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FROM THE EDITOR

Dear Reader,

In this issue we are still catching up the backlog from previous years, but we hope that from next year we will be able to publish currently submitted articles.

Most of the authors are PhD students and we encourage articles both from established academics, as well as prospective academics.

We are looking forward to an exciting 2018 and hope for your support in making this Journal a leader in its field.

Best wishes

Viesturs Pauls Karnups
General Editor

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THE HIGH QUALITY BUSINESS SCHOOL ACADEMIC TEACHER OF THE 21ST CENTURY – POLISH STUDENTS' PERSPECTIVE

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PIOTR GRUDOWSKI

Abstract

The literature shows that the success and competence of future managers depend on the quality of their academic teachers. Moreover high quality study requires high quality lecturing/teaching that creates an environment in which deep learning outcomes are made possible for students. The aim was to identify the characteristics of the academic teacher working at business schools, according to the expectations of Polish students from a 21st century perspective. A qualitative survey design was used in the form of a letter questionnaire. 144 second-year bachelor students of Gdańsk University from the Faculty of Management were asked to list a maximum of five, most preferred characteristics, and to comment their answers. Finally, 109 students participated in the study, and 471 characteristics were proposed, analysed and put into five categories: tangibles (T), reliability (Rel), responsiveness (Res), assurance (A) and empathy (E). Content analysis and Pareto-Lorenzo analysis was used and the most preferable characteristics were identified. Conclusions, proposals and recommendations were presented. The academic teacher has to be well prepared and teach in an interesting, innovative way with a use of modern techniques and methods. Very important is to apply not only the lecture-style methods, but also on-the job teaching, project-based teaching, team work-based teaching, action teaching, experiential teaching, small groups teaching, case studies, simulations, e-teaching, and even volunteering teaching. Not without the significance are coaching and mentoring and the features referring to the style of teaching, like charisma, creativity, passion, and engagement, which characterise good managers and business leaders.

Key words: Poland, quality, academic teacher, business school

JEL code: I21

INTRODUCTION

An ongoing debate about the future direction of management education is evident in the recent literature. Concerns about management education are broad in scope and include the preparedness of business school graduates for managerial and professional positions (Maellaro R. & Whittington J.L., 2012;

Somers M.J., Passerini K., Parhankangas A. & Casal J., 2014). The transition from life as a student to the world of work in a business environment is not always easy. Graduates have to adapt to a new managerial roles when they enter the job market, applying their theoretical knowledge to a work-related context (Gerken M., Rienties B., Giesbers B. & Könings K.D., 2012). Companies expect business graduates to be prepared in terms of their expectations. However, there are doubts about the business schools' ability to prepare future managers with the skills needed to function at an executive level in a business environment. Graduates are seen as not fully prepared to address the complex, interdisciplinary problems characteristic of management practice (Mintzberg H., 2004). It is not new that the variety of managerial skills, including the interpersonal ones and knowledge are needed at the initial stage of running an enterprise and also later during the development stage. They are needed at the beginning of their careers and later, in daily work. What is interesting is that the practice and literature show that the success and competence of future managers depends on different factors and among them is the quality of their academic teachers (Chong S. & Ho P., 2009). From that reason high quality education at business schools or at business administration or management faculties of the universities is a demanding and complex task (Wiśniewska M., 2007; Grudowski P., 2011). What's more, high quality study requires high quality lecturing/teaching that creates an environment in which deep learning outcomes are made possible for students (Villardi Q.B. & Vergara S.C., 2013). It requires high-skilled, flexible and experienced academic staff who use innovative teaching methods, cooperate with business entities and properly prepares students to perform their future managerial tasks. Nowadays, the business management teacher's role goes well beyond giving information (Harden R.M. & Crosby J., 2000). N. Logothesis (2005) by characterising the attitude of a good university teacher, sees him or her at the same time as a teacher, a consultant, a guide, an advisor, and as an educational service provider. Regarding above and having in mind that some of the academic teachers' features like honesty, ethics, personal culture affect students attitudes (Payan J., Reardon J. & McCorkle D.E., 2010), not without the significance at business schools are also: excellent manners of the teachers, diligence, having high requirements and the treatment of her or his profession with passion and commitment (Chepujnoska V., 2009).

Based on the above, it seems to be important, as the aim of the research, to identify the characteristics of the academic teacher working at business schools, according to the expectations of Polish students from a 21st century perspective. To resolve the research problem, a qualitative survey design was used, which is the most preferable and normally appropriate for studies that seek to gain an insight into the nature of a particular phenomenon (Chiresche R., 2011). A letter questionnaire was sent via e-portal (student-portal) to 144 second-year bachelor students of Gdańsk University, from the Faculty of Management, who were participants of an obligatory lecture titled "Quality management" (the first task of the research). They were asked to list a maximum of five, most preferred characteristics of a high quality business school academic teacher of the 21st century. The question was: what should a high quality business school academic teacher of the 21st century be like? The students were asked also to comment on their answers. As the literature shows, the letter questionnaire as a free writing instrument has been successfully used in similar studies focused on effective and ineffective features of lecturers (Chiresche R., 2011; Barnes B.D. & Lock G., 2010; Wright P.N., 2005). Finally, 109 students participated in the study, and 471 characteristics were proposed. Content analysis was used in data analysis. The proposals were first analysed by listing all the features identified by the respondents (the second task). The features were grouped by similarities into 32 characteristics and put into five categories adopted from A. Parasuraman, V.A. Zeithaml and L.L. Berry (1988), as follows: tangibles (T), reliability (Rel), responsiveness (Res), assurance (A) and empathy (E) (the third task), where:

- Tangibles means the appearance of: physical facilities, academic staff, equipment, communication material;
- Reliability is the ability to perform the promised educational service dependably and accurately;
- Responsiveness means willingness to help students and provide prompt educational service;
- Assurance means teacher's knowledge and courtesy and his or her ability to inspire trust and confidence;
- Empathy means a combination of access (approachability and ease of contact); communication (keeping students informed in a language they understand and listening to them); understanding the student (making an effort to know the students and their needs).

The characteristics were listed in a descending order, referring to the number of indications (the fourth task). The Pareto-Lorenzo analysis was used to select those with a higher impact on the quality of teaching, according to the 80-20 rule (Oakland J.S., 1989) (the fifth task). Based on that conclusions, proposals and suggestions referring to the future solutions were presented (sixth task).

RESEARCH RESULTS AND DISCUSSION

As the results showed (see table 1), the most preferable characteristics of a high quality Polish business school academic teacher of the 21st century were: "teaches in an interesting, innovative way" (A), "knows and uses different innovative techniques during teaching and communicating with students" (Res), "objective and fair" (A), "forgiving and tolerant" (E), "likes students and is open to their individual needs" (E), "communicative" (E), "competent and professional" (A), "sense of humour" (E), "knowledge and scientific degree" (A), "the ability to broaden professional knowledge systematically through continuous learning"

(A), "authority and charisma" (A), "practical knowledge and experience based on current contacts with business entities" (A), "helps students and cooperates with them" (Res), "conscientious" (Rel), "passion and commitment" (Rel), "punctual" (Rel), "creative during the lecture" (A), "flexible in the choice of subject and teaching methods" (Res), "motivating and inspiring" (Res). Moreover, regarding the above results and overall indications, it can be noted that the most preferred characteristics are those connected with assurance (44% of indications), then with empathy (26.1% of indications), with responsiveness (15.5%) and with reliability (14%) (see figure 1).

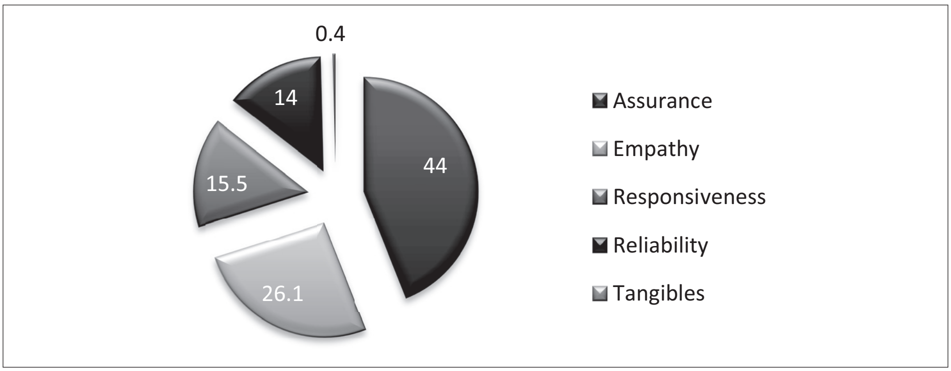
Table 1

Characteristics of the high quality business school academic teacher in the following categories: tangibles (T), reliability (Rel), responsiveness (Res), assurance (A) and empathy (E): the number of indications (N)

Characteristics and their categories	N	N(cum)	%	%(cum)
1. teaches in an interesting, innovative way – A	46	46	9.8	9.8
2. knows and uses different innovative techniques during teaching and communicating with students – Res	38	84	8.1	17.9
3. objective and fair – A	34	118	7.2	25.1
4. forgiving and tolerant – E	30	148	6.4	31.5
5. likes students and is open to their individual needs – E	26	174	5.5	37
6. communicative – E	23	197	4.9	41.9
7. competent and professional – A	21	218	4.5	46.4
8. sense of humour – E	20	238	4.3	50.7
9. knowledge and scientific degree – A	19	257	4.0	54.7
10. the ability to broaden professional knowledge systematically through continuous learning – A	18	275	3.8	58.5
11. authority and charisma – A	15	290	3.2	61.7
12. practical knowledge and experience based on current contacts with business entities – A	15	305	3.2	64.9
13. helps students and cooperates with them – Res	15	320	3.2	68.1
14. conscientious – Rel	14	334	3.0	71.1
15. passion and commitment – Rel	11	345	2.3	73.4
16. punctual – Rel	11	356	2.3	75.7
17. creative during the lecture – A	10	366	2.1	77.8
18. flexible in the choice of subject and teaching methods – Res	10	376	2.1	79.9

Characteristics and their categories	N	N(cum)	%	%(cum)
19. motivating and inspiring – Res	10	386	2.1	82
20. good contact with the youth – E	9	395	1.9	83.9
21. energetic, well-organized – Rel	9	404	1.9	85.8
22. demanding and assertive – Rel	9	413	1.9	87.7
23. intelligent – A	8	421	1.7	89.4
24. available – E	8	429	1.7	91.1
25. consequent – Rel	8	437	1.7	92.8
26. good mannered – A	7	444	1.5	94.3
27. patient – E	7	451	1.5	95.8
28. respects students – A	7	458	1.5	97.3
29. honest and ethical – A	5	463	1.1	98.4
30. good diction – Rel	4	467	0. 8	99.2
31. knows foreign languages –A	2	469	0.4	99.6
32. nice look and appearance – T	2	471	0.4	100

Source: *authors' calculations based on own study*



Source: *authors' construction based on own study*

Fig. 1. **Most preferred categories of the characteristics of business school academic teacher** (%)

As can be seen above, among the hard characteristics of the business school academic teacher assurance, responsiveness and reliability seem to be the most important from the perspective of a students' needs. They expect from the academic teacher to be well prepared, to teach in an interesting and innovative way. That makes them motivated and involved in the process of learning. If the teacher is properly prepared, explains the aim of the lecture, uses case studies, illustrates the lecture with real examples, invites students to discuss and to ask the questions, is enthusiastic and engaged in what he or she is doing, the lecturing is resulting in good learning experience. Very important are also modern techniques and teaching methods used during teaching and communicating with students. They appreciate e-learning, webinars, e-conferences, simulation exercises, class discussions referring the real business or economy problems, gamifications (using management games), case studies based on current experience of Polish companies and on success stories and class presentations. They are expecting and waiting for meetings with top managers, and with company owners. Very attractive are also the visits to companies, and institutions, where students may observe top managers and operational managers in action and can study and analyse different processes realisation and supervision. In general, students want to cooperate with and learn from well-skilled teachers, are willing to learn, are open to new ways of teaching, and see them as advisors and mentors. Students appreciate the teachers who are not afraid of new techniques, who participate in business meetings or moderate business discussions and have the ability to broaden their professional knowledge systematically through continuous learning. For that reason the most preferable are teachers who not only take part in scientific conferences and seminars, but who also collaborate with the business environment as consultants, experts or auditors or are simply real managers. This makes the teachers perceived as trustworthy and very competent in a certain subject area.

It also emerged from the study that objectivity and fairness are crucial qualities of a business school academic teacher, as well as his or her tolerance, sense of humour, friendliness, which appeared as very important when assessing and working with students, considering their different skills and abilities, related to their individual needs and capabilities. For students it is valuable not only to be assessed, but also to be directed, motivated and encouraged. They want see the teacher almost as the business leader who not only asks the questions, allocates the task and assesses its realisation, but also communicates with students, discusses results, makes students feel valued and motivated, builds interpersonal relations among students, gives handouts, directions and instructions.

High quality business school academic teachers in the opinion of students are those who engage young people. Very important is an active cooperation, like teacher's involvement in organising and conducting scientific students' teams i.e. students' business clubs, or in organising internships competitions, based on collaboration with potential employers. Not without significance are also qualities such as punctuality and conscientiousness, demonstrating that an academic teacher respects students and treats them seriously. Creativity during the lecture and flexibility in the choice of the subject and of the teaching methods depending on the course of lectures or classes are perceived as the proof of a teacher's skills, of business experience and practical knowledge and as ability to be open to current students' needs and expectations. It is also evidence that the business school academic teacher is not afraid of sudden changes and new challenges.

CONCLUSIONS, PROPOSALS, RECOMMENDATIONS

In conclusion, among the hard characteristics of the business school academic teacher of the 21st century are assurance, responsiveness and reliability, as proposed by A. Parasuraman, V.A. Zeithaml and L.L. Berry (1988) and are the most important from the perspective of the Polish students' needs. The crucial ones seem to be:

1. In the assurance category: teaches in an interesting, innovative way, objectivity and fairness, competency and professionalism, knowledge and scientific degree, the ability to broaden professional knowledge systematically through continuous learning, authority and charisma, practical knowledge and experience based on current contacts with business entities, and creativity during the lecture;
2. In responsiveness category: knowing and using different innovative techniques during teaching and communicating with students, helping students and cooperating with them, flexibility in the choice of the subject and of the teaching methods;
3. In reliability category: conscientious, passion, commitment and punctuality.

Among the soft characteristics, like empathy, the critical qualities are as follows: forgiving and tolerant, likes students and is open to their individual needs, communicative abilities and sense of humour. Tangibles, the second soft category, represented only by nice look and appearance of the business school academic teacher is not important.

Regarding the results of the research one can conclude that:

1. Polish business schools students need well educated, creative teachers with authority and charisma based on their real, professional knowledge and practical experience derived from the current cooperation with business institutions.
2. Students need real managers or real advisors as the teachers and they prefer teacher who leads them;
3. Students appreciate active, innovative teachers who use different, modern methods, allowing them to resolve the interesting problems referring to current business environment.
4. The most expected teaching methods are: e-learning, webinars, e-conferences, simulation exercises, class discussions referring the real business or economy problems, gamifications, case studies, success stories, class presentations, meetings with top managers, with company owners, visits in the companies, in the institutions, managers and operational managers in action observations, processes realisation and supervision observations, competitions and internships arranged by their teachers.

Taking the above into consideration one can propose and recommend that:

1. There is a need for close and active collaboration of business management faculties at Polish universities and/or business schools with regional business councils, business clubs, chambers, with companies' representatives and with the representatives of future employers;
2. There is a need to educate students in the art and craft of management. It will not be possible without the close and current relations with business environment, mainly in the subjects like: operational management, marketing, quality management, environmental management, risk management, investments, but not only;
3. There is a need for students to learn from action and from reflection based on that, not only from analysis and thinking (Mintzberg H., 2004);
4. There is a need for business school students become not only knowledgeable about business, about the organisation and its structure, but also be educated in the spirit of management, for they usually don't feel the organisation and its processes;
5. Business school students are willing to learn, they want to be active and to develop their knowledge based on business experience;
6. Real-world experience need to be an integral component of an academic program, of an academic lecture, to provide students with the opportunity to develop not only work skills, but also an understanding of the workplace (Gerken M., Rienties B., Giesbers B. & Könings K.D., 2012);
7. Work-based teaching seems to be the critical feature of business the academic teacher. It has to be different for each student, regarding his or her capabilities.

To sum up, in the business schools, in the learning process for developing the knowledge and skills of future managers a high quality academic teacher of the 21st century from the perspective of Polish students' needs has to be prepared and ready to apply not only the lecture-style methods, but also on-the job teaching, project-based teaching, team work-based teaching, action teaching, experiential teaching, small groups teaching, case studies, simulations teaching, e-teaching, and even volunteering teaching, when working with students outside of the normal framework of teaching hours. Not without significance seem to be coaching and mentoring.

Nowadays the traditional approaches in young managers education at business schools and at universities with management faculties in Poland are not enough, and a broad range of innovative methods used by the teachers is required. Very important features of the academic teacher are those which simply characterise good managers and business leaders, like competence, professionalism, business experience and knowledge, willingness to help, charisma, creativity, passion, and commitment.

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CUSTOMER MOTIVES TO PARTICIPATE AS PRESUMPTION FOR SERVICE CO-CREATION[1]

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JURGITA BERSĖNAITĖ
RIGITA TIJŪNAITIENĖ

Abstract

In the article, customer motives to participate are explored as one of the presumptions for co-creation. The research raises problematic questions: what motives of customer participation in service co-creation are identified? What are the roles of customer participation in service co-creation? What structure of motives are revealed by customer experiences? The aim of the article is to identify customer motives to participate as a presumption for service co-creation. Research methods: the analysis of literature; customer opinion survey with open-ended question; content analysis. The article presents the results of the research carried out from 1 March to 19 April 2013, in northern and central Lithuania, responding to the open-ended question "What should motive you to participate in service co-creation?" The results revealed the structure of customer perceived participation motives in co-creation in the sectors of public catering, auto repair and beauty service providers. The participants of the research reflected their own experiences mostly and talked about participation as a situation, which was managed by the service provider. The results of the empirical research indicate that motives of participation in co-creation are related to the customer perceived dimensions of service quality, price and emotion. They also confirm that the defined participation motives are more individual than common and are related to the assumed role by a person in service delivery process.

