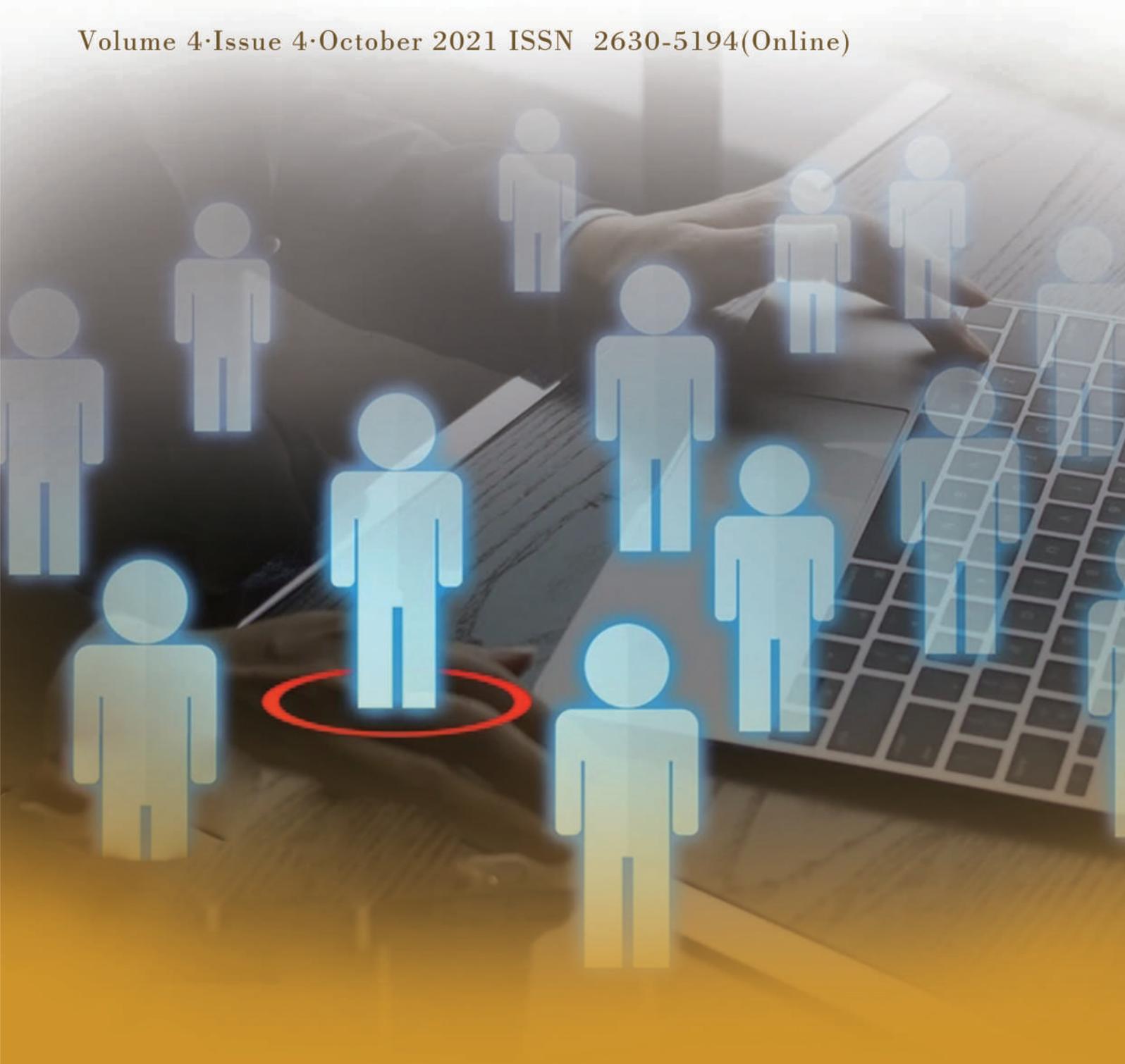




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# Journal of Business Administration Research

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# Journal of Business Administration Research

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**ARTICLE**

# The Vocational Integration of Students-Apprentices in the Context of a Pandemic Crisis: Feedback from the University CFA in Corsica

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**ABSTRACT**

The COVID-19 pandemic has generated major economic impacts in the vast majority of countries, including falling GDP and global trade, massive job losses, deficits and increased public debt. If quasi-generalized interventionist economic policies have made it possible to cushion the paralysis of the productive devices, the short-term global outlook remains very uncertain. In this gloomy context, what will be the situation on the labour market, and in particular the vocational integration of students?

Corsica presents the example of a small island territory in search of a regional development scheme based on the economy of knowledge and competence. In this major structural perspective, the University Apprenticeship Training Centre (CFA UNIV) in the Corsican region has been striving, for a decade, to contribute to the enhancement of students-apprentices vocational integration from the University of Corsica.

Within the scope of its activities, are the monitoring and evaluation of the students-apprentices' professional integration from the University of Corsica. Since 2011, the carrying out the annual surveys on students-apprentices' future from the University of Corsica has demonstrated the capacity of the sandwich course training in Higher Education simultaneously to boost the employability of skilled human capital and the growth of local business structuring.

This contribution will aim to synthesize ten years of CFA UNIV experience and will endeavour to analyse the localized consequences of a global pandemic crisis on the nature of the vocational integration student-apprentices from the University of Corsica in a small territory island.

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## 1. Introduction

In France, Law No. 2007-1199 on *the freedoms and responsibilities of universities* of 10 August 2007 is intended to enable all universities to affirm their scientific excellence and to offer students the conditions for a social and personal success based on work and deserves.

The achievement of this objective requires a profound reform of the universities' organization and functioning. In this respect, guidance and vocational integration are expressly included among the primary tasks of the public service in higher education. Following the same logic, the governance model for vocational training in universities and private training institutes has undergone a major overhaul as a result of legislative developments in lifelong learning<sup>[1,2]</sup>.

In Corsica, the University Apprenticeship Training Centre (CFA UNIV) has been working since 2009 to promote the professional integration of students-apprentices from the University of Corsica *by promoting and developing a system of theoretical training, practices and technology while meeting the human resource needs expressed by employers on the island*<sup>[3,4]</sup>.

The history of its activity and its specific characteristics have been the subject of previous publications<sup>[5,6]</sup>. The issue of the quality of the professional integration students-apprentices from the University of Corsica, particularly in terms of entrepreneurship awareness, revealed the strategic challenge of mastering managerial fundamentals at the heart of the development dynamic and structuring of the Corsican territory<sup>[7]</sup>, reinforcing what other authors have shown in a more theoretical framework<sup>[8]</sup> or global<sup>[9]</sup>.

The island's geographical area consists mainly of an entrepreneurial fabric composed 95% of very small enterprises, craftsmen and traders in search of a territorial scheme centered on the economy of competence<sup>[10]</sup>.

Corsica is also an example of a territory characterized by an ageing labour force, involving a necessary medium-term adjustment of regional training strategies in response to this reality. As a major lever of territorial development and social regulation, the island training system must adapt its offer with a targeted view to the adequacy of the employment-training relationship. It must respond to the problem of an accentuated ageing of a population exerting greater pressure on the demography of entrepreneurial structures that generates an indispensable process of business takeover<sup>[11]</sup>. The purpose of the various lifelong learning schemes (apprenticeship and continuing vocational training) is to meet the human resource needs expressed by those involved in the local socio-economic fabric<sup>[12]</sup>.

Since January 2020, the COVID-19 pandemic has significantly impacted the vast majority of national econ-

omies resulting in an unprecedented drop in global GDP<sup>[13]</sup>. Interventionist economic policies combined with massive stimulus packages have been put in place to combat massive job losses and cushion the paralysis of productive systems.

In this gloomy context, what will be the situation on the labour market, and specially the vocational integration of students-apprentices?

The CFA UNIV's long-established and timeless vocation is to contribute to the enhancement of the professional integration students-apprentices at the University of Corsica, by developing and adapting fundamental training strategies for the emergence and stimulation of the availability of qualified human resources and the entrepreneurial logic based on innovative activities with high potential growth<sup>[8]</sup>. Nevertheless, the global pandemic crisis is likely to have negative localized effects on the nature vocational integration of students-apprentices in a small island economy. It is to this focal problem that our contribution will strive to answer.

## 2. Individual Monitoring of the Students-apprentices Vocational Integration at the University of Corsica as a Key Concern of the CFA UNIV

The accession to the autonomy of the University of Corsica, supported by the legal directives on the *freedoms and responsibilities of universities*, was also accompanied by an extension of its scope of missions. The traditional functions of training and the transmission of knowledge and skills are now added to the support and reception of new students, to the follow-up of their personal and professional project until their success, that is to say, their graduation and their professional integration.

In this context and adapting to the specific island mix of publics (classical students, students-apprentices, active) the prerogatives of the CFA UNIV also concern the production and dissemination of statistics including, in particular, indicators of students-apprentices'school-to-work transition.

### 2.1 The Ministerial Directives to Carry out Follow-up Surveys on the Vocational Integration of Outgoing Students-Apprentices from the University of Corsica<sup>1</sup>

In Corsica, the establishment of a training map for

<sup>1</sup> The CFA UNIV conducts the annual apprenticeship-to-work transitions ('IPA') survey specific to University of Corsica sandwich-placement students (tracking transition to employment of all (graduate or non-graduate) sandwich-course leavers as of March the following year).

higher education adapted to local particularities is the shared prerogative of the University and the Collectivity of Corsica<sup>2</sup>. Since 2011, the CFA UNIV has carried out ten annual surveys on the future of graduate students-apprentices from University of Corsica<sup>3</sup>. The specific methodology for the implementation of the follow-up surveys on the vocational integration of students-apprentices (mail out questionnaires, email and phone reminders) enabled an average response rate of 89,9%<sup>4</sup> (i.e. 1485 respondents out of 1652 people surveyed), which is a statistically representative panel of the total population.

The study points presented are structured around twelve major themes:

Situation of work-study students<sup>5</sup> outgoing

Employment type (indefinite contract, fixed-term contract)

Occupational classification of existing jobs

Matching training to employment (is the employment consistent with the training being taken?)

Type of structures taking on work-study students outgoing

Size of structures taking on work-study students outgoing

Location of job contracts held

Wages of work-study students outgoing

Kinds of jobs held by work-study students outgoing

Link to the initial outgoing work-study students structure (are the work-study students outgoing employed under the same roof?)

Situation of outgoing work-study students pursuing studies at another institution

Reasons pushing outgoing work-study students to continue in education at another institution

The map of vocational training offered by the University of Corsica illustrates six main fields of activity (law, management, commerce, industries, environment, computer science- communication) representative of the typical character of the island economy in which training needs for human resources are expressed structurally.

In the end, 40 vocational training courses (6 *university technology diplomas* (DUT), 16 *professional bachelors's degrees* (LP) and 18 *Masters degrees* were targeted, representing 946 students, including 317 students-apprentices<sup>6</sup>.

## 2.2 Results and Data from the Apprenticeship-to-work Transitions ('IPA') Surveys Translated with a View to Building a Sustainable Territorial Development Scheme

In accordance with the priority strategic guidelines set by the annual vocational training program adopted by the Corsican Assembly for the period 2019-2023, the Collectivity of Corsica, with the expertise of all island training centers, co-builds a coordinated program of vocational training to increase skills to create sustainable added value in the territory.

The results and data presented below emerge from the ten IPA (apprenticeship -> employment) surveys conducted by the CFA UNIV<sup>7</sup>. About the 2020 survey, the results will be the subject of a specific analysis in the second part of our development.

2 It represents a regional assembly that brings together policy makers in charge of executive power.

3 The CFA UNIV has led ten apprenticeship-to-work surveys on the transition-to-work track record of sandwich-course leavers in 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020. The term *leaver* refers to where the student surveyed currently stands: he/she either (i) graduated from the last vocational training course they attended, left school and is currently in (or looking for) work, or (ii) failed to graduate or dropped out mid-year and does not envisage going back to school. The student is therefore currently in (or looking for) work. The 2020 survey will allow to analyze the localized consequences of the global pandemic crisis on the nature of vocational integration students-apprentices from the University of Corsica.

4 Exact figures put the survey response rates from the sandwich-placement students concerned at 87.8% in 2011 (157 respondents out of 179 surveyed), 82.5% in 2012 (99 respondents out of 120 surveyed), 84.4% in 2013 (151 respondents out of 179 surveyed), 86.1% (136 respondents out of 158 surveyed) in 2014, 95,2% (161 respondents out of 169 surveyed) in 2015, 86.1% (158 respondents out of 171 surveyed) in 2016, 86.1% in 2017 (173 respondents out of 181 surveyed), 91,4% (223 respondents out of 244 surveyed) in 2018, 93% (227 respondents out of 244 surveyed) in 2019. For the 2020 survey, the results will be the subject of a specific analysis in the second part of our development.

5 at the CFA UNIV, 98% of work-study students have the status of student-apprentice

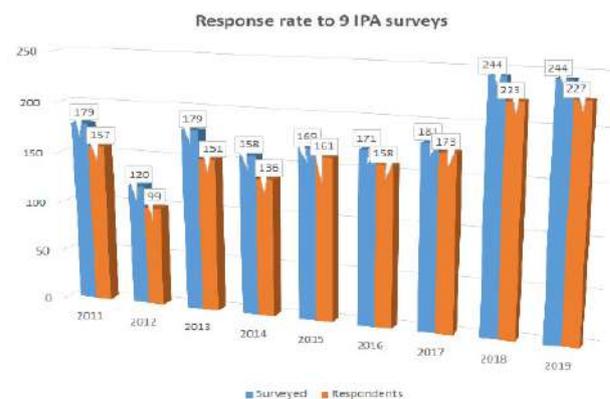


Figure 1. Response rate to 9 apprenticeship-work (IPA) surveys

6 Ten year average.

7 See earlier under point iii

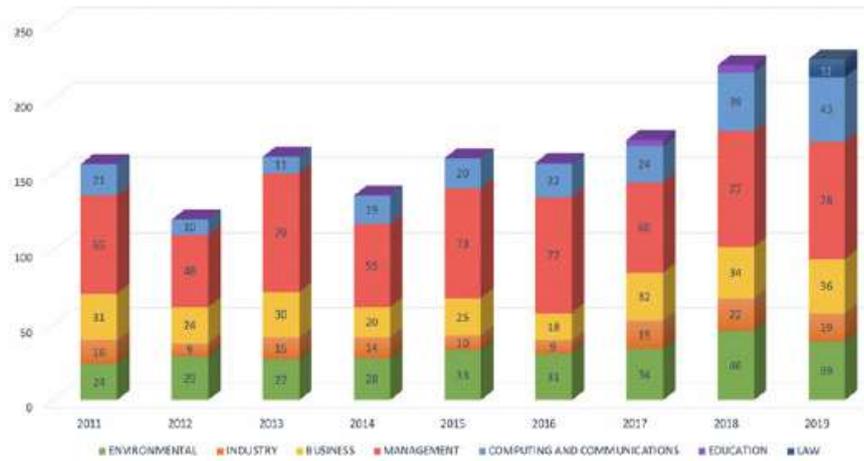


Figure 2. Distribution of outgoing students-apprentices in the 6 fields of activity representative of the island economy<sup>8</sup>

