming Challenges and Celebrating Triumphs – 10 Lessons Based on Theory and Practice

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Twenty-five years ago, in 1998, the concept of “nation brand” or “country brand”, made its debut within academic circles. As we reach the quarter-century mark, it is evident that only a handful of countries have truly excelled in this academic and practical pursuit. The author of this article has not only delved into theory but also worked on country branding projects since the beginning of the 2000s. Based on his experience, the paper seeks to consolidate invaluable lessons, fostering discussions on this pivotal subject while keeping an eye on future challenges in the realm of country branding.

## 1. Introduction: Why 25 years and why an odyssey?

Nation branding has been an ongoing phenomenon for the last 25 years. But why 25 years? Because the first publication that coined the term came out in 1998. It was written by Simon Anholt, a British marketing expert, in the *Journal of Brand Management*, with the title “Nation Brands of the Twenty-First Century” (Anholt, 1998). As the story goes, Anholt “was getting bored with spending his life making already rich companies a little bit richer” (Rendon, 2003). Previously, he worked for companies such as Adidas, British Airways, Coca-Cola, IBM, Levi’s, Mercedes-Benz, Microsoft, Nestlé, Nike, Shell, Sony, Visa, or Xerox. But one day, everything changed: Anholt decided to launch a completely new enterprise, specializing in countries as brands. His first client was the Croatian government, which, around the millennium, faced the challenge of reshaping its country image affected by war conflicts. They aimed to present themselves as a democratic market economy, promoting their accession to the European Union, while also associating with the Mediterranean rather than the Balkans.

The marketing and branding academics and professionals embraced the idea of “nation brand” or “country brand” very quickly. In 2002, a special issue was released in the “*Journal of Brand Management*” featuring publications by well-known authors such as David Gertner, Nicolas Papadopoulos, Louise Heslop, Wally Olins, Fiona Gilmore, Creenagh Lodge, and the father of marketing, Philip Kotler himself. In November 2004, a separate academic journal called “*Place Branding*” was launched, later renamed “*Place Branding and Public Diplomacy*”. Several books followed this surge of interest. Simon Anholt authored three books: “*Brand New Justice*” (2005), “*Competitive Identity*” (2007), “*Places*” (2009), and a fourth one, “*Brand America*” (2004), co-authored with Jeremy Hildreth (Anholt, 2005; Anholt, 2007; Anholt, 2009; Anholt & Hildreth, 2004). Notably, a more academic book titled “*Nation Branding*” was published in

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2008, edited by Professor Keith Dinnie (Dinnie, 2008). Both Anholt and Dinnie, being British, have had a significant influence, popularizing terms like “nation branding” and “place branding”. However, in the literature, the term “country branding” is also prevalent.

The development of this field has continued unabated, with works specifically focusing on Central and Eastern Europe emerging. An example is the book edited by Nadia Kaneva and published in 2014, titled “Branding Post-Communist Nations: Marketizing National Identities in the 'New' Europe” (Kaneva, 2014).

In addition to scholarly books and journals, the professional and mainstream media also took notice of this field. In November 2017, The Guardian published a comprehensive article titled “How to sell a country: The booming business of nation branding” (The Guardian, 2017). Over time, nation branding, or country branding, has evolved into a business. Not only Anholt but other experts like Wally Olins or Jose Filipe Torres have specialized in this area. Branding consultants and agencies have also incorporated nation branding into their portfolios.

Concurrently, over the past nearly 25 years, country image centres and country brand councils have emerged across Europe and around the world. Their common task is the positioning of the country, distinguishing it from its “competitors”, developing a unified brand strategy, and coordinating various messages about the country.

But why is country branding necessary? Well, one of the reasons could be the increasing number of countries. While the United Nations had 51 member states in 1945, the current count is 193 members (United Nations, 2023). How did we end up with so many countries? Initially, new states emerged as colonies gained independence, and these “new states” promptly adopted new names. Moreover, the dissolution of the Soviet Union in the early nineties and the breakup of Yugoslavia resulted in the emergence of new countries or, in some cases, the resurgence of old ones. As György Szondi pointed out in a radio interview (Szondi, 2006): “In the Communist era, there were eight countries in East Europe. Following the collapse of the Berlin Wall and the dissolution of the Soviet Union, the Baltic states gained independence, resulting in a total of twenty-eight countries instead of eight.”

Another reason is “the rise of global corporate power”, as emphasized in the title of a renowned article by Anderson and Cavanagh published in 2000 in the Journal of Global Policy Forum. (Anderson – Cavanagh, 2000). They noted in the abstract: “Of the 100 largest economies in the world, 51 are now global corporations, only 49 are countries.” This suggests that borrowing certain elements and methods from these corporations might be sensible for countries.

It is not incidental that one of the definitions of nation branding/country branding is “to measure, build, and manage the reputation of countries, including the application of corporate marketing concepts and techniques to countries, in the interests of enhancing their reputation in international relations.” (Papp-Váry, 2008: 11.)

It is crucial to highlight that the goals of “nation branding” / “country branding” are more intricate than those of “destination branding.” In the case of country branding, these goals and activities encompass (Papp-Váry, 2019):

- The stimulation of tourism, attracting tourists to the specific country, and increasing their spending and overnight stays (a.k.a. destination branding).
- The promotion of investments flowing into the country.
- The development of exports and improvement in the sales of the country’s products in foreign markets.
- A more significant role in international organizations and foreign policy.
- Improving the well-being and comfort of citizens, increasing pride and patriotism in a positive sense.

In short, country branding “encompasses everything a place wishes to sell” (Lodge, 2006: 9).

After witnessing the international popularity of country branding, it makes sense to examine Hungary and when country branding emerged.

“There is a long, almost age-old history of professional work and various efforts to consciously shape and develop the country's image”, stated an article on this topic published in *Marketing&Menedzsment*, the only Hungarian academic journal specialized in marketing. One might wonder, when was this sentence published? — In 1996! Even at that time, the topic held great significance in Hungary (*Marketing&Menedzsment*, 2006). What is even more interesting is that one of the world's first official organizations related to country branding was established in Hungary in 2000 when the Country Image Centre (Országimázs Központ) was founded. Although this organization closed two years later with a change in government, the topic remained important. A few years later, in 2008, a so-called Country Brand Council was founded.

As the title of the recent paper says, “A 25-Year Odyssey in the World of Country Branding”, so after addressing the question “why 25 years?”, let’s explore “why odyssey”? According to *The Britannica Dictionary*, odyssey means “1. literary: a long journey full of adventures; 2. a series of experiences that give knowledge or understanding to someone.”

The author of this article embarked on his “long journey full of adventures” almost 25 years ago while working as a creative copywriter at an advertising agency. One day, his boss entered the room and said: “You have a new client!” In response to the question, “That sounds good! Who is that?” the boss added, “It is Hungary!” Suddenly, the author found himself working on image campaigns for Hungary, including the film and other marketing communications materials related to the Hannover World Expo in 2000.