Key words: Lithuania, co-creation, motives, customer participation

JEL code: M31

INTRODUCTION

Service co-creation is a unique experience of customers and service providers that opens up new sources of competitive advantage for companies. The underlying logic of today's value argues that value is not embedded in an organisation's output, but is defined by and co-created with the customers (Prahalad and Ramaswamy,

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2004; Vargo and Lusch, 2004, 2008). According to Anderson and Narus (1990), Anderson et al. (1993), Wang et al. (2004), companies view customers as partners in value creation and are willing to retain mutually beneficial relations with them. In general, the marketing concept of value co-creation concept provides a shift from an organisation and product-centric position to a more balanced view of organisations and customers interacting and co-creating value with each other.

It is defined that customer participation in service co-creation can be achieved by motivating customers. The identification of motives that encourage customers to participate in co-creation enables the company to predict customer preferences, manage customer participation and help customers to purposefully become involved in the process of value creation (Mills and Morris, 1986; Bowen, 1986; Rodie and Kleine, 2000; Bettencourt et al., 2002; Grissemann and Stokburger-Sauer, 2012). The variety of motives of customer participation in the service co-creation was dealt with by Larsen and Greenfort (2009), Dur and Sol (2010), Zwass (2010), Djelassi and Decoopman (2013) and others.

However, there is not much empirical research found explaining what motivates customers in co-creation. Motivation to participate is explained according to the different theoretical approaches: expectations, control-of-reinforcement, goal-based resource-based view, social exchange and self-determination theory (according to Füller, 2010; Bridoux et al., 2011; Roberts et al., 2013 etc.). The groups of motives of customer participation and the contexts are analysed by Hars and Ou (2001), Meuter et al. (2005), Füller (2006, 2010), Hoyer et al. (2010), Bosson and Nilsson (2011), Bridoux et al. (2011), Lehrer et al. (2012), Pearce and Coughlan (2012), Occhiocupo and Friess (2013), Roberts et al. (2013), Roser et al. (2013). The roles of participant customers are described in the research of Chen et al. (1998), Chan et al. (2010), Nuttavuthisit (2010), and Moeller et al. (2013). However, there is still an open question of how the customers themselves find what motivates them to participate and involves into the co-creation process.

In the research, the motives to participate are explored as one of presumptions for co-creation. The research raises problematic questions: what motives of customer participation in service co-creation are identified? What are the roles of customer participation in service co-creation? What structure of motives are revealed by customer experiences?

The aim of this article is to identify customer motives to participate as a presumption for service co-creation. The following objectives were solved: 1) the potential motives of customer participation in co-creation have been identified; 2) the types of customer roles explaining customer motivation to participate in co-creation have been characterised; and 3) based on the empirical results, the structure of customer perceived participation motives in co-creation has been identified. The research methods to achieve the aim of the research were as follows: the analysis of scientific literature; the customer opinion survey with open-ended questions; the content analysis of answers to the open-ended questions.

The research was carried out from 1 March to 19 April 2013, in northern and central Lithuania. A web-based form of questionnaire was prepared and thus 69 percent of data was received. In order to ensure a greater representativeness of the sample 31 percent of paper questionnaires were distributed. The research involved 1631 respondents, of them 506 the customers of cafés and restaurants, 697 people involved in the beauty services, and 428 customers of companies providing auto repair services. The research involved more urban citizens (81.0 percent), male (64.4 percent), people with higher education (45.7 percent), and respondents with middle-incomes (46.4 percent). The characteristics of the sample correspond to the general characteristics of clients of service sectors and show that the research sample is suitable for analysis of customer participation motives in service co-creation and their perceived value of participation. The main questions of the quantitative research were as follows: What benefits are perceived by clients while participating in co-creation processes, and what costs stop the active participation of customers? At the end of questionnaire, there was an open-ended question: What should motivate you to participate in service co-creation? The content analysis results of respondents' answers to the open-ended question are presented in the article.

The analysis of responses to the open-ended question is carried out in accordance with the following methodological provisions: (1) social reality is perceived and interpreted individually; (2) each individual creates reality actively on the basis of personal experience; and (3) the social reality is different for different individuals, but it is shared through interaction with others (according to Berger, Luckmann, 1999; Cropley, 2002; Walliman, 2006). This choice has enabled researchers to identify and analyse customer participation motives more deeply, as an exactly qualitative approach empowers researchers to understand the situation through the researcher's sight (Mariampolski, 2001). The research data was processed by using the content method that revealed what the recorded narratives of participants mean. The analysis was carried out by distinguishing the key text units, splitting up them into smaller parts, and then dividing them into categories. When analysing the categories, the sub-categories were identified, their content and interrelations were characterised (according to Cropley, 2002; Denscombe, 2010).

The results of qualitative research reveal the structure of customer perceived participation motives in the sectors of public catering, auto repair and beauty service providers. Participants of the research, when expressing their opinion about the motives involving them in co-creation, mostly reflect their own experiences, and talk about participation as a situation, which is managed by the service provider. The results of empirical research indicate that motives of participation in co-creation are related to customer perceived dimensions of service quality, price, and emotion. They also confirm that the defined participation motives are more individual than common, and also related to assumed role by a person in the service delivery process.

MOTIVES OF CUSTOMER PARTICIPATION AS PRESUMPTION FOR CO-CREATION

The article points out that the presumption that a motive is a multicomponent discriminating action cause determined by the inward of a person, appeared in the personality level, but are dependable on the extrinsic stimuli. The companies, verifying the identification of customer participation motives can provide customers with satisfactory proposals, encourage them to participate in co-creation, strengthen relationships with relationship–oriented customers and create a *win-win* situation (Kambil et al., 1999; Grönroos, 2006).

The researchers agree that customer motivation to participate is a multi-component variable phenomenon. There are no universal motives that equally encourage customers to participate (Vargo et al., 2008; Larsen and Greenfort, 2009; O'Cass and Ngo, 2012; Ngo et al., 2013 etc.). The motives, for which the whole is the motivation to participate, are "internal and/or external forces that lead to initiation, direction, intensity, and persistence of behaviour" (Vallerand, 2004, p. 428), and they are not constant: they vary in the changing circumstances (Kim et al., 2013). The customers also differ in the level of motivation and orientation (Raddick et al., 2010; Turnhout et al., 2010; Grissemann and Stokburger–Sauer, 2012). Therefore, the researchers, dealing with motivation, differently classify customer participation motives.

Füller (2010) presents 10 categories of motives to participate: essentially playful task, curiosity, self-efficacy, skill development, information seeking, recognition (visibility), community support, finding new friends, personal needs (frustration), and compensation (financial reward). Zwass (2010) showed 19 motives to participate in co-creation, ranking them from the most altruistic (e.g. desire to contribute) to economic (e.g. financial rewards). Occhiocupo and Friess (2013) claim that the relevant motives to participate are recognition, self-expression, relationship creation and skill development.

In order to clarify the classification of motives to participate, the principle separation of motives between customer inner interest to participate and outer need to control / increase service quality becomes possible (according to Hars and Ou, 2001; Meuter et al., 2005; Raciti et al., 2013). In this case, the group of intrinsic motives includes winning, prestige, personal growth, self-determination, altruism and common identity / identification with the community. The intrinsic motivation to participate generally arises from the person's need to feel competent dealing with others, and make satisfied with own knowledge and skills. The extrinsic motivated customers, according to Hars and Ou (2001), "get rewarded creating the welfare to others". It is likely that these customers will spend more time improving overall service, will add more challenge and will stay long-term active co-creation participants.

The group of extrinsic motives includes discounts, time saving, future income, self-marketing, peer recognition, client self-esteem reinforcement. When a company applies noticeable and easily communicable measures for extrinsic customer motivation to participate, it quickly and easily achieves a high level of customer participation. However, the extrinsic motivation to participate as presumption for co-creation is met with scepticism. For instance, Zwass (2010) claims that: "for those customers who are motivated basically on the monetary affairs, co-creation is a closed book". Larsen and Greenfort (2009) think that with the applied financial customer motivation to participate, promotion comes together with the risk to establish superficial co-creation, which does not contribute to a closer relationship with customer.

The extrinsically motivated customers often consider the participation as the investment that will create future income. Hars and Ou (2001) define the following income categories: (1) tangible financial benefits to the use of particular services or products; (2) intellectual capital growth; and (3) self-marketing. Immaterial income is directly related to the position of customer's status in the society. When a participated customer is recognised by the same social status people (peers), his ambitions to gain good reputation, to be respectable, to become an opinion leader are satisfied. Larsen and Greenfort (2009), citing Frederiksen and Jeppesen (2006), claim that recognition of the peers and opinion leadership are strong extrinsic motives that may completely replace and even surpass the financial reward as co-creation stimulus. According to Djelassi and Decoopman (2013), extrinsic recognition and feeling of pride are the most significant participation motives. Customer recognition from the company that owns the user's favourite/popular brands will be much more valuable and stronger motivators than an unknown service provider.

It is noticed that dividing motives to participate into intrinsic and extrinsic groups does not explain the reason why customers participate surrounded by others (being members of the community). Dealing with this issue the typology of motives to participate can be defined considering the place of motive nature, as well as the customer orientation, when particular motive types are related to the financial, social, hedonistic and altruistic participation value.

In the view of Bridoux et al. (2011), all people according to their participation orientation can be attributed to either egoists (self-oriented), or mutual inter-actors (other people-oriented). In this case the motives to participate, relating participation to the place of motive nature, can be divided in four types: (1) financial motives (self-oriented – extrinsic); (2) social motives (other people-oriented – extrinsic); (3) hedonic motives (self-oriented – intrinsic); and (4) altruistic motives (other people-oriented – intrinsic) (see Table 1).

Extrinsic utilitarian motive type includes not only the financial rewards or share of the profit, participation benefit, such as time saving, but also involves, according to Hoyer et al. (2010), intellectual property gained during the participation process. *Social participation motives* in the public participating aspect mean for a customer improved reputation, social respect and stronger relationship with the like-minded people (Nambisan and Baron, 2009 cited in Occhiocupo and

Table 1

Typology of Motives to Participate: Sociability Aspect

	Self-Oriented	**Other People-Oriented**
Extrinsic	*Utilitarian motives*: material reward, e.g., money, goods	*Social motives*: image, status, recognition, when 'the ideas are expressed', leadership
Intrinsic	*Hedonic (or technical) motives*: interest, learning, pleasure	*Psychological (or altruistic) motives*: belonging to a group, helping others

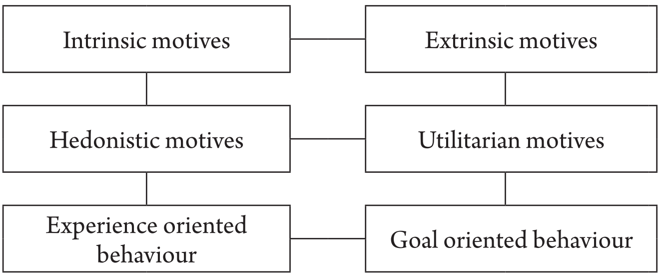
Source: *authors' construction based on LSE Enterprise (2009, p. 17); Hoyer et al. (2010); Occhiocupo and Friess (2013)*

Friess, 2013). The motive of identification with the community applies for this type as well, which is identified by Hars and Ou (2001) with personal need to belong to the group described by Maslow: participating in co-creation customers recognise themselves as part of the community, therefore they relate their goals with community goals and contribute with their knowledge, if they can interact with other like-minded individuals.

The third motive type – *hedonic motives* (Hoyer et al., 2010) – includes the participating customer sense of fun, playful activity, and pure knowledge, which is gained taking part through co-creation activities. These are called by Occhiocupo and Friess (2013) as technical (*know how*) participation motives. *Psychological motive* type is difficult to operationalise. This type includes already mentioned recognition, self-pride, reputation in the eyes of others; however, it is also attributed to such motives as altruism and volunteerism. Altruism is usually explained by the desire to enhance personal well-being for other people. In the case of customer participation in the service, altruism is understood like doing something for others and receiving the particular costs (time, energy, etc.) (Hars and Ou, 2001). According to Dur and Sol (2010), altruism namely has a positive effect on the level of customer participation and affects as an efficient mean of customer commitment to put more efforts in co-creation process.

Applying this four-typed participation typology, the correlation highlights: (1) between the extrinsic utilitarian participation motives and the customer orientation to the participation goal; and (2) between the hedonic participation motives and the customer orientation to the participation experience. Utilitarian participation motives are directly oriented to the customer experienced tangible benefit and result, what, as Füller (2010) claims, are separated by the customers from the participation activity. Under the influence of this motive group, the customers participate selectively, seeking for the purposeful and interesting content activity and clear business benefits.

Whilst the base of hedonic and psychological motives is customer emotions and experiences gained through the participation activities (according to Pearce and Coughlan, 2012; Roberts et al. (2013). This type of motives stimulates the customers to participate for long time. There is the ritualised orientation to the service process, and the interest occurs in the service tools and context (Hoffman and Novak, 1996, cited in Füller, 2010). The customers affected by this type of motives are characterised as unfocused continued participation, various orientations, need to have a good time and need to experience pleasure in order to accumulate experience of participation. For such customers the participation is valuable for its activities, but not for the outcomes (Occhiocupo and Friess, 2013) (see Fig. 1).



Source: *authors' construction*

Fig. 1. **Comparison of Different Motive Types**

However, structuring the types of motives to participate through the theoretical approach, it cannot be disagreed with Occhiocupo and Friess (2013) who claim that in reality most customers are affected by the complex of motives of many different combinations, including intrinsic (e.g. joy and altruism), as well as extrinsic ones (e.g. recognition, reputation), or even completely extrinsic (e.g. reward, personal career perspectives) motives. Therefore, if companies seek for competitive advantage over co-creation, they need to use different ways of customer motivation. Each of them has specific reasons. The more motives company can respond, the more attractive and more persuasive proposal for co-creation will be.

DICHOTOMY ASPECTS OF CUSTOMER PARTICIPATION ROLES

It is possible to identify customer participation motives through their perceived and accepted roles in the service process. Moeller et al. (2013) points out the types of customer roles according to the perceptible benefits, which stimulate to behave one way or another, as: (1) bargain-hunting independent; (2) comprehensive help seeker; (3) engaged problem solver; (4) technology-savvy networker; and (5) self-reliant customiser. The customers of the first type are characterised by the preconceived motivation to seek for economic benefits; the second type – by a wish to develop skills undertaking to the service provider or consulting others; the third type customers find the service provider as the main problem solver; the forth type often interact with other customers in the nets opposite to the service provider, whilst the fifth type customers are ready to cooperate individualising the service themselves. Performing their roles, most customers (except engaged problem solvers) passively participate in acting activities with a service provider. The customers of the bargain-hunting independent role get the most economic benefits, whilst the customers of comprehensive help seeker and engaged problem solver roles improve their personal skills the most.

Chan et al. (2010) classify the customer participation roles through the dichotomy principle. Having made a decision to participate a customer can involve into *businessman-friend* or *leader-inferior* interaction. The interaction approach is determined by the customer‘s social communication practice, recognised cultural values, customer’s social status, other role realisation experiences.

The customers who tend to individualism avoid an active contact with service provider, and they basically prefer financial reward, which has to be proportional to their participation input. Such customers are ready to accept a businessman’s role. They do not care about relation creation and do not value what saves their time during service consumption. They contribute to the service process control. Namely, the customer of a businessman’s role approach is oriented to the instrumental values and tangible individual benefit. Whereas the people of collective value orientation take the priority of the common interests, better realise their relations with other people, more value communication harmony. It is noticed that friendship approach is characterised by cooperative actions and care for common dealings. According to Malhotra et al. (1994), the customers performing the friend‘s role positively assess the main co-creation component – high *touch* with service company personnel.

Leader-inferior interaction is based on the relationship approach. Chan et al. (2010) claims that the customers of *higher power distance culture* think they are superior to service company employees; therefore, they can define the interaction degree and distance themselves. According to Joiner (2001) cited in Chan et al. (2010), such customers get less benefits participating in the service process. They understand participation as situation decreasing wanted inequality between them and company employees. The customers of *lower power distance* feel more comfortable in the environment, which enables them to create. Besides, they negatively react to the loss of power in decision-making, what affects on their cultural standards and perceptible right to have opinion about the decisions.

The aspect of the internalisation level of the role is relevant for recognition of customer participation motives. Moeller et al. (2013) points out that it is necessary to notice when a participating customer learns the role and when the role realisation requires more customer‘s efforts. Learning the role involves: (1) the challenge level (e.g. lack of information, lack of experience) and (2) personal skills to carry out the role development through the personal resources finding the potential means to overcome challenges (e.g. search for information about the service on the Internet, web analysis about the service providers, studying the manuals, consultations with the experienced customers and other analogous service providers). The role-play activities mean receiving services (e.g. seeking for advice, receiving instructions) and economic benefits (e.g. lower costs), what reflect imagined benefits and main activities initiated by the customers in order to realise these benefits. As Moeller et al. (2013) claims, the general learning the role unfolds what customers are tending to do in order to create service value in relation to different service offerings.

LINKS BETWEEN CUSTOMER PARTICIPATION AND SERVICE CO-CREATION

According to Prebensen et al. (2013), the customer participation motives are concurrent part of co-creation management. The researchers claim that there are always customers, who want to discover themselves, accept new roles, start acting in other social worlds, strengthen their identity and form their image. Companies benefit from recognising what the main customer motives are and purposefully manage participation process, helping the customers become not calculating the economic benefits, but creative and independent service value co-producers, gaining exceptional status in the context of competitive ability improvement activities in a company.