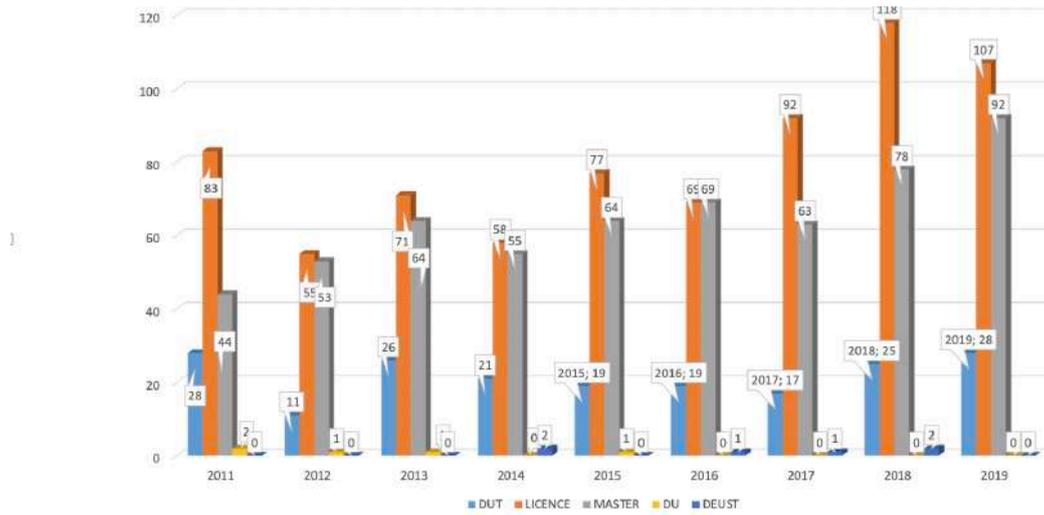


Figure 3. Distribution of outgoing students-apprentices broken down by diploma

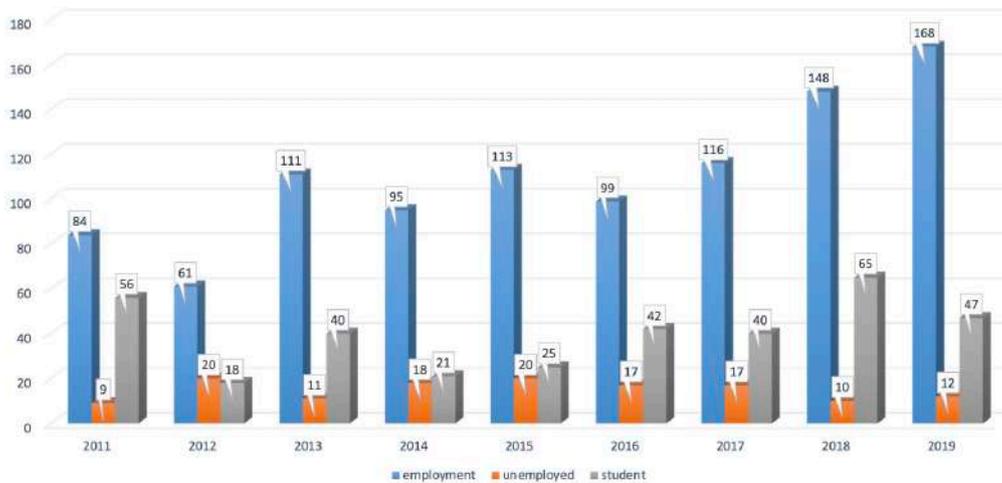


Figure 4. Vocational situation of outgoing students-apprentices

<sup>8</sup> The field of education corresponds to a specific programme drawn up by the Ministry of Higher Education and Research

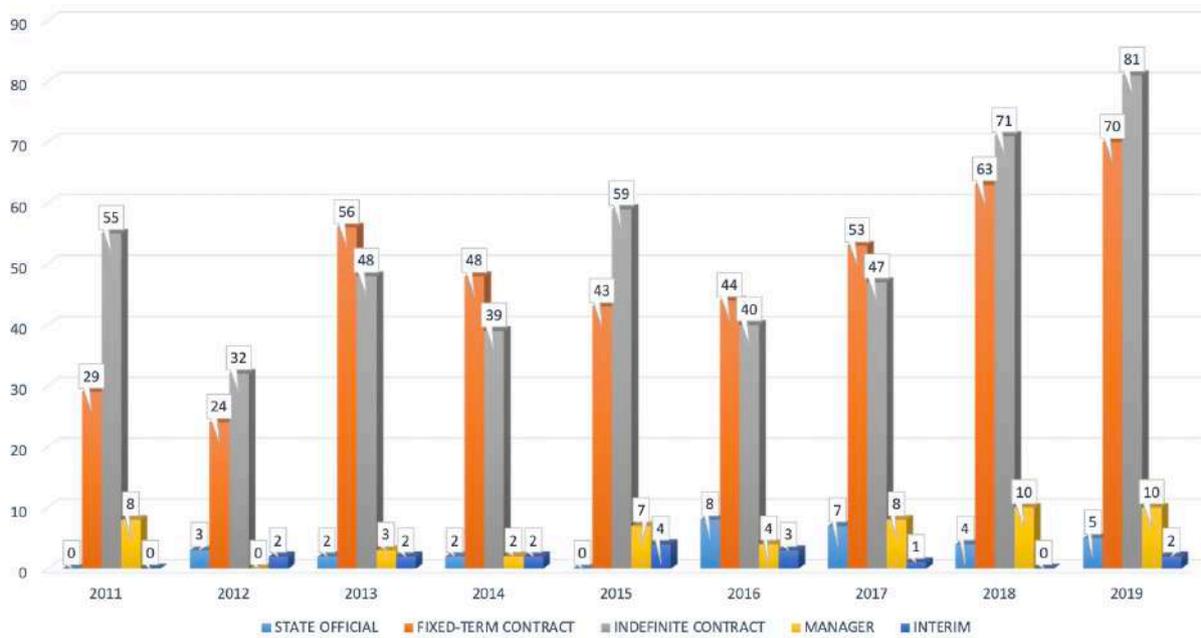


Figure 5. Nature of employment contracts by outgoing students-apprentices

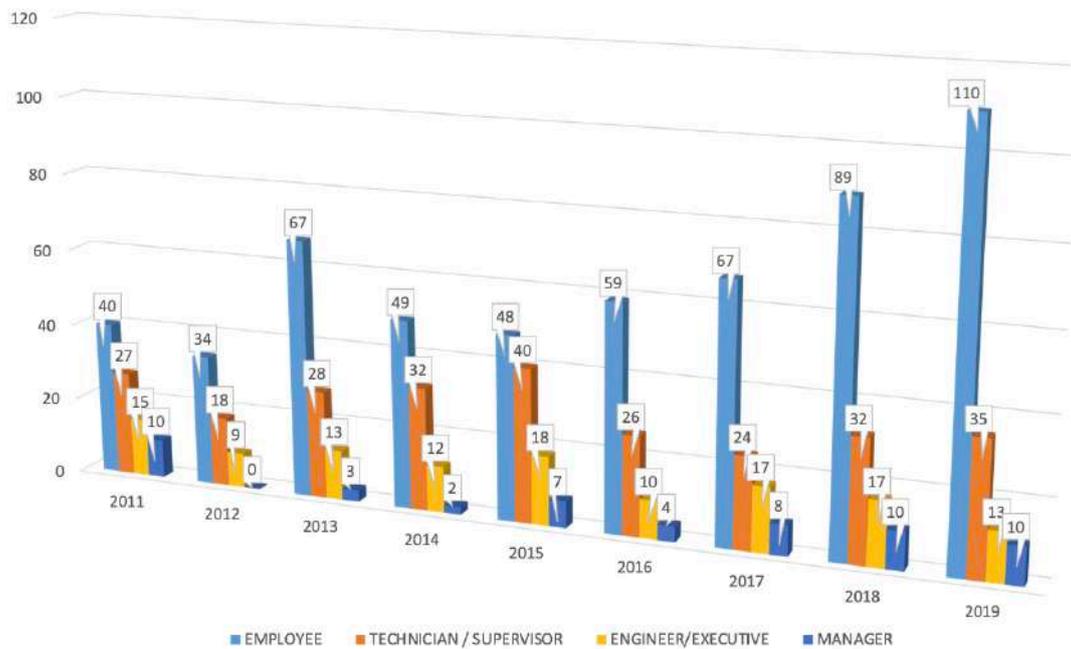


Figure 6. Occupational classification of jobs held by outgoing students-apprentices