However, it was soon realized that to create great campaigns, the author needed more knowledge about the topic. So, he enrolled for PhD studies in 2002 and completed them in 2007 with the following title for his dissertation: “The role and effects of country branding: Country image in the enlarged European Union.” From then on, he delved even deeper into the topic, writing a book titled “Országmárkázás – Versenyképes identitás és imázs teremtése” (“Country branding – Creating competitive identity and image”) in 2019. In 2020, his second book emerged with the title: “Országmárka-építés: Országnevek, ország szlogenek, országlogók, országarculatok” (“Country brand building: Country names, country slogans, country logos, country identities”) (Papp-Váry, 2019, 2020).

Spending approximately 25 years with the topic, at one point, the author started to feel like Socrates. As the famous Greek philosopher pointed out: “The more I learn, the more I realize that I know nothing.” Centuries later, Voltaire echoed a similar sentiment: “The more I read, the more I acquire, the more certain I am that I know nothing.” Even Albert Einstein expressed something analogous: “The more I learn, the more I realize, I don’t know.”

Still, after spending 25 years with the topic in theory and practice, the author gleaned valuable lessons, which he will summarize in 10 points, the same way he presented them at the plenary session of the “Branding in the academic and business world – Future challenges” conference, organized by Budapest Business University on the Day of Hungarian Science, 8 November 2023. It needs to be admitted in advance that these results may not be surprising, even for someone who is not an expert on the subject; however, the lessons can be justified by research or practical experience.

## **2. Ten lessons on country branding based on 25 years of theory and practice**

### **2.1. Country brand probably does exist.**

We instinctively regard countries as brands when making decisions about our next summer holiday— which country should we visit: Greece, Spain, Italy, Croatia, etc.? The same applies to choosing our next car; which country should it come from, and what are our associations with that country? The decision-making process extends to choosing movies or music and other cultural products as well, where our preferences often align with certain countries.

According to Philip Kotler, the pope of marketing, and his co-author Kevin Lane Keller, the strength of a brand hinges on what customers have seen, read, heard, learned, thought, and felt about the brand over time. In essence, a brand's power resides in the minds of existing or potential customers and their direct or indirect experiences with the brand (Kotler – Keller, 2006).

For instance, many of us may not have firsthand experience driving a Tesla, yet we are familiar with the brand due to indirect encounters. Perhaps a friend has driven one, or we've seen it in the news, or we watched an interview with Elon Musk. This concept can undoubtedly be applied to countries as well. While some countries elicit direct experiences from our visits, in many cases, our encounters are indirect – gleaned from news articles, interactions with individuals from that country, or exposure to the country through commercials, among other sources.

## **2.2. Country brand probably does exist. Country branding probably doesn't. And even if it exists, it is definitely not about slogans and logos.**

Let's delve into the latter part! According to Kotler and Keller (2006), a slogan's role is to provide the consumer with a useful grip or reference point to understand what is behind the brand and what makes it different. While this sounds good in theory, practical examples raise questions. Consider the slogan: "Good people, great nation". Which country does this bring to mind? Somewhat surprisingly, it is Nigeria. However, when the slogan was launched as part of their first country branding campaign, numerous critics argued that Nigeria should address crucial issues such as poverty, diseases, or education instead. According to some harsher critics from the opposition, the "Good People, Great Nation" campaign seemed senseless, as slogans and attention-grabbing colour combinations are unlikely to change the image of a country where government members engage in corruption, manipulate election results, and occasionally eliminate opposition figures, as reported by Marketing&Media magazine (2009).

Now, let's examine the slogans of some European countries as seen in Illustration 1. Admittedly, these are not the most recent slogans but were used a few years ago (Bored Panda, 2017). "Be our guest" – Can you guess the country? It's Turkey. "Move your imagination" – It's the slogan of Poland. "Simply inspiring" – Germany. "Home of amazing moments" – United Kingdom. Interestingly, these slogans are interchangeable; we could substitute any other country's name. However, in some cases, the slogan can work well: "All-time classic" – Reflects the slogan of the rich, ancient history of Greece. "Happiest place on Earth" – The slogan of Denmark, which is based on evidence, as Danes are considered the happiest people according to rankings. Including the country name in the slogan can also be effective: France – "Rendez-vous en France" (this is the only country that does not use an English language slogan). Ireland – "Jump into Ireland". Belgium – "The place to Be". One of the best slogans and the favorite of the author of this article is Slovenia's, saying: "I feel love, I feel Slovenia," emphasizing that Slovenia is the only country with the word "love" in its name.

### Illustration 1: Slogans of the European countries



Source: Bored Panda (2016)

Before criticizing country image centres or country tourist offices too much, it's essential to acknowledge the difficulty in creating memorable slogans for product brands as well. For example, what is Nike's slogan? It's an easy question – “Just do it.” What does it mean? In short, it encourages action without excuses. Now, what is Adidas' slogan? It's not as easy, right? Their slogan is “Adidas is All In”, and before that, it was “Impossible is nothing”. While both slogans are good, fewer people are familiar with them compared to Nike's.

But let's move beyond slogans and logos. Branding encompasses much more than those elements; it is a comprehensive strategy. Yet, returning to the title of our point: “Country brand probably does exist. Country branding probably doesn't.” This idea is paraphrased from Simon Anholt, the foremost expert in the field (Anholt, 2011). His perspective has evolved over the last 25 years. He now asserts: There is not a single case study showing that general country marketing campaigns change the country image (Anholt, 2020). It is crucial to note the emphasis on the word “general” in the preceding statement. Tourism campaigns (destination branding campaigns) can yield success. Targeted efforts to convince investors to build their next factory in the country can work as well. However, a general campaign aiming to change what people think about a country is exceptionally challenging, if not impossible. As the “law in the mind” states in Al Ries and Jack Trout's classic book, “The 22 Immutable Laws of Marketing” (1994): You can't change a mind once a mind is made up. The single most wasteful thing you can do in marketing is trying to change a mind. Adapting this “marketing law,”

attempting to change a complete country image with a marketing or branding campaign is rarely, if ever, successful.

### **2.3. Branding is always narrowing down. But the country is complex.**

Branding invariably involves narrowing down and finding a niche, a principle typically applied when branding products. However, in the case of countries, the dynamics can be different. Should a country/nation have a pure, simple image, or is it better if this image is rich, complex, perhaps full of contradictions?

The United States of America provides an excellent example of the latter scenario. The USA is known for many things, with a mix of admiration for various aspects and dislike in some cases. It boasts a rich, complex image, replete with contradictions, yet remains one of the most successful country brands.

Now, contrast this with a country that arguably possesses the purest, simplest image: North Korea. Is this the kind of country brand or living experience we aspire to? As the joke goes, when meeting someone from North Korea: “Oh, great to meet you. How is life in North Korea?” The reply humorously echoes, “I cannot complain.” – playing on the double meaning of “cannot” in the sentence.