In Nuttavuthisit (2010), a typology of four categories of customer participation in co-creation practice is presented: *participation-for-self, creation-for-self, participation-for-others* and *creation-for-others* (see Fig. 2). It explains how customer motivation in co-creation changes from the primary customer involvement into participation using the resources provided by a company for the benefits for-self (i.e. participation-for-self) to the further involvement

For others			
	COMMUNALITY **IV** **Creation-for-Others**	***CAUSE*** **III** **Participation-for-Others**	
Creation			Participation
	COMPLEMENT **II** **Creation-for-Self**	***CHOICE*** **I** **Participation-for-Self**	
For self			

Source: *Nuttavuthisit (2010, p. 318)*

Fig. 2. **Typology of co-creative practices**

to satisfy oneself (i.e. creation-for-self) what requires to be more confident in the company, the community, and sharing the good qualities with others.

Personal co-creation dimension. *Participation-for-self* is a practice performing when a customer becomes very close to a company and can reach exactly what he or she wants – the specific desire or decrease time and energy costs. It corresponds with the *intrinsic self-oriented customer* group. The customers, belonging to this co-creation practice category, are involved into the offered activity alternatives of a company, when they are differentiated, convenience and reduce costs, and this is perceived as a counterweight to the risk, that may be incurred due to non-standardised malfunctioning products, loss of self-confidence, the inability to perform new tasks and the need to put in extra effort to reach out and learn new information.

The other practice – *creation-for-self* – is based on the *do-it-yourself* culture, which encourages people to find their niche. These customers want to be heard rather than to talk. They like to create value themselves and use their knowledge and skills themselves, which are complemented by a company. E.g., a customer makes transactions, whilst a company only facilitates. Thus, a proactive role of the customer and his or her ability to learn and co-create value is developed as well as the next involvement into co-creation process is promoted. This practice directly correlates with the *extrinsic other people-oriented* motive type.

Public co-creation dimension. *Participating for others,* customers actively bound to the resources provided by a company to benefit others, e.g. sharing information with other people. Thus, the goal is reached – to provide value to the other recipients, who tend to accept positive, as well as negative information due to free and sincere its transmission and therefore can easier make decision to buy, what corresponds the *other people-oriented altruistic participation motives*.

Creation-for-others matches the *intrinsic other people-oriented motives*. This co-creation practice is especially practiced in advanced companies for its quick and inexpensive interactions, what are ensured by information communication technologies. Individuals initiate, do and share with others through online communities, involving people with similar goals and interests. This participation does not generally require for direct social interaction with the provider's representative, therefore customers do not experience discomfort learning to perform or accept the necessary roles in participation.

Creating-for-others customers work in partnership in order to create and share the content – news, ideas among themselves and in the external society. In this co-creation practice, any personal approach and contribution are recognised, as well as targeted support and promotion the further development of the customers' creativity are delivered. The groups creating-for-others can differ from very small and simple to bigger and more intensive, directing collective efforts to the common interests. Having considered the tendencies of society development because of the ICT progress, it is the most promising co-creation support paradigm, to which it is worth to invest for any sector companies thinking about their competitive ability and perspectives. However, it is necessary to notice that it is not self-service sector, communicating and collaborating with the customers, what has been proved by the empirical research results.

RESEARCH RESULTS AND DISCUSSION

607 respondents responded to the open-ended question of the questionnaire: *What should motive you to participate in service co-creation?* 354 of them assessed their motives in the beauty centre / hairdresser's service, 154 – in the car repair centre / garage, 97 – in the catering / café sector service. Most of the open responses are laconic, consisting of one to three words, such as: *money, lower prices, discounts,* therefore resist deeper content analysis. Having assessed the content of the responses the presumption can be made that the most often mentioned participation motive of material benefit is understood unambiguous and is directly related to the customer's ambition to get lower price for the needed service. It is unfolded in the two *Price* categories: *Discount and Lower Price,* which contents are closely related.

0The content of subcategories *Faster Service, Customer's Time Saving, Customer Survey* belonging to the category of *Quality* shows that the respondents understand the participation in service and co-creation as the traditional service quality assurance and recognise the motives to participate as tangible benefits from the service providers, when they properly control service quality. It is noticed that the subcategories of the topic, such as: *Attention to Customer Opinion, Conditions to Share the Own Opinion, Personnel Professionalism* confirm that customer participation in the service is influenced by the extrinsic motives, as well as the intrinsic ones, such as the status recognition, opportunities to express their views, the need to teach others, satisfaction of being important, what has decoded leader's role dimension in the social interaction.

The richest in the content topic is *Emotion,* what confirms that participating in the service customers experience individual and very different emotions. Their range is wide, because emotions related to the decision to participate in the service are determined by the different motives. Perhaps that is why the responses of individual customers and the emotional experiences of participation are characterised broader, e.g.: *As a customer I like to say what I want, to receive an advice on how to do better and to get greater result* (a woman, 35, customer of a hairdresser's); *For everyone it is interesting, but perhaps he or she dare not ask, think that interfere will appear bothersome <...>, then customer will be relaxed* (a man, 50, customer of a garage); *That the cafe personnel take my comments not as criticism but as a desire to help, in order to better service and food quality to others* (a woman, 41, customer of a café). In these and other replies the participation motives, such as learning / cognitive interest, status recognition, hedonism, ambition to help others, a clear customer as a participating friend's role dimension have been recognised. The structure of the participation motives, defined their topics, categories and contents are shown in Table 2.

Table 2

Customer Perceived Participation Motives (Results of *content* analysis)

Topic	Category	Participation Motives
PRICE	Lower price	*Economic benefit*
	Discount	
QUALITY	Faster service	*Status* *Recognition* *Possibility to share the own opinion* *Personal development*
	Time saving	
	Survey of customer opinion	
EMOTION	Knowledge / understanding of technical growth	-
	Attention delight	
	Lack of knowledge and technical process understanding	
	Lack of interactions experience in participation	
	Prohibition to participate	
	Unresponsive to customer initiative	
	Disrespect for the participating customer	
	Negative company management approach to customer participation	

Carrying out the content analysis an unexpected discovery for the researchers was plenty of customer demotivating to participate in service co-creation situations. Although it was asked of the motives, the respondents gave their responses on why they do not participate in co-creation. Having made the content analysis of such responses, six categories were formed out revealing the reason for not participating in co-creation. The content of two categories identifies the personal customer's attitude why he or she avoids participating. It is *lack of knowledge / technical process understanding* and *lack of experience to interact in participation.*

The lack of knowledge and technical process understanding as a barrier to participate was emphasized especially in the car repair service, mostly by women*: I do not have enough knowledge to participate in car repair work, I think there may be more harm than use* (a woman, 27, customer of a garage); *I think if I have more experience in this field, then I could express my opinion* (a woman, 51, customer of a garage). The respondents also point out the lack of experience in communication / interaction with service providers as one of the demotivators: *In fact, I do not think I should interfere in work of masters in the beauty service provision* (a man, 46, customer of a hairdresser's); *If I knew more in this area, I could* *participate more* active (I need more knowledge there) (a man, 21, customer of a hairdresser's). Such attitude is common in men's questionnaires filled out about cafes and beauty centres / hairdresser's services.

Though customer participation and service co-creation are presumptions for a company's further competitive ability condition and higher service value creation, however, according to the respondents, company's staff behaviour is one of the participation demotivators. This statement is confirmed by the content of four categories. The customers as well as service company personnel lack of experience and wish to involve into interaction with a customer for co-creation. The customers claim: It is necessary <...> *for specialists to communicate with me, ask for my opinion, advice, response* (a woman, 38, customer of a cafe); *I miss warmer, kinder service, open communicating specialists, helpful staff, wish to interact* (a woman, 29, customer of a hairdresser's).

In the respect of customer motivation, it is significantly worse practice, when service provider stops the customer's initiative, does not pay attention to the positive offers, and disrespectfully behave with open for participation person. The content of the categories, such as *Prohibition to participate, Disregard of customer's initiative, Disrespect to participating customer* reveal negative respondent experiences, ignoring their activeness: *Personally I do not like those who are trying to get rid of a client as soon as possible, because you feel as they are trying to do the jobs anyhow and do not want the customer to see it (a man, 33, customer of a garage); Often people imagine themselves familiar with everything and do not want to hear anything. As regards garage service, it would be nice that the personnel do not show dissatisfaction about the customers, who want to participate in car repair works or even observe what is going on* (a man, 29, customer of a garage). *I miss staff enthusiasm and good mood, they must understand that they are not always right and I miss more positive attitude to the customer, who is not interest to deflate them* (a woman, 51, customer of a café). Much worse co-creation perspective is revealed by another customer's opinion: *things for service staff go in one ear and out of another. And the owners of cafes do not pay attention to the staff remarks about the customers' complaints. So it is a vicious circle* (a man, 33, customer of a café), which absolutely demotivates and stops customers from the participation.

Having considered the results of the empirical research it is noticed that customer perceived intrinsic participation motives are identical to that defined by researchers (Hars and Ou, 2001; Meuter et al., 2005; Raciti et al., 2013 and others). The experiences of the respondents confirm that they are involved into participation because of the inner interest to obtain economic benefit, outer stimulus to create higher customisation level, to perform higher service process and final result control.

In the case of catering, beauty centres, car repair sector services it was not estimated that the customers had high intrinsic motivation level, positively influencing on the active involvement into the participation of services, creativity, innovation offers, co-creation, as it is claimed in the works of Lehrer et al.

(2012), Bosson and Nilsson (2011). The respondents do not have or recognise participation motives formed by extrinsic social interaction, such as belonging to a group, helping others, altruistic performance incentives. Their participation experiences show that participating the roles of a manager or quality controller are performed most often (Joiner, 2001; Moeller et al., 2013).

According to the research results, it can be claimed that the reasons of extrinsic motive absent hide in the service provider side: company managers and employees have negative attitude to the active customer participation in the service, to the service improvement and co-creation, what stops the intrinsic customer motivation to participate and co-create for others (Nuttavuthisit, 2010). These results have two approaches: the professional specificity and closeness to customer participation in the chosen sectors (especially in car repair service), and the Lithuanian as post-Soviet situation, where free social interaction has not been formed between service provider and customer. Despite 20 years of experience in competitive free-market conditions, a customer gets no attention and disrespect for his or her opinion and initiatives. The provisions of changing the ways and means in the context of co-creation promotion are the questions of new research.

CONCLUSIONS

1. The customer motives to participate in service co-creation are sorted into intrinsic and extrinsic ones. Hence, participation motives are linked to intrinsic and extrinsic, tangible and intangible, social, psychological and economic reasons to perform an active role in service. In summary, it can be claimed that motivation to participate in co-creation can be explained by different customer roles that express internal customer reasons. The scientific literature confirms that there is the connection between the motives and roles of participation in service co-creation. The typology of customer participation in co-creation consists of different types of customer roles, especially oriented to the outer, social interaction and benefit others.
2. The personalised opinions of customers reveal that motives of participation in co-creation are related to customer perceived dimensions of service quality, price, and emotion. The participation motives indicated by respondents of the research are only individual and related to accepted role by a person in service delivery process.
3. It can be argued that in order to customer participation as a presumption for service co-creation each company needs to influence on its customers purposefully according to their individually perceived motives, by encouraging to assume roles that enhance their conscious participation in co-creation as a presumption to increase company competitiveness. However, it is relevant for a company to change the opinion of the participating customer, to encourage his or her activity and wish to improve service quality not only for themselves, but for others, too.

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POLITICAL ECONOMY OF TRADE REMEDIES: A STUDY ON THE APPLICATION OF TRADE POLICY INSTRUMENTS IN THE MIDDLE EAST

VOLKAN SEZGIN

Abstract

In the last two decades, developing countries started to employ more trade remedies when compared with developed countries and they are currently among the major users. However, most of the Middle Eastern countries still do not use trade remedies actively except Turkey, Egypt and Israel.

This paper mainly addresses the possible reasons for the limited use of trade remedies in the Middle East particularly in the last decade. Apart from the limited use particularly during the Arab Spring, it has to be noted that Turkey, Egypt and Israel began to apply most of the trade policy instruments against the imports from each other after 2015. Within this framework, using RCA and NRCA indices to measure the revealing comparative advantages of Egypt, Israel and Turkey, the author aims to find out whether these countries have initiated trade remedy investigations and applied trade policy instruments against each other by considering sectoral NRCA. The author draws on data from UNCTAD, which are on 3-digit SITC level.

Visiting trade remedies in Middle East, it can be in favour of Middle Eastern countries to apply more trade defence instruments in order to protect their domestic producers from disruptive effects of the imports and thus gain more from free and fair trade. In addition, applying trade policy instruments particularly among other countries in the Middle East may cause the trade volumes to further diminish in the region and trade flows to be interrupted even more.

Key words: WTO, trade remedies, political economy of trade policies; Middle East

JEL code: F10; F13; F19

INTRODUCTION

Trade remedies are the trade defence instruments, which are employed in order to protect the domestic producers against destructive impact of unfair (or even fair) trade practices.

Before the 1990's, the use of the trade remedies especially by the developing countries were not frequent. Since the tariffs were higher before the establishment of World Trade Organisation (WTO; henceforth) and the countries were referring to grey area measures such as voluntary export and import restraints, the developing countries didn't feel the need to employ trade defence measures. Furthermore, most of the developing countries did not have enough expertise and human resources to deal with unfair trade practices and initiate relevant trade policy investigations. In the last two decades, however, trade remedies along with antidumping (AD; henceforth) policies have spread to developing countries which are now among the major users. (Niels G., and Kate A., 2006) For instance, countries at all stages of development and industrialisation have joined the ranks of active AD users, and it is the dozens of new users that have fuelled AD's continued growth.

It can be stated that the developing countries are currently employing new types of import restrictions like trade remedies on a large scale. In recent years, not only the number of the trade remedies, but also other protectionist actions, which aim to prevent the imports hurting the domestic industries have risen worldwide. Since the global economic crisis of 2008, international trade communities have expressed concern about the rise of protectionism, as protectionist measures such as import restriction and tariff increase have been historically prevalent in the period of an economic slowdown. (Choi N., 2016)

On the other hand, Middle Eastern countries have recently struggled to be involved in issuing new trade defence instruments exclusively during the course of Arab spring. Given that AD has become many WTO member governments' most accessible policy to impose new trade barriers, the resulting pattern of AD import protection across industries may be an increasingly important indicator of these countries' overall patterns of import protection.[1] Considering that trade remedies are becoming vital for protecting the local producers against devastating impacts of the imports after lowering of the tariffs worldwide, there is no doubt that these instruments can be important indicators for the Middle Eastern countries showing how they are protecting their own industries from disruptive impacts of the rise in imports.

This article identifies the use of trade remedies in Middle East in the last decade and it argues the constraints and possible reasons for the fall of the use of the trade remedies in the last decade. First, since Iran, Iraq, Lebanon and Syria are observer countries in WTO, they have not been actively involved in employing trade remedies.[2] [3]Apart from that, there has been a decrease in the use of the trade policy investigations by frequent users of the trade remedies like Egypt, Turkey

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1 Bown (2008) show that the AD is one of the most common import restriction methods recently.

2 For the list of members and observers at WTO, see https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm

3 See https://www.wto.org/english/thewto_e/acc_e/acc_map_e.htm

and Israel particularly before 2015. In addition, it seems that the Arab States of the Gulf were reluctant to use trade remedies in the last decade.

The article also concentrates on using Revealing Comparative Advantage (RCA; henceforth) and Normalised Revealing Comparative Advantage (NRCA; henceforth) indices to measure the revealing comparative advantages of Egypt, Israel and Turkey in 2015 and aims to find out whether mentioned countries have initiated trade remedy investigations and applied trade policy instruments against each other by taking sectoral NRCA into consideration after 2015. The author draws on data from UNCTAD, which are on 3-digit SITC level.

Within this respect, the article is structured as follows: the following section reviews the basic framework of the trade remedies, sheds light on the use of trade remedies in the Middle East in the last decade and applies RCA-NRCA indices to discover the link between trade remedies and comparative advantages of industries; the next section discusses the challenges and reasons for the limited use of these measures and the last section concludes.

RESEARCH RESULTS AND DISCUSSION

Trade remedies are mainly comprised of three tools, which are safeguards, AD actions and countervailing duty measures (or anti-subsidy actions). These are the trade policy measures applied by the importing Members of WTO within the relevant WTO jurisprudence against the unfair (or fair) trade practices injuring the domestic firms operating in these countries. The final measures are taken after the relevant trade investigations are conducted by the trade remedy administrating authorities of the domestic countries, which are responsible for acting against the imports causing injuries on the domestic producers in that country.

The most referred trade defence instrument, which is the AD mainly target selling at unfair low prices. The product is considered to be "dumped" if an exporting company exports a product at a lower price than the normal price, which is charged by the same company in its domestic market or at a price, which is lower than the cost of production. The dumped imports must cause the domestic producers to suffer injuries and experience market losses. There has to be strong link between the rise in dumped imports and the injuries caused by these imports. The Agreement on Implementation of Article VI of the GATT 1994 (so-called AD Agreement) arrange the AD investigations and the imposition of AD measures thereafter. After the investigations are carried out, the investigating authorities determine whether to impose AD measures on the exporting firm basis. Normally, AD measures are applied for 5 years and they are further extendable after sunset reviews. Since the formation of the WTO in 1995, it can be asserted that there is a steady rise in the application of AD measures in the world. This rise is generally attributed to the lowering of bound tariffs following the conclusion of the Uruguay Round and the resulting increased market access.[4]

Anti-subsidies constitute another important trade policy action aiming to alleviate the negative impacts of the unfair trade practices. WTO forbids the use some particular subsidies namely "prohibited subsidies", which help exporting companies to decrease their costs of production indirectly and hence aid them to capture the export markets. These kinds of subsidies might be in the form of tax reductions and/or direct funding for the exporting companies, which achieve a certain amount of export target, for example, in the last three years. Within this framework, subsidies can distort the principles of free trade and cause an unduly competition between the exporters and domestic producers. Countervailing duties (CVD; henceforth) are applied against these subsidies in order not to allow the favoured exports to corner the domestic markets. The Agreement on Implementation of Article XVI of the GATT 1994, namely Agreement on Subsidies and Countervailing Measures regulates the initiation and implementation of the anti-subsidies.