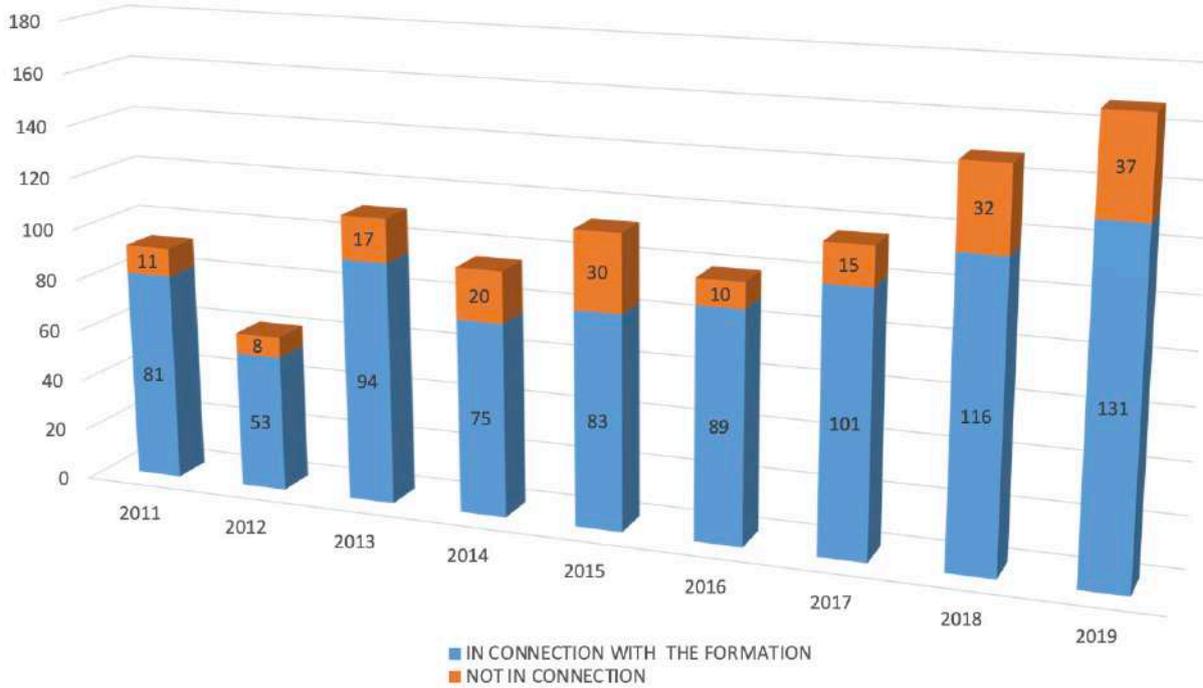


Figure 7. Matching training to employment for the outgoing students-apprentices

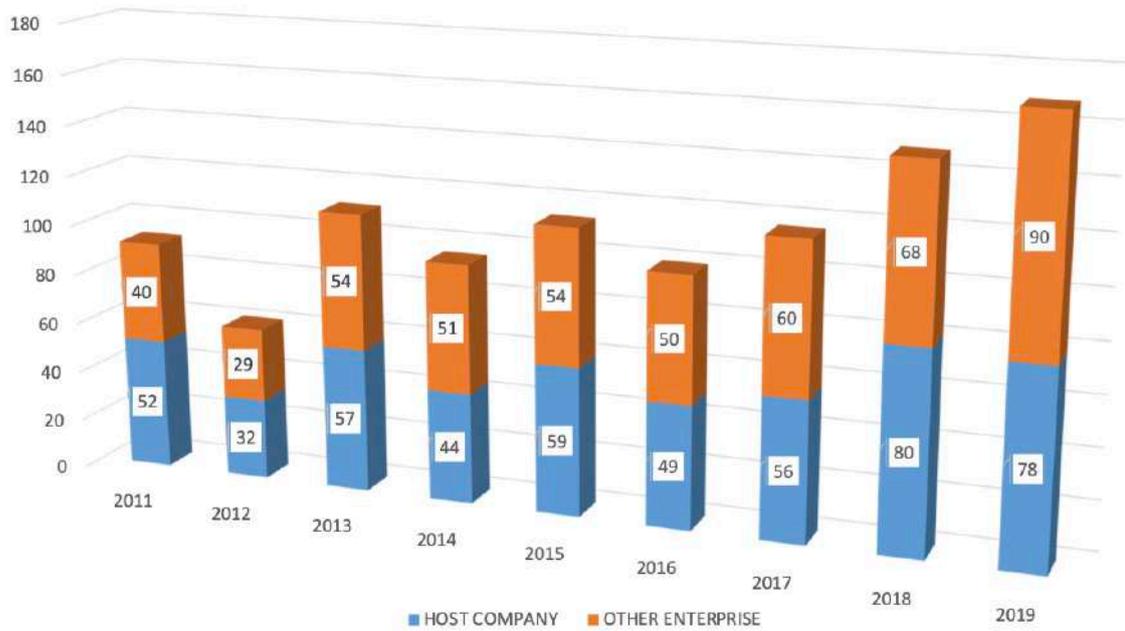


Figure 8. Place of insertion of the outgoing students-apprentices

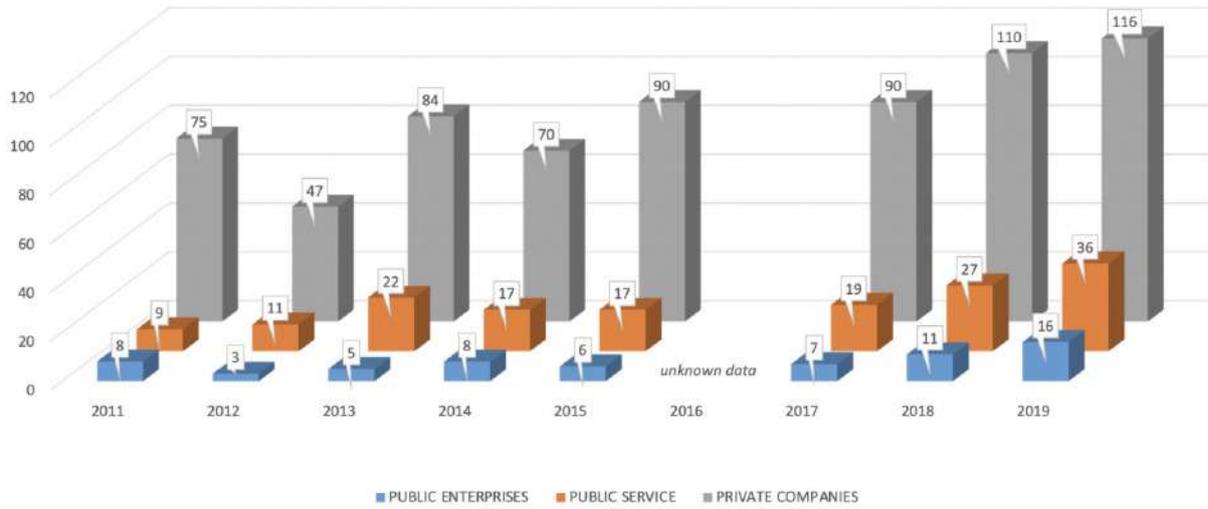


Figure 9. Type of structures taking on outgoing students-apprentices<sup>9</sup>

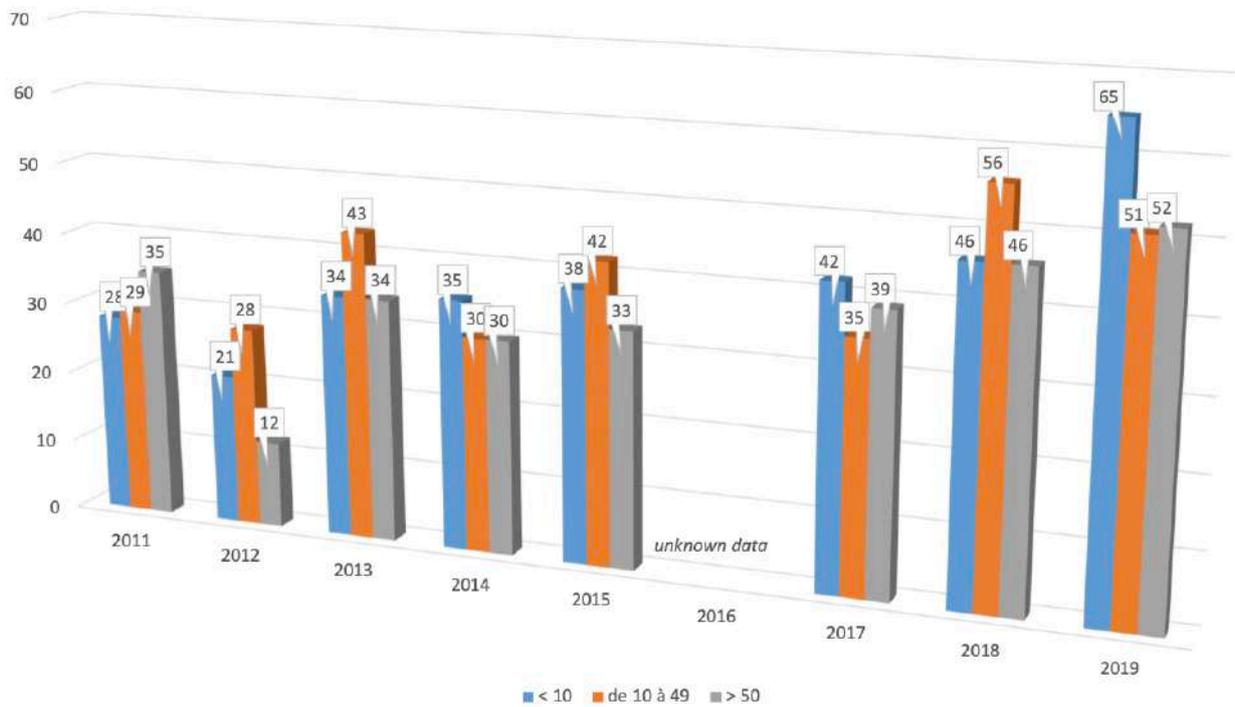


Figure 10. Size of structures taking on students-apprentices outgoing<sup>10</sup>

9 Unavailable data in 2016

10 Unavailable data in 2016

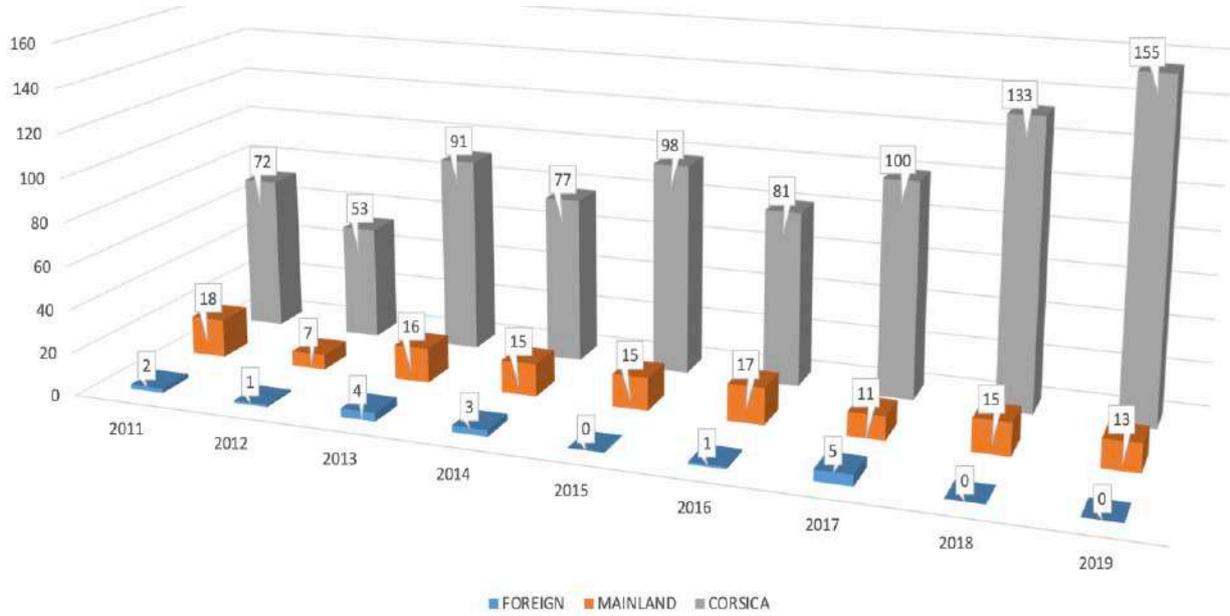


Figure 11. Jobs' localization of outgoing students-apprentices

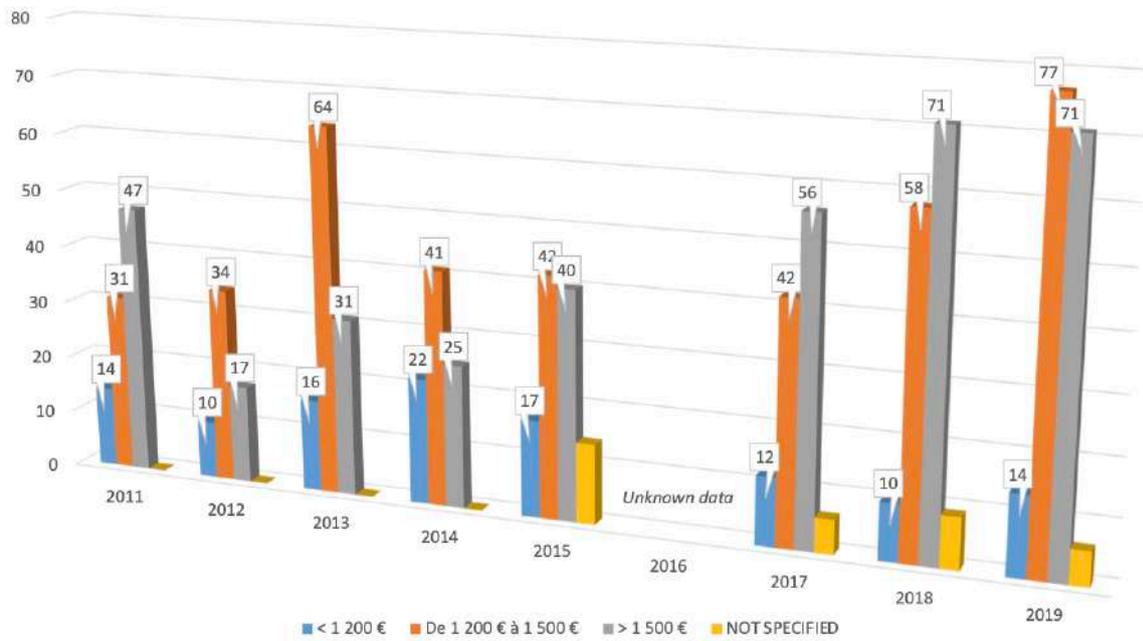


Figure 12. Remuneration of outgoing students-apprentices<sup>11</sup>

<sup>11</sup> Unavailable data in 2016

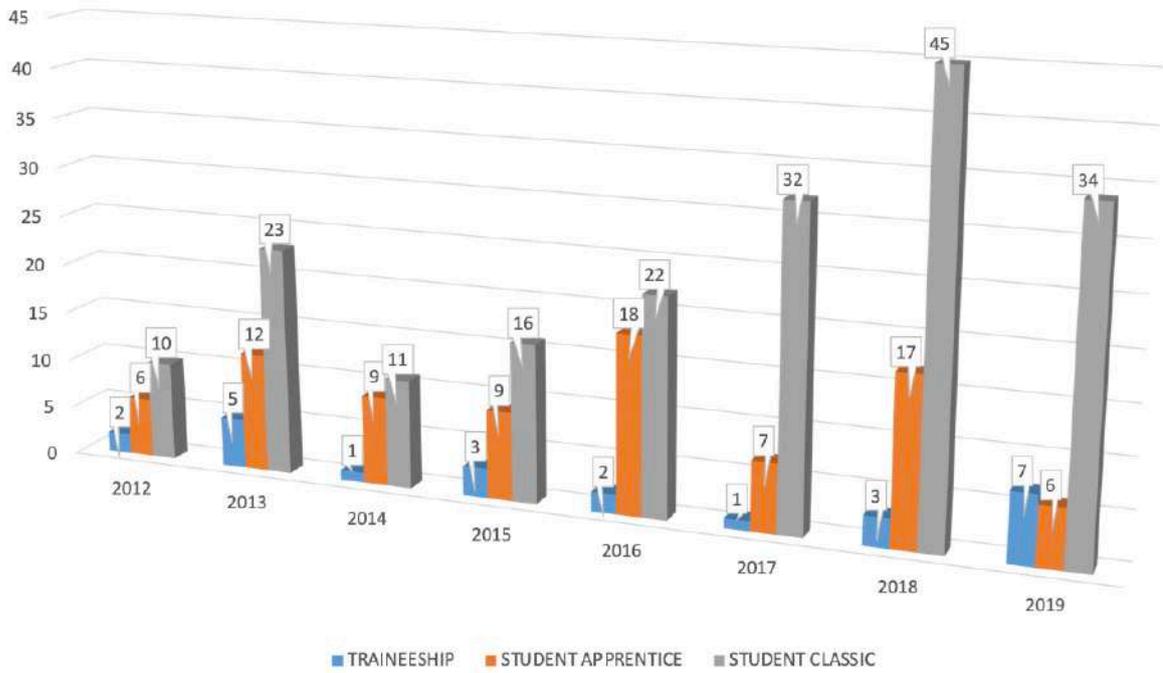


Figure 13. Situation of outgoing students-apprentices pursuing studies at another institution

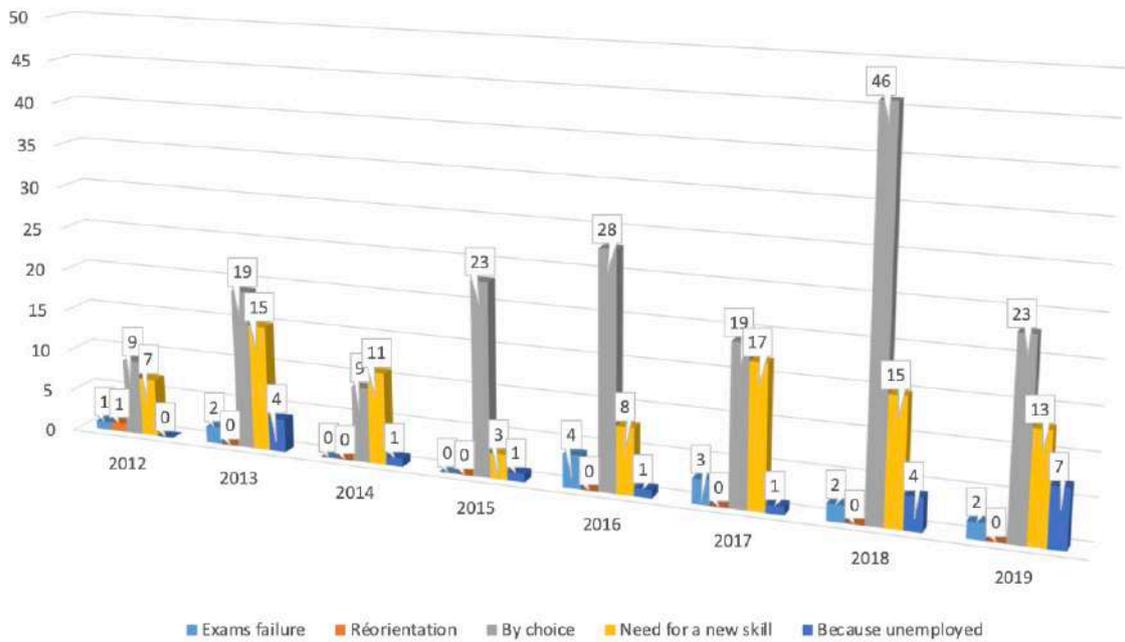


Figure 14. Reasons pushing outgoing students-apprentices to continue in education at another institution

With a view to finalizing a regional development scheme based on the quest for an economy of knowledge and competence, the results of the nine IPA surveys conducted by CFAUNIV provide local executive authorities with concrete data and trends, in particular on the strategic direction to be taken in the field of lifelong learning in Higher Education.

A set of salient data<sup>12</sup> characterizes a new structural reality:

✓68,3% of graduating students-apprentices are in employment less than 6 months after their last course;

✓81,2% of jobs are related to training, with 88% located in Corsica;

✓55.6% of the jobs obtained are of a sustainable nature, of which 10.3% are linked to business start-ups or takeovers;

✓42,1% of wages received (excluding premium) are above €1,500;

✓86,9% of educational pursuits were motivated to acquire complementary skills or by personal choice and only 5.3% were motivated by the inability to find a job;

✓69% of jobs are identified in small and medium-sized enterprises, in line with the typical economic fabric of Corsica.

In addition to its ability to ensure quality professional integration, the apprenticeship training system at the University of Corsica is also a path of excellence since 70% of the promotion majors resulting from these 40 training courses for mixed audiences (classical students, students-apprentices, active) are students-apprentices.

Over the period 2012-2019, the surveys monitoring the vocational integration of students-apprentices clearly perpetuate the cardinal values conveyed by the system of apprenticeship in Higher Education in general, and at the University of Corsica in particular:

✓a graduation rate of around 95% (this trend is strengthening between 2011 and 2019 while the number of students-apprentices tripled between these two dates);

✓an increasing qualitative level of integration into the labour market, symbolized by training largely related to the job held and a strong awareness of entrepreneurship through work experience acquired by apprenticeship;

✓an active and permanent contribution to the structuring of a socio-economic fabric composed 95% of very small businesses, craftsmen and traders.

Have the negative impacts of the COVID-19 pandemic on the local economy and the structural disruptions in the labour market in 2020 countered this virtuous 10-year trend?

### 3. Analysis of the Pandemic COVID-19 Crisis Impact on the Vocational Integration Students-Apprentices in a Small Island Economy

The COVID-19 pandemic has economic consequences, which even one year into the spread of the virus, remain difficult to assess. The economic crisis has unfolded in three acts for now and two more could follow. The first act began in January when China was closing many production sites in that country and disrupting supplies in many sectors of activity, and that was the supply shock. The spread of the virus then leads to the second act of this crisis, the shock of demand, at the time of the establishment of containment in several countries. In addition, the globalization of the economy increases the emancipation power of firms towards their host territories<sup>[14]</sup>. The latter are now facing a frantic race to attractiveness in which competition is fierce<sup>[15]</sup>.