### **2.4. According to global public opinion, 10-20 countries are outstanding.**

A select few countries stand out according to global public opinion, ranging from 10 to 20 nations. These are countries we know well, or at least know positive aspects about them – admiring them for their quality of life, landscape, history, culture, products, brands, people, and sometimes even leaders or politicians.

Various country brand rankings consistently feature the same first 10-20 countries. Take, for instance, the Anholt-Ipsos Nation Brands Index, last released in November 2023 (Ipsos, 2023). Named after Simon Anholt, the most renowned expert in the field, and conducted in collaboration with Ipsos, the prestigious research company, this ranking is based on the Anholt Nation Brand hexagon model. As it can be seen in Illustration 6, this nation brand hexagon encompasses six dimensions.

(Anholt, 2007):

- Tourism: Would we visit this country if money were no object? What do we think about its natural beauty? What about the historical buildings? Does the country have vibrant cities?
- Exports: Would we buy products from here? If yes, what kind of products or services? Do we think about the country as a creative place? What is our opinion about its science and technology?
- Governance: How do we see its governance? Do we perceive competence and honesty? Righteousness and fairness? Do they contribute to world peace? Is the country a secure

place? What do they do for the environment? Do we think that there is poverty, and if yes, how do they fight against it?

- Investment and immigration: Would we like to work there, study there, live there? What do we think about the quality of life in the country? What about the educational qualifications? Is it a good place to invest our money, to start a business? Is there equality in society?
- Culture: Does the country have rich cultural heritage? Do they have famous artists and arts from centuries back? What about its contemporary culture – movies, music, computer games? And what about sports? It is interesting because there are countries famous for their heritage, such as Egypt – just think about the pyramids. But we usually don't know many things about the country's contemporary culture. On the contrary, in the case of the USA, there are several movies, pop bands, computer games, sports teams we know and maybe even love. But not so much heritage, as the USA is a very young country compared to Egypt.
- People: What do we think about the people of the country? Are they welcoming? Are they friendly or unfriendly? Would we like to have a close friend from the country? And what about employability? Do we want to work together with someone from that country?

**Illustration 2:** The dimensions of Anholt's nation brand hexagon



Source: Zeineddine, C. (2017)

It is interesting to note that the top 10 countries on this list have remained consistent for a long time. Yes, they change places with each other, but the top 10 remain the same. According to the recent rankings published in November 2023, as seen in Illustration 3, Japan finished in 1st place. Germany dropped to 2nd after a six-year reign, and Canada is 3rd overall. The countries in positions 4-10 are the United Kingdom, Italy, United States, Switzerland, France, Australia,



and Sweden. Positions 11-20 include Spain, Norway, Netherlands, New Zealand, Finland, Scotland, Austria, Ireland, Belgium, and Portugal. At the end of the list, positions 51-60 include Ecuador, Panama, Colombia, Saudi Arabia, Jordan, Kenya, Ukraine, Tanzania, Russia, and Botswana. It's important to note that the Anholt-Ipsos list encompasses only 60 countries, not the almost 200 countries globally (Ipsos, 2023) Yet, it supports the notion that 10-20 countries stand out on the planet.

And what about Hungary? Actually, Hungary ranked 33rd. This is not bad at all, as it is already an honor to be included in the list, being among the 60 countries on which people share their opinions. Regarding the Visegrad countries, Poland ranked 28th, the Czech Republic 30th, and Slovakia 35th, so we are more or less in the same position.

**Illustration 3:** The results of the 2023 Anholt-Ipsos Nation Brands Index

**NBI 2023 Nation Rankings**  
The NBI nations' ranks between 2022 and 2023 are as follows:

2022 Rank	2023 Rank	Nation	2022 Rank	2023 Rank	Nation	2022 Rank	2023 Rank	Nation	2022 Rank	2023 Rank	Nation	2022 Rank	2023 Rank	Nation	2022 Rank	2023 Rank	Nation
2	1	Japan	11	11	Spain	20	21	Greece	33	31	China	40	41	Chile	52	51	Ecuador
1	2	Germany	12	12	Norway	21	22	Iceland	30	32	Taiwan	41	42	South Africa	49	52	Panama
3	3	Canada	13	13	Netherlands	22	23	Wales	32	33	Hungary	-	43	Romania	54	53	Colombia
6	4	United Kingdom	14	14	New Zealand	23	24	South Korea	31	34	Mexico	45	44	Indonesia	57	54	Saudi Arabia
4	5	Italy	16	15	Finland	24	25	Northern Ireland	37	35	Slovakia	46	45	United Arab Emirates	-	55	Jordan
8	6	United States	15	16	Scotland	25	26	Singapore	35	36	Egypt	44	46	Israel	55	56	Kenya
7	7	Switzerland	16	17	Austria	27	27	Brazil	36	37	Turkey/Türkiye	51	47	Vietnam	47	57	Ukraine
5	8	France	18	18	Ireland	26	28	Poland	39	38	India	-	48	Philippines	56	58	Tanzania
10	9	Australia	19	19	Belgium	29	29	Argentina	38	39	Peru	50	49	Dominican Republic	58	59	Russia
9	10	Sweden	-	20	Portugal	28	30	Czech Republic	42	40	Morocco	53	50	Qatar	59	60	Botswana

10 - © Ipsos 

Source: Ipsos.com (2023)

**2.5. According to global public opinion, 10-20 countries are outstanding. But we don't know too much about all the other countries and don't even bother.**

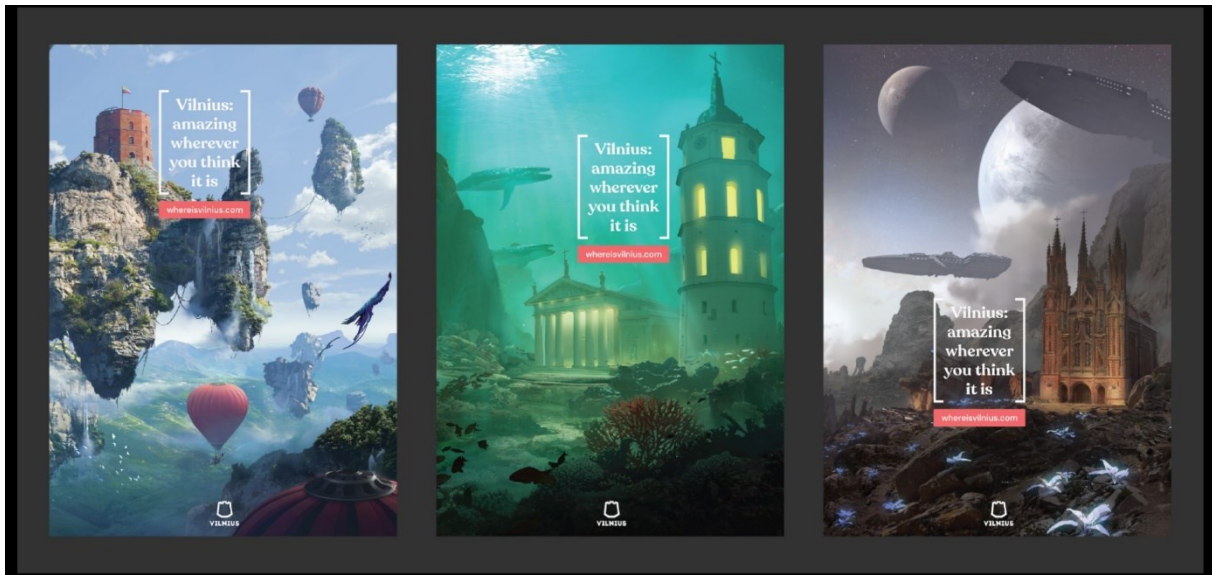
Let's be honest. We care about the top 10-20 countries we admire the most. Additionally, we might care about neighbouring countries. Moreover, we might care about countries where we have friends. However, we don't care about most of the approximately 200 countries in the world. Many of these countries we won't even see in the news. We don't study them in school. We don't know any brands from those countries. We aren't familiar with their cultures. We don't know any famous people from those countries.