Different from CVD and AD, safeguards, which are another trade defence actions target fair trade actions. These are the measures, which ensure temporary relief for the domestic producers from import surges and they are applied when there is a sudden, sharp and recent increase in imports of a product cause a serious injury to the domestic industry. They can be considered as emergency rooms for the domestic industries, which help them to survive against unexpected and immediate rise in the imports by allowing them to facilitate adjustment for some time. Safeguards are regulated under the Article XIX of GATT and the Agreement on Safeguards. It is underlined by WTO that the Agreement on Safeguards aims to encourage structural adjustment on the part of the industries adversely affected by increased imports, thereby enhancing competition in international markets.[5]

The safeguard measures can be in the forms of increases in the tariffs, quantitative restrictions like quotas or additional duties. The safeguards are not company specific measures whereas AD and CVD's are company specific. The safeguard measures are not even country specific and they are applied against the imports of the product under investigation from all countries. Within this respect, safeguards are very restrictive measures when compared to other trade policy instruments.

As noted before, the developed countries were the main users of the trade policy measures up until the last two decades. The developing and the less developed countries did not apply trade remedies until 1990's in a broad sense. In spite of that, the developing countries rather than the developed countries have taken most of the trade policy actions in the recent years. Prusa notes that

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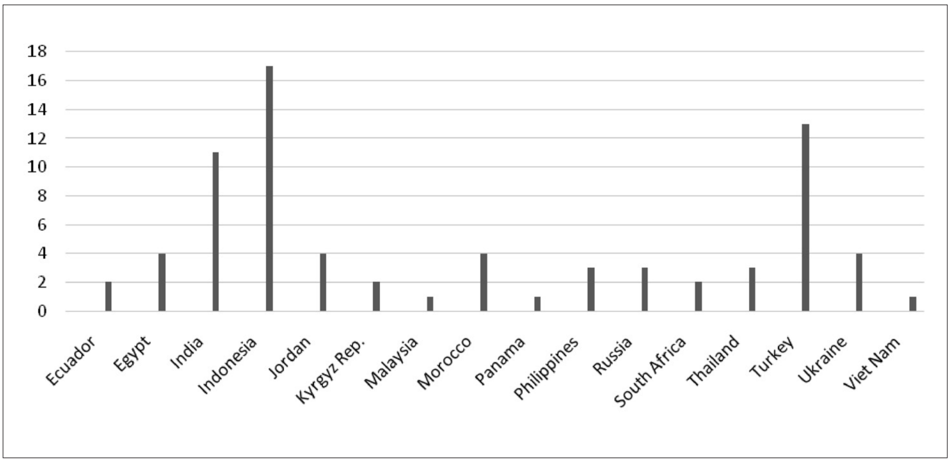
4 The study by the National Board of Trade of Sweden (2005) contains comparative analysis of antidumping applications by four of the new users (Brazil, China, India and South Africa).

5 See https://www.wto.org/english/docs_e/legal_e/25-safeg_e.htm

it is not clear exactly why so many new countries are embracing trade remedy laws. Perhaps they believe that if it is good for the United States and the European Union, then it must be good for them too. Perhaps they believe that their use of AD is the only way to defend themselves against other countries' using it against them. Alternatively, perhaps AD is simply a policy instrument that their mercantilist instincts cannot resist. (Prusa, T.J., 2001)

To illustrate this, developing countries such as Indonesia, Egypt, Turkey, India, Jordan, Ukraine and Morocco constituted the top seven countries, which applied the safeguard measures the most between 01/01/2006 and 30/06/2016 as is illustrated in Figure 1. In addition, the developing countries started to be the main targets of trade remedy investigations by the other developing and developed countries as they increased the implementation of these measures recently. Zanardi's results (2004, table 4) in fact seems to suggest that the proportion of investigations in developing (and transition) countries that are against other developing countries has increased over time.

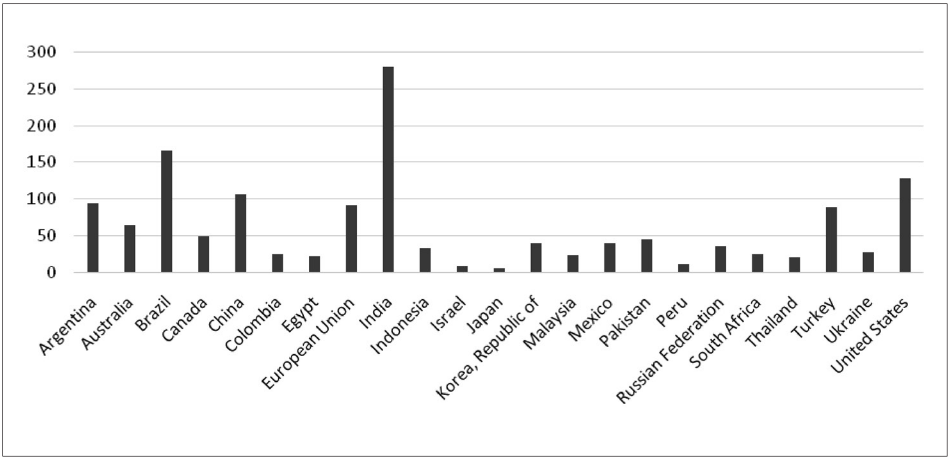


Source: *author's construction based on WTO Annual Reports*

Fig. 1. **Safeguard Measures by Reporting Members (01/01/2006-30/06/2016)**

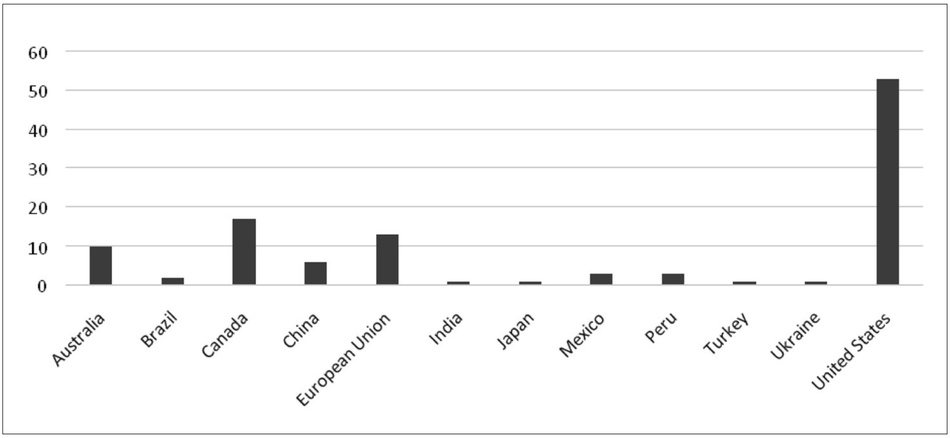
Unlike safeguards, CVD measures are generally applied by developed countries such as USA, Canada, European Union and Australia since they require more expertise and well-trained professionals. The Middle Eastern country, which imposed an anti-subsidy measure between 01/01/2006 and 30/06/2016, is Turkey as is shown by Figure 3. None of other countries, which are located in the Middle East region, concluded any CVD investigations in this period.

Apart from safeguards and CVD measures, the countries, which apply AD measures, show a different pattern between 2006 and 2016. The top nine Members, which employed AD measures the most in the mentioned period are both developing (i.e. India, Brazil, China, Turkey, and Argentina) and the developed countries (i.e. USA, European Union, Australia and Canada). In addition, Egypt, Israel and Turkey are the Middle Eastern countries, which applied AD measures the most in the aforementioned period.



Source: *author's construction based on WTO Annual Reports*

Fig. 2. **Antidumping Measures by Reporting Members (01/01/2006-30/06/2016)**



Source: *author's construction based on WTO Annual Reports*

Fig. 3. **Anti-subsidy Measures by Reporting Members (01/01/2006-30/06/2016)**

The data reveals that the countries, which impose more safeguards, are generally the developing countries while the countries applying CVD and AD measures frequently include the developed countries. The reason for this difference might be the following: First, conducting safeguard investigations are less demanding and the final decisions are easier to be taken. Moreover, the most significant requirement that has to be met for the safeguards is the surge in imports and their causal link with the injury of the domestic industry. If this is met and proved properly, then the Members have the right to apply the measure immediately against all imports of the subject under investigation regardless of the home destination. On the other hand, AD and CVD investigations require stricter processes of examinations and calculations of the measures are made for every exporting company one by one.

The records of the Middle Eastern countries referring trade remedies show that Turkey, Egypt, Jordan and Israel have the most functional trade remedy mechanisms in the Middle East and they are active in using various trade defence instruments in order to protect their domestic industries. Considering that the local industries are very important for creating jobs and thus increasing GDP of mentioned countries, the use of these actions are becoming vital for the well-being of these economies.

In addition, Turkey, Israel and Egypt have been the traditional players in AD actions among Middle Easters countries. However, it has to be underlined that the total number of trade remedy measures applied by these countries show decreasing trends in the last years. To illustrate this, Israel did not apply any AD measures after 2013 until the second part of 2016. Similarly, Egypt implemented only three AD measures in the last four years although it imposed 29 AD measures between 2002 and 2008. The number of AD measures applied by Turkey decreased severely in 2010-2012. (Table 1)

None of the countries in Middle East imposed an anti-subsidy measure after 2009. Actually, it was only Turkey among the countries located in Middle East, which applied a CVD between 2008 and 2016. (Table 2)

When the number of the safeguard measures by the Middle Eastern countries are analysed, it is apparent that only one safeguard measure is applied by Middle Eastern countries in each year between 2009 and 2014. There has been a rise in the total number of safeguard measures starting from 2015.

Table 1

AD Measures by Reporting Members in Middle East (01/01/2008-30/06/2016)

Reporting Country	2008	2009	2010	2011	2012	2013	2014	2015	2016
Egypt[6]	3	0	1	1	0	1	0	1	1
Turkey	11	9	10	2	1	8	9	7	4
Israel	0	0	2	1	0	1	0	0	0

Source: *author's construction based on WTO Annual Reports*

6 Egypt applied 12 AD measures only in 2006 while Turkey imposed 21 AD measures in the same year.

Table 2

CVD Measures by Reporting Members in Middle East (01/01/2008-30/06/2016)

Reporting Country	2008	2009	2010	2011	2012	2013	2014	2015	2016
Turkey	0	1	0	0	0	0	0	0	0

Source: *author's construction based on WTO Annual Reports*

Table 3

Safeguard Measures by Reporting Members in Middle East (01/01/2008-30/06/2016)

Reporting Country	2008	2009	2010	2011	2012	2013	2014	2015	2016
Egypt	1	0	0	0	1	0	0	2	0
Turkey	4	1	0	1	0	0	1	1	0
Jordan	0	0	1	0	0	1	0	1	0

Source: *author's construction based on WTO Annual Reports*

Apart from Egypt, Israel and Turkey, the Cooperation Council for the Arab States of the Gulf (GCC; henceforth) was also active especially in initiating safeguard investigations in the second part of 2016.[7] GCC initiated safeguard investigations against the imports of flat rolled iron and steel products and ferrosilicon manganese on June 2016 and October 2016 respectively. However, it should be underlined that GCC were reluctant to use trade remedies until a few years ago. Very few investigations have been already initiated and no contingency measures have been yet adopted. According to Kazzi, this situation may be justified by cultural and economic features of GCC states, and also, to a large extent, by the inefficiency of WTO-trade-related technical assistance that failed to make GCC authorities and businesses understand the main issues surrounding the contingency rules. (Kazzi H., 2014)

Touching upon the use of trade remedies in the Middle East, this part of the study concentrates on using RCA and NRCA indices to measure the revealing comparative advantages of Egypt, Israel and Turkey in 2015 and aims to find out whether the mentioned countries have initiated trade remedy investigations and applied trade policy instruments against each other by taking sectoral NRCA into consideration recently. The author draws on data from UNCTAD, which are on 3-digit SITC level.

In the second part of 2016, it appears that there has been a slight increase in the use of the trade remedies in the Middle East region. *Interestingly, these trade policy investigations generally targeted imports from the other Middle East*

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[7] GCC was established in 1981 and it is composed of six member states, which are Saudi Arabia, Oman, Kuwait, Bahrain, the United Arab Emirates and Qatar.

countries. To illustrate this, Egypt initiated AD and CVD investigations against the imports of reinforcing bars from Turkey on December 22, 2016.[8]Another AD investigation, which was initiated by Egypt targeting wet wipes imports from Turkey, was finalised on January 24, 2016 and an AD measure in the form of 72% CIF increase was applied.

Furthermore, another AD investigation, which was initiated by Egypt against the imports of base metal covered electrodes from Turkey in 2015, was concluded on October 5, 2016 and a final AD measure of 23% – 58% was applied to Turkish electrodes exports to Egypt. Apart from these, Egypt also decided to apply AD duties against the imports of dioctyl orthophthalates from Korea in late 2016 and initiate an AD investigation on imports of matches from Pakistan on April 10, 2016.

In addition, Israel also targeted Turkish exports lately and an AD investigation against the imports of flat glass from Turkey was carried out by Israel in 2016. As a result of the investigation, a final AD measure ranging from 26.5% – 70.7% was applied for Turkish exports of flat glass to Israel. Moreover, Israel also initiated and subsequently terminated an AD investigation on imports of machine-made rugs from Turkey in 2014.

Turkey, on the other hand, applied an AD measure against the imports of polystyrene from Egypt effective by January 2016. In addition, she imposed AD measures against the imports of uncoloured float glasses and safety glasses from Israel starting from the second part of 2015. The measures were in the form of CIF increases, which are 20% – 37.57% and 10% – 39.5% respectively. Furthermore, Turkey applied various AD measures on imports of unframed glass mirrors; chillers; dyed sheet metals; seamless tubes, pipes and hollows profiles of iron or steel from China in 2015-2016 and polyester textured yarn from Thailand and Vietnam in 2016 showing that Turkey applied trade policy measures not only against imports from Middle Eastern countries, but also imports from different regions of the world.[9]

In order to reveal the changes in the sectoral comparative advantages, RCA by Balassa (1965), NRCA by Laursen (2000) are reviewed. These indices are used to identify industries, which have comparative advantages in international competition when compared with the other sectors. The formulation of RCA and NRCA indices are as follows:

$$RCA_{ij} = \frac{X_{ij} / X_j}{X_{iw} / X_w} \qquad NRCA_i = \frac{RCA_{ij} - 1}{RCA_{ij} + 1}$$

where Xij denotes the exports of product i of country j and Xj depicts the total exports of the country j while Xw shows the total world exports.

[8] These investigations are still ongoing and no final decisions have been taken yet.

[9] For more information, see "http://www.globaltradealert.org/measure?tid=All&tid_1=485&tid_3=2201"

Although the countries might initiate trade policy investigations since the domestic markets are being injured by unfair trade competition through unfair foreign pricing, government subsidies, or sudden, recent and sharp surges in imports, which may distort the free flow of goods; it is beyond doubt that they also take the political pressure by the injured producers into consideration. In addition, it can be also claimed that the countries might be willing to protect their best performing industries via using trade remedies. Although the Member states of WTO have to follow specified rules of related WTO Agreements concerning the initiations of trade policy investigations, one might suppose that more attention can be paid to the sectors, which have more export potential. In this respect, countries might link NRCA performances of the sectors with the rising number of the trade remedies aiming to protect these sectors from import surges considering that these sectors can contribute more to the trade performances of that country. Thus, the author investigated the best export performing industries in Egypt, Israel and Turkey in 2015 using NRCA index and tried to find out whether these countries initiated trade remedy investigations against imports from other Middle Eastern countries targeting the same industries. The tables below illustrate the list of products with the highest NRCA's in Egypt, Israel and Turkey in 2015.

Table 4

Top 10 products with highest NRCA rankings in Egypt in 2015

3 digit SITC	Top 10 NRCAs in 2015
[272] Crude fertilizers (excluding those of division 56)	0.957954
[659] Floor coverings, etc.	0.875440
[046] Meal and flour of wheat and flour of meslin	0.859853
[054] Vegetables	0.843688
[273] Stone, sand and gravel	0.788473
[024] Cheese and curd	0.779058
[057] Fruits and nuts (excluding oil nuts), fresh or dried	0.775902
[245] Fuel wood (excluding wood waste) and wood charcoal	0.753041
[761] Television receivers, whether or not combined	0.731560
[056] Vegetables, roots, tubers, prepared, preserved, n.e.s.	0.714657

Source: *author's own calculations based on UNCTAD data*

Table 5

Top 10 products with highest NRCA rankings in Israel in 2015

3 digit SITC	Top 10 NRCAs in 2015
[667] Pearls, precious & semi-precious stones	0.938249
[726] Printing & bookbinding machinery, & parts thereof	0.869036
[591] Insecticides & similar products, for retail sale	0.781126
[272] Crude fertilizers (excluding those of division 56)	0.770993
[524] Other inorganic chemicals	0.734731
[598] Miscellaneous chemical products, n.e.s.	0.667624
[562] Fertilizers (other than those of group 272)	0.664689
[695] Tools for use in the hand or in machine	0.663776
[774] Electro-diagnostic appa. for medical sciences, etc.	0.663343
[532] Dyeing & tanning extracts, synth. tanning materials	0.661273

Source: *author's own calculations based on UNCTAD data*

Table 6

Top 10 products with highest NRCA rankings in Turkey in 2015

3 digit SITC	Top 10 NRCAs in 2015
[046] Meal and flour of wheat and flour of meslin	0.914212
[659] Floor coverings, etc.	0.874264
[273] Stone, sand and gravel	0.832382
[058] Fruit, preserved, and fruit preparations (no juice)	0.769899
[583] Monofilaments, of plastics, cross-section > 1 mm	0.749539
[676] Iron & steel bars, rods, angles, shapes & sections	0.744046
[812] Sanitary, plumbing, heating fixtures, fittings, n.e.s.	0.728526
[661]Lime, cement, fabrica. constr. mat. (excluding glass, clay)	0.699649
[025] Birds' eggs, and eggs' yolks; egg albumin	0.684635
[655] Knitted or crocheted fabrics, n.e.s.	0.66859

Source: *author's own calculations based on UNCTAD data*

Applying RCA and NRCA indices, the author realized that there is not a direct link between the products under trade policy investigations (or products with trade policy measures) recently and the most performing exporting industries in Egypt, Israel and Turkey in 2015. It seems that the mentioned countries have not initiated trade remedy investigations and applied trade policy instruments against each other by considering sectoral NRCA recently. It shows that they protect the industries, which directly suffer from the unfair trade practices (or safeguards) regardless of how they rank in RCA and NRCA sorting, which can be considered as a fair way of practicing trade policy instruments.