In France, on 12 March 2020, President Macron delivers a speech aimed at jointly ensuring the health of French citizens and the rescue of the French economy. *“Everything will be done to protect our employees and to protect our companies, whatever the cost”* he said. To do this, he announced an exceptional and massive mechanism including the introduction of partial unemployment. To this end, a € 100 billion recovery plan will be put in place.

#### 3.1 The Specific Situation of the Corsican Economy

In Corsica, in spite of the State taking over the compensation of employees forced to stay at home and the postponement of the payment of contributions and taxes due for all companies wishing to do so without justification, without formality, the economic health of the small enterprises, which make up the bulk of the island's economic fabric, was weakened during 2020.

According to the 2020 economic barometer, carried out by the Institute of the chartered accountants, the Corsican small and medium-sized enterprises were the most affected in France in 2020. The barometer was based on cumulative turnover (ICAC) to draw up a national assessment of the decline in activity. In France, Corsica is the most affected region with a fall in activity of -14.1%. Then comes the Île-de-France with -13.1%. Dependent on a strong tourism seasonality, which accounts for nearly 33% of local GDP, Corsica suffered the full force of the decline in its tourism activity in 2020. The study demonstrates the hotel industry recorded a cumulative decrease in sales of -44.4% nationally in 2020. Another tourism-related sector was traditional catering, which fell -38.7%. Only the construction sector managed to make it through, with a

<sup>12</sup> nine-year average figures

decline of -4.7%.

A priori, these figures, characteristic of a declining economic situation, both at national and local level, should not be beneficial to the vocational integration of students-apprentices.

### 3.2 The Paradox of the Students-Apprentices Professional Integration in 2020

In 2020, the CFA UNIV conducted its annual survey (IPA) of follow-up of outgoing students-apprentices. The specific methodology for the implementation of the follow-up survey on the vocational integration of students-apprentices (mail out questionnaires, email and phone reminders) enabled an average response rate of 93% (i.e. 213 respondents out of 229 people surveyed), which is a statistically representative panel of the total population concerned.

The results and data presented below emerge from the IPA survey (apprenticeship -> employment) carried out by the CFA UNIV in 2020.

As previous studies have shown<sup>13</sup>, Figure 15 confirms that outgoing students-apprentices come primarily from the fields of

management and IT – communication. They are also enrolled mainly in training courses related to these disciplines.

Nevertheless in 2020, the rate of occupational integration of outgoing students-apprentices is higher than that of the last 9 years. 170 are employed, 24 are unemployed and 19 are pursuing education. 79.8% of outgoing students-apprentices are in employment less than 6 months after their last course versus 68,3% on average over the period 2011-2019. In addition, Figure 16 shows that no students-apprentices who continue their studies do so because they are unemployed. This is a real difference from the findings in Figure 14. It is very largely by choice that outgoing students-apprentices decide to continue their studies in another training center.

On the qualitative nature of the vocational integration of outgoing students-apprentices, the study reveals that:

58.9% of the jobs obtained are of a sustainable nature (versus 55.6 % during the last 9 years), of which 12.3% are linked to business start-ups or takeovers;

87.5% of students-apprentices involved in the start-up or takeover of companies say that their professional project is directly related to graduate training (Figure 17);

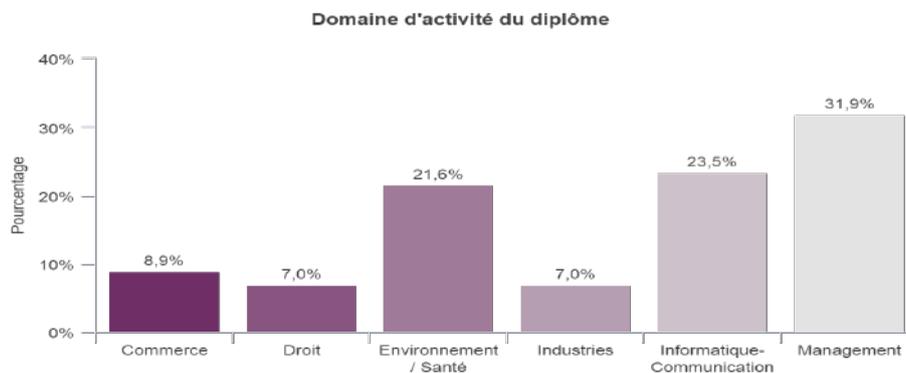


Figure 15. Distribution of outgoing students-apprentices in the 6 fields of activity representative of the island economy in 2020

#### Vous êtes en contrat d'apprentissage ou poursuivez vos études

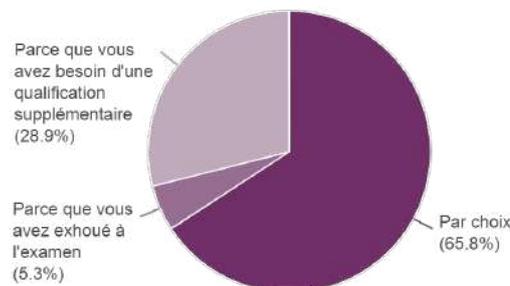


Figure 16. Reasons pushing outgoing students-apprentices to continue in education in 2020

13 See *supra* Figure 2.

La création de votre entreprise est-elle en lien avec la formation que vous avez suivie?

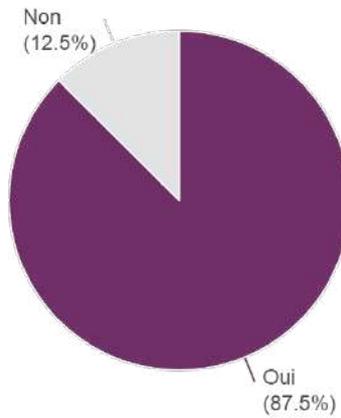


Figure 17. link between the training followed and the business creation or takeover project in 2020

50,7 % of wages received (excluding premium) are above €1,500 (versus 42,1% during the last 9 years), as shown in Figure 18;

Quel est votre salaire mensuel? (Salaire net)

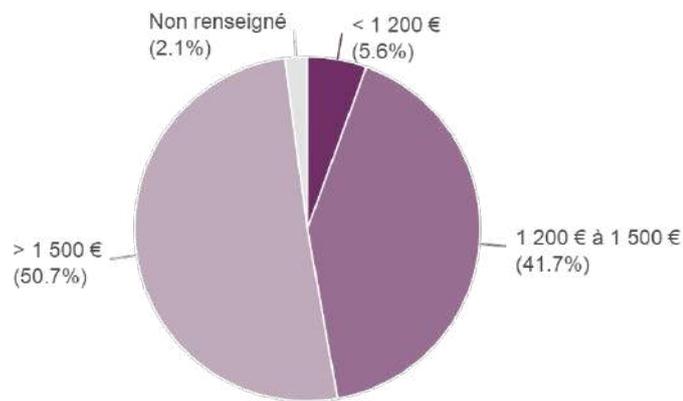
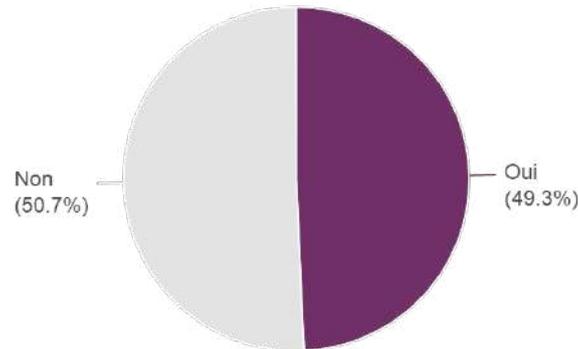


Figure 18. wages of jobs held in 2020

About 50% of students-apprentices training companies hire them at the end of their training (Figure 19). This confirms a structural trend observed between 2011 and 2019 (see Figure 8).

**Votre entreprise actuelle est-elle la même que celle dans laquelle vous étiez apprenti?**



**Figure 19.** Insertion place of the outgoing students-apprentices in 2020

More synthetically, a set of key figures characterizes the reality of graduate students-apprentices vocational integration from the University of Corsica in 2020:

- ✓83% of jobs are related to training, with 91% located in Corsica;

- ✓72% of jobs are identified in small and medium-sized enterprises, in line with the typical economic fabric of Corsica.

- ✓92% of outgoing students-apprentices consider the training taken as satisfactory.

In the end, given the consequences of the pandemic crisis of COVID-19 on the economy of Corsica (one of the regions most affected in France in terms of lower business turnover), the results of the 2020 study on the vocational integration outgoing students-apprentices seem to reflect a paradoxical observation.

In fact, graduate students-apprentices are more inserted and better paid, located mostly in a territory in which the economic fabric has been particularly impacted by the consequences of the health situation.

This reality clearly shows that the apprenticeship system protects the vocational integration of outgoing students-apprentices in an unusual and particularly uncertain economic context. This observation also demonstrates the major involvement of the island small and medium businesses in a type of training which ensures their own structuring.

#### 4. Conclusions

According to the INSEE<sup>14</sup> Economic Update published on December 15, 2020, the COVID-19 pandemic generated an overall 7% decline in French GDP and a loss of 600,000 jobs in 2020 on French territory. Small island economies such as Corsica, heavily dependent on the seasonality of tourist activity, have seen the foundation of their economic fabric deeply weakened.

In this exceptionally gloomy context, the apprenticeship training system seems to have been spared the economic consequences of the health crisis.

Thanks to government support measures for the signing of apprenticeship contracts since 1 July 2020<sup>15</sup>, the growth of apprenticeship has continued despite the unprecedented health situation. In the private sector, the number of apprenticeship contracts increased by 40% in 2020 to a record 500,000<sup>16</sup>. For the first time, 58% of contracts were concluded as part of Higher Education training.

However, in 2020, there was no guarantee that the vocational integration of graduate students-apprentices at the University of Corsica would show signs of superior quality.

In 2020, the latter proved to be better overall, both in quantitative terms (79.8% of outgoing students-apprentices are employed less than 6 months after graduation compared to 68.3% on average over the period 2011-2019) that at the qualitative level (50.7% of salaries received are

<sup>14</sup> National Institute for Statistics and Economic Studies

<sup>15</sup> See <https://www.service-public.fr/particuliers/actualites/A14253>

<sup>16</sup> See <https://www.gouvernement.fr/sites/default/files/contenu/piece-jointe/2021/02/chiffres-apprentissage-2020.pdf>

above €1,500 against 42.1% on average over the period 2011-2019). At the same time, the students-apprentices have maintained a high level of employability by enjoying a high degree of freedom from their training companies.

This is the proof that apprenticeship training in Higher Education sustains its credibility in a context of crisis thanks to the role of major player assumed by small and medium-sized enterprises in Corsica, who view the apprenticeship contract experience as a pre-hire phase. They need to structure themselves and apprenticeship training is the optimal strategy to meet their human resource needs, while securing their hiring process.

Overall, the construction of a knowledge-based and competence-based economy in Corsica could be sustainably structured around, inter alia, the joint development of apprenticeship and continuing vocational training in Higher Education.

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ARTICLE

# Impacts of COVID-19 on Informal Workers and National Policies in China

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ABSTRACT

The impact of the epidemic on China's economy is huge. By analyzing the impact of the epidemic on the informal economy and consulting the measures taken by local governments in Sichuan to restore the stall economy in the post epidemic period, this paper classifies and refines the measures made by urban governments of different sizes of cities, puts forward relevant laws, and puts forward opinions and forecasts on the future trend of the stall economy and stall economy in the post epidemic period. Due to the impact of the epidemic, people's awareness of self-protection has increased, local governments have also strengthened prevention and control, and the business of vendors has been seriously affected. The Sichuan case shows that the government's encouragement is an important guarantee for the rapid recovery of the stall economy. At the same time, reasonable control is a necessary means to prevent the recurrence of the epidemic. For the future trend of the stall, it is a trend to set up permitted-vending-places (shudaoqu). Selecting an address according to the nature of the commodity is the guarantee of sales.

## 1. Introduction

Since 1970, one of the most striking features of urbanization in developing countries is the continuous expansion of informal economy<sup>[1-3]</sup>. Due to the incoordination between urbanization and industrialization, a large part of the rural surplus labor force did not enter the modern urban sector from the agricultural sector in the rural-urban

transfer process, but entered the informal sector outside the government control<sup>[4,5]</sup>. It is estimated that there are 1.8 billion people in the world engaged in various kinds of informal economic activities, generating an economic output value of 10 trillion US dollars<sup>[6]</sup>, among which, there are about 114 million urban informal workers in China<sup>[7]</sup>. Informal economy is no longer a phased product of

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modernization as early development economists believed, but a phenomenon rooted in contemporary capitalist economic and social system<sup>[8,9]</sup>. Therefore, in the sustainable Urban Development Report of 2009, un-Habitat listed informality as a major challenge facing cities in the 21st century, along with poverty, climate change, resource depletion and rapid urbanization, highlighting the importance of this issue in the field of urban planning and governance<sup>[10]</sup>. This paper focuses on the global informal sector problem of street stall economy, and reflects on the impact of the epidemic on street stall economy and the state's supporting policies from the practice of Sichuan province. Mobile street vendors are an important part of the urban informal economy. According to the report of the International Labor Organization (ILO), in developing countries, the number of street vendors accounts for up to 9% and down to 1% of the non-agricultural labor force<sup>[11]</sup>. In China, according to the estimates of existing studies, the number of urban street vendors accounts for 5.2% of the total urban employment and 15.9% of the total urban informal employment<sup>[12]</sup>. The street vendors are mainly distributed in the public Spaces where all kinds of people pass, such as the city sidewalk, pedestrian bridge, market, railway station square, subway station entrance, convention and exhibition center, etc., becoming a landscape of modern cities. Mobile street vendors provide a means of livelihood for some people, but at the same time, they have a negative impact on the urban space order. This dual nature and the resulting policy disputes have made them the object of continuous attention from the academic community and the media. However, existing studies mainly focus on the criticism of exclusion policies, focusing on the spatial exclusion impact of neoliberal urban policies and urban modernization development on street vendors<sup>[13-17]</sup>. Through the investigation and analysis of the impact of the epidemic on the street economy, this paper points out the existing problems and challenges of the street economy, as well as the national assistance policies and suggestions, and summarizes the general future trend. The investigation and analysis of street stall holders in Chengdu, Sichuan province were carried out in order to have a more comprehensive understanding of street stall economy during the epidemic period, and for better understand urban informal sector and the future trend of street stall economy.

## **2. The Overall Impact of the Epidemic on Informal Workers**

### **2.1 Employment Perspective - Informal Workers are in a Highly Competitive Environment**

Informal employment, as a form of employment that can absorb a large number of labor force, has been adopted by more and more people since the reform and opening up. In both developed and developing countries, it is on the rise, accounting for 25% and 45% respectively. Informal employment groups have become an important force in China's labor market and have made great contributions to the economic growth of cities and the convenience of people's lives. Now, in the backdrop of the outbreak of the new champions league, informal workers were undoubtedly into another war, many governments recommend residents in isolation in the home, home work, at home study become the norm in people, so avoid overlapping infection of social isolation for a formal employees not too big effect, However, informal workers are cut off from their source of basic income and no longer have the market and activity space to participate in. At the same time, profound changes have taken place in the labor market, with the working-age population and the total employed population decreasing continuously, structural problems arising from employment, and the national economic structure being adjusted under the new situation.