Take Suriname as an example. The author of this article often poses this question at his lectures or conference speeches: What do we know about Suriname? Even if the audience is filled with bright students or clever professors, the answer is usually: “nothing.” No one knows anything about the country – there is a complete lack of knowledge about Suriname among Europeans. And where is that country located anyway? People often guess Africa, but actually, it is in the northern part of South America, having been a former Dutch Colony.

The author of this article also enjoys displaying a country's flag during his lectures or conference speeches – a light blue flag featuring the yellow image of the sun at its centre, accompanied by a soaring eagle underneath. Despite being one of the top 10 countries in terms of size or territory, people struggle to identify it. Particularly among Europeans, famous products and brands from this country remain largely unknown. There's a significant lack of awareness about the country's culture, spanning both heritage and contemporary aspects. Essentially, very little is known. The country lacks recognition for any famous personalities, except for one notable exception – Borat. However, it's worth noting that the most famous person associated with the country has never set foot in it. Borat's 2006 movie, "Borat – Cultural Learnings of America for Make Benefit Glorious Nation of Kazakhstan," portrayed Kazakhstan in an unfavourable light, depicting it as underdeveloped. Contrary to this portrayal, the author's personal experience during a visit to Astana, the capital of Kazakhstan, was akin to being in a sci-fi movie, surrounded by impressive architecture in a highly developed city. Notably, Astana hosted the World Expo in 2017, and one of the most fascinating museums connected to renewable energy is in this area.

But we don't need to go to Kazakhstan or Central Asia for the next example. When Western Europeans were asked about the capital of Vilnius, they provided answers like Austria, Italy, Finland, Venezuela, Sweden, Belgium, Ethiopia, or Romania. However, Go Vilnius, the tourist office of Lithuania's capital, did not take offense. Instead, they created a fantastic film where, depending on which country people guessed, they showed similar parts or landmarks of Vilnius. All this is accompanied by the narrator's deep voice, who occasionally has to change his text depending on which country the respondents mention. Finally, the film concludes with the following slogan: “Vilnius: amazing wherever you think it is.” The print ads were also exciting: sometimes an underwater temple, sometimes different planets appeared, or locations from the movie Avatar, along with the slogan and the [whereisvilnius.com](http://whereisvilnius.com) web address, as seen in Illustration 4. The Lithuanian capital definitely likes to make jokes about its location. Their tourist slogan used to be “The G-spot of Europe”, with the explanation: “Nobody knows where it is, but when you find it - it's amazing” (Go Vilnius, 2020).

#### Illustration 4: The Vilnius “amazing wherever you think it is” campaign



Source: Go Vilnius, 2020

#### 2.6. If someone throws stones at you, throw back humor

The preceding point brings us to this observation: numerous examples illustrate that when a country's image or brand comes under attack, the best response is often humor.

In 2004, during the European Union expansion with ten new member states, some French politicians and media targeted the Poles, creating fear among French citizens that Polish plumbers would come and take their jobs. In a clever countermove, the Polish tourist office organized a press conference at the base of the Eiffel Tower, where they playfully introduced the Polish plumber – a handsome male model who, with a smile, declared, “I’ll stay in Poland, but I welcome you there!” The attractive man then featured on posters, and soon international offline and online media picked up the story – all without any cost. The French, in turn, weren’t quite sure how to respond to this witty response (Papp-Váry, 2015).

When the film “Borat: Cultural Learnings of America for Make Benefit Glorious Nation of Kazakhstan” was released in 2006, portraying Kazakhstan as an undeveloped, backward place, the country's leaders were bewildered. The country's president lodged a complaint directly with the U.S. President, inquiring about how to ban the film worldwide. The Kazakh president even threatened legal action against Borat himself, Sacha Baron Cohen. Simultaneously, Kazakhstan launched a campaign, spending a considerable amount: publishing four-page ads in The New York Times and U.S. News & World Report, as well as commercials on CNN and ABC. These ads made no reference to the Borat film, acting as if it didn't exist.

However, when the second Borat movie was released on Amazon Prime in 2020, Kazakh leaders chose a much cleverer approach. The rather lengthy title suggested that this film wouldn't paint a favourable picture of their country either: “Borat Subsequent Moviefilm: Delivery of Prodigious Bribe to American Regime for Make Benefit Once Glorious Nation of

Kazakhstan”. But by then, they understood that the creation was just as much a parody and critique of the United States as it was of Kazakhstan.

Unexpectedly, they borrowed Borat's uniquely spoken English phrase, which he mentions frequently: “Very nice!” The word “nice” in this context means not only “beautiful” but also “kind” or “pleasant”, and this appeared in the commercial. One character, hiking amid the breathtaking snowy mountains of Kazakhstan, takes a selfie and says, “very nice.” Another tastes kumis, the famous horse milk, at a market and declares, “that's actually very nice.” In the third, we see the modern, almost space-age buildings of the capital, Astana, and a tourist marvelling at the globe representing the venue of the 2017 World Expo: “Wow, very nice!” Finally, a young couple takes a joint photo with a local couple who are dressed in Kazakh attire, saying, “that's very nice.” The four mini-commercials garnered significant success, with over a million views on YouTube, and received numerous positive comments. People hadn't thought previously that the country was so beautiful. The story was covered by The New York Times, BBC, CNN, NBC, The Guardian, and news outlets worldwide.