REASONS FOR LIMITED USE OF TRADE REMEDIES IN MIDDLE EAST

Except Egypt, Israel and Turkey, which are frequent users of trade remedies in the Middle East, it can be claimed that there are different reasons, which can be found accountable for the limited use of trade remedies in the Middle East in the last decade. First, it is important to underline that some of the countries in Middle East have not engaged with the trade defence instruments so far. These countries include Yemen, Palestine and Iraq and these might be related with the organisational and technical constraints that the domestic producers face in these countries. In addition to this, Yemen, for instance, which became a Member of WTO in 2014, did not actively take part in employing trade remedies and one reason can be the lack of required expertise and legal procedures to conduct trade policy investigations. Conducting investigations and imposing trade defence measures require legal national arrangements within the relevant WTO jurisprudence. Thus, the absence of legal frameworks might be considered as another reason for not pursuing trade policy investigations.

Moreover, as noted above, these investigations require high level of expertise and teams, which are comprised of well-trained lawyers and the economists. Considering that training might be very costly, it is not easy for the less developed or middle-income countries to employ well trained professionals dealing with these investigations.

Furthermore, after the beginning of the investigations, the national authorities, which are responsible for carrying out investigations, send questionnaires to the exporters/importers and the domestic producers in order to receive information about the imports of products under investigation and they also conduct hearing/consultation meetings to allow the parties of the investigation to convey their opinions orally. These authorities conduct on-site verifications to verify and confirm the information submitted by the parties when necessary. Arranging mentioned meetings and verifications could be costly as well. Besides, it should be underlined the investigations necessitate the professionals to travel a lot for the hearing meetings, bilateral meetings and on-site verifications which can increase the cost of the investigations.

Another important reason for the limited use of trade remedies by the Middle Eastern countries is that some of the countries are not currently official Members of WTO, but they have the observer status. The observer governments include Iran, Iraq, Lebanon and Syrian Arab Republic. The fact that these countries are not WTO Members make it difficult for them to be parties to the trade remedies or find balanced solutions to the trade disputes with the other Members. For instance, there has been no particular institution or administrative framework to handle trade defence cases in Syria so far. Thus, there was an urgent need to legislate special AD law, which should be in consistent with the WTO rules, too.[10] [11] The mentioned countries are expected to start accession negotiations within five years after becoming observers, but it seems that the accession processes move slowly mainly due to the political and technical problems.

Apart from that, the inefficiency of WTO-trade-related technical assistance, which can help the countries to have the economic and legal expertise regarding trade defence instruments, might be considered as another matter causing the countries not being active in taking trade policy actions. To illustrate this, although GCC states are the Members of WTO, they have not adopted any contingency measures so far.

The temporary stop of the use of trade remedies might be linked with rising political tensions during the Arab spring, which included violent and non-violent demonstrations and protests in some countries in the Middle East. To illustrate this, the regimes were either toppled or there were severe uprisings occurred in Egypt and Yemen which are current WTO members. Considering that political stabilisation is very important for the initiation of trade defence investigations, these uprisings might have caused the domestic producers not to act conformably against threatening imports. As a matter of fact, it is the domestic producers, which file petitions to their investigating authorities and request the initiation of the trade investigations when they are being injured by unfair trade competition through unfair foreign pricing, subsidies, or sudden, recent and sharp surges in imports. After the petitions are filed, the authorities determine whether to start investigations or not. Within this framework, liaising between the domestic producers, which are injured due to the imports and well-performing national investigation authorities are necessary to carry out sound trade investigations. Moreover, it is the responsibility of the investigating authorities to treat all of the parties of the investigations fairly. It is clear that political destabilisation might cause disruptions in applying trade remedies and investigating authorities not to work properly.

In addition, the political ties between the countries seem to act as an important factor for the determination of the application of trade remedies although it should not be the case. Interestingly, Illy argues that Egypt has not

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[10] Babili discusses the need for the domestic antidumping law in Syria.

[11] According to Babili, Egypt and the EU complained that their products were being dumped by Syrian clothes; however, the complaint was treated locally only by an administrative approach.

initiated a single investigation against USA although it is a prolific user of trade remedies. (Illy, O., 2016) He notes that part of the reason is that Egypt has been for more than three decades now the second biggest US foreign aid recipient with an average of more than 1.5 billion USD per year from 2001 to 2011 in particular.[12]

The countries might also choose to employ other trade defence instruments apart from the trade remedies such as import restrictions or tariff increases to fight with the unfair imports. Since the import restrictions are strictly banned by the WTO and the tariff rises have to be within the WTO-bound limits, it might be more practicable for the Middle Eastern countries to apply trade remedies when possible. The trade remedies are transparent trade instruments where all of the parties of the investigations can defend their interests within the relevant WTO rules.

CONCLUSIONS AND RECOMMENDATIONS

1. The developing countries currently employ more trade remedies when compared with the developed countries. However, most of the Middle Eastern countries still do not apply trade policy instruments actively except Turkey, Egypt and Israel. There has been a decline in the number of trade policy measures by even these countries during the Arab Spring, but it started to rise especially after 2015, some targeting imports from the other Middle East countries.
2. Applying RCA and NRCA indices, the author realised that there is not a direct link between the products under trade policy investigations (or with trade policy measures) recently and the most performant exporting industries in Egypt, Israel and Turkey in 2015. It seems that the mentioned countries have not initiated trade remedy investigations and applied trade policy instruments against each other by considering sectoral NRCA recently. It shows that they protect the industries, which directly suffer from the unfair trade practices (or safeguards) regardless of how they rank in RCA and NRCA sorting, which can be considered as a fair way of practicing trade policy instruments.
3. In addition, there are different reasons for the limited use of the trade remedies by Middle Eastern countries in the last decade. While some countries lack professional expertise to conduct trade policy investigations, some others did not intend to apply trade remedies due to inefficient technical assistances or they had to give a pause to the use of trade remedies because of political and economic issues. Although there has been a decrease in the imposition of the trade remedies in the Middle East during the Arab spring, the records demonstrate that the number import-restricting trade policy investigations started to grow especially after 2015. Furthermore, the trend shows that the increase might proceed in the near future.

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[12] See Financial Times (http://ftalphaville.ft.com/blog/2011/01/28/473431/us-foreign-aid-to-egypt/).

4. While Egypt, Turkey and Israel continued to impose the most new import barriers under trade remedy laws particularly in the last decade, it seems that other Middle Eastern countries have to do more in order to have a well-functioning trade remedy mechanisms. It is very important for these countries to employ these instruments in order to protect their domestic markets against import surges and unfair trade practices especially under the pressure of free trade principles by WTO. Considering that the tariffs set to low levels after the Uruguay Round and import restrictions are not permitted by WTO, it can be in favour of all Middle Eastern countries to apply more trade remedies.

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FEMALE CONSUMERS RECREATIONAL SHOPPING EXPERIENCES

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Abstract

This article examines the core meaning of intrinsic shopping to understand their experimental aspects of recreational and leisure shopping. The Grounded theory use for identification of recreational shopping themes which are (a) seeking experiences and (b) experimental shopping and each have respective sub-themes. The themes are connected to the key idea that shoppers are motivated by their expectations and desires. The findings described the way people do recreational shopping and how shopping malls are used as leisure space and become facilitators of recreational shopping activities.

Key words: India, Recreational, Leisure, Shoppers, Shopping

JEL Classification Code: L1

INTRODUCTION:

Shopping malls are a suitable example of recreational and leisure shopping. They provide leisure and social space (Martin and Turley, 2004), and consumers like to spend more time in shopping malls, than any other public places (Guiry, 1999). Shopping is a means for satisfying both personal and social priorities (Dawson et al., 1994), and it is related with experimental aspects, intrinsic rewards, hedonic values (Guiry & Lutz, 2000), symbolic product meanings, variety and novelty-seeking (Slama, & Rogers, 1985). Leisure shopping is related to freedom and quality of experiences for enjoyment, but not for survival. Dimanche and Samdahl (1994) express leisure shopping in the presentation of the person's identity. Shoppers doing recreational shopping like bargain hunting and getting good deals, which provide them with a feeling of entertainment, acknowledgment and opportunity to express one's self (Guiry et al., 2006). Babin et al. (1994) consider that for some shoppers shopping is a mean to attain a sense of accomplishment, they don't bargain for saving money. There are very few studies on female consumers in the age group of 25–30 years in a shopping mall scenario in an Indian context, as this age group of persons are new earners in their life cycles. Khare (2011) studied Indian consumers mall shopping behaviour having an age from 30–50 years, in which she described that females usually prefer to come to mall for shopping purpose only, or sometimes come for leisure activities, but only with the family, husband or children, her priority is only family. Female consumers are the growing and lucrative market in coming years Sinha (2012), and the number of women in the working sector is keeping on growing, which increases the individual level buying capacity of women Khatri et al., (2008), and total annual income of women is growing more than US$ 1667 million (Kapoor et al., 2008). In this study the authors try to understand factors which are considered important for young independent single female consumers while doing recreational shopping in malls, which in itself a complex phenomenon to explain. In-depth interview technique is used for capturing the meaning of recreational shopping in malls for intimate apparels and their meanings are elaborated through the narratives of female consumers. No previous study has been done on this lucrative age group and gender. The objectives of this study are: (a) recreational shopping experiences of shoppers (b) conditions of recreational shopping experiences (c) meanings to recreational shopping and (d) outcome of recreational shopping. To understand consumer decision making in malls a qualitative approach is used to understand consumer behaviour in malls. This is not a new approach, Underhill (1999) used this approach to investigate consumer shopping behaviour in retail settings.

LITERATURE REVIEW

Leisure shopping

Leisure involves quantifiable and observable behaviour, which may involve expenditure of money and/or time (Unger and Kernan, 1983). Leisure is associated with quantity, and considers it as existential elements extend beyond time constraints (Unger and Kerma, 1983). Leisure experiences have a pleasant effect on satisfaction, health and psychological well-being (Melamed, Meir and Samson, 1995). Leisure experiences impart meanings to recreational shopping. Leisure experiences provide psychological hedonism. The symbolic meanings related to an activity influence leisure experiences. Leisure experiences integrate with recreational shopping, help consumers to depict their self, and find out the opportunity to identify fun and fantasy (Bellenger and Korgaonkar, 1980). Leisure activities help the person to express, present and explore its self and personal identity (Dimanche and Samdahl, 1994).

Recreational shopping

Recreational shopping provides consumer an opportunity to enjoy leisure time. It focuses on the experimental value of shopping and satisfaction feels from it, without caring much about the purchase of goods and services (Bäckstrom, 2006). It is also described as hedonic values, which are subjective and personal, and focused more fun and playfulness. It provides an entertainment and emotional worth to an individual and it purchases goods and services related to the experience of shopping (Babin, Darden, & Griffin, 1994). Recreational shopping give a chance to consumers for communicating with friends (Guiry, 1999), browse the stores, and sharing and receiving information with friends about new stores and products (Bloch et al., 1994) or they involved in more task oriented shopping (Babin et al., 1994). Consumers do shopping for both hedonic enjoyments and utilitarian benefits (Jones et al., 2006), and both the elements of shopping are present in a single shopping trip (Lehoten et al., 1997). Recreational shoppers might be anyone, a high social class woman (Gillett, 1970) who gives more importance to nature of store than anything else, or might be a middle class woman who has a high level of involvement in shopping and has plenty of time to roam in malls, collect and share information about product prices (Ohanian and Tashchian, 1992), merchandise available or might be an information seeker or fashion seeker ((Bellenger and Korgaonkar, 1980). Sinha (2003) described that for fun shoppers the main objective is a bargain, information and enjoyment. They do unplanned shopping for entertainment. Shopping is stress relief therapy for them, they enjoy bargaining and talking to salesperson about deals.

RESEARCH METHODOLOGY

The theoretical paradigm that guided this study was social constructivism (Creswell, 2003). Daly (2007) suggests two important ontological aspects within this paradigm: (a) number of realities and (b) people give meaning to context differently. Individuals understand their surroundings based on their knowledge of culture and history of their world, and accordingly they develop understandings, give meanings and understand the realities and finally apply the experiences in their daily lives Creswell (2003). The constructive researchers raise the issue of interaction among individuals in many environments in which they live. They take the support of grounded theory to explain the experiences of the consumers (Charmaz, 2006). This study takes the help of grounded theory, build on the consumer experiences of recreational shopping, but its interpretation is through researcher mind. Creswell (2003) also predicted that constructivist researchers design their own environment for analysing the data. Charmaz (2006) described that theorists applying grounded theory are not themselves aware of preconceived assumptions. The authors' uses qualitative methods developed by Strauss and Quinn (1997) and interpreted by Manen (1990), and in-depth interviewing by Irving (1998), were used as guides for data collection and analysis.

DATA GATHERING

The study takes up Irving (1998) three-interview series model and hermeneutic-phenomenology by Manen (1990) to build a sense of structured creativity. The data was collected in three interview stages; First stage focused on the contextual history of the participant's lived experiences, Second stage focused on their natural lived experiences with some specific products (Fournier and Mick, 1999), and third stage focused on the reflection about their mall shopping experiences, and is there any change in thoughts about their experiences after previous interviews. Thematic conceptualisation is used to nectar the essence of real captured phenomena (Manen, 1990). The next step is data reduction through inductive means (Irving, 1998). The interview questions focused on consumer recreational experiences and meaning attached to them. Open-ended interviews were conducted with five participants ages 25–30 to explore their recreational shopping experiences. All interviews were audio-taped by taking permission of participants and later transcribed for analysis and interpretation. Then intra-text strategy was used for coding participant data, then inter-text strategy used to check similarities and differences, and lastly previously interpreted texts and newly developed understandings were evaluated by comparing contexts between intra-text and inter-text interpretive cycles (Thompson, 1997).

Table 1

Selected demographics information of participants

No.	Participant Identification	Gender	Age	Occupation
1	Sakshi	F	26	Unemployed
2	Uzma	F	25	Accountant
3	Seema	F	28	Administrator
4	Ragni	F	30	Statistical officer
5	Preeti	F	26	Revenue assistant

FINDINGS

SEEKING EXPERIENCES

Consumers browse and wandering in the mall without any goal, and imagining the acquisition of items and enjoy the fantasies of using the items without purchasing even a single items.

Searching for Treasure

The participants show how recreational shopping turns into treasure seeking experience for them. They stated that such opportunities on shopping give a feeling of satisfaction and accomplishment to them. The participants felt excited when they find something unexpected and searching and gathering information about it is a wonderful experience for them. The hedonic values of consumers cannot be satisfied with utilitarian aspects of shopping, these consumers want pleasure in shopping (Wang et al., 2000).

Seema: one day I was walking from nearby retail store in a mall, and I was fascinated by the looks of the mannequin girl wearing a beautiful article. I like the kurti (Indian customized shirt) on the mannequin and it was so pretty (Laughs). I called my sister to come to mall immediately with some cash and meanwhile I hold kurti tight in my hands like it is a worldly possession for me. Doesn't it excited? (Laughs).

Ragni: I usually don't like things very easily. I am very choosy in buying things and I browse a lot and compare prices. I herself don't know what I want. Sometimes I like dresses very much but because of their high price I leave them and remember the designs and wait for the sale to purchase them

Uzma: I find Titan watch on 25% discount I was very excited and the shop owner is by chance someone known to my father and offered me EMIs scheme on that watch and then I can't control myself from purchasing it. I feel like when you want something and desire it deep down in your heart you will get it and luckily the next day is my birthday (Laughs).

Sakshi: Shopping for me is fun. I like to check all the variety available in the stores. I feel satisfied when I check the new arrivals and the ones on sales. I check everyone item and give a look of myself in the mirror. If it is unique and suits on me, then I buy it otherwise I don't. But still I am happy that I have not skipped any new collection in the reputed stores which are famous for new collection in the whole market. I like pink dress with black strips, but it is very expensive… I like to try it in trial room but I don't because I know it suits me, and I don't need it now. I will check it on during sale.

Preeti: I like the red sari at a famous saris retail store in the mall… it was a black plain sari with red border and having red stone embroidery. My heart and eyes stick to it, it doesn't come with blouse, but doesn't matter I will stitch it by buying extra matching cloth. Its Price is INR. 15000 and the shopkeeper ready to give me at IRN. 11000… my friends purchase saris for marriage worth of INR. 30000 from him. It is super deal for me I don't want to lose that sari. So, I ask for some loan from my friend and I buy it.

Female consumers always in search for opportunities and when they see it, they are eager to grab that opportunity to satisfy their desire for shopping and free their mind from guilty of not buying that particular product which they like most and those guilty remains with them if they are not capable of buying their desired product. Female consumers are not in hurry on shopping they check, roam, wander in shops and select what is best for them. They always look for deals and want to enjoy the product acquisition experiences with an element of surprise.

Searching for positive social exchange

The shoppers in this study prefer to shop with those companions who have similar interest as there. If the shoppers shop with companion of dissimilar interest then they don't want any interference from companion unless asked or required. Shopping malls is a hub for social meeting for people (Robertson, 1995), and act as a pleasant place for chit chat with friends and family members (Firat and Venkatesh, 1993). Tauber (1972) suggests that people go for shopping to interact with peer groups and with person have similar interests. Shopping malls evoke and satisfy the social motives of consumers (Rintamäki et al, 2006).