### **2.2 Market Perspective - Informal Workers Face a Dilemma**

The outbreak of COVID-19 has further intensified the pressure on employment, and the employment situation is grim. Many companies are cutting back on hiring, laying off workers of varying sizes, and are more cautious about hiring both regular and informal workers. Social unrest is increasing, crime rate is rising, although the community grid, but the security management is more difficult, too many informal workers cannot find something to do, not conducive to the construction of a harmonious society.

## **3. Problems and Challenges of the Epidemic for Informal Workers**

The level of people's education, the differences of personal values and the nature of commodities will not disappear, which determines that this form of informal employment is destined not to disappear. Although the instability of informal employment may lead to low wages and lack of effective security due to the instability of labor relations, the state has been exploring to solve the security problem of informal employment.

As the largest developing country, China has more informal employment than developed countries. At the same time, due to the large population base and uneven education level, China's informal employment is still a difficult problem.

### **3.1 Challenge of the Combination of Internet and Rising Commodity Costs**

After the outbreak of the epidemic, due to the large number of people in the market, it was difficult to detect and control it. In order to better control the epidemic, the government took measures to temporarily ban the market and close the village, which made it less convenient for people to buy goods, and the purchase and sale of goods lagged behind to varying degrees. Under such circumstances, online selling and shopping came into people's view.

The widespread use of smartphones in the countryside has laid the foundation for online sales and shopping, and the Internet has become the first choice for people at home during quarantine when there is nothing else to do. The temporary cancellation of the market has a great impact on those who usually rely on the stalls to go to the market, especially those who sell fruits and vegetables feel the pressure, because these things are not easy to store for a long time and easily go bad, so the retail way of online selling goods and offline delivery came into being.

Labor costs rose due to a shortage of workers during the epidemic, and procurement prices rose due to supply instability. The increase in the transportation cost of materials and the consumption of disinfection protective equipment led to the increase in the cost of commodities and the decrease in profits.

### **3.2 Impacts on Traffic and the Environment**

Street economy is an employment model that can help the unemployed people. Office workers can earn some part-time money by setting up stalls at night markets. The recovery of the local economy can promote economic development after the epidemic. But more importantly, street economy is enriching the market and facilitating the life of citizens, but night markets also bring a certain impact on the traffic and environment. The unorganized distribution of street stalls has affected the normal traffic order, caused some traffic accidents and hindered the construction of urban civilization.

At the same time, we should also pay attention to the problem of environmental health protection. Because the street economy can be placed everywhere, and then some garbage will be produced, which will affect the living environment of residents living nearby, and it is easy to create some contradictions. So, it's important to keep street economy in order.

For garbage piles, serious pollution phenomenon, should be standardized management. After the opening of the stall economy throughout China, the health situation is

worrying, on June 1, 2020, the Dalian Municipal People's Government issued a "Notice on determining the first batch of commercial outreach out of our city and strengthening management", which requires operators must clear the garbage at any time, if the rectification is still invalid stalls will be banned. Therefore, the enlightenment of local competition should strengthen the management of the space environment through administrative means, balance the opening and control, so that the city has more "temperature" and "grace".

For stalls to increase urban traffic congestion, the relevant department managers should be controlled: city managers should clearly inform the stall operators can set up stalls in the area, rather than casually set up stalls on the roadside, the stall economy is not and occupied road management, strengthen inspection management, to hinder the operation of traffic stalls management; At the same time, the operators of stalls should obey the management norms, start from their own, take the initiative to avoid the situation of stalls, to contribute to the better development of the city.

### **3.3 Negative Impact on Society**

Because the vendors have no fixed business place and the low quality of goods, products and services are not supervised by the relevant departments, some illegal vendors in order to seek greater immediate interests and deceive consumers, resulting in people's dissatisfaction.

The competition between vendors, the growing conflicts between vendors and managers, and the hostility and helplessness of the surrounding shops to vendors have all caused certain social conflicts. Violence broke out in some cities.

Compared with shopping malls and shops, the costs and risks of street stalls are smaller and the profits are more guaranteed. The normal shops have already had a very difficult time due to the epidemic. Under the influence of the epidemic, many restaurants are on the verge of closing down, and other industries are doing worse and worse. In addition, with the impact of the local market economy, some regulated shopping malls and shops should be worse. The street stall economy has an absolute advantage over those shopping malls with more free hours, wider coverage and lower prices. In a word, in the context of rising urbanization rate and increasingly standardized and civilized social development, and the development of local economy encouraged by the state will certainly bring challenges to urban management and bring unstable factors to social development.

## **4. The Government's Assistance Policies for Mobile Vendors in Large, Medium and Small**

## Cities of Sichuan

### 4.1 Big Cities: Focus on Law Popularization Education, and Combine Peak Staggering Management with Daily Inspection

Taking Chengdu as an example, after the epidemic, in order to speed up the pace of restoring normal life and recovering the economy, different units in Chengdu have made corresponding measures: the Judicial Bureau has strengthened legal publicity and Legal Popularization Education for vendors and provided timely legal assistance; The market supervision and Administration Bureau effectively ensures the safety of food (especially cold chain food); Sanitation workers actively carry out virus elimination work... Among them, the Justice Bureau has established a stall rule of law publicity team to carry out counterpart laws and regulations publicity for different groups, mainly publicize the food safety law for food stalls, and publicize the consumer rights and interests protection law for consumers, so as to create a good rule of law environment, Let the stall economy develop continuously and healthily under the protection of law; If vendors or consumers who meet the requirements of legal aid are found, they will be guided into the assistance procedures in time, simplify the application procedures, give priority to acceptance and rapid handling, minimize the time consumed in safeguarding rights, and implement the people's livelihood security. Since the strengthening of the service, the Justice Bureau has received more than 20 consultations recently, which has played a good role in guiding the rule of law. According to the time and regulation of the distribution of mobile stalls, law enforcement agencies should strengthen inspections in key areas to improve supervision efficiency; At the same time, the law enforcement personnel shall implement humanized law enforcement for the mobile vendors found in the process of inspection, focusing on education and supplemented by punishment. Those who do not listen to advice and persist in teaching shall be resolutely banned, so as to effectively solve the problem of road occupation and maintain the street order in their jurisdiction. At the same time, the "Chengdu Model" allows vendors to temporarily occupy roads, which is also an innovative move made by Chengdu to restore the vendor economy since the epidemic.

In addition, Chengdu has issued the "Five permits and one adherence" policy. Among them, "five permits" refers to: allowing the establishment of temporary road occupation stalls and stalls, allowing temporary door crossing operation of street shops, allowing mobile vendors to sell, allowing large shopping malls to carry out road occupation promotion, and allowing Internet bicycle rental enter-

prises to expand the parking area" "One insistence" refers to "adhering to flexible law enforcement and prudent and inclusive supervision", trying to create a relaxed environment and no punishment if possible. In 2017, the State Council promulgated <the measures for the investigation and punishment of unlicensed and unlicensed operations>, which came into force on October 1 of that year. <The measures> stipulates that selling agricultural and sideline products and daily necessities at the places and times designated by the local people's governments at or above the county level, or individuals using their own skills to engage in convenient labor activities that do not require a license according to law, is no longer an unlicensed business. Chengdu's move seems relaxed, but it actually has a higher level of basis. At the same time, for the challenges brought by the possible rebound of the epidemic, the Chengdu government took the lead in recovering the stall economy in the country while strictly preventing and controlling it and adhering to the bottom line.

### 4.2 Small and Medium-sized Cities: Meticulous Management of Vendors

Panzhihua City first unified planning and layout. Delimit municipal convenient centralized stalls within the jurisdiction, and integrate the stall economy for centralized management. Second, guide and standardize operation. Change the traditional "drive out" management of mobile vendors, adopt more humanized management measures, set up temporary business sites for mobile vendors, and guide mobile vendors to standardize their operation. Third, assist in urban management. Help to solve the problems existing in vendors, such as road occupation, oil smoke disturbing residents and poor sanitation, integrate the "citizen spirit" of the stall economy with the modernization of urban construction, actively untie the "stall economy", dredge the "capillaries" of urban economic development, so as to revitalize the "stall economy" and boost consumer confidence. The East District of Panzhihua City has also established a unified standard for vendors. According to the relevant implementation measures, 10 selling points of sunshine breakfast vehicles are set up in bingcao-gang area of the East District, guiding 57 mobile breakfast vehicles to operate in centralized selling points, and unifying clothing, vehicles, logo and management.

Ya'an City set up a duty point in each night temporary convenience stall area, which is composed of law enforcement personnel of relevant departments. They worked together to maintain the order of the night market, ensure smooth traffic in the night market area, and strengthen the follow-up sanitation and cleaning work of the stall and night market economy, so as to achieve the effect of "stall economy", night market economy and normal epidemic prevention and

control. The stall owner is required to set up a stall at a fixed time, usually from 6 p.m. to 11 p.m. The urban management and law enforcement officers registered the details of each stall owner one by one and took their temperature. On the premise of encouraging the healthy and orderly development of “stall economy”, relevant departments require vendors to standardize their operation, not to sell unsealed food, and not to occupy blind roads and sidewalks; The booth is required to implement the “five guarantees in front of the door” system and consciously maintain the sanitation of the booth and the surrounding environment; At the same time, establish a stall night market management account, register and manage the name, address, contact information and physical condition of the owners of temporary stalls, and urge them to wear masks and consciously accept temperature detection, so as to ensure that the stall night market is controllable and traceable; Carry out responsibility education for stall owners, hoping that stall owners can consciously maintain the sanitation of public space.

Mianyang City defines the business scope. The business items of night markets and stalls comply with relevant management regulations. They are mainly temporary stalls for daily necessities, fruits and vegetables, food (off-site processing), cultural products, etc.; At the same time, the service management shall be standardized. The people’s governments (management committees) of counties (cities, districts) and parks shall strictly manage the designated night markets and stalls, guide and urge operators to carry out business activities in strict accordance with the specified time, scope and content, and tourist stalls shall enter the market and return to the district.

Bazhong City has established an evaluation system to supervise the standardized operation of catering operators. Businesses with health and safety problems and failing to clean up garbage in time are disqualified. The night market implements the scoring system and the last elimination system. An evaluation team composed of two owner representatives and two urban management personnel shall be formed every week to score all stalls according to the requirements of “ten unification”, and a unified score evaluation shall be conducted once a month. Unqualified stalls will be disqualified from setting up stalls.

## **5. New Development of Street Economy in the Context of Post-epidemic**

### **“Ground Stalls and the Internet” Fusion Development Structure Framework**

In recent years, Internet shopping has been well received, but there have been quality problems and cannot effectively access the lack of goods, and the distribution

economy in the sale of goods are mostly through the Internet, and then on the stalls for physical sales, and its cost is only a more fixed sales materials and mobile business premises, profit margin is larger. And its sales method for offline stall economy, direct ordering from the Internet required items, both convenient and cheap, not only that, for online shop owners, during the outbreak due to some logistics restrictions, resulting in the online store stopped operating for a period of time, the hot development of the local stall economy is also for the online shop to provide development opportunities, in a certain degree to ensure product quality at the same time, There will be land stall operators to carry out quantitative purchase, so as to open up the effective operation of the online and offline, the formation of a “land stall economy and the Internet” integrated development of the structural framework, conducive to the new development model of street economy virtuous circle. At the same time, the various online stores and offline stalls to open up the economy, the major e-commerce giants also for the local distribution economy: after the opening of the stall economy, Alibaba for more than 30 million stall operators to provide all-round support; With the strong support of e-commerce enterprises, the land stall economy started very smoothly and achieved remarkable results.

## **6. Countermeasures against Epidemic Impact**

### **6.1 “Ground Stalls and the Internet” Fusion Development Structure Framework**

During the epidemic period, the stall business was seriously affected, and many villagers’ agricultural and sideline products could not be sold by setting up stalls. Therefore, on May 20, 2020, the 2020 public welfare action briefing for the heads of provinces, cities, prefectures, counties (cities, districts) of Sichuan Province were held in Chengdu, it marks the official launch of the first officially designated brand agricultural products and “Sichuan poverty alleviation” products live broadcast e-commerce network base platform in Sichuan Province. In terms of public welfare brand promotion, Sichuan poverty alleviation and Development Bureau, together with several industry departments, has actively carried out online and offline production and marketing docking actions to solve the problem of unsalable agricultural products in poor areas. So far, the cumulative sales of “Sichuan poverty alleviation” products such as livestock and poultry meat, vegetables and fruits have reached 406 million yuan, benefiting 123000 poor people. This kind of live broadcasting and delivery of goods led by district heads and mayors has attracted countless praise, and nearly 10000 agricultural

products have been sold in an hour.

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## 6.2 Create a "Multi Environment"

The recovery of the land-sharing economy will inevitably increase the cost of urban management, so city managers should allocate urban law enforcement resources reasonably, and grade and classify the land-sharing economy through the sharding area and time-phased way, forming a multi-governance pattern of "divide and rule". At the same time, we should mobilize the resources of community governance, the government's urban management department and the grass-roots government, community organizations should do a good job of cooperation, the standard management of the land distribution economy is not only the responsibility of the city management department, but also should do the multi-governance of the regulatory department, the grass-roots government and the neighborhood committee, through the introduction of community grid management and adopt a reasonable cooperative governance model, give full play to the advantages of the city street office and neighborhood committee familiar with local information, the local stall economy into the scope of urban planning and scientific management, the hands

of all people to regulate the governance of urban space. In addition, government regulators can use the power of big data, artificial intelligence, etc., through APP research and development and related web page production, so that the city management and other responsible departments can timely grasp the local traffic management and vendors operating dynamics, improve the efficiency of scientific supervision.

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## 7. Conclusions

The impact of the epidemic on China's economy is huge. Large, medium and small enterprises in China have stopped work, and the stall economy, as a kind of informal economy, has also been hit to a certain extent. Although there are many disadvantages in the operation of informal economy, its role in economic recovery and life restart cannot be underestimated.

Based on the policies issued by Sichuan Province to deal with the economic downturn in the post epidemic period, this paper summarizes and puts forward the prediction of the future trend of the informal economy. From the comparison between Chengdu and the surrounding small and medium-sized cities, it can be concluded that in the period when the epidemic has just improved, the gov-

ernment supports temporary mobile vendors to stimulate the economy and restore life in order to encourage the employment of vendors; After the epidemic prevention and control has become the norm, it is to establish a dredging area and carry out classified centralized management according to the characteristics of commodities; In large cities, due to the large population base, it is difficult to track the mobile vendors one by one, so the government prefers to take sampling inspection to protect the rights and interests of consumers and maintain the appearance of the city; The governments of small and medium-sized cities take the accurate way to each vendor to control the epidemic prevention and control together with ensuring commodity safety.

For the future trend of stall economy, this paper believes that residential areas have great location advantages and potential. Although the subway station has a large passenger flow, people's residence time is also very short, and the development potential is relatively small.

### Author Contributions

This paper was jointly completed by Kadiriya Kaimaier and Yeja Zhang. Everyone has made equal efforts in the research of this topic, and their contribution to the paper is average. It is hereby explained.