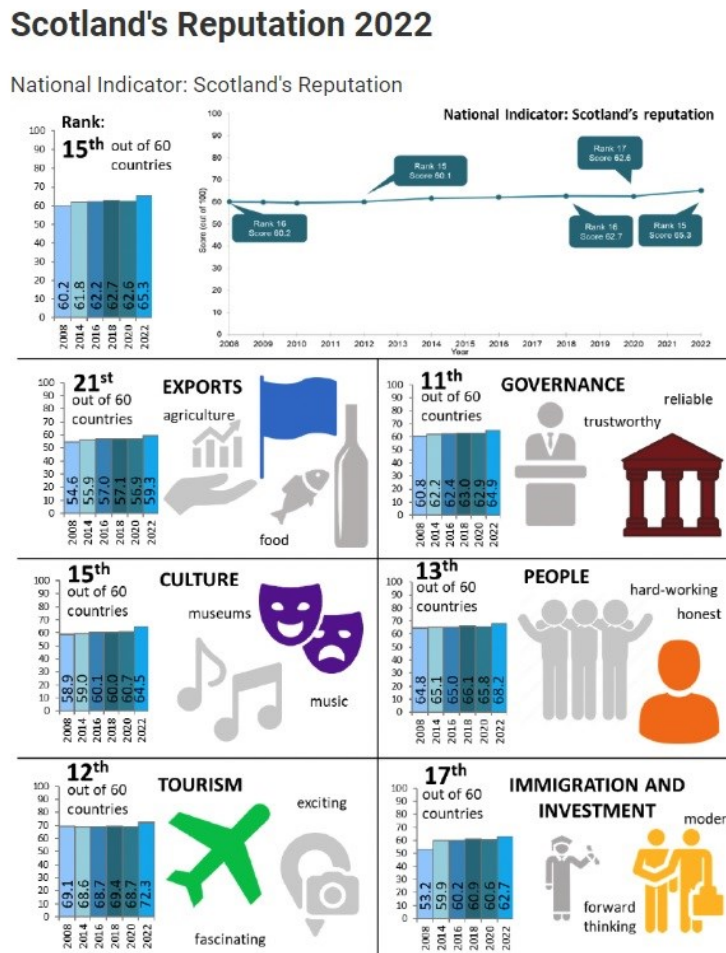
Perhaps the greatest achievement was that Sacha Baron Cohen, who played the character of Borat, told The New York Times, “I chose Kazakhstan because it was a place that almost nobody in the U.S. knew anything about, which allowed us to create a wild, comedic, fake world. The real Kazakhstan is a beautiful country with a modern, proud society — the opposite of Borat’s version” (Stein, 2020; Papp-Váry, 2022).

## **2.7. Although people don’t know too much about most of the countries of the world, they can still have an opinion – that is why country brand models and rankings can be useful**

Let’s be honest; when we think about countries, our thoughts are often very simplified, even stereotypical. We don't conceptualize countries in the same way as the Anholt Nation Brand Hexagon, which considers six dimensions simultaneously (Tourism, Exports, Governance, Investment and Immigration, Culture, People). Instead, we usually have limited knowledge, even about larger countries. A country brand is simpler than that. It is about what comes to mind when the name of the country is mentioned – the perceptions, feelings, and emotions.

Still, country brand rankings and related research can be very useful. While these rankings may not be perfect, a consistent annual review of the results of these rankings helps a lot, especially in identifying trends and changes. For example, Scotland utilizes the results quite professionally. Every year, they delve into the findings to identify areas for improvement. They openly share the results with the people of Scotland and formulate policies based on them, as seen in Illustration 5.

**Illustration 5:** Report of the Scottish Government on the results of the Anholt-Ipsos Nation Brands index regarding Scotland’s Reputation



*Source: Scottish Government Report*

**2.8. It is hard to build up a good country image (country brand), but it is easy to destroy it – although it is not that easy to destroy either**

More than ten years ago, a Hungarian business magazine, *Heti Világgazdaság* (HVG), conducted an interview with the author of this paper about country image building. In the interview, it was stated that “It is difficult to build up a country’s image but easy to destroy.” This phrase resonated so well with the journalist and the editors that they even made it the title of the interview (Szandtner, 2012).

The author of this article can still agree with his younger self, but it needs to be admitted that destroying a good country image is not so easy either. Let’s take the example of Germany. According to global public opinion (based on the Anholt-Ipsos research and other country brand rankings), Germany is one of the most admired countries. Actually, it was the most admired between 2017 and 2022 and led the mentioned list.

Still, there were some serious issues in recent years, like the Volkswagen Diesel Scam, the Wirecard Scam, or the problems with Deutsche Bank, not to mention various political challenges. It appears that these scandals did not significantly impact the country's overall image. These instances suggest that for a country with a strong, reputable image, many unfavourable events would need to occur to tarnish it.

## **2.9. The country's brands can be more important than the country brand itself**

The preceding point leads us to a crucial consideration: Perhaps the brands associated with products and services from a country can be more significant than the country's overall brand. Consider the USA, for instance; although its image as a country has waned recently, people continue to adore its brands. This is evident in the results of the ranking made by Interbrand, known as The Best Global Brands. Currently, 52 out of the top 100 international brands are American. Furthermore, the top three brands standing on the podium are all American (Apple, Microsoft, Amazon), with the fourth one being Google. The first non-American brand in the ranking is South Korean Samsung, positioned at 5th place (Interbrand, 2023). It's interesting to note that among the top 100 brands, there are 10 French, 9 German, and 7 Japanese brands. The following countries contributed 3 each (Sweden, South Korea, Italy, Switzerland), or 2 each (Spain, China, Netherlands). Others can only boast 1 brand each, such as Austria with the Red Bull brand. There are no Hungarian brands in the top 100 (Papp-Váry et al., 2023).

Product and service brands have become so crucial that the author of this article believes the next significant crisis could emerge if people's trust in these brands falters for some reason. Once upon a time, the Magnificent Seven referred to a famous western movie with Charles Bronson, Steve McQueen, and some other famous actors. Today, the Magnificent Seven represents seven technology brands in order: Amazon, Apple, Google (Alphabet), Meta, Microsoft, Nvidia, Tesla. If, for some reason, trust in these brands significantly falters, and their stock prices start to decline significantly, it could have a severe impact not only on the American economy but also on the global economy.

But what about Hungarian brands? Well, there are no Hungarian brands in the Interbrand top 100 Best Global Brands or in other similar international rankings. "Hungary currently has companies and brands known at the regional level", says none other than the Minister of Finance, Dr. Mihály Varga. However, he adds, "Hungary also has the chance to create companies and brands capable of organizing value chains around themselves" (Mihálovits, 2021; Portfolio, 2021). The Hungarian Minister of Finance uses South Korea as an example, which has indeed achieved fantastic results in brand building over the past 30 years. The author of this article remembers a time when South Korean brands were shrugged off or even laughed at in the late '80s and early '90s. Now, however, we treat these brands with great respect, such as Samsung, LG, Kia, Hyundai, Daewoo, Ssangyong, not to mention the Hankook tire brand or the SK battery company, which have significant factories in Hungary as well. As seen in Illustration 6, the Minister of Finance also shared his insights into which Hungarian brands might become globally recognized in the future: OTP, MOL, Ikarus, Ganz Holding, Videoton,



Tungram, Prezi, Richter Gedeon, Zwack, Hell, and last but not least, BioTechUSA. Yes, because the latter brand is entirely Hungarian, despite the USA in its name (Mihálovits, 2021; Portfolio, 2021).