Sakshi: I always like to shop with sister or with my friend Neha. It is very helpful to take someone on shopping. I don't like to shop alone it is quite boring. Shopping is platform for us to hangout, do gossips, and refresh old memories and most important shopping! (Laughs)

Ragni: I don't like shopping with someone. It feels like I have a responsibility to carry. If I am on shopping with someone I mostly do shopping for that person only. When I am alone on shopping I feel free, I can freely move in the mall enter whatever store I like. But I call my friends or parents if I find something good for them.

Seema: I usually shop with my sister Anjali, we both have same shopping preferences we both like sober colours, we are like minded kind of persons and have same approach for shopping, like I am looking for jeans and I visit 10 stores, she never give me sign of tiredness, sometimes she is more eager than me to look at the different type of variety available in the market, no matter if she doesn't have to purchase anything, if we have to do shopping for all day without having money in our pocket we are happy to do that. But when I am with my boyfriend, it is like "pick and purchase" kind of situation, when I ask him for opinions he just give smile and say yes!, if I don't like something he still give me a smile, you know I am burn out inside, but I don't say anything at that moment and make my decisions on my own, but he always support me to wear modern dresses, that is the sweetest part of him.

Uzma: I prefer to go for shopping with my friends and do fun for some moments. So, we go for everything like eating, games and shopping in the malls. We like very much to shop and hang around and watch other people activities in the malls at the same time. I like escalator ride. It is a very exciting experience while holding hand of our frighten friends while standing on the escalator especially ones having first time experience. We like to talk in English when salesperson asks in that language. I always take opinion on western dress from my friends whether my parents allow me to wear that dresses or not.

Preeti: shopping is fun and excitement for me. On shopping I have the liberty to do social outing with friends whether they are girls or boys. We go to movies, ice cream parlour, restaurants, snooker clubs, Barista or other modern coffee chains.

Most of the stores where we shop remember us, know our names and we have good relations with the salespersons and store owners. They give us discounts from their own quotas, and sometimes they give us 'branded clothes!' on credit. When we leave any store it looks like a mess. But no one say anything to us I happy that I don't have boring friends.

Female consumer taking shopping in malls with excitement, they come to malls with not only expectation of shopping, but they come for other recreational features available in the mall, which gives happy moments to them which is not available in open markets. Shopping is an opportunity for girls to roam outside home with their friends, share their feelings with their companion and small town girls don't have much liberty to hangout all day as boys have with friends.

Searching for self

The participants consider shopping as an opportunity which provides them a platform to express themselves and their lifestyles. It helps them to show the society what personality they are. Consumers want recognition and distinction within the group (Scitovsky, 1992), which builds status of consumers and help to achieve prestige and honour among group members (Burn, 2004). Status conscious consumers buy only those products and brands which convey status (O'Cass and Frost, 2002). Consumers also want to build their uniqueness through brands and products (Simonson and Nowlis, 2000) to achieve distinctive self and social image. The three main categories for need for uniqueness among consumers are: (1) unique choice (2) uncommon choice, and (3) dodging resemblance of product (Tian et al., 2001).

Uzma: The product I buy for myself would represent my status and lifestyle, and I analyse lot of thinking when I give gifts to someone, because it represents me to other person. For personal clothing, I take care that dress is comfortable to me, and look nice on me, in terms of my traditions and office culture. I don't like "yank funky" dress which are uncomfortable in wearing.

Preeti: For me shopping is part of your life. I get ill without shopping. I love to shop, because shopping is a means which help me to represent my identity to others. The type of dresses I wear shows the kind of identity I am. I like to be creative and experimental in shopping styles.

Sakshi: I like to represent myself as different from others. It helps me to present myself in front of other mannerly and attractively people. I believe that what I purchase and wear represent me as what psychological type of person I am. I don't like to show how wealthy I am by wearing expensive clothing. I wear the dress which gives me attractive and elegant looks. (Laughs)!

Seema: I prefer to shop in bulks because I think I am shopaholic. I care about fashionable clothes, but I also prefer clothes which I wear in all fashions. I prefer Suits for office because there I have to present my-self differently with elegance.

(Laughs) In marriages I wear traditional saris, because it gives us a lady like look which we can't wear in offices.

Ragni: I feel more confident when I wear branded clothes than in traditional ones. Branded clothes give me feeling of comfort and boldness to talk to others by looking directly in to their eye. In traditional dress I feel inferiority complex, especially when I give opinion to others and build trust in them. When I wear branded clothes people listen to me carefully. I think when one work hard and earn money, one should wear good dress.

In a competitive environment where there is pressure to represent in a beautiful and elegant manner. Female consumers redefine themselves in a way which might be same or different from others, but it should suits well on them. They consider dress style is the major way to represent the class from where they come and what qualities they have are easily shown through their dress style without using words.

EXPERIMENTAL SHOPPING

This talks about the obstruction that shoppers feeling when they are on shopping. It comprises of two sub-themes Task oriented shopping, and pleasant trap shopping. Recreational shoppers like to spend time in malls and involve in experimental consumption and purchase activities, and also do more impulsive buying then other consumers (Nicholls et al., 2002). In addition, these consumers are more emotional to shopping influences (Babin and Darden, 1995).

Task oriented Shopping

Task shopping is a kind of utilitarian shopping which has facets like need and it turn shopping into less recreational. The utilitarian activity is also behaves as hedonic one, when the shopping process recreational in nature (Bäckström, 2006).

Preeti: Most of the time it happens, the product I am looking for is not available in the stores. I feel very bad when I don't get the dress of my imagination. So it is frustrating to change your preference and shift to the available variety in the store.

Ragni: I never pre-planned the design and cut of the dress. Because I know I never find it on the shop. I only pre-planned for the type of item I want and then I select the one which looks good among others inside the store

Uzma: I select shops according to the purpose of the required item. I prefer to wear normal brands for regular wear and branded items for functions and office wear. Quality is important criteria for outside wearing items and price in normal wearing items. For low price involvement products I go for experimentation shopping but for occasional shopping I have fixed shops and high budgets.

Sakshi: I make a list of items when I feel it is very urgent to shop, and then I directly go to the mall where I find everything under one roof. I shop there for almost everything on the list without searching for other brands in the same category, placed beside the required one on the aisle, and I try to get free in less time and reach back home early.

Seema: I am eagerly waiting for sales. Every day when I look at local newspaper my first concern is to look at the advertisement page to get the information of best available deals on new branded products. When I know about sale I reach to that shop and may do shopping for next same season.

Female consumers like to mix recreational shopping moods with utilitarian shopping habits. They do shopping with excitement to enjoy shopping, but when they are making their mind for real purchase in a short duration they shift their mind to utilitarian aspect of shopping to get best available offered product to get feeling of satisfaction of doing proud shopping. For need based shopping females don't like comparison and visiting different stores for the same thing. But if the females don't get the desired product they want they may shift to other type of products to fulfil the requirement.

Pleasant Trap Shopping

Sometimes consumers have bad memories of product acquisition. It is revealed by participants feeling of embarrassment when they take wrong decisions on shopping, because it's wastage of money for no reason for them.

Preeti: I think I am shopaholic. I can't control myself from shopping. When I have money I am ready for shopping, I have many desires and I get nervous when I see variety of products in the stores because my budget restrict my desires.

Sakshi: In mall I am going to purchase a shirt but I don't like it much, so I purchase trouser for me. When I come home I realised that I already have lots of pants and I don't need any more. I feel embarrassed when this happens to me, but that red trouser touches to my heart and I purchase it. It is damm crazy!

Ragni: On sale I do bulk purchasing and I feel bad afterwards. On sales the companies give lucrative offer on bulk purchasing, and I feel why I be so greed and get trap into these offers, what I will do with these similar cuts of dresses when fashion changes?, and most embarrassing moment is when I am out of money, and I have to ask from loans from friends for my small daily personal expenses.

Uzma: I feel bad when I buy something and my mother don't like it and don't allow me to wear the dress even if I get at cheaper rate or when I pay for a dress more than it's worth. My mother told me I don't have sense of shopping and I should take her advice for shopping, but I like the dresses very much. At home, when I am free and alone I like to test modern dresses by wearing them and looking myself in mirror for hours.

Seema: I feel bad when I purchase an item from sale and when its colour gets faded in few washes and its stitching alignment get in bad shapes after wearing it for few times. Because I had known that items on sale doesn't have warrant, exchange or refundable options. But I purchase items, for freeing myself from losing something of worth in looks, which makes harder for me to take wise decisions.

The theme is about the promotional offer provided by companies to attract consumers. Female consumer feel guilty when they fall in traps designed for them by companies by hiding them in lucrative offers, which prove fatal, and dampen the feeling of enjoyment and satisfaction which they expect from that product. Consumers are emotional attached with the product by looking at their features or reputation and status enjoy by these products in the market. Female consumers cannot control their minds, if they get an item of their desire, instead of feeling bad that their wardrobe having no more capacity of fitting any item in it. They like to do little transformation in their styles.

This happened because of unplanned purchases. The time period between actual purchase and desire to purchase is so small, due to which hedonic temptation over power the individual mind and consumer don't care about consequences and go for immediate purchase (Punj, 2011; Taute and McQuitty, 2004). The temptation of the product is so high that consumer can't resist itself from buying product (Roberts and Manolis, 2012). The impulsive buying consists of three criteria. First one is immediate action by consumer while coming under the influence of emotions, second one is consumer don't take care much about the price of the product. In the third one consumers do immediate consumption because of hedonic temptations (Verhagen and Van Dolen, 2011). Consumers with hedonic values are tempted more toward promotional tactics in their product choice and brand choice (Wang et al., 2000).

DISCUSSIONS AND IMPLICATIONS

The present study revealed consumer shopping experiences by using inductive grounded theory. Consumer recreational shopping experiences come out with two main themes (a) seeking experience and (b) experimental shopping. The first main theme describes that shoppers enjoy the shopping experience when indulge in shopping by themselves. The first main theme is further divided into three sub parts. First is searching for treasure which described that consumers are in search of best deal and when they achieve them their shopping desire gets satisfied and they have a feeling of confidence in their shopping skills. The second subtheme is searching for positive social exchange which describes the social interaction between shopper and its family members, retail salespersons and friends. The third is searching for self which emphasised the importance of shopping in representing the self of an individual. The second main theme is experimental shopping which talks about the little frustration which shoppers experience while shopping. The theme is further described by two subthemes. The first is task oriented shopping which revealed when shoppers predetermined specification for something is not fulfil it converts their desires and expectations into frustrations and reduces their excitement level. The second one is pleasant trap shopping which suggested that when consumers feeling are belittled by swindler schemes or which hurt their feeling of excitement and reduces satisfaction.

From the interviews it was analysed that shopping give satisfaction, sense of confidence, achievement, and time constraint in defining characteristics of recreational shopping. The leisure activities create intrinsic rewards help consumers to develop motivational forces of 'seeking and escaping' in them which lead to their satisfaction (Iso-Ahola, 1982). These intrinsic rewards create a sense of pride and achievement when consumers get something at lower a price, which was also predicted by Sternquist et al. (2004). Recreational shopping give shoppers opportunity of social interaction where they meet with their friends and boyfriends, hang out with them for some time especially in a time constraint manner. Social interactions during leisure shopping affect on seeking criteria of shopping (Mannell and Klebier, 1997), and also create an environment of interaction of shopper with friends and salespersons (Auld and case, 1997). When information exchange happens during social interaction between shopper and companion shopping becomes social activity (Younnis, 1994). All the participants also believe that their personal self-style make a special place for them in the society and these activities help to build a confident image of their self in themselves and in the society. The mall environment provides them an opportunity to get social with their companions and more familiar with their family members also. The artificial decorated environment gives an opportunity to consumers to enjoy their desires and fantasies in a small environment with their companion or by looking at others. Besides these artificial fantasies consumers are excited to see ourselves with a different image and lifestyle. The same experiences were also predicted by Lehoten & Mäenpää (1997). Dimanche and Samdahl (1994) also predicted that experimental shopping experiences help to build their self-image and self-concept. Along with that shopper also reveal that shopping provides them self-reward and fulfil their psychological needs. The lucrative traps garnish by stores feel guilty by consumers when they get into it with hedonic mind set and purchasing something which don't provide them good post usage affects. These traps hurt shoppers more when they lose conscious judgment because of over powering emotions, which are related to product and psychologically force the shopper to fill the emotions without analysing the consequences. Pleasant trap feelings come after acquisition of items and embarrassments build an image of fatal love in shoppers mind set and feeling happen when consumer does compulsive shopping (O' Guinn & Faber, 2006). The retailers have to understand the feeling and criteria of leisure shopping by the consumers to build trust worth and friendly atmosphere in the store. The retailers also have to learn how a promotion criterion which they fulfil by lucrative sales changes the shopping pattern of the consumers and their preference toward the brand or product. The same study can be further happen at discount store, mass merchandise store and online stores.

CONCLUSION

The results of the study predicted that shopping mall shopping create leisure and recreational shopping activities in the shoppers and also help them to be social with their companions and family members. The shopping satisfaction leads to shopper motivations which help shoppers to fulfil their expectations, desires and eagerness. This study focused on the five recreational shoppers who express their leisure characteristics, hedonic and utilitarian shopping values, intrinsic rewards, and meanings related to process and outcomes of recreational shopping. The shopping malls prove as a platform for leisure and enjoyable activities. But, sometimes such recreational activities create guilt for shoppers and build bad memories after sopping experiences and sometimes lower their self-confidence.

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YOUTH UNEMPLOYMENT PROBLEMS IN EUROPEAN UNION AND LATVIA

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Key words: Latvia, European Union, unemployment, youth unemployment, employment

JEL code: J21, J64, E064

INTRODUCTION

The purpose of this paper is to investigate youth unemployment indicators, as well as policy tools to reduce youth unemployment rate, compare situation in Latvia and the European Union (EU), and to provide conclusions. The integration of young people into the labour market is an important objective and it is a key policy issue of the European Employment Strategy and in particular in the context of the Youth Guarantee, politically agreed by the European Council on 28 February 2013. However, there are large country differences among the EU member states in the labour market situation for youth and thus policy responses must be tailored to each country's circumstances.

Youth unemployment rate is higher than overall unemployment rate in both in the EU average and in Latvia. If one did not develop policy tools, young people could not integrate the labour market. A question that arises is whether the youth unemployment rate reflects the economic situation or a peculiar negative movement among young people. The next question is what is the best labour market policy tools suiting individuals. Particular attention should be addressed on so-called NEET group (NEET – not in employment, education or training).

The research aim is analyse youth unemployment in Latvia and the EU and policy to reduce unemployment. Tasks of the research are find out main youth unemployment trends, analyse the reasons of youth unemployment in Latvia and new policy tools in the EU and Latvia.

METHODS AND RESULTS

Analysis of youth unemployment is based on the International Labour Organization definition of employment and unemployment of youth. The main indicator of youth unemployment is the youth unemployment rate for the age group 15–24. The youth unemployment rate is the number of people aged 15 to 24 unemployed as a percentage of the labour force of the same age. Another indicator of youth unemployment is youth unemployment ratio. The research period of statistical indicators which have been used in the paper is from 2008 till 2013. In order to achieve the research aim quantitative methods are used. Analysis has been done on basis of materials from the European Commission, the Ministry of Economics of Latvia, the Central Statistical Bureau of Latvia, the Eurostat and the State Employment Agency of Latvia.

YOUTH UNEMPLOYMENT RATE AND NEET RATE

The unemployment rate is an important indicator with both economic and social dimensions. Table 1 shows that youth unemployment rate in Latvia was lower than the EU average rate in 2008, but from 2009 till 2013 exceed the EU average level. Analysing reasons for high rate in Latvia and EU, part of them could be explained by the economic crisis with some gap resulting from GDP changes and part – resulting from other factors, such as, lack of skills, lack of vacancies, lack of experience, lack of motivation etc.

Table 1

Youth Unemployment (15–24 age group) rate in Latvia and the EU in 2008-2013, in per cent

	2008	**2009**	**2010**	**2011**	**2012**	**2013***
Latvia	13	34	35	31	28	25
EU-27	16	20	21	21	21	23

Source: *Eurostat*, 2014. *Unemployment statistics*

**EU 2013December, Latvia 3quater 2013*

The euro area overall unemployment rate was 12.0% in December 2013 and EU-28 was 10.7% in December 2013 (Eurostat, 2014). Youth unemployment rates are generally much higher than unemployment rates for all ages. The EU youth unemployment rate stood at 23.6% in January 2013, more than twice as high as the adult rate, and no signs of improvement are in sight. 7.5 million Europeans aged 15–24 are neither in employment nor in education or training. High youth unemployment rates do reflect the difficulties faced by young people in finding jobs. A different concept is the youth unemployment ratio. The unemployment ratio is calculated as the share of unemployed for the whole population. The Eurostat data shows that youth unemployment ratios are much lower than youth unemployment rates. The main reason for the general worse labour market performance with respect to adults is related to the lower level of human capital and productivity, and preferences of employers.

Table 2

Youth neither in employment nor education or training (NEET) among youth in 2011, percentage of population aged 15–24

	Unemployed	Inactive	NEET rate
Netherland	1.5	2.7	4.1
Denmark	2.5	3.2	5.7
Euro area	6.8	6.4	13.2
European Union	6.6	6.6	13.2
OECD	6.5	12.1	18.6
Ireland	9.3	8.3	17.6
Spain	12.6	5.0	17.6
Italy	7.3	12.1	19.5
Greece	10.4	7.8	18.2
Slovakia	9.8	5.9	15.6

Source: *OECD, 2012 Employment Outlook. NEET rates among OECD countries*

The OECD Employment Outlook record NEET data for 15–24 year olds (table 2). Of the OECD countries where data is provided and presented in Table 2 Italy had the greatest proportion of 15–24 year olds NEET. In this case the majority of NEET young people were inactive not unemployed. Spain, Greece and Slovakia had the greatest proportion of NEET 15–24 year olds who were unemployed. In each of these cases unemployed young people who were NEET counted for over half the total.

