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# Aphorisms

1. *One's destination is never a place, but a new way of seeing things.*  
(Henry Miller)
2. *If you keep doing what you've always done, you'll keep getting what you've always had.*  
(Warren G. Bennis)
3. *If you only read the books that everyone else is reading, you can only think what everyone else is thinking.*  
(Haruki Murakami)
4. *The content of your character is your choice. Day by day, what you choose, what you think and what you do is who you become.*  
(Eraclito)
5. *It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change.*  
(Charles Robert Darwin)



# A call for an Academia AI Act and for scholar's education

Alberto Pastore  
Marta Ugolini  
A call for an Academia  
AI Act and for scholar's  
education

Alberto Pastore - Marta Ugolini

The only constant is change, Heraclitus claimed, some 2500 years ago. Who knows what the great Thinker would say today, faced with the profound and rapid transformation that AI is generating in so many fields of human existence.

One of them is Research and Education. Are we, management scholars, prepared to face the ongoing AI revolution in our profession? AI, and in particular Generative AI, is a transformative technology that can profoundly modify the way we do research and education, but most of us are not prepared for change, to seize the big opportunities and face the significant threats it entails.

Back in 2018, Stephen Hawking stated that 'AI will be either the best thing that's ever happened to us, or it will be the worst thing', emphasizing the importance of approaching AI in a conscious and responsible manner.

There is some research on the subject, as a strand on the integration of Generative AI in research and education is growing. Also, several initiatives of academic organisations and scientific societies have been emerging, especially on an international level.

Let us briefly summarize the main issues.

In the field of Education, the aspects concern teaching, learning and student assessment. Challenges and risks affect teachers and students alike.

On the one hand, AI can certainly make training processes more efficient and effective, supporting and expanding teachers' role through augmentation and automation, refining assessment processes and analytics, customizing and enhancing learning content and experiences and sustaining digital literacy diffusion. Scholars can free themselves from routine low added-value activities and improve their effectiveness by managing interactive classes and personalized relationships, thus emphasising the human touch in education.

On the other hand, there are serious critical issues in using AI in education, related to contents, ethics, and learning processes. As far as contents are concerned, AI can produce fake, inaccurate, misleading or biased output and is unable to contextualize information; this risk is very serious, because the user cannot easily recognize potential harms, since the information's sources and algorithmics are not transparent or accessible. Regarding ethics, assessment processes have to deal with problems related to cheating and plagiarism; there are also complex and significant copyright issues concerning the materials produced by students and scholars. Above all, the use of AI can reduce the effectiveness of learning processes, which appear to be more efficient, actually tend to lead to superficial learning.

The development of creative, analytical, critical thinking, problem solving skills is severely hampered.

Let us now consider the Research field now. First of all, we can say that the research process can be strongly reshaped and became much more efficient: from idea generation to the formulation of hypothesis and research questions, from literature review to large scale data collection, from data analysis to the presentation of the results. The whole process is accelerated, including the writing of the output. Many of these functions are readily available for researchers. Generative AI tools, for instance, are already incorporated in some qualitative research software.

Nevertheless, the criticalities and the risks are considerable. The dark side of implementing AI in research relate to the reduction of the relevance and credibility of research, to compliance with ethical issues, to the impoverishment of the researcher's skills. First, the AI research process is lacking in creative and critical thinking and analysis, rigour - especially in terms of the difficulty of validating and verifying data and elaboration processes - originality and relevance of results. Second, ethical issues, concerning the intellectual property rights, the authenticity and reliability of information, the distortion of information due to database bias, and the integrity of researchers i.e. in terms of plagiarism or dishonesty are substantial. Lastly, using AI in research leads to a reduction in the skills of researchers, which may result in a lowered ability to direct and conduct research with the necessary human touch.

For some time now, we have been witnessing a proliferation of inadequate or irrelevant AI-supported papers, lacking impact for real stakeholder demands and non-compliant with ethical issues, including the identification of the authors' real contribution. This undermines the credibility of academic research, as well as the transparency and meritocracy of the system.

In this context, which is necessarily set out in a concise manner and therefore not exhaustive, our professional mantra revolves around the same key words: relevance-impact, rigour, ethics. AI challenges us to update our culture, our models and our procedures, but we have to embrace innovation in a conscious and responsible way. To achieve this, certain strategies must be put in place to support the change process.

First and foremost, political and academic institutions must clearly and uniquely define guidelines for the use of AI in research and educational activities, that are consistent with more general regulations. There is great need for clear guidance in this period of rapid change. So let us make a call for the creation of a sort of *Academia AI Act*, which can serve as a guide both for universities and individual scholars.

Secondly, we need to bridge the awareness and knowledge gap that exists in the academic community today. An incisive education plan must be implemented in the Academies to share the opportunities and risks of using AI in Academia. And later, when available, to disseminate the guidelines and the solutions mentioned above.

Innovation cannot be held back, but rather must be addressed consciously and responsibly.

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A call for an Accademia  
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**Original Research Papers**





# Are consumers' food purchase intentions impacted by blockchain technology?

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Elisa Martinelli - Francesca De Canio

## Abstract

**Frame of the research:** As the demand for food authenticity and traceability continues to grow, Blockchain technology (BCT) will likely play a key role in supporting consumers' food purchase intentions as it enables them to access end-to-end traceability of the food supply chain through their mobiles.

**Purpose of the paper:** The study aims at exploring consumer awareness of BCT and the main factors influencing their intention to adopt BCT when shopping for groceries. The study verifies a structural model based on an integrated version of the TAM with Technology Principles Knowledge (TPK) and Blockchain Guarantee (BG) constructs.

**Methodology:** A survey based on a structured questionnaire was digitally shared among a sample of consumers. 392 responses were collected. PLS-SEM was used to verify the proposed model on the sample of knowledgeable consumers (N: 120).

**Results:** The level of knowledge of BCT is very low (31% of the sample). Perceived usefulness (PU) and perceived ease of use (PE) influence the attitude-intention to adopt the path. Knowledge of the technology's principles impacts PU, PE and importance given to blockchain guarantee, while the latter positively affects attitude. Indirect effects are all verified.

**Research limitations:** Due to the novelty of the phenomenon, the sample is small as the study focused only on knowledgeable consumers, limiting the general applicability of results. Cross-cultural studies may improve our knowledge.

**Managerial implications:** Our results are useful to food supply-chain operators - especially manufacturers and retailers - willing to provide consumers with easy-to-use and innovative solutions during shopping. To this end, results show that BCT may suit consumers' requests for guaranteed authenticity and traceability.

**Originality of the paper:** BCT studies mainly focus on the firm, while data or insights on consumers are scarce.

**Key words:** blockchain technology; consumers' purchase intentions; blockchain guarantee; technology principles knowledge; technology acceptance model; structural equation modelling

## 1. Introduction

Consumers are increasingly concerned with the authenticity, traceability, and safety of food products. Therefore, tracing and verifying the origin and production phases of food products have become critical activities for all companies involved in the supply chain to offer consumers

a guarantee. To cope with traceability issues and to safeguard transparency, blockchain technology (BCT) is particularly useful for its capacity to store food data in chronological order, thus making subsequent tampering impossible (Galvez *et al.*, 2018). Indeed, transparency, trust, traceability, auditability, efficiency, and immutability have been identified as the main characteristics of BCT (Grover *et al.*, 2019). Consumers can benefit from BCT as this technology can provide updated and verifiable information about the origin and delivery routes of the food they purchase (Treiblmaier and Garaus, 2023). Blockchains allow end-to-end food chain traceability as “*information is tied digitally to each individual product, creating a digital record to prove provenance, compliance, authenticity, and quality. This information follows the product throughout the supply chain and is accessible to every stakeholder*” (Bumblauskas *et al.*, 2020, p. 1). Consumers are thus enabled to access the timeline of food through their mobiles. Hence, although still unexplored, BCT has the potential to revolutionise society and provide consumers with improved information and wearable product traceability (Behnke and Janssen, 2020). This has led some authors to far-sightedly consider blockchain as “the tech most likely to change the next decade of business” (Tapscott and Tapscott, 2016, p. 2). According to Custom Market Insights (CMI, 2022), the Blockchain Technology Market size is expected to hit around USD 69 Billion by 2032, poised to grow at a compound annual growth rate (CAGR) of 68% from 2023 to 2032. Moreover, according to a survey conducted by Statista (2024) on a sample of senior executives and practitioners in 2021, 45% of respondents stated that their companies were working on secure information exchange as a use case based on blockchain technology, making it the most popular use case of the technology, but only 31% used it to track and trace the product supply chain. Considering that consumers are increasingly sensitive to and informed of what they buy and eat (Liu *et al.*, 2019), and that many of them use technology to find out information about food items and/or the retailers or brands that sell them, the possibility of extending the use of BCT is a genuine opportunity. This is impacting the food industry, leading retailers, manufacturers and all supply chain players to introduce better strategies to reduce information asymmetry, particularly concerning labelling and traceability systems. In Europe, for instance, heavy usage of antibiotics as well as gene feeding and poor information about farming conditions have generated criticism among the public opinion. Thus, providing consumers with a technology such as Blockchain empowers them to easily get information about the product’s origin and any feeding methods involved, thus reassuring consumers when they purchase food (Sander *et al.*, 2018). Market information asymmetry can sometimes let suppliers or retailers undertake opportunistic behaviours, making consumers pay the economic, sanitary and health-related consequences of this. This is why a Blockchain-traceability system has the potential of being welcomed by consumers (Lin *et al.*, 2021). Though labelling schemes already provide consumers with useful information, implementing a food traceability system could enhance the transparency of the food industry, since all supply chain stages can be monitored, thus offering consumers a continuous reliable flow of information (Fuzesi *et al.*, 2020).