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ARTICLE

# Talent Value Creation during Digital Transformation: A Inductive Model of HR Reengineering

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ABSTRACT

In this study, we are to explore (1) features of HR reengineering, (2) the impact of business digitalization strategies on digital transformation and HR engineering, (3) the impact of business digitalization strategies and HR reengineering on talent value creation, and present the results of a qualitative study that offers insight into 42 “*thought units*”, which were “*categorizing*” into four dimensions corresponding to our research questions: (1) plan, (2) do, (3) check, and (4) action. The “check” dimension corresponds to the four key features of HR reengineering related to business digitalization strategy, and how to create talent value when a company successfully implements business-led digital transformation, HR reengineering, and talent value creation, including (1) talent planning, (2) talent introduction, (3) talent adjustment, and (4) talent development.

## 1. Introduction

Digital transformation affects a wide range of industries [1,2]. It provides organizational change, technological innovation, process redesign, new business model shaping, and talent value creation [1][2]. Many companies use process redesign and new business model shaping to increase organizational revenue opportunities through successful digital transformation [2-4]. Digital transformation is not only process transformation, but an important method to

solve management problems such as human resource (HR) reengineering, business efficiency and process redesign [3]. Therefore, digital transformation has become a top priority on the leadership agenda of many organizations.

Since each company has a different digital transformation model, it is difficult to determine the meaning of digital transformation that applies to all companies with one definition [1]. However, we define digital transformation as the integration of digital technology into all areas

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of a company, leading to fundamental changes in the way business operate and provide customer value. In addition, it is a change of organizational culture that requires organizations to constantly challenge the status quo, frequently experiment and adapt to failures, and support new practices of organizational change <sup>[2]</sup>.

Past studies have shown that the implementation of business digital strategy, employee digitization capabilities, and high-performing organizational capabilities are the key requirements for effective and efficient business digital transformation, in order to create excellent customer-centric e-commerce services in the digital age <sup>[2,5-7]</sup>. And the existing literature has shown the impact of technical factors such as technology use, data integration, digital technology types, and non-technical factors such as digital leadership, human resource management, and business process management on the digital transformation of organizations <sup>[8-10]</sup>. However, few studies have been done on the impact of digital transformation and HR reengineering on talent value creation. In addition, in view of the insufficient understanding of the nature and dynamics of digital transformation and HR reengineering, it is necessary to clarify the relevant concepts and hope to deconstruct the research problem into a clear research model (see the Figure 1).

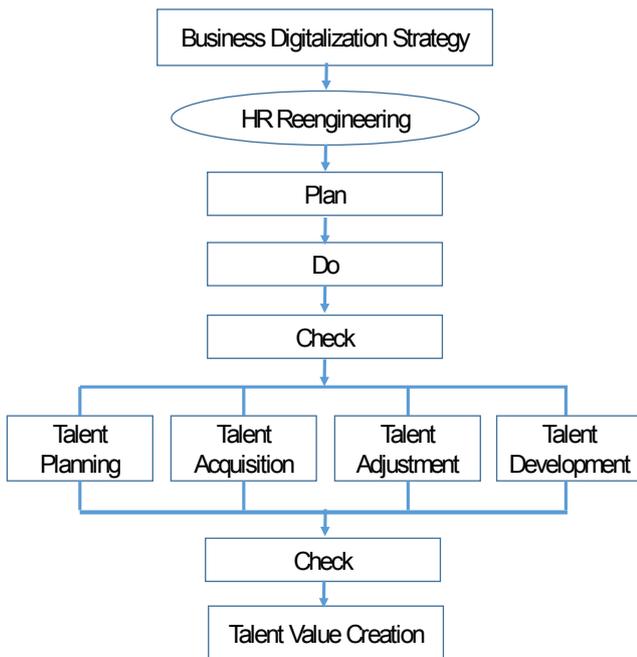


Figure 1. Research Model

The purpose of this research is to explore the importance of business digitalization strategy <sup>[11]</sup> and what is the talent priority of HR reengineering in the successful digital transformation of an organization <sup>[6]</sup>. In other

words, the research will explore the interlocking process between digital transformation and business digitalization strategy, which will further lead to the emergence of the conceptual framework of HR reengineering, including talent planning, talent acquisition, talent adjustment, and talent development. It explains and demonstrates how the necessary and unique set of dimensions of business digitalization strategy and HR reengineering will drive the organization’s digital transformation. However, this research hopes to provide a broader and substantive practical contribution to the digital transformation literature, and to enrich the literature by providing a chain relationship framework for digital transformation and HR reengineering.

## 2. Literature Review

### 2.1 Change of Business Environment on the Impact of Business Digitalization

Changes in the business environment are becoming more and more disruptive <sup>[1]</sup>. Globalization, new innovative technologies, new products and services are disrupting the business model of every industry <sup>[1,2,7,11]</sup>. Business is fast-paced, consumer demand is constantly changing, and uncertainty and volatility are increasing in a day-to-day sequence <sup>[1,7]</sup>. These changes have had a significant impact on human resource management. Therefore, in this extremely destructive business competitive environment, companies are responsible for predicting and managerial needs and providing employees with the correct competency to deal with these destructive forces <sup>[1]</sup>.

The business environment is changing rapidly, and most of this change is driven by digital transformation and globalization <sup>[1,2,6,11]</sup>. Digital transformation and globalization have reduced new market entry costs, and changed the dynamics of competition and traditional business models <sup>[2,7,11]</sup>. In other words, the competition between enterprises is becoming more and more intense, and the loyalty of customers is no longer fixed. They are always looking for good products and fast services that can best meet their expectations. The cost of switching goods and services is much lower than before; if consumers are dissatisfied with the company’s products or service offerings, those companies will easily and quickly withdraw from the commercial market. Changes in the business environment are driving the company’s digital transformation in order to deliver high-quality products and fast-satisfying services that will satisfy customers.

Digital transformation has drastically changed work patterns, collaboration, and methods of adding value to business operations <sup>[1]</sup>. Leading companies are already applying new applications to transform external consumer

demand planning and internal organizational management functions<sup>[4,10]</sup>. For example, if consumer needs are not met, companies may lose revenue and inventory overruns, price cuts, cancellations, and poor service delivery. By using advanced predictive analytics, companies can fully understand customers, understand consumer demand signals, and only produce and store inventory at the correct level, instead of predicting manufactured products based solely on historical data<sup>[4]</sup>.

## 2.2 Talent Priority on Digital Transformation

As mentioned earlier, innovative technology is a driving force for digital transformation. As more and more unstructured customer data becomes complex, companies need to ensure that they have the right talents and the right competency to successfully use these functions to drive digital transformation. In today's highly disruptive environment, agility and speed are critical. Organizations that are slow to respond to this new digital world and adjust their business and talent models are at risk of extinction. The three competency that stand out in the digital environment of today and tomorrow are<sup>[12]</sup>:

(1) Customer Relationship Management: Learn more about your customers, who they are, what products and services they bought from you, and how often they buy. You can achieve this by combining detailed customer classification and product classification. This is also essential for understanding the variability of demand in consumer data and for establishing a data framework before constructing demand forecasts. Not all customers are the same, and not all customers are profitable. Analyze profitable and unprofitable, valuable and unvalued customers, so that you can focus on high-revenue operating forecasts.

(2) Ability to Apply New Technologies to the Business: Accurate and clean data is an indispensable part of predicting the high revenue of an organization. The company's technical infrastructure must be strong enough to allow the immediate sharing and exchange of current demand and inventory data throughout the supply chain so that the organization can quickly adjust operational forecasts. Processing speed and computing power can significantly improve the fast, data-intensive processes behind the supply chain. Demand forecasters need to be able to establish data monetization methods for the benefit of the organization.

(3) Exceptional Long-Term Scenario Planning Abilities: To organize the digital transformation process, professionals must have extensive foresight. They need to be able to plan for the future and help their companies navigate today's turbulent and uncertain world. Market demand is unstable, and no matter how good a plan is, it

will never achieve 100% prediction accuracy. Since no one can predict the future with 100% accuracy, it is important to be able to consider different future scenarios, evaluate the impact of each scenario on market demand and the final bottom line, and then develop a comprehensive action plan for each scenario. In order to improve their competency, demand professionals will cooperate with other functional departments of the company and be responsible for the results. Cultivate a positive learning attitude to ensure that demand professionals can always fully understand and provide correct predictions for their organizations.

## 2.3 Why is HR Reengineering?

HR reengineering is a powerful organizational change strategy that enables organizations to abandon outdated systems and old ways of looking at business, improve core business processes, and create and deliver value for customers. Reengineering practice involves a systematic, team-based approach to rethinking how to get work done. It is a process of change led by senior management that allows organizations to achieve extraordinary business results by redesigning core processes<sup>[13]</sup>. Until recently, HR executives began to realize the benefits of reengineering as an organizational change tool, which can strengthen the required talent practice and correctly position HR as a customer-oriented service function<sup>[13]</sup>.

HR reengineering provides a framework for reviewing which areas should be eliminated and shifting, and making difficult strategic decisions for production line operations, outsourcing, or improvement. It can help HR executives develop strategies to minimize management tasks and spend more time negotiating with work teams. These efforts have led to the implementation of new talent practices, thereby enhancing the company's competitive advantage<sup>[12]</sup>. The tools provided by HR reengineering can ensure that companies are provided with human resource support in a cost-effective manner, helping to ensure that supervisors have the right tools, training, and information to effectively manage human resources.

In view of the increasingly competitive business environment, many HR professionals are also under pressure to reduce human resource management costs, provide higher quality services, and create a more effective and competitive company culture. Hence, HR reengineering is used to help achieve these goals<sup>[14,15]</sup>. In addition, we want to say that redesigning the HR process is essential for the repositioning of the HR function to provide other high value-added services.

The goal of most HR reengineering efforts is to improve the processes that create value for customers and

strengthen the company's competitive advantage. From the perspective of human resources, the focus of HR re-engineering should be to help ensure that HR processes and personnel practices enhance the company's ability to succeed in the market <sup>[13-16]</sup>. Best practice research indicated that there are four key reasons why companies choose to redesign the HR competency. These include:

(1) Desire to improve core HR processes which are vital to attracting and retaining quality talent. These processes include selection, performance-reward, training, and career development.

(2) Need to identify and implement people practices which reinforce the behavior and performance customers' value most.

(3) Need to ensure cost-effective delivery of HR support to the business.

(4) Desire to better align the HR competency with the business.

HR reengineering is a powerful tool for the change and improvement. However, many companies invest in HR reengineering without formulating a reasonable business digitalization strategy. Studies have shown that when a company lacks vision and a sound business digitalization strategy, spending time trying to redesign HR processes and personnel practices is a poor use of resources <sup>[13,16]</sup>. Most companies also see HR reengineering as a tool to reduce costs. As we have seen, excessive cost cutting can destroy value and demoralize employees. The main purpose of HR reengineering should be to create value for customers and create a competitive advantage for the companies by making full use of human assets <sup>[13,16]</sup>. Thereby, based on the above discussion, this research proposes the following propositions,

Proposition 1: The impact of business digitalization strategies on digital transformation and HR engineering.

Proposition 2: The impact of business digitalization strategies and HR reengineering on talent value creation.

### 3. Method

This research chose a qualitative method because it may be difficult to use quantitative methods to capture the essence of management practices <sup>[17,18]</sup>. In our analysis, we especially use the inductive, critical incident approach <sup>[19]</sup> and empirical phenomenology, which means that the actors' perspective is essential in the analysis, but we also recognize that the research in theory <sup>[20]</sup>.

In addition, like many companies facing digital transformation challenges in the 2010s, they have realized the importance of examining current business processes to find opportunities to increase productivity and efficiency while reducing costs. In view of the insufficient under-

standing of the nature and dynamics of digital transformation and HR reengineering, it is necessary to clarify the relevant concepts and hope to deconstruct the research problem into a clear research model, so a qualitative method is considered appropriate. Digital transformation in order to get rid of the initial reserves and increase important insights for understanding the reengineering of human resources at work <sup>[21]</sup>.

### 3.1 Sample and Data Collection

Given the macro and micro evidence of business digitalization strategy, our data will be collected from a specific single company. Thereby, this research is an in-depth qualitative study of a selected benchmark company located in China. This selected benchmarking company is a leading manufacturer and marketer of healthcare products and services, specifically in the treatment of heart disease. It occupies a dominant position in China and is rapidly expanding in the domestic market. Its annual operating growth rate has been maintained at more than twice the rate of nearly five years.

This study lasts for one year. In order to test the purpose and problems of this research, at least 30 unstructured in-depth interviews were conducted with different stakeholders of this selected company, namely: CEO, HR supervisor, HR manager, heads of major functional departments, line managers with customer of the organization. 65% of respondents are men and 35% are women. 85% of respondents have at least 5 years of work experience. Although we did research from a different sample of this selected company, this is a relatively experienced and diverse sample.

The selected company interviewed will reflect a desire to gain a comprehensive understanding of the research themes and is consistent with Eisenhardt's (1989) recommendations. All interviews will follow the prescribed interview schedule to ensure that all issues are discussed. Obviously, the level of mutual trust and understanding between interview partners is critical to data quality. After confidentiality guarantees, general introduction of research purposes, demographics and work experiences' questions, then the main questions are asked. We designed the semi-structural questions as follows:

What is the HR reengineering value of digital transformation processes and practices?

How well is the HR competency itself supporting the digital transformation?

How satisfied are customers with the quality of HR competency?

How can the HR competency improve its service and operating-profit impact on the digital transformation?

At least three researchers will attend all in-depth interviews and take notes separately. Each of the two researchers independently coded the interviews using coding schemes that emerged over a period of time, and placed parts of the interviews in these codes/themes. In most cases, these broad codes/ themes will reflect concepts studied from a literature perspective, for example, HR reengineering interventions for business digitalization strategies (e.g., flexibility, empowerment, job redesign, job enrichment, work intervention, HR information system and team building); and identify specific cases and critical events that reflect management change propositions in support of this digital transformation.

### 3.2 Content Analysis

Although qualitative research can be used to drill deep holes in order to obtain the information needed for in-depth explanations, the above semi-structured questions will be designed to initiate a dialogue on the broad themes of digital transformation strategies and HR reengineering, rather than arouse targeted or ideal response. In other words, the above questions will be used to initiate a more free-flowing and open-ended narrative. At the same time, the interviewer can also encourage the respondents to further report details and reflect through exploratory questions. After a formal and legally binding guarantee of complete anonymity for individuals and organizations, all respondents will be recorded and subsequently transcribed verbatim <sup>[22]</sup>.

Then, data analysis based on a systematic process of transcript-based analysis following the iterative stage process outlined by Turner <sup>[23]</sup> and then utilized both inductive reasoning and comparative methods. This procedure is akin to that it employed axial and selective coding processes leading to the emergence of subcategories and the identification of linkages and relationships <sup>[22,24,25]</sup>.

The first step is for one of the researchers to use NVivo 9 software to decompose all interviews into 1655 basic “”. A “thought unit” can be a single word, phrase, sentence, entire paragraph, or even a single sentence or part of a paragraph, as long as it is a unique and complete thought or idea.

In the second step (“categorizing”), the researcher performing the unitization step and the second researcher use NVivo 9 software to recognize patterns and organize thinking units into categories. This is an iterative and intersubjective process. In this process, researchers compare the similarities and differences between thinking units and organize thinking units into categories. The goal of this step is to maximize the difference between the categories while minimizing the difference within the categories <sup>[26]</sup>.