**Illustration 6.** Worldwide well-known brands of South Korea vs regionally known brands of Hungary.



Source: Portfolio (2021)

## 2.10. It is rarely possible to shape the whole country brand, but there are examples

Staying within the realm of brands, it's worth noting that a European country has given the world 5 major unicorns, i.e., (former) startup companies with a value of over 1 billion US dollars. These brands include Skype, Playtech, Transferwise, Bolt, and Pipeline. And which country is this? None other than Estonia.

This is not a coincidence. Estonians focused on becoming the world's most advanced digital society as early as the millennium. At one point, there was even a suggestion to change the country's English name from “Estonia” to “E-Stonia”. In the end, they decided to keep the country's name but named the concept or country strategy “E-Estonia”. Virtually everything in the country can be handled digitally, except for marriage and death, as they humorously say. It is the only country in the European Union where people can vote digitally in the European Parliamentary elections – and it has been possible for quite some time. Establishing a company is also remarkably straightforward and quick, even from abroad. One of the primary goals of the country is to encourage as many qualified individuals as possible to apply for e-citizenship. This doesn't mean they have to move to Estonia; it simply means becoming digital citizens of Estonia.

E-Estonia has captured the admiration of European governments to such an extent that there is a showroom in the Estonian capital, Tallinn, known as the E-Estonia showroom, where the

entire concept's history and future plans can be explored. Estonia serves as a prime example of the successes that can be achieved with a deliberate country brand strategy. But let's be honest: E-Estonia is not only a country brand strategy but also a differentiating and remarkable country strategy (Papp-Váry, 2018).

### **3. Conclusion: We can still try branding a country – but marketing is only a small part of it**

In summary, nation branding, or country branding, essentially involves adapting marketing tools and techniques employed in the traditional business world. Governments worldwide, including those in Europe, enthusiastically embraced this idea since its appearance in 1998. They established country brand councils and country image centres with the primary objective of positively shaping their country's brand. Their ultimate aspirations encompass attracting increased tourism, foreign investments, boosting exports, and fostering national pride.

Upon reaching the quarter-century mark, it is discernible that only a handful of nations have genuinely excelled in this academic and practical pursuit. Instances abound of triumphant tourism campaigns that initially led to surges in tourist arrivals, along with cases where countries became more enticing to foreign investors. There are also examples when the country's products and brands have reinforced the country's overall image or vice versa. However, a conscious and coordinated achievement across all aspects has been a rarity, although there are some emblematic examples, such as the case of Estonia. It is now evident that country branding bears both advantages and limitations, and these features should not be underestimated.

We can conclude that country branding is definitely not just about slogans, logos, or marketing activities. Instead, as Jose Filipe Torres, the founding partner and CEO of Bloom Consulting puts it, there are 5 major steps (Bloom Consulting, 2018; Torres, 2019):

- The first one is to identify the central idea. What does the country want to be known for?
- The second thing is stakeholder engagement – getting all businesses and citizens on board with the concept. This is the most difficult part.
- The third step is policy-making: public policy and professional policies. Creating the actions, activities, and policies that enable the country brand to be delivered.
- This leads to the fourth step, which is Digital identity – synchronizing real-world and online events and activities because that's actually what will build the perception of the country.
- And last but not least, the fifth is marketing – getting the word out to the rest of the world.

In accordance with the above, Anholt says that “80% of country brand building is innovation, 15% is coordination, and only 5% is communication” (Anholt, 2007: 37.).

To conclude the article on a somewhat positive note, despite uncertainties regarding the impact of complex country branding, a crucial argument emerges: "If you do not define your brand,



someone else will." This implies that neglecting to actively shape and manage our country brand allows others to define it for us. Therefore, it is crucial for countries to focus on cultivating their reputation and managing public perception, as it significantly influences both the economic and social aspects of the country. Hopefully, this article has provided valuable insights for both academics and practitioners on how to think about country branding and, importantly, how to implement it.

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# Future challenges in economics – The evolution of identity economics

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## ABSTRACT

As societies and economies evolve, a need for the development of economic theory also arises. In recent decades, among other subfields, behavioral economics has developed in order to provide a more realistic account of economic decision making than the explanations offered by mainstream economic theories. This new approach put emphasis on human psychology from an individualistic perspective by incorporating the findings of cognitive psychology into economics. However, behavioral economists have still omitted the observation that economic decisions are embedded into the social environment. Due to the seminal work of Akerlof and Kranton (2000) on identity economics, a new window of opportunity has arisen to fill this gap. In our paper, we aim to describe the emerging field of identity economics and outline the current and future challenges it faces before it can exert significant influence on the development of economic theory. We review economics studies that attempt to incorporate findings from the field of psychology, which provide the basis of behavioral economics. Our review finds that from the current strains of study, identity economics will have an important role in the future of economics research.

**Keywords:** identity economics, social identity theory, social environment, behavioral economics

## Introduction

Mainstream economics, as characterized by its use of rationality to describe individuals, is increasingly challenged by other economic subfields that aim to provide explanations for observed irrational behavior. The long-running expected utility theory (Bernoulli, 1738/1954; Von Neumann & Morgenstern, 1944), and its variation, the subjective expected utility theory (Savage, 1954) assume that individuals make rational decisions to maximize utility. The rational choice theory (Smith, 1776) likewise asserts that individuals use rational calculations to make rational decisions to achieve results aligned with their self-interests. Furthermore, the homo economicus model (Mill, 1836/1874) portrays individuals as consistently rational, self-interested beings, who optimally pursue their goals.

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These concepts, however, are not seen as realistic and do not provide an accurate description of how individuals act in reality, as argued by Simon (1955) when describing his groundbreaking bounded rationality theory. The analogy of bounded rationality's pair of scissors (Simon, 1990), where its blades represent the internal cognition and external environment, provides the basis for the current analysis of the economics subfields of behavioral economics, new institutional economics, and identity economics in search of a possible future development path for economics that moves on from the atomistic understanding of individuals to a view that embeds the individuals in the society.

### **Bounded Rationality**

In order to put the presented future development trajectory of economics in context, it is important to first discuss the theory of bounded rationality (Simon, 1955). Opposing the previously dominant views of optimizing, rational decision-making behavior, Simon (1955) argues for a view of individuals where they strive for satisfying outcomes instead of optimized outcomes. This act is called satisficing, an amalgamation of the words 'satisfy' and 'suffice'. This behavior exists because individuals lack the cognitive capacity to process all the available information and are incapable of calculating the optimal decision for each instance of choice present. Additionally, individuals also take into account the external environment and institutional setting for decision-making purposes, which contribute to the decisions' not resulting in personal utility maximization.