However, to effectively implement BCT, it is important to develop consumer awareness of both the existence of this technology and the benefits related to its use, besides mapping the determinants that influence its acceptance by end-users. However, the extensive literature on BCT strongly addresses the aspect of “firms”, paying particular attention to analysing benefits and impact on the supply chain (Gurtu and Johny, 2019) or on any specific players involved, such as retailers (Saxena and Sarkar, 2023). The paucity of research studies focusing on consumer intentions to adopt BCT when purchasing food is at the root of this study. As a matter of fact, “*individual actions toward such advanced technology are imperative to be observed to evaluate its scalability*” (Kumar *et al.*, 2022, p. 2). Albeit highlighting a potential relevance of blockchain technology for consumers - especially for food purchases - for the qualitative evaluation of products (Liu *et al.*, 2019), for food traceability (Treiblmaier and Garaus, 2023; Behnke and Janssen, 2020), and for managing the relationship with procurement chain suppliers (Xu *et al.*, 2020), there is little use of BCT on the part of users (Liu and Ye, 2020). Some recent studies have underscored how the risk of data breach and violation of their personal data makes consumers reluctant to adopt this disruptive and innovative, but still unfamiliar, technology (Raddatz *et al.*, 2023). To explore this aspect in detail, due to the novelty of the BCT phenomenon, an integrated version of the Technology Acceptance Model (TAM) with some technological aspects such as the role of technology principles knowledge (TPK) and blockchain guarantee (BG) may provide a wider explanation of consumer motivation to use BCT when shopping for food. Technology principles knowledge is key to indirectly stimulating consumer intentions to adopt BCT when shopping for food. In addition, this is performed by exploring the mediation effect of blockchain guarantee (BG). Within this framework, considering that few studies or insights on the consumer’s side of the phenomenon are currently available, this study contributes to the literature by exploring the level of consumer awareness of Blockchain, specifically determining consumer perception of it when shopping for food.

A survey based on a structured questionnaire was digitally shared among a sample of consumers to verify the proposed model. Data were subsequently processed through structural equation modelling techniques. To our knowledge, no studies have been conducted on Italian consumers to date in this regard, despite their highly recognised level of concern about the provenance and quality of the food they eat/buy (Menozzi *et al.*, 2015). The acceptance of emerging food technology varies depending on the technology and across countries (Ashraf *et al.*, 2014), requiring focus on a specific cultural context.

The paper contributes to the literature on technology management and consumer behaviour, evidencing the importance of integrating the TAM model with constructs supporting the principles of the technology and service attributes, such as BG. The results obtained may also be useful to managers of manufacturing and retailing companies, as well as to other supply chain players operating in Italy, who are willing to anticipate consumer needs and provide solutions in this regard, fully aware of the factors that may lead to adopting BCT.

Our research questions are the following: Do Italian consumers know about Blockchain? Do they plan on using it when purchasing food? What is the role of TPK and BG in affecting consumer adoption of Blockchain in a TAM perspective?

The paper is structured as follows. After a brief description of the evolution of the literature on blockchain, the theoretical framework and hypotheses supporting the proposed model are described, followed by the methodology used to fulfil the study. The research design, measurements and model validity sub-paragraphs are provided before presenting the results obtained and discussed in the light of the related theoretical and managerial implications. The paper closes by discussing limitations and further research avenues.

## **2. Blockchain: a literature in evolution**

Blockchain technology can be implemented in several sectors, such as the financial one, or the services sector and so on. However, at its early stage of diffusion, this technology has mainly been applied in the food supply chain sector, since it provides value for both retailers and producers, but also for the end consumers. The phenomenon, which immediately acquired a particular interest and application in cryptocurrencies and financial services, and then in the information technology and B2B relationship literature (Alt, 2020), has subsequently been considered - among other technologies - for its disruptive impact on several business models (Jain *et al.*, 2021).

Actually, BCT can be used to store and share data relative to all players involved in the supply chain; provide wide visibility to who is performing what activities, where, and when (Kshetri, 2018); to bypass intermediaries and auditors, enabling lower costs and increased efficiency (Kshetri, 2018; Tonnissen and Teuteberg, 2019); and to prevent fraud.

The benefits of BCT are not confined only to food supply chain traceability. Indeed, the increasing search for environmental sustainability calls for foods with a lower environmental impact, and this is strictly connected to the introduction of effective traceability technologies ensuring the integrity of the information provided.

Focusing on the retail industry, a few studies have explored the facilitating role of blockchain in the industry (e.g., Chakrabarti *et al.*, 2017; Chen *et al.*, 2020; Miraz *et al.*, 2020), without, however, considering the primary role blockchain can play in managing the relationship between retailers and consumers. Nevertheless, the importance of blockchain in consumer marketing is ascertained (Jain *et al.*, 2021). This is confirmed by the recent study of Kumar *et al.* (2022), which sheds light on the importance blockchain technology may have in providing information about the product's origin, and in tracking its history in the pre-purchase phase. However, the spread of blockchain in current consumption and purchasing processes is strongly limited by poor knowledge of the existence and benefits of the technology possessed by consumers. Wang and Scrimgeour (2022) evidenced the current knowledge gap regarding consumer adoption of

blockchain food traceability. They explored the influence of several factors on consumer adoption of blockchain food traceability in New Zealand, finding out that consumer adoption of blockchain food traceability was significantly influenced by two innovation-adoption features, precisely perceived incentives and perceived complexity, as well as their expertise in food traceability. This is why our study proposes a model offering a framework in which consumer knowledge of how blockchain technology works and the guaranteed benefit associated with adopting it constitute key antecedents to support its adoption, as described in the next paragraph.

Elisa Martinelli  
Francesca De Canio  
Are consumers' food  
purchase intentions  
impacted by blockchain  
technology?

### 3. Theoretical framework and hypotheses

The technology acceptance model (TAM) is widely used in asserting user acceptance of an innovation in a given context. It has recently been adopted to analyse the innovative blockchain technology (Liu and Ye, 2021). The framework was introduced by Fred Davis in 1985 in his doctoral thesis as an evolution of the Theory of Reasoned Action (TRA) (Ajzen and Fishbein, 1975). Davis stated that the use of an information system (and the acceptance of a technology) derives from the user's attitude towards that system. Attitude is a major determinant, which is, in turn, determined by two constructs, namely Perceived Usefulness and Perceived Ease of Use.

According to Kulviwat (2007), Perceived Usefulness (PU) is a person's belief regarding the perceived likelihood that the technology will benefit the person in performing a given task, increasing the possibility of adopting it in the future. In our model, PU of Blockchain when purchasing food concerns all aspects related to traceability and provenance ascertainment. Indeed, having easy access to a technology that allows them to determine the status and quality of a food item when shopping for food is assumed to be useful and desirable for consumers. Therefore, we can postulate the following hypothesis:

H1: Perceived Usefulness positively impacts Attitude towards Blockchain adoption when purchasing food.

Perceived Ease of use (PE) is defined as "The degree to which an individual believes that using a particular system would be free of physical and mental effort" (Davis, 1993, p. 477). It can also express the effort required by the individual to benefit from a given technology and, in the literature, it is recognised as the second most important variable for predicting the intention to adopt a certain kind of technology. It affects perceived usefulness and attitude directly, and through these variables it indirectly impacts intention to use. Indeed, if a given technology is perceived as easier to achieve a certain goal, then it will also be perceived as more useful (Ursavaş, 2022). Perceived Ease of Use generally represents how easy and enjoyable a new technology is perceived to be. Indeed, the easier and more enjoyable a technology is, the more likely consumers may be inclined to adopt it. Additionally, according to Davis (1985), the more consumers perceive an innovation to be easy to use, the more they will find benefits from using it and, therefore, the innovation will be perceived as more useful as well. Two further hypotheses are then derived:

H2: Perceived Ease of Use positively affects Attitude towards Blockchain adoption when purchasing food.

H3: Perceived Ease of Use positively affects Perceived Usefulness.

This study uses an integrated version of TAM, in which the Technology Principles Knowledge construct activates a positive attitude towards the investigated technology - and, in so doing, the intention to shop for food using blockchain technology - through the mediating effect of PU, PE and BG. Knauer and Mann (2020) introduced this construct in the TAM model, considering it as referring to the tendency people display when looking for new information about an innovation, before actually using it. Translating this concept in the specific context of the current study (the role of technology when purchasing food), consumers who have already heard about Blockchain and who already know its features and potential benefits are likely to perceive the technology to be useful, easy and enjoyable. Indeed, knowing the benefits that arise from using a decentralised technology in a context - as shopping for food - where information asymmetries are always present, positively impacts user perception of Blockchain.

The following hypotheses are developed:

H4: Technology Principles Knowledge positively affects Perceived Usefulness.

H5: Technology Principles Knowledge positively affects Perceived Ease of Use.

Decentralisation and the unchangeable features of Blockchain are essential in reassuring consumers when it comes to purchasing food items, since having all the information available about a food item and knowing its history in terms of origin and production stages, without the risk that anyone in the supply chain can modify them, can lead consumers to feel safer and guaranteed in performing the shopping task. Rainero and Modarelli (2021) performed an analysis assessing consumers' poor knowledge and perceptions on BC and the scarce usage level. They also found evidence that consumption habits could change through security and certainty antecedents, induced knowledge provided by external technological intervention. As the level of trust in a technology is determined by the quality of the technological infrastructure (Koenig-Lewis *et al.*, 2010), we can postulate a positive impact of knowing how blockchain technology works in guaranteeing consumers, as posited by the next hypothesis:

H6: Technology Principles Knowledge positively affects Blockchain guarantee.

The role of technology as a tool to guarantee consumers has been supported in the literature (Robertson *et al.*, 2012). In the specific context of this study, the trust protocol of blockchain guarantees consumers (Rejeb *et al.*, 2020) and acts as a boundary condition (Behnke and Janssen, 2020). The higher the level of perceived guarantee played by a technology solution, the more positive is the attitude of a consumer in using a technology such as Blockchain - where all information about the given products are provided and immutable - when buying food.

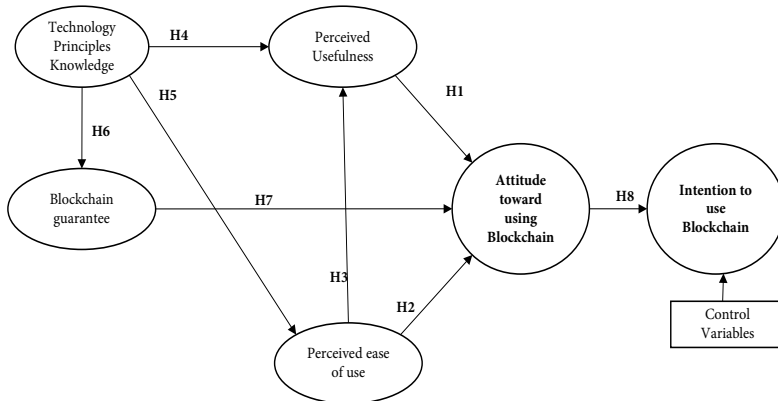
H7: Blockchain Guarantee positively impacts attitude towards using Blockchain technology.