The author divided EU countries in three groups according to NEET rate. Table 3 presents countries with medium NEET rates in 2012. All countries in this group have youth unemployment rate of less than 25%.

Table 3

Youth unemployment rate (2013) and the lowest NEET rates (2012) in EU countries, in per cent

Country	Unemployment rate	NEET rate
Austria	8.7 (September)	6.5
Czech Republic	18.8 (September)	8.9
Germany	7.7 (September)	7.7
Denmark	13.5 (September)	6.6
Finland	20.2 (August)	8.6
Luxembourg	18.8 (September)	5.9
The Netherlands	11.7 (September)	4.3
Sweden	22.8 (September)	7.8
Slovenia	23.7 (September)	9.3

Source: *author's formation based on* European Commission, 2013. *Employment*

Table 4

Youth unemployment rate (2013) and medium NEET rates (2012) in EU countries, in per cent

Country	Unemployment rate	NEET rate
Latvia	20.1 (June)	**14.9**
Belgium	24.0 (September)	12.3
Estonia	14.9 (August)	12.5
France	26.1 (September)	12.2
Hungary	26.9 (August)	14.7
Lithuania	21.0 (September)	11.1
Malta	13.2 (September)	11.1
Poland	26.3 (September)	11.8
Portugal	36.9 (September)	14.1
Slovakia	23.7(September)	13.8
United Kingdom	20.9 (July)	14.0

Source: *author's formation based on* European Commission, 2013. *Employment*

Table 4 presents countries with medium NEET rates in 2012. At the same time France, Hungary, Poland and Slovakia have youth unemployment rate of more than 25%. The highest NEET rate in the second group has Latvia

Table 5

Youth unemployment rate (2013) and the highest NEET rates (2012) in EU countries, in per cent

Country	Unemployment rate	NEET rate
Bulgaria	24.0 (September)	21.5
Greece	57.3 (July)	20.3
Spain	56.5 (September)	18.8
Croatia	52.8 (September)	16.7
Cyprus	43.9 (September)	16.0
Ireland	28.0 (September)	18.7
Italy	40.4 (September)	21.1
Romania	23.2 (June)	16.8

Source: *author's formation based on* European Commission, 2013. *Employment*

Table 5 presents countries with the highest NEET rates in 2012. Greece, Spain, Croatia, Cyprus, Ireland and Italy have youth unemployment rate of more than 25%.

Key characteristics of people who are NEET (Mirza-Davies, J., 2014):

- Those who have been excluded or suspended from school are more likely to be NEET than those who have not;
- Those with their own child are more likely to be NEET than those without;
- Those who have a disability are more likely to be NEET than those who do not.

It is important that high youth NEET rates may be generated also by choices (for example, travel, leisure), or by non-economic constraints (for example, military conscription).

YOUTH AND LABOUR MARKET POLICY IN EU

This poses a serious threat to social cohesion in the EU and risks having a long-term negative impact on economic potential and competitiveness. Young people are a priority EU social policy to sustain the young human capital. EU adopted the EU Youth Strategy for 2010–2018. There are two overall objectives:

- To provide more and equal opportunities for young people in education and in the labour market;
- To promote the active citizenship, social inclusion for all young people.

The Europe 2020 strategy put initiatives "An agenda for new skills and jobs" and "Youth on the move", youth unemployment rates will be targeted via by a range of policies, including proposals aimed at education and training institutions, or measures for the creation of a work environment conducive to higher activity rates and higher labour productivity. There are also initiatives' aimed at improving the entry rates of young people into the labour market. (Eurostat, 2014. Unemployment statistics)

A new initiative to improve employability of young people is through a Youth Guarantee and implementation reforms in education system.

YOUTH GUARANTEE

The European Commission considers that setting up the Youth Guarantee schemes is a forward looking and fundamental structural reform in the mid – term and long term. The Youth Guarantee aims to ensure that all young people aged 15–24 not in employment, education or training (so-called NEETs) receive a good-quality offer of employment, continued education, an apprenticeship or traineeship within a period of four months of becoming unemployed or leaving formal education (European Commission, 2014):

1. The Youth Guaranty scheme represents a new approach to policy design and implementation.
2. The Youth Guarantee scheme requires a clear and integrated strategy first and foremost.
3. The Youth Guarantee scheme cannot be realised without substantial baking, coordination and investment from within Member State governments.
4. The Youth Guarantee scheme requires national budgetary commitments in order to ensure sustainability and return on investment in medium to longer time.

5. An inclusive partnership approach, involving youth and non-governmental organizations, social partners and business, is fundamental to successful design and implementation of the Youth Guarantee scheme.
6. The Youth Guarantee is founded on the principles of providing a good-quality offer of employment, continued education, apprenticeship or traineeship
7. Ensuring a good-quality offer entails organizing the support around the journey of the individual young person, rather than the interest of service providers.
8. In the design of Youth Guarantee schemes, it is fundamental to work on basis that prevention is better than cure.
9. The value of monitoring and evaluating all aspects of the Youth Guarantee scheme should not be under-estimated.
10. Given that the Youth Guarantee is foreseen as a high-quality, long- term strategy, covering diversity of partners and complex issues.

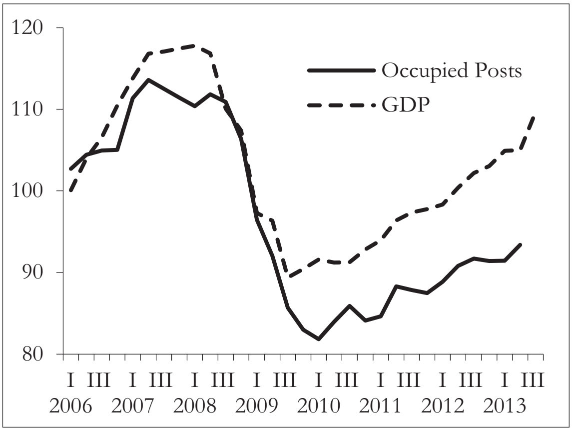
The Youth Guarantee is not a job guarantee, but seeks to activate young people with the shortest possible delay, thus keeping them in touch with the labour market, or ensuring further education. The ESF can fund, in the context of the Youth Guarantee, activities linked to the delivery of the direct interventions on young persons and more broadly, structural reforms in systems. Examples of structural reforms include, access to information and services, building-up partnerships, outreach strategies, anticipation of future skills and labour market needs, individual action planning, developing second-chance opportunities, developing guidance on entrepreneurship and self-employment, supporting mobility, and investing in monitoring and evaluation.

The Youth Guarantee schemes that have addressing acute levels of youth unemployment and inactivity and offering young people better prospects in life, represents a new approach to policy design and implementation. (ICF GHK, European Commission, 2013).

LABOUR MARKET DEVELOPMENT IN LATVIA

Changes in economic activities have a positive impact on the labour market in Latvia (Fig. 1). The situation in the labour market has been improved within a year along with increasing economic activities. At the same time employment is likely to increase slower than the growth, as the output will be mainly based on the increase in productivity.

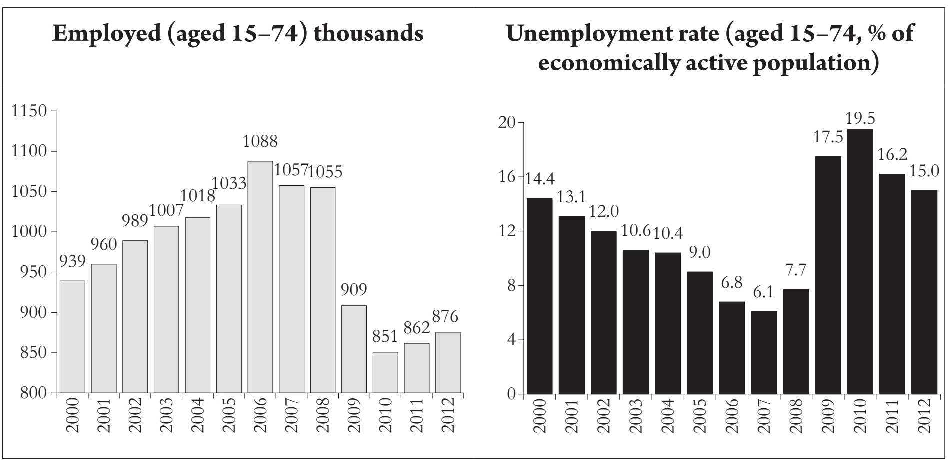
As a result, the employment rate is growing high unemployment rate is decreasing. At the same time, some groups, especially people with a low level of education and qualification and young people barely feel improvement.



Source: *Ministry of Economics, 2012*

Fig. 1. **GDP and Occupied Posts in Latvia, 2005 Q4 = 100**

At the same time, the balance between the labour force demand and labour force supply is influenced not only by labour force education and skills but also by wages; therefore vacancies stay open even under high unemployment conditions.



Source: *Ministry of Economics, 2012*

Fig. 2. **Employment and unemployment in Latvia from 2000 till 2012**

The number in employment increased by 1.3% in 2011 compared to 2010 (Fig. 2). The unemployment rate decreased by 3.3 percentage points compared to 2010. Similar trends remain in 2012.

The labour market in Latvia has disproportions. Main disproportions are:

- High surplus in professionals in humanities and social sciences;
- High share of low-skilled;
- Young people enter labour market without any specialization and skills (~ 1/3);
- Discrepancies among formal education supply and labour market demand.

Causes of problems in the labour market are also due to education:

- Poor knowledge in hard sciences, and poor student interest of these subjects on secondary education level;
- Poor insight of career possibilities on secondary education level;
- Many young people prefer general secondary education;
- Low prestige and capacity of secondary vocational education;
- Low popularity interdisciplinary education programmes.

YOUTH GUARANTEE IMPLEMENTATION IN LATVIA

The relatively high proportion of young people leaving school without a basic education and qualification, education are not always well adapted to labour market requirements, as well as general labour market conditions and problems in the functioning of labour market. Attractiveness of vocational education is very low for historical reasons, outdated infrastructure and weak links with enterprises. As a result skills mismatches and shortages in certain sectors. A challenge is to improve the quality of vocational education and training and make it respond better to the labour market needs. National reforms aim at improving the quality of vocational education and training and making it respond better labour market needs. The aim is that by 2020 50% of age group would follow vocational education and training routes.

Some of labour market problems in Latvia, according to international experience, could be solved by "dual system". "Dual system" – system where class – based and work – based training are provided in parallel. In "dual system" framework (for example, Austria, Denmark, Germany, Switzerland) – youth spend some time in educational institutions and the remainder at the workplace. Apprenticeships are then part of formal education structure and usually after completion of compulsory education. Main advantages are: early contact with the working world, easy transition from training to employment and attractive for those who are practically oriented.

Figure 3 presents Youth Guarantee (YG) activities and young people group to whom activities are addressed in Latvia.

Vocational education of programmes (unemployed 15–24 and YG clients 17–29 ages)	**Motivation programmes** (NEET's and young people 13–24 who are not registered as unemployed)
Short-term training programmes (unemployed with vocational or higher education 15–24 ages)	**Career guidance** (NEET's 15–29 ages)
First work experience (18–24 ages without work experience)	**Work place with subsidy** (disadvantaged 18–29 ages)
Support of starting business (unemployed 18–29 with skills in entrepreneurship)	

Source: *author's construction based on State Employment Agency data. Conference, 2013*

Fig. 3. **Youth Guarantee activities in Latvia**

The implementation of Youth Guarantee (YG) in Latvia includes the necessity to improve access to information and services, building-up of partnerships, outreach strategies, anticipation of future skills and labour market needs, individual action planning, developing second-chance opportunities, developing guidance on entrepreneurship and self-employment, supporting mobility, and investing in monitoring and evaluation. In particular to the young people who are NEETs, it is necessary returning them back to the education system, as well as increase attractiveness and quality of vocational education.

CONCLUSIONS

1. High rate of youth unemployment rate could be explained by the economic crisis with some gap resulting from GDP changes and partly – resulting from other factors, such as, lack of skills, lack of vacancies, lack of experience, lack of motivation etc.
2. The Youth Guarantee is important policy tool to reduce youth unemployment. However, thus policy responses must be tailored to each country's circumstances.
3. Latvia should pay more attention to the youth who are neither studying nor working, aimed at returning young people back to education system, as well as increase attractiveness and quality of vocational education.

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THE ROLE OF ORGANISATIONAL CULTURE IN INNOVATIVE PERFORMANCE OF SMALL AND MEDIUM-SIZED KNOWLEDGE-INTENSIVE COMPANIES IN THE BALTIC STATES

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Abstract

Currently there is a belief that innovations are the main aim of any organisation, while organisational culture is recognised as one of the most important factors influencing them, as it encourages employees' innovative behaviour and creation of innovations. Assumption, that a certain type of organisational culture provides better performance, is one of the reasons that explain the great interest in it. However, there is still no united consensus between scholars on this relationship. The aim of this article is to examine the role of organisational culture in innovative performance of small and medium-sized knowledge-intensive companies in the Baltic States and two hypotheses were proposed: Adhocracy promotes the innovative performance of small and medium-sized IT companies in the Baltic States; and Hierarchy hinders the innovative performance of small and medium-sized IT companies in the Baltic States. The Competing Values Framework was used for diagnosis of organisational culture types and the innovative company indicators made by Latvian Technology Centre for measuring the innovative performance. The study covered 27 IT companies from the Baltic States. The research results reveal that the innovative performance of small and medium-sized Baltic States' IT companies is promoted by adhocracy, as there was strong statistically significant positive correlation between innovation coefficient and adhocracy. In turn, the hypothesis that hierarchy hinders the companies' innovative performance was partly confirmed – there was a statistically significant relationship between innovation coefficient and hierarchy. However, hierarchy had stronger a statistically significant negative correlation with adhocracy than the innovation coefficient.

Key words: organisational culture, innovations, Baltic States

JEL code: M14

INTRODUCTION

Currently the knowledge-based economy and fierce competition puts high demands for companies – it requires continuous learning, improvement process and only those companies can be successful that can offer the newest and most unique products. There is a belief that innovations are the main aim of any organisation. The term “innovation” includes a wide range of activities, including organisational, financial, marketing and technological innovations (Rush, H., Bessant, J., Hobday, M., 2007). It is any application, idea or object that an individual or other entity perceives as something new. Innovations include a new product and/or process adoption in order to increase competitiveness and profitability, as well as finding new ways to identify the needs of existing and new customers (Kenny, B., Reedy, E., 2007). Innovation is everything that is associated with finding new possibilities to do something and gain strategic advantage (Tidd, J., Bessant, J., Pavitt, K., 2001).

Other authors in the innovation definition goes further stressing that innovation is a cultural element, which must be instilled by managers. Through communication process with subordinates organisation’s mission is transmitted, employees are encouraged to look for unique opportunities and to link these opportunities with strategic direction. Later, identifying the measurements to evaluate success brought by these opportunities, it is possible to preserve the opportunities in the future, and benefit from them (Gaynor, G.H., 2002).

At the present time, innovations are not only the basis for economic growth, competitiveness and economic security, but they have become the major source of income and important factor determining the company’s international competitiveness. Moreover, innovations are associated not only with entirely new product, technology or service creation, but also they can significantly reduce production and labour costs (Zhuparova, A.S., 2012). Thus, innovations plays a significant role in organisations performance and success, which is one of the reasons why companies try to influence the quality and quantity of innovations in order to achieve higher performance. Many studies have shown that innovative companies that are able to use innovations to improve processes, differentiate products and services, surpass their competitors in terms of market share, profitability, growth and market capitalisation. It is also very important to sufficiently often be able to replace old products with their new versions. “Competition in time” reflects the increasing pressure to offer not only new products, but also to manage to do it faster than competitors do (Tidd, J., Bessant, J., Pavitt, K., 2001). Moreover, innovations are vital for small and medium-sized enterprises to compete successfully in domestic and foreign markets (Kenny, B., Reedy, E., 2007).

However, in the long-term it is not the specific innovations that are important, but the ability to generate a range of product and process changes. It stresses the way, how innovations are managed and deepened. This ability does not arise by itself; it is created by continuous learning process, including processes, procedures, daily activities and structures, which altogether describes “the way we operate” (Rush, H., Bessant, J., Hobday, M., 2007). “The way we operate” is characterised by organisational culture. Organisational culture is recognised as one of the most important factors influencing innovations.

Organisational culture is defined as a deep assumption about how the work should be organised, authority used and people controlled and rewarded (Handy, C.B., 1993). It is a system that allows individuals and groups to collaborate with each other and rest of the world. This system includes values, beliefs, assumptions, behaviour, language, material culture artefacts and technology, and it works both ways – from inside to outside and vice versa, as the environment determines technology, art, people's behaviour and language and deeper values. Mole describes both national and organisational culture as mechanisms designed to unite people with common language, values and ideas for a common goal (Mole, J., 2003). Organisational culture according to Schein is a model of basic assumptions that a group have learned (or created) and found to be good and useful enough when dealing with external adaptation and internal integration problems. This model is thought by newcomers as the appropriate way to perceive, feel and understand these problems (Schein, E.H., 2010). Hofstede (2001) defines culture as collective programming of the mind, which distinguishes the members of one group from another. He points out that the main difference among various organisational culture researchers is that one believes that organisational culture is something that organisations have, while others – something that an organisation is. Robbins (1983) notes that organisational culture is what differentiates one organisation from another. Every organisation has its own unique culture, which covers ancient and often unwritten laws, regulations, specific language that facilitate communication between group members, common standards, etiquette, behaviour, habits, attitude towards colleagues, subordinates, managers and persons outside of the organisation, as well as other traditions that guides group members in what is appropriate behaviour and what is not.