The two parts of the theory, cognitive limits and environmental constraints describe the concept of bounded rationality. Simon (1990) describes these two components using the apt analogy of a pair of scissors, which has two blades that are required for it to be functional. These blades are the cognitive limitations and structures of the environments, internal and external components, respectively. They show the partial rationality and irrationality of individuals, and provide an illustration about how despite the limitations, the mind is capable of using the environmental structures to provide adequate or satisficing answers to decision-making dilemmas.

### **Cognitive limitations**

Behavioral economics has developed largely based on the bounded rationality theory (Simon, 1955), of which the line of research being discussed in the current paper are regarding heuristics (Tversky & Kahneman, 1974). However, the behavioral economics subfield only takes into consideration one blade of the metaphorical pair of scissors, the cognitive limitations, when presenting non-rational decision-making behavior. Tversky & Kahneman (1974), as psychologists argue that individuals use heuristics, or, in other words, rules of thumb to reduce the complexity of probability calculations in face of limited information processing ability. Although, it is noted that heuristics while being economical at providing acceptable results, cause systemic errors that can be predicted.

There are a significant number of heuristics available for use by an individual, who chooses the one that achieves the goal of simplifying a probability calculation for a certain situation.

For example, the representativeness heuristic can be used to point out the most likely occupation of an individual from a list. In this case the individual is assessed based on how stereotypical they are for a certain occupation on the list. If the assessed individual likes reading books, then the probability of them being a librarian is high according to the heuristic in use. This conclusion can, however, be false, as the probability calculation is done with limited information and the processing of said information is not done with painstaking rigor (Tversky & Kahneman, 1974).

On the other hand, Gigerenzer (1991) who is also a psychologist criticizes the view of Tversky & Kahneman (1974) that heuristics are to be treated as negative phenomena leading to systemic errors. He argues that while decisions made via heuristics violate the principles of the rational choice theory (Smith, 1776) in the fixed rules context, they are shown empirically to be rational in certain environments. Thus, when the structure of a boundedly rational decision matches the structure of information in the environment, ecological rationality appears (Gigerenzer, 1991). This ecological rationality unites the simultaneous analysis of the internal cognitive processes with the regularities of the external environment. In this sense what appears as the rational choice might be not ecologically rational as the individual's goals are not based on achieving the rationally most optimal outcome, but of an outcome that matches their criteria that is based on external factors that were not accounted for in the rational view.

### **Structures of the Environment**

The other blade of Simon's (1990) theoretical pair of scissors of bounded rationality, the structures of the environment are represented in the field of economics by new institutional economics. In this subfield the institutions are defined as the "rules of the game" (North, 1990), encompassing both formal and informal rules of the social environment. The formal rules are humanly devised constraints that include the legal rules and laws that dictate how individuals can act in certain situations and describe formal punishments for breaking them in order to discourage unpredictable behavior. On the other hand, informal rules are the social norms, habits, traditions and customs that are not formalized constraints, but still present in unwritten forms that individuals are expected to adhere to. Punishments for informal rule breaking is found in the external, social environment, where other social groups might exclude the rulebreaker from future social interactions and economic transactions because of the unpredictability and increased costs it would imply.

The formal and informal constraints are integral to the development of economic transactions in a society (North, 1991). In a small village, individuals know each other, transaction costs are low, and informal rules are enough to regulate trade, although with low potential of specialization. As the size of the trading network increases, the need for more formal rules of transaction rise. The formal rules also require more resources allocated to enforce the law; however, religious precepts also allow regulation as long as they are regarded as binding by the society. In a large network of long-distance trade, specialization becomes more important as economies of scale characterize the economic environment. However, long-distance trade introduces increased transaction costs due to agency problems, where a caravan needs to be ensured to act on behalf of the owners. Additionally, the rules of the game might be different

in another part of the world in which the caravan attempts to conduct business, creating uncertainty about trade negotiations and piracy (North, 1991).

### **Assembling the Pair of Scissors**

The emerging field of identity economics spearheaded by Akerlof & Kranton (2000) uses both the cognitive limitations and the structures of the environment to construct an extended utility function that includes the social identity as a factor. This framework follows in principle the social identity approach (Tajfel & Turner, 1979; 1986), which is a social psychologist approach explaining social group memberships, and how they influence salient identities (Davis, 2007). The social identity theory predicts how individuals react based on social group memberships, as an individual would have a positive disposition to ingroup members, contrasted by a more negative attitude towards outgroup members (Tajfel & Turner, 1979). The theory is extended by the self-categorization theory, which describes how individuals categorize themselves into social groups, which influence how they see themselves, changing their motivations and goals to align with their social group memberships (Turner, 1985; Tajfel & Turner, 1986).

Identity economics by using the identities in the utility function is able to show how individuals act non-rationally as their goals are aligned to the salient identity of the context. Thus, goods that are related to the salient identity provide positive utility, while goods not associated with the identity or that are opposed provide negative utility (Akerlof & Kranton, 2000). These utility providing goods might not align with what a rational analysis might point to in isolation, but for the individual in the particular social context make logical sense. The identity economics framework is applicable to the job market and organizations, explaining gender segregation and optimal remuneration, and education, where motivations for studying are influenced by identity and the utility generated factoring in the institutions (Akerlof & Kranton, 2000).

However, the identity economics literature has other approaches aside from Akerlof & Kranton's (2000) use of the utility function from mainstream economics. Davis (2007) criticizes the identity economics framework as being atomistic in its portrayal of individuals' social identities, which fails to explain how multiple social identities and social group memberships interact with each other or ignores how multiple salient social identities can possibly exist simultaneously. In his reinterpretation, Davis (2007) introduces a sociological view of identities, where the personal and social identities are treated separately, which allows for the self and the society to influence each other in an interactive reciprocal relation. In this view individuals cannot be explained by their social group memberships alone, but are shaped by them, shifting the viewpoint from an atomistic view to a socially embedded view.

The socially embedded view of economics is discussed by Sen (1977), whose work has had a direct influence on the line of thinking of Davis (2007) regarding the socially embedded view of identity economics (Bağçe & Yilmaz, 2020). Sen (1977) introduces the concepts of sympathy and commitment. In his view, sympathy is the concern for others that has a direct effect on an individual's welfare, such as being appalled by knowledge of a certain action like torture of others. Whereas commitment is distinguished from sympathy as a concept that does not explicitly make the individual worse off, but despite that, the individual is ready to act out of conviction for the cause. Acting out of commitment can result in utility gained that is less



than the optimizing decision would provide. In this line of thinking the welfare of an individual is only incidentally related to the choice made by the individual, instead of being the sole driver of it (Sen, 1977). These concepts are a departure from the atomistic understanding of economic agents to a socially embedded view, where the external social environment influences the individuals' decision-making resulting in non-optimizing, but logical behavior from the individuals' point of view.