Lastly, Attitude towards using Blockchain is the main factor that influences consumers to adopt a given technology. Theoretically speaking, a positive attitude is positively related to intention to use a technology (Davis, 1985). Other studies on different types of technologies found this relationship to be empirically significant. Therefore, we would like to verify the same path when blockchain technology is employed:

H8: Attitude towards using Blockchain positively affects Intentions to use Blockchain technology when shopping for food.

Due to the novel topic, demographics may greatly improve the model's performance. Accordingly, we included gender and age to the theoretical model to extend our results. Figure 1 illustrates the overall model we aim to verify.

Fig. 1: Theoretical model



Source: our elaboration

## 4. Methodology

### 4.1 Research Design

A deductive approach based on a quantitative method was designed to verify the proposed model and relative hypotheses. A survey based on a structured questionnaire was developed on a Google form and shared among potential users of blockchain technology when shopping for food products in November 2022. The link to the online questionnaire was shared on a number of Facebook groups interested in discussing food and grocery retailing. Consumers potentially involved in sharing their opinions about products, and in showing a significant interest in retailers' innovation were invited to participate. To strengthen dissemination of the questionnaire, fifteen consumer associations officially recognised

by the Italian government ([mise.gov.it](http://mise.gov.it)) were contacted; of these, only the “Movimento Difesa del Cittadino” committed itself to sharing the questionnaire with all its associates. To avoid potential biases, no reward was given to respondents.

The structured questionnaire comprises two main parts: the first investigates the main demographic characteristics of respondents, while the second measures the constructs proposed in the theoretical section.

In one month, we collected 392 responses - demographics are reported in Table 1.

*Tab. 1: Demographic characteristics of respondents*

Measure	Items	N (392)	n (120)
Blockchain knowledge (Do you know about the blockchain technology?)	Yes	120 (30.61%)	
	No	272 (69.39%)	
Gender	Male	109 (27.81%)	79 (65.83%)
	Female	283 (72.19%)	41 (34.17%)
Age	18-25 years old	99 (25.26%)	71 (59.17%)
	26-35 years old	60 (15.31%)	18 (15.00%)
	36-50 years old	135 (34.44%)	14 (11.67%)
	51-65 years old	89 (22.70%)	16 (13.33%)
	Over 65 years	9 (2.30%)	1 (0.83%)

Source: our elaboration

The first aim of our study is to understand the level of knowledge of blockchain technology among consumers. Considering the overall sample, initial information emerging is that only one over three respondents know about the existence of blockchain technology. Although the overall sample was mainly female (72.19%), the reduced sample based on respondents knowledgeable about blockchain was mainly male (65.83%), showing wider awareness of the emerging phenomenon in men. Similarly, while the overall sample presented a heterogeneous distribution in age groups - only the eldest cluster was poorly represented - the representativeness of the age groups of those who know about blockchain technology decreases as age increases.

As the scope of the study is to investigate how blockchain may influence the intention to shop for food with the support of blockchain technology, the following empirical analysis is developed only on respondents who know about blockchain. Thus, the empirical analysis was conducted on 120 questionnaires.

#### 4.2 Measurements

Table 2 presents the main measures derived from literature on consumer behaviour. Questions were adapted to the context of our study. Items were translated into Italian to simplify the response of participants in the survey. Data were measured through a five-point close-ended Likert scale.

The scale of Technology Principles Knowledge (TPK), comprising three items, was derived from the previous study of Knauer and Mann (2019),



as well as from the construct of Blockchain Guarantee (BG), comprising four items. Perceived Usefulness (PU) and Perceived Ease of Use (PE) were adapted from the original scale developed by Davis (1985) and from the recent study of Kumar *et al.* (2022). Attitude towards the use of Blockchain (A) and the Intention to use Blockchain while shopping for food (I) scales were derived and adapted from Albayati *et al.* (2020).

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Tab. 2: Measures

Construct	Items	Standardized factor loading	T-statistics
Technology Principles Knowledge	TPK1: I know how the Blockchain technology works.	0.885***	22.487
	TPK2: I know the advantages of a decentralized technology as the Blockchain in comparison to a centralized one.	0.902***	39.156
	TPK3: I have already heard of Blockchain applications in food retailing.	0.789***	18.005
Blockchain Guarantee	BG1: I would be in favor of using the Blockchain technology to know the traceability of a food item after a food hazard.	0.853***	25.078
	BG2: I would be in favor of buying a new product if I could be assured that it does not contain virus or bacteria (e.g., Salmonella).	0.769***	12.871
	BG3: I think Blockchain technology ensures the integrity of the provided information about a food item.	0.867***	29.630
	BG4: The usage of the Blockchain in food retailing makes me feel safer when I purchase a food item.	0.797***	18.890
Perceived Usefulness	PU1: I think that using the Blockchain technology to track information about a food item is useful.	0.842***	25.256
	PU2: I think that the Blockchain technology can help me understand the real provenance of a food item.	0.850***	27.195
	PU3: I think that the usage of the Blockchain technology can help me understand the quality of a product compared to another.	0.837***	27.930
	PU4: I think that the usage of Blockchain can speed the process of choosing a product compared to another.	0.708***	14.038
	PU5: I think that the data immutability characteristics of the Blockchain is important in the food retailing sector.	0.848***	31.555
Perceived Ease of Use	PE1: I think that scanning a QR code Blockchain based with the smartphone to access real time information about a food item does not require much time.	0.723***	12.128
	PE2: I think that learning how to use the Blockchain technology in the food retailing sector through scanning a QR code is easy.	0.895***	40.694
	PE3: I think that the usage of the Blockchain through QR code is clear and intuitive.	0.909***	46.890
	PE4: I think it is easy for me to find the information I am looking for about a food item through the Blockchain traceability system.	0.811***	20.704
Attitude towards using blockchain	A1: I am in favor of using the Blockchain technology to track food items history.	0.934***	42.073
	A2: I think that the usage of a QR code Blockchain based to track information of food items is a good idea.	0.955***	78.588
	A3: It makes sense to use the Blockchain technology to track food items history.	0.951***	65.984
Intention to use blockchain for shopping	I1: I would be in favor of using the Blockchain technology when I go grocery shopping.	0.907***	45.539
	I2: If I had access to the Blockchain technology, I would use it.	0.937***	74.300
	I3: I will use the Blockchain technology in the future.	0.824***	18.012

Note: \*\*\* p-value < 0.001

Source: our elaboration

#### 4.3 Empirical model and measure validity

To validate the internal and external validity of the measures used for the empirical analysis, we performed a confirmatory factor analysis (CFA).

To ascertain the internal reliability of constructs, both values of Composite Reliability (CR) and Cronbach's alpha must be higher than the 0.7 threshold (Hair *et al.*, 2016). As confirmed by data presented in Table 3, all constructs are internally reliable. This is confirmed by the values of standardised factor loadings (see table 2), which are higher than 0.6 and statistically significant. Convergent validity was assessed by the values of the Average Variance Extracted (AVE), which are greater than 0.5 (Hair *et al.*, 2016).

Tab. 3: Constructs reliability and validity

	Cronbach's alpha	Composite reliability (CR)	Average variance extracted (AVE)
Attitude toward the block-chain	0.942	0.963	0.896
Intention to use block-chain	0.869	0.920	0.793
Perceived Ease of Use	0.855	0.903	0.702
Perceived Usefulness	0.877	0.910	0.670
Blockchain Guarantee	0.840	0.893	0.677
Technology Principles Knowledge	0.822	0.895	0.740

Source: our elaboration

Applying the Fornell and Larcker criteria (results proposed in Table 4), we confirmed the discriminant validity of the measurement model. Correlations among construct pairs are lower than the square root of AVE, confirming the discriminant validity.

The discriminant validity of constructs included in the measurement model was also confirmed by the heterotrait-monotrait ratio (HTMT), all values being lower than 0.9 (Henseler *et al.*, 2015).

Tab. 4: Discriminant Validity: Fornell-Larcker criterion and Heterotrait-Monotrait ratio

	Age	A	Gender	I	PE	PU	BD	TPK
Age	<b>1.000</b>	0.069	0.024	0.093	0.125	0.096	0.095	0.064
A	-0.068	<b>0.947</b>	0.051	0.685	0.731	0.787	0.768	0.374
Gender	0.024	0.050	<b>1.000</b>	0.065	0.068	0.128	0.120	0.071
I	-0.090	0.627	0.060	<b>0.891</b>	0.685	0.730	0.723	0.383
PE	-0.115	0.657	0.018	0.602	<b>0.838</b>	0.707	0.668	0.409
PU	-0.049	0.730	0.024	0.650	0.624	<b>0.819</b>	0.888	0.540
BG	-0.088	0.685	0.001	0.624	0.572	0.774	<b>0.823</b>	0.521
TPK	-0.029	0.332	-0.048	0.325	0.342	0.473	0.441	<b>0.860</b>

Note: Values along the main diagonal (bold) are the square root of the AVEs. Off diagonal values are the correlations between constructs, and HTMT ratios are above the diagonal.

Source: our elaboration

Finally, values of the variance inflation factor (VIF) for latent constructs lower than 3 indicate that the measurement model does not present potential collinearity issues (Hair and Sarstedt, 2021). Values are reported in Table 5.