In order to ensure consistent placement of “thought units” and compliance with “categorizing” definitions <sup>[24]</sup>, researchers conducted frequent “reality checks” (for

example, re-reading the original in-depth interviews and modifying “categorizing” labels as needed). After rigorously categorizing all “thought units”, we deleted all “thought units” and “categorizing” that are not directly related to our research questions, including the description of the situation or background of the incident (943 thinking units), and the factors of the response plan (265 “thought units”), doing (209 “thought units”), checking (226 “thought units”) and action (243 “thought units”). Hence, a total of 712 “thought units” (43% of the total) were excluded from further research analysis.

In order to ensure the reliability of the “categorizing” process, the third researcher who did not participate in the “categorizing” step independently classified 943 randomly selected samples of the remaining “thought units” into the “categorizing”. Consistent with similar analysis, we selected at least 25% of the “thought units” from each “categorizing”, resulting in a sample of 330 “thought units” (35%). The conservative P-statistic is used to calculate the agreement among evaluators, where the total number of “thought units” agreed by all three evaluators is divided by the total number of “thought units”. The initial inter-rater agreement was 74%, which was below the 80% threshold used in similar analyses. After negotiating the differences, the final consensus rate among evaluators was 82%, and at least two of the three evaluators agreed with a consensus rate of 98.9%. This degree of consistency indicates that “categorizing” is appropriate for the data. In the third or classification step, the two researchers who performed the “categorizing” step grouped all categories into higher-level “categorizing” or topics. This is an iterative, inter-subject process, similar to the process used in the “categorizing” step. However, the goal of this step is to group “categorizing” into broad topics to aid analysis and data presentation. Similar to the “categorizing” step, the classification process involves negotiation and reformulation to ensure that the subject fits the data.

## 4. Result Findings

We have formulated four key research questions around the key areas of empirical interest highlighted above. The analysis yielded 42 “*thought units*”, which were “*categorizing*” into four dimensions corresponding to our research questions: (1) plan, (2) do, (3) check, and (4) action. The “check” dimension corresponds to the four key features of HR reengineering related to business digitalization strategy, and how to create talent value when a company successfully implements business-led digital transformation, HR reengineering, and talent value creation, including (1) talent planning, (2) talent introduction, (3) talent adjustment, and (4) talent development. (See Table 1 for details).

**Table 1.** Key Features of HR Reengineering Related to Business Digitalization Strategy

Plan	<ol style="list-style-type: none"> <li>1. Increase strategic contribution and reduce operating and managerial costs</li> <li>2. Reduce the total operating budget by 60% while meeting contract, legal and regulatory requirements</li> <li>3. Support enterprise-wide change</li> <li>4. Refocus on products and services to emphasize customer service</li> <li>5. Reduce managerial responsibilities of HR and increase performance management activities</li> <li>6. Reduce costs by 25% in the first year and ensure the consistency of HR internal processes</li> </ol>
Do	<ol style="list-style-type: none"> <li>7. Eliminate high-level management levels and delegate responsibilities to employees and supervisors</li> <li>8. Provide a functional framework by the human resources department to redesign the work process</li> <li>9. Redesign the work process to meet the changing needs of various departments</li> <li>10. Use technological innovation to reduce the processing cycle of administrative affairs</li> <li>11. Through reengineering, HR becomes a key business partner and supports the business process of reengineering</li> <li>12. Redesign processes and integrate departments through automation, elimination or outsourcing</li> </ol>
Check-- Talent planning	<ol style="list-style-type: none"> <li>13. Senior management continues to strengthen commitments</li> <li>14. Reengineering is a managed process with an overall timetable for the implementation of organizational changes</li> <li>15. Ensure that the cross-functional reengineering team promises to hold two meetings a week</li> <li>16. Extensive use of technological innovation in the reengineering process</li> </ol>
Check-- Talent acquisition	<ol style="list-style-type: none"> <li>17. Hire the HRM committee as the steering committee</li> <li>18. Establish a mission statement for the reengineering team</li> <li>19. Establish an independent technical team to redesign system requirements</li> <li>20. Created a HR challenge team to promote reengineering and provide support</li> <li>21. Create a strategic team to define human resources strategy and evaluate future organizational needs</li> <li>22. Establish a “Business Process Redesign” (BPR) team to redesign work according to main job functions</li> </ol>
Check-- Talent adjustment	<ol style="list-style-type: none"> <li>23. Assign the responsibilities of workflow analysis and implementation to functional teams and incorporate them into the team’s performance appraisal</li> <li>24. In-depth analysis of human resource processes</li> <li>25. Use the consultant model for reengineering work</li> <li>26. Get the support of HR and strategic team step by step</li> <li>27. Created measures to assess the impact of reengineering</li> <li>28. Perform activity-based cost analysis</li> <li>29. Consider centralization, automation, outsourcing, and elimination to readjust each process</li> </ol>
Check-- Talent development	<ol style="list-style-type: none"> <li>30. BPR team continues to receive training</li> <li>31. Joint event development team applies BPR to system applications</li> <li>32. Assess employee competency</li> <li>33. Use consultants to educate employees on fundamental changes</li> </ol>
Action	<ol style="list-style-type: none"> <li>34. Create a HR team to identify and review the cost-benefit analysis of all HR processes</li> <li>35. Create a global HR model that determines the core competency process</li> <li>36. Quantify the core process to determine the process to be redesigned</li> <li>37. Track each step in each sub-process through a walking management method</li> <li>38. Perform activity-based cost analysis on sub-processes to determine whether the reengineering project is actually implemented</li> <li>39. Created cross-functional HR simplification teams</li> <li>40. Conducted activity analysis of HR activities to identify cost that required reengineering</li> <li>41. Created process maps of existing workflows and verified reengineering with employees</li> <li>42. Created a steering committee to check the reengineering processes</li> </ol>

## 5. Conclusions and Discussion

In view of the increasingly competitive business environment, many HR executives are also under pressure to reduce human resource management costs, provide higher quality services, and create more competitive companies. Therefore, reengineering is used to help achieve these goals <sup>[14][15]</sup>. In addition, we would like to say that redesigning the HR process is essential for the repositioning of

HR competency to provide high value-added services.

Observing the case study in this research, through business digitalization strategy, they completed 100% process reengineering and 15% system redesign. This HR reengineering saves the company about \$500,000 in after-tax expenses each year. As a result of this HR reengineering, the human resources department redesigned the company’s work process, and the company’s total human re-

sources have been reduced by 55%. Since the start of HR reengineering, HR costs have been reduced by 74%, and compensation costs have been reduced by 59%. Enterprise human resources executives become composed of customer-oriented experts, responsible for providing high-quality products and services. In any case, these changes still ensure that the company complies with laws and regulations. Regulatory requirements.

In terms of research limitations, due to the difficulty of collecting data on contemporary high-change digital transformation cases, this research only observes a representative company. In addition, in terms of industry, because this representative company happens to be the healthcare industry, this also results in a relatively single industry observation. In the part of future research recommendations, first of all, in terms of research methods, this research uses qualitative research case study. If there are more data on digital transformation cases in the future, researchers can also develop quantitative research methods or the emergence of new technologies, such as through content exploration technology explores the financial report content of the digital transformation cases, so as to find the commonality of the digital transformation case companies.

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ARTICLE

# Social Media Shopping as a Driver for Brand Trust and Brand Commitment

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ABSTRACT

Globalization and developments in digital technology paved the way for online communication, mobile penetration, and social media. Digital platforms and particularly social media have become popular sources of news and online interaction. Literature review so far reveals more than one billion social media users exist globally and use social media for shopping purposes. Hence, social media has become one of the most popular tools companies using for brand relationship building activities. The effect of social media on building customer commitment needs to be explored. This article aims to identify social media use among Turkish 18-40 years old in building commitment towards their favorite brands.

## 1. Introduction

Brand marketers continuously identify and deploy more creative tools and skills to make products and brands more accessible and appealing to their target audiences. Particularly the perks of social media and on line marketing have been effective platforms for this endeavour. Social media marketing enabled brands to create their brand profiles and introducing online customer service, product information, and special offers resulted in increased sales<sup>[7]</sup>.

Literature review so far reveals more than one billion social media users exist globally and use social media for

shopping purposes<sup>[1,2]</sup>. This fact alone has paved the way for in information acquisition, online brand engagement, new usage patterns, lifestyles, and experiences of consumers<sup>[3-5]</sup>. Consequently, social media has become one of the most popular tools companies using for brand relationship building activities. In short, social media can be defined as an online application program, platform, or mass media tool that facilitates interaction, collaboration, or content sharing between users in general<sup>[6]</sup>. The effect of social media on building customer commitment needs to be explored. Studies have reported over one billion social media users globally in the last decade<sup>[1,2]</sup>, which have

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contributed to the transformations observed in information acquisition, online brand engagement, usage, lifestyles, and experiences of consumers<sup>[3-5]</sup>.

One of the common channels of communication that companies have recently applied in their marketing activities is social media. Social media can be defined as an online application program, platform, or mass media tool that facilitates interaction, collaboration, or content sharing between users in general<sup>[6]</sup>. The effect of social media on consumer behavior includes a wide spectrum of activities ranging from informing, sharing ideas and attitudes to acquire awareness and understanding, and visualize post-purchase behavior without purchasing<sup>[8]</sup>.

A McKinsey report of 2007 and<sup>[9,10]</sup> suggested that social media marketing activities are significant parts of branding actions for businesses .

As the Internet and social media have become popular sources of news and online interaction, this article aims to identify social media use among Turkish 18-40 years old in building commitment towards their favorite brands. A literature review has revealed gaps that can be filled with further studies and will highlight current findings in social media marketing and its use and applications in Turkey. This part will be followed by the definition and correlation of brand commitment to social media marketing as scanned in the literature. Finally, the findings of secondary data will identify the gaps in how this study approached to fill in some of these gaps.

## 2. Literature Review

Social media sites have become enablers for users to create content and exchange opinions<sup>[8]</sup>. Through social media companies and brands have managed to have meaningful dialogues with customers which allowed them to build one-to-one relationships<sup>[11-14]</sup>.

In the globalized world of today although traditional marketing methods are losing their effectiveness because consumers are captured and intrigued predominantly through mobile communication platforms. Hence, key strategies companies deploy to promote the brand is word of mouth and so social media is the way to do it<sup>[15]</sup>.

Engaging content on social media enables customers to keep in touch with brands which builds brand trust and loyalty which are indispensable for brand commitment.

### 2.1 Social Media Marketing

Particularly in developing countries Internet and social media have become important sources of information<sup>[16]</sup>. Nearly half of the population in Turkey, adults claim that social media platforms are their primary source of daily

information. Furthermore, Alcott and Gentzkow argue that social media and the internet give access to consumers without editorial oversight Needless to mention, the developments experienced in communication technologies have a direct impact on lifestyles<sup>[17]</sup>.

<sup>[18]</sup> in the early days of social media, in 1999, argued social media offers the following perks to consumers: empowerment, more information on brands, easier access to brands, convenient shopping, finally opportunity to build one-to-one relationships.

<sup>[19]</sup> argued that social media communication has some distinctive characteristics such as participatory, collaborative, personal, and is based on online communities. This fact led the way to firms to engage their customers and build sustainable relationships. Consequently, social media serves as a powerful tool to mediate the firm- consumer brand engagement practices.

Social media platforms have become new communication channels to advertise product and brand promotions, promotions, and advertisements<sup>[20]</sup>. In their research,<sup>[10]</sup> have found that social media is at the center of today's business strategy and popularity of social media. Consumers' shared opinions and suggestions on products and brands are of great value and monitored by the companies very closely. To keep the level of attraction on social media trendiness is important for brands that require the introduction of the latest/current information on products for customers<sup>[21]</sup>. Ding and Keh in their 2016 article argue that brands can transfer the uniqueness of their personality and position to the customers utilizing peer-to-peer communication on social media.

### 2.2 Social Media in Turkey

In Turkey similar to many countries Facebook dominates social media usage for both news and other purposes. Analytics firm SocialBakers indicated that back in 2011 Turkey was *already* home to nearly 30 million Facebook accounts, making it the fourth largest country in the world in terms of country-specific user numbers.

www.statista.com forecast that in 2025, the number of monthly active internet users is projected to reach 71.51 million individuals which is a nearly 30 % increase from 50 million users in 2020.

<sup>[22]</sup> reports the following findings on the Turkish social media environment

- As of January 2020, there were 62.07 million internet users which increased 2.4 million compared to 2019 while internet penetration reached 74%.
- Social media users in Turkey topped 54 million which is an increase of 2.2 million versus a year

ago. Social media penetration over the entire population is at 64 % while over the social media users, it is 87%.

- Mobile communication is important to note as mobile connections in Turkey are almost 77.4 million which covers 92 % of the total population.
- Average Turkish consumer spends 7.2 hours on the internet daily of which nearly 3 hours are used for social media activities.

A study conducted by Bosphorus University and Egon Zehnder <sup>[23]</sup> about the digital marketing environment in Turkey revealed the following key points:

- E-commerce companies are at a more advanced state than the rest when it comes to analyzing data generated from social media conversations.
- Search Engine Marketing (SEM) and Search Engine Optimization (SEO) are still widely used
- Telecom operators play a leading role in the evolution of mobile marketing practices.
- SMS is still the most frequently used tool in the world of mobile marketing.

Although there is widespread consumption among Turkish users, they are still getting to know this digital world by exploring every aspect of social media. They use social media mostly to follow others to learn and to interact socially. <sup>[24]</sup> presented that Turkish social media users are clustered into the following groups according to user preferences and social media activities: social pioneers, content creators, engagers, and game lovers. Their studies further identified that social media is not used for original content creation but rather for consumption and participation. Social media and Internet use via smartphones seem to have a great share among all users. Statistical forecasts indicate that social media via mobile phones has the potential for a very high growth rate which presents huge opportunities for the future.

### **2.3 Brand Commitment**

The second topic investigated in the literature review is brand commitment considering the context and purpose of the study. Social psychologists suggest a consumer's level of commitment depends on the psychological state that globally represents the experience of dependence on a relationship. Morgan and Hunt furthermore call both trust and commitment key variables 'that encourage this relationship process. However, there is a clear difference between brand loyalty and brand commitment as studies show that brand loyal consumers are likely to switch to another brand, whereas brand-committed consumers are not. Commitment has a direct relationship with loyalty.

Therefore, it can be said that commitment is related to trustworthiness in the long term to maintain consumers' willingness to purchase the brand. Satisfaction created in consumers' mind drive brand trust which drives consumer commitment. Hence, consumers will become less price sensitive leading to brand profitability <sup>[25]</sup>.

Trust and satisfaction are very much related in essence. Word of mouth triggered by satisfied customers will be more positive and result in brand recommendation to their networks <sup>[26]</sup>. The power of word of mouth spreading about a brand in the social media environment is becoming a critical success factor for all brands.

### **3. Gaps in the Literature**

Although much has been explored and identified concerning the evolution of social media in the literature, social media marketing brand loyalty, brand commitment as a derivative of social media engagement created by brands seems to be neglected specifically within the context of the social media marketing environment for brands in Turkey.

What makes consumers trust their brand? What is the role of social media catalyzing this process?

What sort of social media content and engagement lead to increase trust and commitment towards a brand are some of the questions that need to be investigated and answer.

#### **3.1 Research Objective Based on the Gap Analysis**

To identify social media use among the Turkish 18-40 years old population in building commitment towards their favorite brands.