Another distinct approach is from the motivated belief and reasoning literature by Bénabou and Tirole (2016). The authors' framework incorporates affective beliefs, which help an individual make themselves or their future look better, and functional beliefs, which assist in attaining a certain internal or external goal. It is noted that religion, a prominent belief system, incorporates both types of beliefs. These beliefs cause individuals to manipulate their information processing in a way that might not be rational. This selection of information usage is done to assist in preserving or shaping one's valued beliefs by self-deception and dissonance-reduction.

Personal and social identities are also connected to the motivated belief-based approach, as identity is argued to be a set of beliefs regarding who they are and which social groups they belong to (Bénabou & Tirole, 2016). Individuals are invested in maintaining an image of honest and prosocial look in the personal identity space and strive to belong to groups that are compatible with and attractive to their beliefs. The theory of motivated cognition therefore also shifts to a socially embedded view of economics, as it is argued that not only cognitive limitations cause irrational behavior, as described in behavioral economics by biases and heuristics (Tversky & Kahneman, 1974), but instead by a broadened concept that is integrated into the environment (Bénabou & Tirole, 2016). The socially embedded view of identity economics is also seen in the work of Garai (2017), in which he argues for viewing individuals not from an atomistic, isolated perspective, but in context of social relationships. This model describes individuals' transactions as being made through the social environment, where the transacting partners' relations to each other influence the transaction costs, or whether the transaction occurs in the first place. For illustrating this point, he has an example from a setting of Germany in the 1930s, in which there are three German individuals, a bourgeois, and two proletarians, one of which is a Jew. To understand the cost of transaction among these individuals, the external environment has a key role as the then-prevalent political hostility would dramatically influence whether the Jew individual would be transacted with due to institutional risks (Garai, 2017).

These relationships are products of the specific circumstances, as in a different time period the social groups would shift, creating different transaction costs for different parties. Such an approach would allow for analyzing economic transactions in a more complex manner, considering socially embedded actors and transactions. This view would allow us to simultaneously analyze individual cognitive processes and the patterns found in the external environment by shifting the focus from the individual actors to the relationships of the transacting parties. Economic analysis could explain a wider set of economic decisions, many of which were deemed irrational and fell out of the analytical focus of mainstream economics.

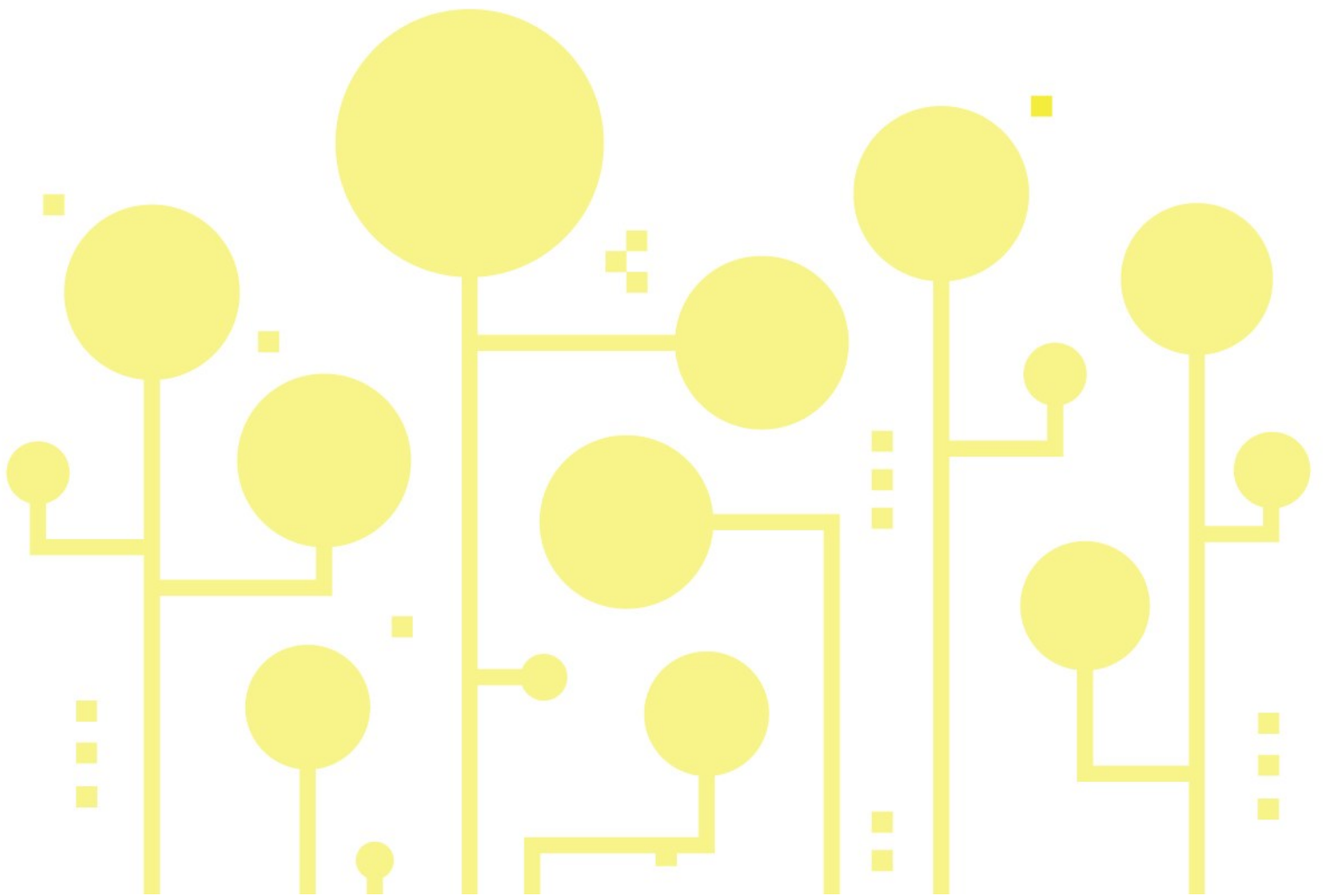
## Conclusions

The current essay set out to outline a possible future development path of economics as a guideline for future studies. We reviewed the subfields of behavioral economics, new institutional economics, and identity economics in the context of the mainstream economics' stance on the rationality of individuals and the alternate theories of the subfields. The main theme of the paper revolves around the theory of bounded rationality (Simon, 1955), and how it describes two pillars of the individual's rationality and irrationality; the internal cognitive limitations that contextualize irrational response, and the external structures of the environment that make decisions rational from the perspective of specific situations. The future path outlined is one where the atomistic model of individuals is replaced by a socially embedded view, where individuals are defined in terms of social group memberships and relationships that change depending on the situation, salient identities and the institutions of the environment.

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