Tab. 5: Collinearity statistics for the inner model (VIF)

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	Age	A	Gender	I	PE	PU	BD	TPK
Age				1.005				
A				1.007				
Gender				1.003				
I								
PE		1.693				1.132		
PU		2.842						
BG		2.577						
TPK					1.000	1.132	1.000	

Note: Variance inflation factor (VIF)

Source: our elaboration

## 5. Empirical model results

Due to the small sample size, the Partial Least Square Structural Equation Model technique (PLS-SEM) was implemented, as it is considered more reliable with small sample sizes and complex models (Hair *et al.*, 2018). A bootstrap routine with 5,000 iterations was implemented to provide standard errors and t-statistics of the relationship among constructs and achieve stable results (Henseler *et al.*, 2009). The software SmartPLS 4.0 was used to develop the structural model and assess paths among constructs (Ringle *et al.*, 2022). The results are presented in Figure 2. The calculated model widely explains the theoretical model, the amount of variance explained by dependent variables being modest for perceived ease of use ( $R^2 = 0.109$ ) and Blockchain Guarantee ( $R^2 = 0.188$ ), moderate for the intention to use blockchain during food shopping ( $R^2 = 0.381$ ) and perceived usefulness ( $R^2 = 0.457$ ), and strong for the attitude toward blockchain ( $R^2 = 0.611$ ).

### 5.1 Structural model predictive power

To evaluate the out-of-sample predictive power of our empirical model, we performed a 10-fold cross-validation with a single repetition using the PLSpredict procedure (Shmueli *et al.*, 2016) and the cross-validated predictive ability test (CVPAT - Sharma *et al.*, 2023). This approach mimics the real-life scenario where the PLS model will be used to make predictions, rather than relying on an average across multiple models, thus improving the reliability of predictions (Shmueli *et al.*, 2019). The  $Q^2$  value is an indicator of the model's predictive power or relevance for out-of-sample data. Hair *et al.* (2019) recommend that the  $Q^2$  value should be greater than 0 to explain the predictive relevance of the PLS path model. Additionally, the metrics (MAE) and the Root mean square of error (RMSE) assess the predictive fit of the model and its error.

Analysing the manifest variables (MV) (Table 6), the  $Q^2_{\text{predict}}$  values are all above zero, indicating that items have predictive relevance. Furthermore, the error analysis performed by comparing the Root mean

square of error (RMSE) and the metrics (MAE) among the PLS-SEM and the Linear Model (LM) shows that PLS fits better than the linear model apart for BG2, BG3, BG4 and PU4. However, the small bias among the two values indicates that the model predicts well enough (Shmueli *et al.*, 2019).

Tab. 6: PLSpredict assessment of manifest variables (original model)

	Q <sup>2</sup> predict	PLS- EM_RMSE	PLS-SEM_MAE	LM_RMSE	LM_MAE
A1	0.121	0.843	0.642	0.869	0.671
A2	0.058	0.785	0.597	0.811	0.626
A3	0.073	0.813	0.622	0.842	0.645
BG1	0.151	0.840	0.642	0.842	0.647
BG2	0.069	0.806	0.582	0.802	0.561
BG3	0.146	0.875	0.685	0.853	0.654
BG4	0.110	0.840	0.699	0.793	0.643
I1	0.075	0.808	0.594	0.824	0.640
I2	0.057	0.727	0.520	0.751	0.556
I3	0.060	0.799	0.595	0.821	0.624
PE1	0.043	1.050	0.832	1.067	0.827
PE2	0.078	0.838	0.651	0.855	0.685
PE3	0.050	0.847	0.666	0.862	0.689
PE4	0.069	0.797	0.605	0.823	0.627
PU1	0.202	0.710	0.538	0.733	0.565
PU2	0.115	0.794	0.623	0.811	0.630
PU3	0.074	0.769	0.612	0.775	0.620
PU4	0.060	0.856	0.706	0.855	0.686
PU5	0.205	0.822	0.623	0.824	0.636

Source: our elaboration

The analysis of the predictive power of latent variables (LV) shows the good predictive power of the inner structural equation model. All Q<sup>2</sup><sub>predict</sub> values are higher than 0. The findings show that BG (Q<sup>2</sup><sub>predict</sub>=0.179) and PU (Q<sup>2</sup><sub>predict</sub>=0.209) constructs have a strong predictive power, while they are acceptable for PE (Q<sup>2</sup><sub>predict</sub>=0.092), ATT (Q<sup>2</sup><sub>predict</sub>=0.098) and INT (Q<sup>2</sup><sub>predict</sub>=0.081).

Tab. 7: Latent Variables predictive power

	Q <sup>2</sup> predict
Blockchain Guarantee	0.179
Perceived Ease of Use	0.092
Perceived Usefulness	0.209
Attitude toward the block-chain	0.098
Intention to use block-chain	0.081

Source: our elaboration

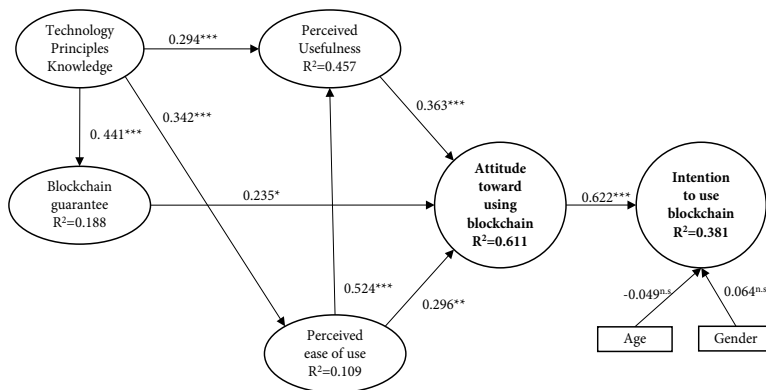
### 5.2 Structural model results

The results of the structural equation model confirm all the postulated hypotheses (Fig. 2). The perceived usefulness and the perceived ease

of use directly influence the attitude toward the use of blockchain ( $\beta_{PU \rightarrow A} = 0.363$ ,  $t\text{-value} = 2.976$ ;  $\beta_{PE \rightarrow A} = 0.296$ ,  $t\text{-value} = 2.912$ ), assessing the first two hypotheses. Moreover, perceived ease of use shows a direct and positive effect on perceived usefulness, in line with H3 ( $\beta_{PE \rightarrow PU} = 0.524$ ,  $t\text{-value} = 7.759$ ). The technology principles knowledge has a positive impact on perceived usefulness ( $\beta_{TPK \rightarrow PU} = 0.294$ ,  $t\text{-value} = 3.779$ ), perceived ease of use ( $\beta_{TPK \rightarrow PE} = 0.342$ ,  $t\text{-value} = 3.511$ ), and blockchain guarantee ( $\beta_{TPK \rightarrow BD} = 0.441$ ,  $t\text{-value} = 6.543$ ). Hypotheses 4, 5, and 6 are confirmed. The impact of blockchain guarantee on the attitude toward using blockchain is also direct and positive, as postulated in H6 that is confirmed ( $\beta_{BD \rightarrow A} = 0.235$ ,  $t\text{-value} = 2.176$ ). Finally, we also confirm H8 as the attitude toward blockchain positively influences the intention to use blockchain during food shopping ( $\beta_{A \rightarrow I} = 0.622$ ,  $t\text{-value} = 7.263$ ).

Although the sample discussion showed that young males were more knowledgeable about the blockchain phenomenon, none of the control variables present a significant impact on the intention to use blockchain for shopping ( $\beta_{Age \rightarrow I} = -0.049$ ,  $t\text{-value} = 0.702$ ;  $\beta_{Gender \rightarrow I} = 0.064$ ,  $t\text{-value} = 0.404$ ).

Fig. 2: Structural model results



Note: \*\*\* p-value < 0.001; \*\* p-value < 0.01; \* p-value < 0.05; n.s. = not significant effect.

Source: our elaboration

### 5.3 Indirect effects

Table 8 presents the results of the analysis by estimating indirect effects. The perceived usefulness shows a strong and significant indirect impact on the intention to use blockchain during shopping. The perceived ease of use has both a direct and indirect impact on the attitude toward blockchain by means of perceived usefulness. Furthermore, the construct evidences a positive and indirect impact on the intention to use blockchain, mediated by attitude.

By acting on the perceived ease of use, technology principles knowledge indirectly influences both perceived usefulness and attitude toward blockchain. The indirect relationship between technology principles knowledge and attitude is also mediated by blockchain guarantee.

Tab. 8: Indirect effects

Indirect effects	Standardized factor loading	T-statistics	P values
PU → A → I	0.226***	3.205	0.001
PE → PU → A	0.190**	2.686	0.007
PE → A → I	0.184*	2.431	0.015
TPK → PE → PU	0.179**	2.814	0.005
TPK → PE → A	0.101*	2.288	0.022
TPK → BG → A	0.104*	2.010	0.044

Note: \*\*\* p-value < 0.001; \*\* p-value < 0.01; \* p-value < 0.05.

Source: our elaboration

## 6. Discussion and implications

The study proposes an innovative perspective on the emerging blockchain phenomenon. Blockchain, a wide database maintaining and continuously updating data about searches, orders, behaviours, and any potential record available about a subject, is a technology of doubtless potential in consumer marketing (Jain *et al.*, 2021). BCT can be very useful for consumers as a tool that provides information about the product's origin (Kumar *et al.*, 2022), traces the product's path along the agri-food supply chain (Xu *et al.*, 2020), and provides reassurance and guarantee especially when consumers shop for food products, traditionally considered as experience or credence goods (Caswell and Mojduszka, 1996). Within this context, the results of the present study contribute to the literature by presenting the perspective of consumers in adopting blockchain in their shopping process. Our findings support the view of blockchain technology as “*an evolutionary breakthrough that empowers a consumer-centric mentality*” (Rabby *et al.*, 2022, p. 266), and contribute to the paucity of studies exploring BCT in the food industry (Vu *et al.*, 2023).

### 6.1 Discussion of the results

The first result emerging from the data collection highlights that blockchain technology is known only to 30% of the population. Thus, although it is becoming a trending topic for scholars and practitioners (Grover *et al.*, 2019), most consumers not only ignore its potential usage - in traceability and purchasing process simplification, among others - but they completely ignore its existence. Our findings extend previous studies on consumer acceptance of BCT (e.g., Treiblmaier and Garaus, 2023), focusing only on consumers aware of this innovative technology. Conversely, those who know about blockchain technology consider it a useful and easy-to-use tool to facilitate their shopping process for food. From a theoretical perspective, results confirm that, among aware consumers, blockchain acceptance and practical usage is well anchored in the Technology Acceptance Model (Davis, 1985). In line with previous results within the technology acceptance and usage literature, the direct

and indirect positive relationships between perceived usefulness, perceived ease of use, attitude and usage intentions are confirmed by our survey.