#### **3.2 Hypotheses**

H1: Social media use is correlated with brand interaction with consumers;

H2: Social Media use is correlated with personalized brand communication;

H3: Accurate brand info on social media is correlated with brand trust;

H4: Brand trust is correlated with direct shopping from social media;

H5: Brand trust and direct shopping on social media are correlated with brand commitment;

#### **3.3 Testing the Above-mentioned Hypotheses will Help Verify below Proposed Conceptual Model**

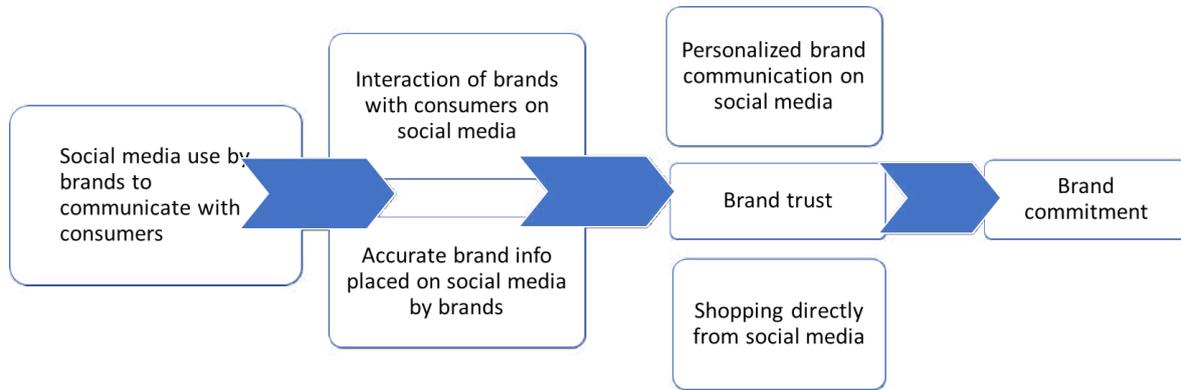


Figure 1. Conceptual Model

#### 4. Research Methodology

First secondary data collection on the topics of social media and social media marketing as related to brand commitment were collected and analyzed. Based on the learnings of the secondary data collection and identification of gaps in the current knowledge a survey questionnaire was created which led to the second stage, primary data collection. A quantitative method was applied. Survey questionnaires were distributed through email exchanges among social media users between the ages of 18-40 years old in Turkey during June 2018 because literature review showed that this age group engages the most on SM with brands and shopping. Convenience and snowball sampling was used to identify the subjects due to funds available and timing of the project. The questionnaire consisted of close-ended questions and 5 points Likert scale questions. A total of 200 subjects were contacted and 171 valid answers and surveys were tabulated. 200 have been identified as the target number based on previous studies and based on access to target audience.

To analyze data statistically, it was recorded in SPSS (Statistical Package for Social Sciences) for Windows Version 20.0 program. To analyze the data, frequency T-test, correlation, the chi-square, and Anova statistics were run. Significance level was measured as  $p < 0.05$  and  $p < 0, 01$ .

The data analysis process is based on the objectives and hypotheses listed below.

#### 5. Research Results

##### 5.1 Cronbach’s Reliability Analysis

Table 1. Reliability Statistics

Cronbach’s Alpha	N of Items
0.864	31

##### 5.2 Frequency Analyses

Frequency analyses Tables 1-14 show that nearly 90 % of respondents use social media at least once a day and more. 67.4 % of participants have at least a college degree and the split between genders is nearly 50-50.

Table 2. Age

	Frequency	Percent	Cumulative Percent
Valid 1 time	90	52.3	52.3
2-3 times	44	25.6	77.9
Many times	20	11.6	89.5
Very often	10	5.8	95.3
0 times	5	2.9	98.3
If I have time	3	1.7	100
Total	172	100	

Table 3. Education

	Frequency	Percent	Cumulative Percent
Valid Highschool	29	16.9	16.9
Associate Degree	10	5.8	22.7
College Degree	116	67.4	90.1
Post Graduate	17	9.9	100
Total	172	100	

Table 4. Gender

	Frequency	Percent	Cumulative Percent
Valid Female	85	49.4	49.4
Male	87	50.6	100
Total	172	100	

In terms of reasons for using social media about Tables 4-5 show that 70 % of respondents use social media for shopping purposes and for being informed.

**Table 5.** I use social media for shopping online

	Frequency	Percent	Cumulative Percent
Valid	1	33	19.2
	2	62	55.2
	3	27	70.9
	4	24	84.9
	5	26	100
Total	172	100	

**Table 6.** I use social media to be informed

	Frequency	Percent	Cumulative Percent
Valid	1	30	17.4
	2	53	48.3
	3	32	66.9
	4	29	83.7
	5	28	100
Total	172	100	

Tables 6-7 indicate that 83.7 % of respondents prefer receiving brand info on social media and 81.4 % of them find this information accurate and trustworthy.

**Table 7.** I Prefer social media for receiving brand info to other channels

	Frequency	Percent	Cumulative Percent
Valid	1	56	32.6
	2	58	66.3
	3	30	83.7
	4	17	93.6
	5	11	100
Total	172	100	

**Table 8.** I find brands' info on social media accurate and trustworthy

	Frequency	Percent	Cumulative Percent
Valid	1	43	25
	2	48	52.9
	3	49	81.4
	4	23	94.8
	5	9	100
Total	172	100	

As displayed in Tables 8-9, 87.8 % of participants indicated that social media communication makes them realize their needs as a consumer while 83.7 % think that social media helps them differentiate between brands.

**Table 9.** Social media communication makes me realize my needs as a consumer

	Frequency	Percent	Cumulative Percent
Valid	1	40	23.3
	2	74	66.3
	3	37	87.8
	4	12	94.8
	5	9	100
Total	172	100	

**Table 10.** Information on social media helps me differentiate between brands

	Frequency	Percent	Cumulative Percent
Valid	1	43	25
	2	67	64
	3	34	83.7
	4	22	96.5
	5	6	100
Total	172	100	

**Table 11.** social media reminds me to shop online more often

	Frequency	Percent	Cumulative Percent
Valid	1	37	21.5
	2	73	64
	3	29	80.8
	4	24	94.8
	5	9	100
Total	172	100	

**Table 12.** In the future I would like to shop directly from social media

	Frequency	Percent	Cumulative Percent
Valid	1	40	23.3
	2	62	59.3
	3	34	79.1
	4	22	91.9
	5	14	100
Total	172	100	

Tables 11-12 illustrate the preference of participants in terms of shopping directly on social media, almost 91.9 % feel so. In addition, 94.8 % appreciate social media reminding them to shop more online.

**Table 13.** I feel valued when I receive brand info from social media

	Frequency	Percent	Cumulative Percent
Valid 1	37	21.5	21.5
2	49	28.5	50
3	38	22.1	72.1
4	29	16.9	89
5	19	11	100
Total	172	100	

**Table 14.** I feel more committed to a brand when I receive personalized messages via social media

	Frequency	Percent	Cumulative Percent
Valid 1	41	23.8	23.8
2	41	23.8	47.7
3	41	23.8	71.5
4	26	15.1	86.6
5	23	13.4	100
Total	172	100	

Tables 13-14 indicate that 72.1 % of respondents feel valued when they receive info from social media and 71.5 % of them feel committed to a brand when they receive personalized messages on social media.

**Table 15.** I intend to use social media indefinitely for brand relationship purposes

	Frequency	Percent	Cumulative Percent
Valid 1	43	25	25
2	57	33.1	58.1
3	32	18.6	76.7
4	26	15.1	91.9
5	14	8.1	100
Total	172	100	

Finally, 76.7 % of respondents indicated that they intend to use social media to build brand relationships in the future as illustrated in Table 14.

### 5.3 Correlation Analyses

To look at the correlations between different variables, a bivariate correlation analysis was conducted.

**Table 16.** Reach of brand rep on social media and trustworthiness

		I find Brands SM info trustworthy	I trust a brand more if I can reach brand reps on SM	I feel more committed to a brand when I receive personalized messages via SM
I find Brands SM info trustworthy	Pearson Correlation	1	.663**	.559**
	Sig. (2-tailed)		0	0
	N	172	172	172
I trust a brand more if I can reach brand reps on SM	Pearson Correlation	.663**	1	.701**
	Sig. (2-tailed)	0		0
	N	172	172	172
I feel more committed to a brand when I receive personalized messages via SM	Pearson Correlation	.559**	.701**	1
	Sig. (2-tailed)	0	0	
	N	172	172	172

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

Table 16 shows that if consumers can reach brand representatives on social media, they find the brands more trustworthy and this correlation is 66 % and is significant at 0.000 significance level. Furthermore, consumers receiving personalized messages on social media and find the brand info trustworthy feel more committed to a brand (70 % correlation) and significance level of 0.000.

Below Table 17 gives more light on social media interaction and brand trust. Consumers who engage in social media with reactions also trust a brand more if they can reach a representative on social media. The correlation is an average of 51% not very strong but accepted with a significance level of 0.000.

**Table 17.** on social media interaction and brand trust

		I react to SM about brands	I trust a brand more if I can reach brand reps on SM
I react to SM about brands	Pearson Correlation	1	.512**
	Sig. (2-tailed)		0
	N	172	172
I trust a brand more if I can reach brand reps on SM	Pearson Correlation	.512**	1
	Sig. (2-tailed)	0	
	N	172	172

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

There is a 72.8 % correlation between those who trust a brand representative on social media and consumers feeling valued when they receive brand info on social media. The significance is within the acceptable range of 0.000.

Table 19 indicates that consumers' preference of social media for shopping online is correlated to consumers trusting brands when they can reach brand reps on social media. The correlation is 68.8 % with a significance of 0.000.

Table 20 sheds light on the research results concerning correlations between the variables of Brand info trustworthiness on social media, social media brand engagement, brand commitment, and brand trust when access to the company resp is available on social media. As per the correlations

outlined in the table all of them are above 50 % and with a significance level of 0.000. We can claim that if consumers' brand info is shared on social media trustworthy, are more willing to engage online. Especially if they receive personalized messages from brands on social media and can easily access brand reps on social media, they trust a brand more and they are more committed to a brand.

**Table 18.** those who trust a brand representative on social media and consumers feeling valued when they receive brand info on social media

		I feel valued when I receive brand info from SM	I trust a brand more if I can reach brand reps on SM
I feel valued when I receive brand info from SM	Pearson Correlation	1	.728**
	Sig. (2-tailed)		0
	N	172	172
I trust a brand more if I can reach brand reps on SM	Pearson Correlation	.728**	1
	Sig. (2-tailed)	0	
	N	172	172

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

**Table 19.** consumers trusting brands when they can reach brand reps on social media.

		I trust a brand more if I can reach brand reps on SM	SM reminds me to shop online more often	SM for shopping online
I trust a brand more if I can reach brand reps on SM	Pearson Correlation	1	.638**	.504**
	Sig. (2-tailed)		0	0
	N	172	172	172
SM reminds me to shop online more often	Pearson Correlation	.638**	1	.513**
	Sig. (2-tailed)	0		0
	N	172	172	172
SM for shopping online	Pearson Correlation	.504**	.513**	1
	Sig. (2-tailed)	0	0	
	N	172	172	172

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

**Table 20.** Brand info trustworthiness on social media, social media brand engagement, brand commitment, and brand trust when access to the company reps is available on social media

		I find Brands SM info trustworthy	I react to SM about brands	I feel more committed to a brand when I receive personalized messages via SM
I find Brands SM info trustworthy	Pearson Correlation	1	.578**	.559**
	Sig. (2-tailed)		0	0
	N	172	172	172
I react to SM about brands	Pearson Correlation	.578**	1	.586**
	Sig. (2-tailed)	0		0
	N	172	172	172
I feel more committed to a brand when I receive personalized messages via SM	Pearson Correlation	.559**	.586**	1
	Sig. (2-tailed)	0	0	
	N	172	172	172
I trust a brand more if I can reach brand reps on SM	Pearson Correlation	.663**	.512**	.701**
	Sig. (2-tailed)	0	0	0
	N	172	172	172

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

## 6. Implications for Further Research

The study was conducted in 2018 and was limited to a sample size of 200. A boost of a sample can be tried in future efforts.

Subjects were mainly limited to urban Turkey in Central Anatolia and Istanbul and more comprehensive coverage could reveal some differences.

Brand loyalty was purposely left out of the research. Once the brand trust drivers are identified then these can be further tested for brand loyalty and perhaps with regression analysis.

The study was limited to consumers using social media for shopping purposes. Types of engagements and brands' marketing activities on social media are not analyzed and should be investigated thoroughly in future studies to pro-

vide more functional and operational recommendations to marketers.

## 7. Conclusions

Social media has become one of the most popular tools companies using for brand relationship building activities. In this article, the effect of social media on building customer commitment needs was explored. This article aimed to identify social media use among Turkish 18-40 years old population how it affects their commitment towards their favorite brands.

The quantitative study revealed that most social media users appreciate being in contact with their favorite brands on social media and enjoy receiving personal messages and offers from their brands through social me-

dia. Consumers also find the information shared by their favorite brands on social media accurate and reliable and are willing to purchase their favorite brands directly from social media in the future. Consumers who receive info and messages and can easily access their favorite brands' representatives directly on social media indicate that they trust their brands more and hence they are more committed to these brands than others.

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## EDITORIAL

# Trend of Economy and Business Development in a Composite Environment

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The *Journal of Business Administration Research* has been focusing on the research and development of global business models and management, contributing highly valued information for professionals engaged in scientific research, application innovation, and enterprise operation. The global economy and business development have been facing unprecedented challenges in seeking new economic models and renewing business models and management practices since the outbreak of COVID-19 in 2020. Traditional industries are forced to transform the standardized management that has already become an essential condition, into smarter, more simplified, and highly effective management to adapt to an environment with mature applications of the Internet of Things (IoT)<sup>[1]</sup>, shifting from offline to online operations, and focusing more on operations at the user end instead of at the platform end.

The goal is to integrate resources and improve operation efficiency more effectively by upgrading industries, lowering human resource requirements, and simplifying management models and production processes.

The global warming issues highlighted in the Sixth Assessment Report (AR6) by the Intergovernmental Panel on Climate Change (IPCC) in August 2021 is pressing individual member countries to fulfill their commitments to reduce and cap carbon emissions. The limited resources of the planet and greenhouse gas emissions are common issues in the pursuit for sustainable development. Recommendations and policies for global carbon reduction and cooling and the risks of uncertain disasters caused by climate change have a direct impact on the global economic model and act as the key indicator of the competitiveness of enterprises<sup>[2]</sup>. The circular economy is part of the green

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economic system and a transit model for sustainable development. The concept of resource recycling is gradually spreading to each corner of the global society. Each and every enterprise is required to shoulder their responsibility in using and sharing resources effectively, reducing greenhouse gas emissions, and undertaking carbon-neutral tasks. The challenge for enterprises in attaining sustainable operations is to overcome the current situation in order to lead innovation and enhance industrial competition<sup>[3]</sup>.

The whole world is facing the risks brought by the COVID-19 pandemic and climate change, bringing not single, but rather multiple complex challenges. The *Journal of Business Administration Research* embraces its vision by leading scientific and innovative applications, improving competitiveness, and doing its best to become the world's leading journal in scientific research. We invite specialists from industries, governments, universities, and research institutes and operatives with hands-on experiences to join our editorial and review team. The *Journal*

*of Business Administration Research* is committed to contributing to the innovation and research of models of the global economy and commercial management owing to your continued support and attention.

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