The Competing Values Framework (Organisational Culture Assessment Instrument), developed by Cameron and Quinn (2001), classifies organisational culture into four types – Clan, Hierarchy, Market and Adhocracy. Hierarchy is described as a formal and structured work environment where the procedures guide what has to be done and by whom it must be done. The organisation is united by formal rules and the main long-term aim is to maintain stability, effective and uniform operations. Market culture is a results-oriented organisation where the main aim is to get the work done. Employees focus on competition and goal achievement, the desire to win is the main force that unites the organisation. In the long run the focus is set on competitive activities and goal achievement. Clan culture is described as a friendly environment where people have a lot in common and a high level of mutual trust. The Clan is described as a large family where leaders are seen as mentors and tutors, always providing support and help. Loyalty and traditions are the forces that unite the organisation. The organisation emphasises the long-term benefits from human resources development and pays attention to coherence and mood, excellent teamwork, participation and consensus. Adhocracy is described as a dynamic, entrepreneurial, risk-taking and creative workplace. Leaders are characterised by the ability to predict events, innovation, creativity, willingness to take risks, focus on the future. Commitment to experimentation and innovation are the main forces that unite the organisation. The main emphasis is on conquering the leading market position, while the long term objectives include rapid growth and acquiring new resources. Success means new and unique product production, it is important to be a market leader, predict the future. The main aim is to promote adaptability, provide flexibility and encourage individual initiative and creativity.

According to Cameron (2004), organisations characterised by clan culture are more effective in such performance characteristics as mood, satisfaction, internal communication and support. Adhocracy in turn is more effective in adaptation, system openness, innovation and knowledge. Market cultures demonstrate better performance in ability to obtain the necessary resources – income, abilities, reputation, etc. Hierarchy did not show superiority at any of the performance characteristics.

The assumption, that a certain type of organisational culture provides better performance, is one of the reasons that explain the great interest in it. Moreover, in the present time of fierce competition when companies within the same industry have access to the same resources, technologies and other factors, the organisational culture can serve as a competitive advantage. In a knowledge-based economy, competitive advantage is mostly gained through a continuous knowledge acquisition and accumulation process. In order to create continuous and sustainable values, companies must develop and implement innovation culture, that allows one to create capabilities necessary to compete successfully now and in the future (March-Chorda, I., Moser, J., 2011).

An innovative culture is a way of thinking and behaviour that creates, develops and implements values and attitudes in the company that creates, approves and supports ideas and changes, focusing on the functioning and efficiency improvements in the company. Studies have shown that in order to promote company's innovative performance, organisational culture must have qualities like leadership, management which is willing to take risks, organisation's member participation, stimulating creativity and shared responsibility. Innovative culture is described by orientation to clients, dedication to goals, challenges and initiatives, continuous improvements (Kenny, B., Reedy, E., 2007). An innovative company's culture is flexible (Wright, P. et al., 1992), open to risks and opportunities that innovation and new ideas provide (Uzkurt, C. et al., 2013). Naranjo-Valencia, Jimenez and Sanz-Valle (2011) states that flexibility-oriented cultures foster more the emergence of innovation as independence and freedom promotes creativity which is a key to innovation creation. Organisational culture must promote an atmosphere and encouraging support so that it is possible for new ideas to emerge (Alas, R., Ubius, U., 2009). Companies that do not have an appropriate organisational culture that encourages new ideas and risk-taking, more often have difficulties with creating and implementing innovative ideas (March-Chorda, I., Moser, J., 2011). Culture impacts innovation because it creates a basis for dealing with innovation, individual initiative, collective actions and understanding and attitude towards risks and opportunities (Kaasa, A., Vadi, M., 2008). Where innovation meets cultural values or change itself is perceived as value, it will have a positive impact, however, if the innovation is in conflict with culture, it will be rejected or delayed its implementation.

A study carried out by Uzkurt et al. (2013) in the Turkish banking sector shows that innovative organisational culture has a positive and significant impact on innovation. Mathew (2007) studied Indian software companies and revealed that organisational culture has a significant impact on productivity and quality in the knowledge-based industries. While March-Chord and Moser (2011) believe that for the companies operating in high-tech industries innovative organisational culture is not a tool, but a necessity crucial to success. They distinguished preconditions for innovative culture, including openness to external ideas, inspiring creativity and frequent communication to openly discuss new ideas.

According to Cameron and Quinn (2001) organisational culture types, innovative culture is best described by adhocracy, which is described as dynamic, risk-taking and creative workplace, united by devotion to experiments and innovation and unique product development.

Naranjo-Valencia, Jimenez and Sanz-Valle (2011) state that stability-oriented cultures hinder the innovation occurrence, since rules, regulations, strict management and weak employee involvement limits the ability of participants to take innovation risks and act creatively. Also a study conducted by Vermeulen (2004) reveals significant barriers to innovation, including strict organisational structure where all activities and functions are described, lack of communication and cooperation, a conservative organisational culture with management trying to ensure stability, and avoiding risk-taking, even finding it wrong.

All of those characteristics, according to Cameron and Quinn (2001) organisational culture type classification, correspond to hierarchy. Hierarchy is defined as formal and structured environment, where standardised procedures and rules guide everyday actions, and it has number of structural levels.

In the literature the link between organisational culture and company performance is examined in different aspects, however the relationship still isn't scientifically established (Ilies L., 2008). Most of the previous studies have focused more on the research of individual elements of organisational culture rather than culture types, as well as mostly on traditional sectors of economy such as manufacturing, not viewing dynamic and knowledge-based industries where organisational culture can play a key role in productivity and quality promotion.

In today's economy, knowledge and technology-intensive industries play an important role, in addition, they are characterised by significant differences from the traditional sectors of economy. For example, management in the knowledge-intensive industries often have less and weaker knowledge than the employees. In contrast to manufacturing industry, companies operating in knowledge-intensive sectors are more people-oriented, which means a larger investment is in employees rather than equipment, concentrating on employee satisfaction.

Therefore, in such dynamic knowledge-intensive industries organisational culture has an important role in increasing quality and productivity, encouraging innovations, creativity and motivation (Mathew, J., 2007). Thus, the author in this article will focus on the role of organisational culture in knowledge-intensive companies' performance.

The aim of this article is to examine the role of organisational culture in innovative performance of small and medium-sized knowledge-intensive companies in the Baltic States and based on the theoretical discussion above, two hypotheses were proposed:

1. Adhocracy promotes the innovative performance of small and medium-sized IT companies in the Baltic States; and
2. Hierarchy hinders the innovative performance of small and medium-sized IT companies in the Baltic States.

The following tasks were set: review the theoretical background of organisational culture and innovations; summarise the previous studies in this field and their results; conduct research in the Baltic States; compare the obtained results with results of similar studies.

In this study the Competing Values Framework (Organisational Culture Assessment Instrument), developed by Cameron and Quinn (2001), was used for diagnosis of organisational culture types. The method classifies organisational culture into four types (as described above) – Clan, Hierarchy, Market and Adhocracy. Comparing to other models, it has shown better validity rates and it is one of the most common methods used for determination of organisational culture (Cameron K., 2004).

To determine the innovative performance of companies, the innovative company indicators made by Latvian Technology Centre (LTC) were used. LTC, based on international research, developed five indicators that best reflect the innovative companies in Latvia's conditions. Indicators include such measures as the number of new products introduced in last 3 years; percentage of annual turnover contributed to new product development; the proportion of new products (launched on the market in last five years) in annual turnover; increase in annual turnover of the new products introduced in the last 3 years; the share of profit in the last year, derived from new products that are not older than 3 years. A company may be described as "innovative" if the minimum requirements are met at least in three indicators. During the research, the author added an innovation coefficient that made possible to compare various companies with each other.

Companies were offered to electronically complete a questionnaire that consisted of two parts – the first part included questions about innovative companies' indicators, and was asked to be filled in by managers or responsible employees, as any employee may not be aware of these data. The second part of questionnaire included questions developed by Cameron and Quinn for organisational culture type diagnosis. This part was asked to be filled in by all employees.

In order to obtain greater responsiveness and more accurate results, the questionnaire was developed in Latvian, Lithuanian and Estonian, as questions formulated in the mother tongue is easier to understand and answer.

72 randomly selected small and medium-sized IT companies from the Baltic States were invited to participate in the research. The response rate was relatively high and total of 27 companies were included in the study – 9 Lithuanian companies, 7 Estonian companies and 11 IT companies from Latvia. The total number of respondents covered 83 employees and managers, which was not as high as expected, probably because the survey was conducted electronically, when it is easy to ignore it or put off for an unknown time period.

In the category of small and medium-sized enterprises companies with fewer than 250 employees and annual turnover less than EUR 50 million and/or annual balance not exceeding EUR 43 million (EC Regulation No. 364/2004) are included. Small and medium-sized companies were selected because in the large organisations the most common culture type is hierarchy, as the growing number of employees and functions requires increasing need for control and certain procedures, and management has no time to establish relationships with employees. Thus, in small and medium-sized companies a greater differentiation of culture types might be observed, in addition, culture type might have a greater role in company's performance.

To examine the role of organisational culture in company's innovative performance, excluding other influencing factors as much as possible, the author decided to include in the research only companies from the same industry. Although most of the previous research in this field included companies from various sectors, culture type may depend on the sector company operates in; also innovations may depend on industry and government support for specific sectors.

IT companies were selected because the impact of an organisational culture is more visible within one sector and because information technologies is a knowledge-intensive industry, where the organisational culture may have a significant impact on employees, their capabilities, knowledge, creativity and activity, and as a result it may significantly affect the company's innovative capacity.

RESEARCH RESULTS AND DISCUSSION

The research results reveal that between the 27 Baltic small and medium-sized IT companies 17 or 63% as the dominant organisational culture type showed clan culture, 18.5% – adhocracy and 18.5% – market culture, while hierarchy was not observed in any of the cases, which might be explained by the peculiarities of the industry.

A total of 33.3% of the IT companies included in the research were recognised as non-innovative, since the innovation coefficient did not exceed 0.4 points. It must be noted, that companies with an adhocracy culture type all classified in the innovative companies' category, moreover, these companies showed the best innovative performance with highest coefficients.

In order to determine whether it is possible to look at the results of all three countries as a one sample, an analysis of variance was made for organisational culture types and innovation coefficient for Latvian, Lithuanian and Estonian companies. The results showed that in all cases was observed the significance level $\alpha > 0.05$, thereby it might be concluded that the organisational culture types and innovation coefficients in Baltic States do not differ statistically significant at the significance level $\alpha = 0.05$.

Since there were no statistically significant differences between culture types and innovation coefficients in Baltic States observed, it is possible to investigate the role of organisational culture in the innovative performance in Baltic States as in one sample. Therefore, to test the stated hypothesis, correlation and regression analysis were made. The calculated parameters are summarised in Table 1.

Table 1

Correlation and Regression Analysis Results

Innovation Coefficient		**Clan**	**Adhocracy**	**Market**	**Hierarchy**
	Pearson Correlation	.085	.831**	-.581**	-.620
	Sig. (2-tailed)	.637	.000	.001	.001
	Regression Coefficient	.833			
	R^2	.694			
	Sig.	.000			
	Unstandardized Coefficients	.052	.080	.049	.050
	Standardized Coefficients	1.274	2.203	1.046	1.029
	t	.382	.597	.369	.375
	Sig.	.706	.556	.716	.711

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

Source: *author's calculations based on the research results*

The correlation analysis reveals a statistically significant relationship between the innovation coefficient and adhocracy ($r = 0.831$, $\alpha = 0.01$), statistically significant negative relationship between innovation coefficient and market culture ($r = -0.581$, $\alpha = 0.01$) and statistically significant negative relationship between innovation coefficient and hierarchy ($r = -0.620$, $\alpha = 0.01$). In turn, there were no statistically significant correlation revealed between innovation coefficient and clan culture ($r = 0{,}085$, $\alpha = 0{,}673$). Based on these results it is possible to draw conclusions that adhocracy has a positive impact on the innovation coefficient, while market culture and hierarchy reduces it. However it must be noted that correlation between mutual culture types reduces the statistical significance of the hierarchy and market culture impact on innovative performance. These types had a stronger correlation with each other rather than coefficient.

The regression analysis shows that the Pearson correlation coefficient $R = 0.833$, which means that there is a close relationship between the four organisational culture types and innovation coefficient. Furthermore, the coefficient of determination $R^2 = 0.694$, which indicates that 69.4% of actual fluctuations of innovation coefficient around the mean coefficient, is explained exactly by four types of organisational culture. Standardised coefficients of regression analysis reveal that adhocracy has the greatest impact on innovation coefficient ($\beta^2 = 2.203$), however the significance level $\alpha = 0.556$, which means that this relationship is not statistically significant. One of the reasons might be the relatively small sample included in the research.

It can be concluded that the hypothesis that adhocracy promotes the innovative performance of small and medium-sized IT companies in the Baltic States is confirmed, as there was a statistically significant relationship between the innovation coefficient and adhocracy observed.

In turn, the hypothesis that hierarchy hinders the innovative performance of small and medium-sized IT companies in the Baltic States was confirmed partly – there was a statistically significant relationship between innovation coefficient and hierarchy. However, hierarchy had a stronger statistically significant negative correlation with adhocracy than innovation coefficient. Thus, it might be concluded that if the hierarchy has a negative impact on adhocracy, which in turn significantly impacts innovation coefficient, then through the adhocracy dimension hierarchy has a negative impact on company's innovative performance.

Similar results were obtained by other authors. Research carried out in electronics, automotive and retail companies in Japan, China, Slovakia, Czech Republic and Russia reveals that the innovative climate in surveyed countries is fostered by adhocracy, while hierarchy does not lead to innovative climate within an organisation in any of the countries investigated (Alas R. et al., 2012). Studies in Japanese companies showed that the best performing companies have an adhocracy culture type while hierarchy showed poor performance (Deshpande R. et al., 1993). Authors mentioned that companies that are non-innovative, internally oriented bureaucracies with relatively small customer-orientation showed the worst performance. Also studies in Spanish manufacturing companies reveals the positive impact of adhocracy on innovation orientation (Naranjo-Valencia J.C. et al., 2011). Naranjo-Valencia states that flexibility-oriented cultures encourage innovation occurrence since independence and freedom fosters creativity, which is a key to innovation creation, while rules, regulations, control and weak employee involvement limits the ability of participants to take innovation risks. In addition, it was discovered that such adhocracy characteristics as "glue" and criteria for success had positive impact on innovation orientation, while the leadership element had a negative effect, probably because adhocracy do not support teamwork, which is one of the preconditions for innovations. Thus, it can be concluded that as the adhocracy do not support the teamwork, the clan culture fills this gap and leads to an organisational culture that is favourable for innovation creation. Similar conclusions were drawn from a study of Lithuanian knowledge-intensive organisations. These companies put a great emphasis on flexibility, cooperation and trust (Jucevičius, G., 2009) – characteristics specific to clan culture type.

Cameron and Quinn (2001) states that organisational culture tends to vary over time as the organisation grows and expands. The initial growth phase is dominated by adhocracy, as there is no formal structure established. As organisation evolves over time, adhocracy is supplemented with clan culture characteristics, creating family atmosphere, unity and sense of belonging. Innovation level tends to vary over time as well. Early life cycle phase is characterised by rapid and frequent innovations, in later phases there might be relatively stable concept with few incremental innovations, putting greater emphasis on process innovations and cost reduction (Tidd, J., Bessant, J., Pavitt, K., 2001). Hence, the high innovative performance of Baltic States' IT companies and dominant clan culture might be explained with the age of companies. This industry is characterised by relatively new companies, which may also be reflected by the small number of employees. However, in this study data about company age weren't obtained and this relationship can't be viewed.

There is a belief that effective companies in maturity stage tends to develop organisational culture, where all culture types are represented, emphasising one type, which is usually determined by the industry and company's goals (Cameron, C., Quinn, R., 2001). In all companies observed in the Baltic States, all four organisational culture types were represented, with very slight lead of dominant culture. Thus, it might be that all companies included in the research are in the maturity stage with strong organisational culture that promotes the innovative performance. However, this relationship must be examined more detailed.

CONCLUSIONS, PROPOSALS, RECOMMENDATIONS

Based on the research results, number of conclusions might be drawn:

1. Innovations have a significant role in company's performance. Many researchers believe that innovations are the main aim of any organisation. Innovations are crucial to obtain a competitive advantage and be able to

successfully operate in today's environment. While organisational culture is recognised as one of the most important factors that can promote or limit the innovation emergence.

2. In order to promote innovation emergence, organisational culture needs flexible structure, mutual trust, communication and involvement, management support in generating creative ideas, encouragement to take initiative and risks, orientation towards future and customers, considering innovations as a value.
3. Although there is a small number of previous studies on organisational culture's role in company's innovative performance, most of them show that, based on Cameron and Quinn organisational culture classification, the best innovative performance is observed in companies characterised by adhocracy culture. While the worst innovative performance is observed in companies characterised by hierarchy type with strict rules, weak communication, avoiding creativity and risk-taking.
4. The dominant culture type in Baltic States small and medium-sized IT companies is clan culture, followed by adhocracy.
5. The Baltic States small and medium-sized IT companies showed a relatively high level of innovative performance, as only 33% of companies observed were non-innovative.
6. Adhocracy promotes the innovative performance of small and medium-sized IT companies in the Baltic States, as there were a statistically significant relationship between the innovation coefficient and adhocracy observed.
7. The hypothesis that hierarchy hinders the companies' innovative performance was confirmed partly – there was statistically significant relationship between innovation coefficient and hierarchy. However, hierarchy had stronger statistically significant negative correlation with adhocracy than innovation coefficient. Thus, it might be concluded that if the hierarchy has a negative impact on adhocracy, which in turn significantly impacts innovation coefficient, then through adhocracy dimension hierarchy has a negative impact on company's innovative performance.

For further research there are several proposals:

1. The authors' research revealed a tendency for hierarchy to have a negative impact on company's innovative performance, however the role of hierarchy remained unclear. One of the reasons might be a relatively small sample. This relationship would be worth exploring closer, including larger number of companies', as well it might help to strengthen the results on adhocracy's positive impact on innovative performance.
2. Further studies examining the role of organisational culture in company's innovative performance, might explore the impact of different organisational culture characteristics, the age of company, development stage, as well as compare the results between different sectors of economy and different countries.

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