The study's findings show that blockchain technology may be a useful informational tool for food customers who, thanks to their wearable devices, may quickly and easily access food information. Customers show an overall predisposition to use new technologies to access information. Today, access to a digitised world of information by scanning QR codes has become common and widely accepted by consumers. This allows both retailers and food product manufacturers to have new forms of communication and the creation of knowledge to the benefit of their customers. The latter can find guarantees and safeguards in BCT, satisfying their needs for authenticity and safety. This confirms recent studies on the potential of BCT to support the traceability of food products and to protect the consumer in his purchasing process (e.g., Treiblmaier and Garaus, 2023; Behnke and Janssen, 2020). But that is not all of it. In fact, spreading BCT and adopting it are key to supporting supply chain players and, among them, especially farmers, manufacturers, and retailers' policies aimed at lowering the environmental impact of their activities. In this regard, BCT can be the essential technological infrastructure to ensure integrity of the information provided. Thus, BCT may be a key tool for agri-food supply-chain operators (Panghal *et al.*, 2023; Xu *et al.*, 2020).

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## 6.2 Theoretical implications

Disruptive blockchain technology is gaining relevance in the literature. However, to date, most studies have focused on analysing how blockchain can improve supply chain relationships, only residually analysing its impact on users (Liu and Ye, 2021). Thus, this study contributes to the emerging theoretical scenario on BCT by analysing the main drivers leading consumers to adopt BCTs in their shopping process. The food context was selected for this purpose, both due to the growing attention that blockchain is taking in the agricultural and retail sectors (Grover *et al.*, 2019), and because food is a frequent but attentively purchased product category (Liu *et al.*, 2019). The results corroborate previous findings of Knauer and Mann (2019), showing that people have a tendency to look for new information about innovation, before using it - the so-called Technology Principles Knowledge. Our findings confirm that TPK acts positively on perceived usefulness, perceived ease of use, and blockchain defence. Moreover, this study extends the TAM model in BCT with the novel construct of blockchain defence. This variable tests consumers' opinion about the ability of blockchain to serve as a guarantee concerning food traceability. Results show that when blockchain technology is perceived as a guarantee for the consumer, ensuring the integrity of food information, it leads to a wider intention to use blockchain for food shopping. Finally, findings show a strong positive relationship between attitude and intention, confirming consumer interest in blockchain, as resulted in the recent study by Kumar *et al.* (2022).

### 6.3 Managerial implications

Our findings are also beneficial for food supply chain operators, particularly manufacturers and retailers who are interested in offering consumers convenient and innovative solutions when they shop. An initial piece of relevant information concerns the small percentage of consumers aware of the potential of blockchain technology. To support and spread the use of technology, manufacturers and retailers should inform consumers of the main functions and methods of use of the technology. Dedicated communication messages aimed at enhancing the role of guarantee developed by BCT and wider interaction with all operators of the food blockchain may bring consumers closer to this technology. To this end, virtual and physical shops can be effective platforms in spreading technical information on the technology easily and straightforwardly, studying, for instance, integrating displays, bands, and tapes capable of supporting the trial and of interacting with mobile phones. Furthermore, the results indicate that BCT can meet the demand of consumers who are looking for food authenticity and traceability. Subsequently, the findings of the study provide practical suggestions for retailers implementing blockchain technology in their Web and mobile selling interfaces, as well as for policymakers increasingly called to protect people from food fraud. Additionally, as highlighted by Behnke and Janssen (2020), standardisation of technology across supply chain operators allowing internal and external traceability processes is still on the go, providing consumers with systems that are still not very user-friendly and easily accessible.

Finally, policymakers and governments are called to support dissemination of blockchain technology to guarantee citizens from untrustworthy diffusion of personal data and potentially problematic usage of blockchain. Indeed, direct access via personal devices could lead to an unconscious bias concerning the risk of sharing files and personal information or the risk of a data breach of sensitive data (Raddatz *et al.*, 2023). Thus, data sharing and blockchain guarantees become highly interesting topics for institutions aimed at protecting their citizens.

## 7. Limitations and further research

Although the paper offers a first empirical study on consumer acceptance and adoption of blockchain technology in their shopping intentions for food, future studies are required to extend these exploratory results. First, due to the lack of literature exploring consumer use of blockchain, we cannot corroborate the study's findings with previous results available in the literature. Hence, one limitation of this study concerns the general application of results.

Furthermore, the sample comprises respondents of a single country - Italy - while further studies should validate results in countries with a higher technology adoption rate, as well as in countries with a lower technology adoption rate. Moreover, extant literature analyses the differences present in EU and Asian traceability systems and rules (Quian *et al.*, 2020),



evidencing the importance of cross-cultural studies. Moreover, due to the novelty of the phenomenon among consumers, the sample is small as the study only focused on knowledgeable consumers. Future studies should investigate potential barriers and the perspectives of those who do not know the technology.

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# User engagement with the VR-based metaverse in the brand experience: A consumer perspective<sup>1</sup>

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## Abstract

**Frame of the research:** *The Virtual Reality (VR)-based metaverse may play a role in the technology-mediated user experience, as VR can create immersive virtual environments suitable for impactful marketing activities. Thus, this new experiential context offers novel opportunities for user engagement, branding and consumer responses.*

**Purpose of the paper:** *Our study explores the perceptual factors influencing multidimensional VR engagement, i.e., the cognitive, emotional, and behavioral dimensions, and the related branding outcomes in a VR metaverse brand experience.*

**Methodology:** *Given the complex and contemporary nature of the focal phenomenon, we adopt an abductive qualitative methodology and conduct in-depth interviews with Generation Z users with experience in immersive VR technologies.*

**Findings:** *Brand attitude ex ante and perceived immersion shape multidimensional VR engagement and branding outcomes in VR-based metaverse brand experiences. A positive brand attitude with high immersion is related to full VR engagement, generating evaluative and relational branding outcomes. Conversely, a positive brand attitude with weak immersion is associated with partial VR engagement, driving cognitive and evaluative branding outcomes.*

**Research limits:** *This study is limited to the Nike Jordan “Jumpman Zone” experience in Fortnite’s VR metaverse, emphasizing the need to extend analysis to other platforms and brands. Future research should extend our exclusive focus on Generation Z individuals with experience with immersive VR reality technologies by analyzing different samples with quantitative methodologies.*

**Practical implications:** *Our findings provide insights for management into the factors that influence user engagement in VR metaverse environments and into the branding strategies that enhance multidimensional engagement to achieve different branding outcomes.*

**Originality of the paper:** *We advance both the literature on user engagement and the nascent research on branding in the VR-based metaverse by exploring VR engagement and branding opportunities, specifically, within the Fortnite metaverse, and gaining insights from the Generation Z perspective.*

**Key words:** *user engagement; virtual reality; metaverse; brand experience; brand attitude; immersion*

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<sup>1</sup> This paper is the result of the joint effort of three authors: Maria Vernuccio, Sara Boccalini and Michela Patrizi. In the manuscript, however, paragraph §1 and §3 may be attributed to Maria Vernuccio, paragraphs §2.1, §2.2, §2.3, §4, §4.1 and §4.2 may be attributed to Sara Boccalini and paragraphs §5, and §6, may be attributed to Michela Patrizi.

## 1. Introduction

In the current marketing era where artificial intelligence and virtualization are leading the way, the metaverse represents one of the latest advances in technology and is enabled by extended reality technologies, i.e., augmented reality (AR), mixed reality (MR), and virtual reality (VR). In particular, the VR-based metaverse may play a role in the technology-mediated user experience (Cioppi *et al.*, 2023), as VR can create immersive virtual environments suitable for conveying impactful marketing activities. The expected growth in VR device sales of 5.5 million units per year between 2023 and 2028 (Alsop, 2023) underscores the potential for this technology to reach a wide consumer audience. Indeed, VR-based metaverse platforms such as Roblox, Decentraland and Fortnite boast approximately 400 million active users worldwide (Ruby, 2023). Of these users, 42% are Generation Z consumers who enjoy interacting with brands (Retail Connection, 2023). For instance, Nike is a pioneer in this space with its Nikeland on Roblox, while Jordan's Jumpman Zone deeply engages consumers through personalized avatars and immersive storytelling in Fortnite (Fortnite, 2021; Sandonnini, 2023). In this regard, the emerging academic marketing research on the VR-based metaverse emphasizes that metaverses' intensified immersion, interactivity, and collaboration offer unique opportunities for brands to generate greater consumer engagement than current social media applications and social networking sites (Yoo *et al.*, 2023; Hennig-Thurau *et al.*, 2023), with a significant impact on individual responses (Yoo *et al.*, 2023), as well as increased branding opportunities (Vernuccio *et al.*, 2023). In particular, the marketing literature on consumer engagement illustrates two main aspects of the user experience that can enhance engagement, i.e., the interactivity and cocreation enabled by the media context (Brodie *et al.*, 2011). The engagement that manifests with media is a multidimensional and context-specific construct (Brodie *et al.*, 2011) called user engagement, the cognitive, temporal, affective, and behavioral investment of the user when interacting with a digital system (O'Brien, 2016). User engagement is a central issue for brands and media managers due to the substantial increase in media variety (Chan-Olmsted and Wolter, 2018), highlighting the need to better understand what factors influence and what individual responses arise while engaging in specific contexts (Oh and Sundar, 2016; O'Brien and McKay, 2018).

The literature on user engagement has delved into various drivers across different media contexts. O'Brien and McKay (2018) underscore the significance of user, content, and design attributes of a web context, especially in eliciting perceptual factors, which are considered critical for enhancing user engagement (Oh and Sundar, 2016). Other studies have focused on specific contexts, such as mobile applications (Kim and Baek, 2018), social media (Tsai and Men, 2013), and online role-playing games (Jin *et al.*, 2017). However, scholars interpret engagement only through a unidimensional cognitive or behavioral lens and neglect the crucial role of perceptual factors.

Considering the emerging marketing research on VR-based contexts, there is still a notable knowledge gap regarding the perceptual factors

that influence multidimensional VR engagement, i.e., users' cognitive, emotional, and behavioral engagement with the VR environment. Indeed, Hollebeek *et al.* (2020) only theoretically explore the antecedents of multidimensional VR engagement during the virtual customer journey. Although Violante *et al.* (2019) empirically analyze VR engagement, the focus is on a direct virtual shopping environment adopting a technological perspective. Zhang *et al.* (2022) highlight game tasks and reward mechanisms as key engagement factors in the VR-based metaverse by considering the construct unidimensional and neglecting essential perceptual factors. Zhu and Yi's (2023) research identifies the similarity between avatar and user as a precursor to engagement in the metaverse, primarily adopting the cognitive perspective, which is related exclusively to avatar design. Notably, previous research on the metaverse has not explored user engagement during brand experiences.

Accordingly, our study aims to fill this gap by investigating the main perceptual factors that influence the rise of multidimensional VR engagement related to a brand experience in the VR-based metaverse (RQ1).

Furthermore, several marketing studies emphasize the central role of user engagement in shaping consumer responses to advertising and branding activities. Its influence on branding outcomes has been explored in different media contexts, including mobile apps, which emphasize brand self-connection (Kim and Baek, 2018), and social media, which increase brand loyalty (Zheng *et al.*, 2014). However, there is a critical knowledge gap regarding the contribution of user engagement to branding outcomes in VR-based contexts. Indeed, Hollebeek *et al.* (2020) relate multidimensional VR engagement to consumer brand relationship quality but in a purely theoretical way and without considering the specific context of the VR-based metaverse. Therefore, second, this research seeks to identify the main branding outcomes related to the multidimensional VR engagement that emerges in a virtual brand experience in the VR-based metaverse (RQ2). Given the complex and contemporary nature of these phenomena, an abductive qualitative methodological approach is adopted (Blaikie, 2009). This investigation allows us to identify the perceptual factors that drive VR engagement, as well as the related branding outcomes achievable during a brand experience in the metaverse. This paper is structured as follows: in the next section, the theoretical background of VR engagement is summarized (§ 2); then, the methodology adopted in the empirical investigation is described (§ 3), followed by an analysis of the results (§ 4); finally, the paper concludes with a discussion of these results, the academic and managerial implications of this study, its limitations and some future lines of research (§ 5).

## 2. Theoretical Background

### 2.1 Virtual Reality Engagement

User engagement with media is defined as a “psychological state where the user appraises the quality of media and becomes cognitively

and emotionally absorbed in media content, followed by a behavioral experience with which the user physically interacts with the interface and socially distributes the content” (O’Brien, H., 2016, p. 183). The literature highlights the central role of user engagement with media, considering both the ability of the medium to influence consumer responses (e.g., Dahlén, 2005; Oh and Sundar, 2018) and the substantial increase in technology-enhanced media contexts (e.g., Chan-Olmsted and Wolter, 2018). Specifically, Oh *et al.* (2018) illustrated a four-attribute process to understand the development of multidimensional user engagement with interactive media, whereby the multisensory nature of the interface attracts users as they physically interact with media content. Therefore, cognitive and emotional engagement are activated, encouraging users’ behavioral and social responses to this experience (digital outreach) (Oh and Sundar, 2016; 2018).

In the literature on the metaverse, a central role is attributed to the multisensory interfaces and authentic physical interactions within the VR-based environment (e.g., Yoo *et al.*, 2023). This research suggests that these attributes can significantly increase consumer immersion, self-expression, content sharing, and socialization through avatars. Consequently, it outlines the potential of the VR-based metaverse to generate cognitive, emotional, behavioral, and social user responses (Longo and Faraci, 2023; Yoo *et al.*, 2023). However, the literature on multidimensional VR engagement in immersive environments is still in its infancy and offers mixed results.

While not specifically considering metaverses, Hollebeek *et al.* (2020) have proposed a conceptual model of a “virtual customer journey” in which cognitive, emotional, behavioral, and social VR engagement accurately reflects a consumer’s investment in interactions with the virtual environment; specifically,

- the cognitive dimension is related to interest, attention, or learning information through the VR-based context;
- the emotional dimension is about VR-derived experiential gratification, escapism, entertainment, and aspirational desires;
- the behavioral dimension concerns the time, energy, and effort spent interacting with the VR-based context; and
- the social dimension reflects the VR-based social gratification experienced when interacting with others.

In contrast, the empirical study by Violante *et al.* (2019) interprets VR engagement in three dimensions-cognitive (i.e., attention and absorption), emotional (i.e., excitement and enjoyment), and behavioral (i.e., sharing, learning, approval)-considering only the construct concerning a virtual shopping environment (VR supermarket). In the nascent metaverse literature, a case study on the Nova Empire, a massive multiplayer online strategy game (MMOSG) considered a metaverse (Zhang *et al.*, 2022), focuses on user engagement. However, it predominantly interprets engagement through behavioral metrics (e.g., online time, level of play), emphasizing social patterns and reward mechanisms. Additionally, Lee *et al.* (2023) explore user engagement, highlighting its role in creating an enjoyable experience concentrating solely on the social perspective.



Concurrently, Zhu and Yi's (2023) research delves into user engagement through avatar design, exclusively focusing on the cognitive aspects related to immersive experience tasks. Hence, although nascent research has begun to investigate user engagement in VR-based metaverse environments, there has been a lack of consideration of the construct for its multidimensional meaning.

## 2.2 Drivers of VR Engagement

The literature on multidimensional user engagement provides different perspectives on the antecedents of engagement in different media contexts, such as websites (e.g., Oh and Sundar, 2016; O'Brien and McKay, 2018). In particular, O'Brien and McKay (2018) offer a comprehensive perspective on the antecedents of multidimensional user engagement, considering individual user characteristics, content storytelling, and design features (e.g., interface aesthetics) to stimulate specific perceptual factors meriting attention (Sutcliffe, 2009). Perceptual factors encompass elements and processes tied to human perception, elucidating how individuals interpret and comprehend information from their surroundings (Qiong, 2017). These factors influence an individual's sensory experience with the environment and contribute significantly to the consumer's cognitive, emotional, and behavioral responses. For example, the sense of presence, which includes concentration, psychological involvement, and immersion (Witmer and Singer, 1998), plays a conditioning role in increasing content persuasion (Oh and Sundar, 2016) alongside the user's cognitive and emotional engagement (O'Brien and McKay, 2018) in the media context.

While the above literature provides valuable insights into the relevance of individual perceptions as precursors to multidimensional user engagement, it has focused on particular media contexts, such as mobile apps (e.g., Kim and Baek, 2018), social media (e.g., Tsai and Men, 2013), and online role-playing games (e.g., Jin *et al.*, 2017), revealing a notable gap concerning the multidimensionality of engagement along with perceptual factors. Kim and Baek (2018), for instance, predominantly interpret the construct from a unidimensional cognitive standpoint, emphasizing time convenience, interactivity, and compatibility as the primary determinants of user engagement with mobile applications. Conversely, other scholars have examined user engagement solely through a behavioral lens (e.g., Tsai and Men, 2013; Jin *et al.*, 2017), focusing on factors preceding user engagement, such as the parasocial interaction or community identification related to brand pages on social networks (Tsai and Men, 2013), or the social ties and social identity linked to online role-playing games (Jin *et al.*, 2017). Considering VR-based environments, which are designed to immerse individuals in a continuous flow of sensory information to enhance perceptual factors (e.g., sense of presence) (Barfield *et al.*, 1995), the study of perceptual antecedents to multidimensional user engagement is lacking. Hollebeek *et al.* (2020) conceptualize the antecedents of multidimensional engagement in VR in a purely theoretical way and interpret the motivations that drive users to interact with the virtual context, such as understanding, experiential, behavioral, and social

intentions. Only Violante *et al.* (2019) have empirically investigated the antecedents of multidimensional engagement in VR. However, they focus on an unbranded purchase environment, which may be designed to optimize functional efficiency, not convey experiential value (e.g., Schmitt and Zarantonello, 2013). Moreover, they adopt a predominantly technological perspective, considering “hypertextuality”, the “modality” of content presentation, “connectivity” with other sites, the “mobility” allowed in the virtual environment, the “location specificity” of a store and the “virtuality” of 3D objects.

The research on the antecedents of user engagement in the metaverse context currently comprises only a few studies, including Zhang and colleagues’ research (2022), which has identified the nature of a game task and reward mechanism as the major influencing factors (Zhang *et al.*, 2022); however, it interprets engagement as a unidimensional construct and neglects perceptual factors. Concurrently, Zhu and Yi (2023) find that avatar-user perceived similarity plays a role in increasing user engagement with tasks on metaverse platforms. However, although this represents an initial contribution regarding user perceptions, the study of antecedents is limited to avatar design aspects. Moreover, user engagement is considered only from a one-dimensional perspective. Therefore, the first RQ of this paper is as follows:

RQ 1 - What are the main perceptual factors that influence the rise of multidimensional VR engagement related to a brand experience in a VR-based metaverse?

### 2.3 Branding Outcomes Related to VR Engagement

Several marketing studies have identified the key role of user engagement in the media context in influencing consumers’ responses to a proposed experience (Oh and Sundar, 2016; Lubis *et al.*, 2019) in terms of both responsiveness to advertising (e.g., Dahlén, 2005; Malthouse *et al.*, 2007) and branding outcomes (e.g., Chan-Olmsted and Wolter, 2018). Indeed, according to Dalhén (2005), the media context strongly influences consumers’ brand-related responses as follows: first, by easing the processing of certain feelings and making them more accessible; second, by influencing the perception of the experience in consumers’ minds, in which the media context converges with the brand; and, finally, by acting as the first cognitive element, by activating a “semantic network” that can guide users’ attention during and interpretation of the experience. Kim and Baek (2018) indicate that consumer engagement with mobile apps fosters brand self-connection, as it becomes a vehicle for personal expression and connection with the brand one accesses. Similarly, Zheng *et al.* (2014) show that user engagement in Facebook brand communities leads to brand loyalty, as community participation is seen as public engagement, encouraging users to align with community practices and promote a brand. Although the role of user engagement in emphasizing consumer responses has been analyzed in different media contexts, e.g., mobile apps, websites, or social media, concerning VR environments, the only salient study exploring the potential link between VR engagement

and branding outcomes is the theoretical contribution of Hollebeek *et al.* (2020). According to the framework proposed by these authors, the multidimensional VR engagement developed during the “virtual customer journey” experience affects the components of “brand relationship quality” in different ways depending on the relevant engagement dimension (i.e., cognitive, emotional, behavioral, and social). Specifically, cognitive VR engagement plays a significant role in evaluating brand partner quality and cognitive commitment, as VR’s immersive environment is designed to encourage profound reflection on brand distinctiveness and performance. Emotional VR engagement influences affective commitment, fostering a stronger emotional bond through positive VR experiences. Behavioral VR engagement significantly affects commitment and passion for and love of a brand, as an increased dedication of time and energy deepens this connection. VR social engagement enhances brand affection, involving consumers in enriched social connections during the immersive experience.

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However, to our knowledge, no empirical study has analyzed the role of multidimensional VR engagement in increasing brand responses during an immersive brand experience, even less so in VR-based metaverse systems, underscoring a critical gap in the literature. Therefore, we propose the second RQ:

RQ 2 - What are the main branding outcomes related to the multidimensional VR engagement that emerges in a virtual brand experience in the VR-based metaverse?

Accordingly, the present study is situated in the marketing literature at the intersection of the research on user engagement and branding in the VR-based metaverse; it thus analyses both the perceptual factors influencing VR engagement in this innovative context and the key branding outcomes related to VR engagement.

### 3. Methodology

#### 3.1 Abductive Research Approach

Given the purpose of the study, we adopted an abductive qualitative methodology (Blaikie, 2009). This methodology is particularly suitable for producing an in-depth understanding of complex and contemporary phenomena, such as multidimensional VR engagement, as well as the related perceptual factors and brand responses in metaverse contexts. Through a continuous and simultaneous interaction of theory, empirical detection, and analysis (Van Maanen *et al.*, 2007), the abductive approach allows a novel comprehension of extant phenomena, inspecting them from a new viewpoint. The adoption of abductive research logic implies moving from “prior theoretical knowledge” to “empirical evidence” to “theory matching” to “theory suggestion” to “application to a case” (Kovács *et al.*, 2005).

3.2 Sample and Setting

The data were collected through in-depth interviews with users with experience with immersive VR technologies (i.e., visor usage at least once a week for at least one year) and members of Generation Z (ages 18-27) (Francis and Hoefel, 2018), as this segment has shown higher rates of VR technology adoption than older generations (Jayaraman, 2022). Initially, respondents were selected by applying the “key informant technique”, which was followed by the “snowball sampling strategy”. To determine the final sample size, the data saturation criterion was applied (Guest *et al.*, 2006; Saunders and Townsend, 2016). Specifically, data saturation denotes the situation in which no new themes emerge from the interviews or ongoing analysis. In this study, the criterion was satisfied by interviewing 22 Italian young people. The final sample is equally divided between men and women aged 19 to 27 years and heterogeneous in terms of education (i.e., secondary school diploma, high school graduation, bachelor’s degree, master’s degree) and occupation (e.g., driver, psychologist, freelancer, student) (Table 1).

Tab. 1: Overview of interview participants

ID	Gender	Age	Education	Occupation
1	M	25	High School Graduation	Driver
2	M	26	Bachelor’s Degree	Student
3	F	24	High School Graduation	Courier
4	F	24	Bachelor’s Degree	Marketing Intern
5	M	27	Master’s Degree	Entrepreneur
6	M	25	High School Graduation	Student
7	M	27	Master’s Degree	Psychologist
8	M	23	High School Graduation	Unemployed
9	M	26	Bachelor’s Degree	Office Clerk
10	M	19	Secondary School Diploma	Student
11	M	26	High School Graduation	Unemployed
12	M	26	Master’s Degree	Office Clerk
13	M	26	High School Graduation	E-games Coach
14	F	26	Secondary School Diploma	Freelancer
15	M	27	High School Graduation	Freelancer
16	M	23	High School Graduation	Barman
17	F	26	Bachelor’s Degree	Social Media Manager
18	F	25	Bachelor’s Degree	Unemployed
19	F	24	Master’s Degree	Marketing Executive
20	F	24	Bachelor’s Degree	Student
21	F	26	Master’s Degree	UX Researcher
22	F	24	Bachelor’s Degree	Office Clerk

Source: Authors’ elaboration

The virtual environment chosen for this study is that proposed by Nike Jordan (a brand that mainly targets younger generation members), called the “Jumpman Zone”, which is usable in the Fortnite VR metaverse. As of 2021, the “Jumpman Zone” allowed users to collect different Nike Jordan brand accessories (i.e., “skins”) for customizing their avatars. To this end,

a user must complete multiple challenges related to playing basketball in four different portals of increasing difficulty. Each interviewee experienced Nike Jordan for the first time during their interview, using the Oculus Quest 2 with the respective joysticks connected to a PC. This experience through the visor allowed the interviewees to have a “screen” mode view and play with their avatar without a “first-person” perspective, however.

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### 3.3 Procedure

Following the abductive approach, a semistructured interview guide was developed based on the above literature with the aim of collecting spontaneous responses through open-ended questions. First, interviewees’ technological habits related to VR and their knowledge (e.g., “Can you describe your approach to and dealings with VR technology in your daily life?”), attitudes, and behaviors concerning Nike Jordan were investigated (e.g., “Thinking about Nike Jordan, what are your opinions about this brand?”). Afterward, the respondents wore the visor to live the selected brand experience, which lasted an average of 15 minutes. Specifically, users were asked to complete all the game levels in the first of four portals in the “Jumpman Zone”. At each level, respondents played individually in 3-D environments characterized by elements referring to both the sport of basketball and the brand (e.g., the brand logo reproduced on the floor). Once the virtual experience concluded, new questions were formulated to explore users’ perceptions of the different dimensions of VR engagement during the brand experience (e.g., “Do you feel that the experience you have just lived has stimulated significant emotions? Which ones?”), as well as their perceptions of the Nike Jordan brand (e.g., “After having this experience, has your opinion of the Nike Jordan brand changed?”).

All in-person interviews, lasting an average of 50 minutes, were conducted between December 2022 and March 2023. Specifically, one participant per time was invited by a member of the research team to a dedicated room in the Department of Management, which was used to carry out the interview and join in the brand experience.

All interviews were audio-recorded with prior consent and transcribed, resulting in 271 pages of 1.5 line-spaced content in 12-pt font. To analyze this “corpus”, we employed an abductive logic (Blaikie, 2009) in iterative and multiphase coding based on qualitative thematic analysis, which adopts the theme as a criterion for identifying the units of analysis (King and Horrocks, 2010). After careful and repeated reading of each interview, the first step was a line-by-line open coding analysis of the text (Maguire and Brid Delahunt, 2017), which led to the identification of the “descriptive codes”, i.e., discrete themes characterized by a high degree of detail (e.g., concentration, loss of time and reality cognition, sensory realism, realism in motion, pleasure, excitement, fun). The second step involved early logical abstraction from the detailed codification, which led to the definition of more general themes, i.e., “integrative themes” (e.g., absorption, realism, enjoyment). Finally, through further logical abstraction, matching different “integrative themes” and “overarching themes” were defined (e.g., immersion) (Appendix, Table 2). By applying abductive reasoning, it was

possible to connect the conceptual categories that gradually emerged from open coding to the literature (“theory matching phase”, Van Maanem *et al.*, 2007). In addition, when there was no correspondence with the literature, unexpected insights made it possible to derive a new viewpoint (Welch *et al.*, 2013). In line with King and Horrocks’s (2010) suggestions, two members of the research team were involved separately in the open coding process (i.e., the *code-defining* approach) and compared, discussed, and aligned with the results at the end of the work phases. Indeed, the code-defining approach is advisable within a team, as the research members can obtain more contextual knowledge about the data, which is useful for generating a deeper and more holistic discussion on the setting and articulation of the codes (King and Horrocks, 2010). The overall intercoder agreement index for all codes as a set was calculated by dividing “the total number of agreements for all codes by the total number of agreements and disagreements for all codes combined” (Campbell *et al.*, 2013, p. 309). The ratio was 86%, thus overcoming the 80% threshold (Miles *et al.*, 2019).

Moreover, to guarantee an acceptable level of trustworthiness and ensure the reproducibility of the coding (Campbell *et al.*, 2013), we involved two expert coders from outside the research team; they were all trained experts in the subject matter (Miles *et al.*, 2019). The coders received the transcripts and related codes (i.e., the coding scheme) and were commissioned to confirm (or unconfirm) the association (i.e., *code-confirming* approach) (King and Horrocks, 2010). The intercoder agreement was 89%, which again exceeded the 80% cutoff (Miles *et al.*, 2019). Consequently, this high level of agreement indicated that the resulting coding system is reliable and solid.

This analytical procedure allowed us to conceptualize the i) integrative themes (e.g., cognitive VR engagement) and overarching themes (i.e., VR engagement) that characterize respondents’ views and ii) a conceptual model for interpreting the main perceptual factors influencing multidimensional VR engagement, as well as branding results, in the metaverse (§ 4).

#### 4. Findings

The thematic content analysis allowed the identification of several key themes in terms of both the *perceptual factors influencing multidimensional VR engagement* in the metaverse and the *branding outcomes* related to VR engagement through a virtual brand experience.

##### 4.1 Main Perceptual Factors Influencing Multidimensional VR Engagement (RQ1)

Unexpectedly, brand attitude *ex ante* (overarching theme) emerged from the interviews as the main perceptual factor influencing consumer experience. Conceived by the respondents as their disposition and opinion toward the brand, like/dislike of branded products, and evaluation of brand communication, brand attitude *ex ante* appeared in three main forms: positive, indifferent, or negative. Considering that the majority of

interviewees showed a positive attitude toward Nike Jordan, this section focuses on this specific case. In particular, when the brand attitude ex ante was positive, the experience was perceived as significant and attractive by respondents. In this regard, the interviews suggest that the greater attractiveness of an experience is due to the possibility of enjoying a brand that one appreciates in a context where the presence of that brand has an impact, in contrast to an unbranded gaming experience.

*“People who are fans of the Jordan brand, those who already wear Jordans, like me, are much more attracted to the experience because they can have the chance to get closer to the brand they like and not just experience it as a game. (...) If I didn’t have a previous opinion toward the brand, I wouldn’t have experienced it as bringing me closer to the brand, but I would have been indifferent because I would have perceived it only as a gaming experience in Fortnite”.* (Interviewee 7)

Moreover, when the brand attitude ex ante was positive, another crucial perceptual factor emerged from all the interviews: *immersion* (overarching theme). Based on the analysis of the interviewees’ answers, immersion is conceptualized through three main subthemes: absorption, realism, and enjoyment (integrative themes). Absorption is conceived as a feeling of deep concentration amid the loss of cognition of time and reality, as revealed by Interviewee 2:

*“I feel completely surrounded. I’m out of your world for that half an hour, I mean it’s like all my problems pass me by, I don’t have them anymore, I lose track of time. It’s not because I don’t think, but because I’m inclined to stay focused by the thousands of things to do, my brain is busy”.* (Interviewee 2)

The second attribute of immersion manifested as perceived realism, both in terms of the sensory stimuli able to replicate real stimuli (e.g., visual stimuli, due to the first-person view and the quality of 3D graphics) and in terms of the realism in movement enabled by the virtual environment:

*“I strongly believe that as soon as we replicate as faithfully as possible sound, sight, which are two of the main senses with which we interact with the world, with which we remember information, the immersion is very high”.* (Interviewee 5)

Enjoyment is the third attribute of immersion revealed by respondents. It relates to a feeling of pleasure and the excitement and fun during the VR experience (descriptive codes), as highlighted by Interviewee 1:

*“When I am immersed in a situation that I am passionate about, I feel very close to the experience, it is really enjoyable. For example, I am passionate about cars, and when I am driving immersed in VR, I get a really pleasant feeling. The pleasure is really in being in the car and driving as if I were actually doing it”.* (Interviewee 1)

The interviewees described their perceptions of immersion in two main modalities: deep or weak. Respondents who experienced a deep perception of immersion described it as due to their high concentration in the experience, perceived realism in their movements, and feeling of fun during their experience:

*“The feeling of immersion is still high, as you are always inside the viewer, which still closes your view to the outside, so you are still immersed. I concentrated easily. Then, with the joystick on the visor, it is also more interactive and fun than on the PlayStation because it reproduces the naturalness of movements better”.* (Interviewee 7)

In contrast, the interviews indicated that those who experienced weak immersion described their perceptions mainly in terms of their low sensory realism, as well as their low perception of absorption and excitement during their experience:

*“Fortnite’s third-person view does not help identification because you are always behind the character. (...). It is a matter of sensory distance. It was like being in front of a movie screen. You’re not truly focused on what you’re doing. Also, the experience becomes really unpleasant because the main problem is the fact that when you move your head, there is no movement in the image, and the immersion dies immediately. Because you say, ‘Okay, I’m not in it, I’m observing it’”.* (Interviewee 10)

Content analysis thus revealed that immersion is a perceptual factor that plays an important role in VR engagement. Indeed, the interviews show that those who experienced a deep perception of immersion experienced full VR engagement, i.e., in cognitive, emotional, and behavioral terms. Conversely, respondents who experienced a low perception of immersion indicated only partial VR engagement, i.e., in cognitive and behavioral terms. Therefore, the intensity of perceived immersion (deep or weak) affects the development of the emotional dimension of VR engagement.

As shown by Interviewee 7, the cognitive dimension emerges mainly in terms of interest in and attention to the virtual environment, especially due to the innovativeness of the focal experience:

*“I had never seen a famous brand in a virtual reality experience before; it was something new for me, and this stimulated my interest and attention in this innovative environment”.* (Interviewee 7)

On the other hand, the emotional dimension emerged mainly in terms of interviewees’ happiness concerning their stronger bond with a brand they like and their fun in terms of entertainment and gratification due to the immersive nature of the focal experience, as Interviewee 9 expresses:

*“This experience made me happy, especially because it brought back all the memories with shoes, and I have the very shoe from the game in my wardrobe. The game is really cute; it entertained and stimulated me”.* (Interviewee 9)



Concerning the behavioral dimension of VR engagement, respondents expressed themselves positively in terms of the effort needed to perform the completed task and their willingness to continue afterward to take the time to retry the focal experience, as they felt particularly engaged by the motivating dynamics of the branded immersive game:

*“It was a beautiful and challenging task in all the right ways. It’s an experience I would have continued”.* (Interviewee 11)

Therefore, in light of the results obtained, the following propositions are formulated:

P1: When the brand attitude ex ante is positive, immersion emerges as the crucial perceptual factor in a brand experience in the VR-based metaverse. Specifically, immersion is conceptualized through three main dimensions: absorption, realism, and enjoyment.

P2: When a user experiences a deep perception of immersion in the VR-based metaverse (i.e., high levels of absorption, realism, and enjoyment), he or she lives full VR engagement, i.e., in cognitive, emotional, and behavioral terms.

P3: When a user experiences a weak perception of immersion in the VR-based metaverse (i.e., low levels of absorption, realism, and enjoyment), he or she lives partial VR engagement, i.e., in cognitive and behavioral terms.

#### 4.2 Branding Outcomes Related to Multidimensional VR Engagement (RQ2)

Among the respondents who revealed a positive brand attitude ex ante and a deep perception of immersion concerning their resulting full VR engagement, two main branding outcomes emerged: brand image improvement and consumer identification with the brand. Specifically, the interviewees pointed to an improvement in Nike Jordan’s brand image, i.e., the brand characteristics perceived by consumers. In fact, the interviews revealed that after their experience, the brand had been reconsidered in terms of its youthfulness, modernity, and resourcefulness:

*“I thought it had aged a bit, but after experiencing this, I was able to retract my thinking. It remained a youthful and up-to-date brand. My idea of the brand has changed; I thought it was an aging brand, but I have to think again”.* (Interviewee 13)

Furthermore, respondents perceived an increase in consumer identification with the brand, interpreted from a dual perspective: the personal perspective, i.e., the support that the experience with Nike Jordan can provide respondents in emphasizing their personalities and expressing their values; and the social perspective, i.e., the support that the experience with the brand can provide in the development and communication of their identity and social status to others.

Indeed, as Interviewee 9 testified, the virtual experience with the brand supported increased his or her self-confidence due to his or her identification with Nike Jordan's "swag" characteristics, representing its innovative and original presence among its consumers (personal consumer brand identification):

*"I've always liked Nike Jordan, (...). They helped me a lot when I was a kid, and I was struggling to open up. When I started getting my first pair of Jordans, I felt more confident. This experience made me want to wear them again because I miss the swag feeling that Jordans give me. For me, it's dragging".* (Interviewee 9)

On the other hand, consumer identification with the brand emerged from a social perspective, as revealed by Interviewee 7, by relating how the Nike Jordan brand supports consumers in communicating their identity, social status, and the values they share with other users (consumer social identification with the brand):

*"The brand is related to me, and we share the same values. Therefore, wearing Jordans in VR allows me to express who I am with the other virtual user community".* (Interviewee 7)

Conversely, regarding the respondents who showed a positive brand attitude ex ante but a weak perception of immersion and associated partial VR engagement (cognitive and behavioral), branding outcomes emerged, primarily brand recall and brand image. Brand recall, the return to the memory of the brand following a relevant clue, emerged in several interviews following the experience. In fact, as a result of the Nike Jordan brand experience, this brand, present in the interviewees' lives in the past but no longer returned to these consumers' memories, as Interviewee 10 states:

*"I didn't remember the existence of this brand. From experience, maybe I could start to get more aware of Jordan and take slightly more of look at it again".* (Interviewee 10)

Regarding brand image, interviewees perceived an improvement in the characteristics associated with the brand, especially its resourcefulness in realizing a different and innovative experience:

*"I saw the resourcefulness of the brand in creating a new experience. I didn't think that such an experience could be related to the Nike Jordan brand, so it was a surprise. Just the talk of noticing this willingness to do something different, however, is a positive sign".* (Interviewee 1)

Nevertheless, for the purpose of comprehensiveness, only a few respondents showed indifferent or negative brand attitudes ex ante. Among them, extremely minimal or no immersion was due to the absence of perceived absorption, nonexistent realism, and low enjoyment, especially

related to their enjoyment according to immersive game dynamics. In this case, only low behavioral engagement emerged in terms of the effort spent in the game. However, no branding outcomes were observable in connection with behavioral VR engagement:

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*“Although the game did not pique my interest in the brand, I liked it [the game] once I got the hang of it. I enjoyed it, and it was quite challenging”.*  
 (Interviewee 18)

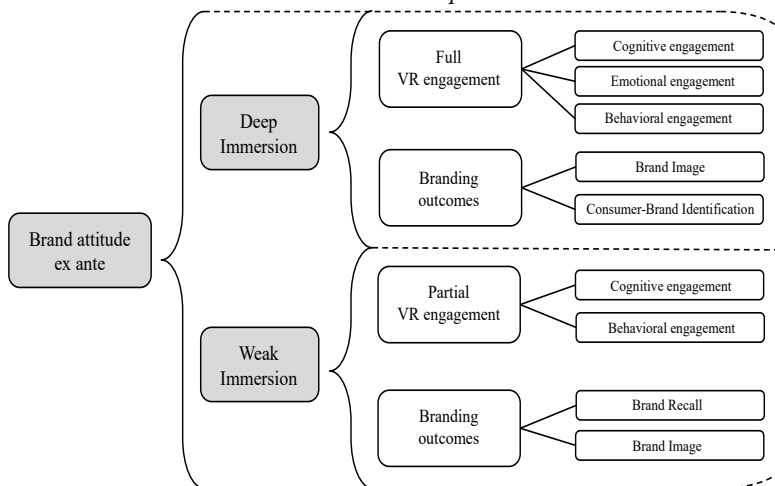
Considering these findings, the following propositions are posited:

P4: When a user experiences a deep perception of immersion in the VR-based metaverse and full VR engagement, brand image improvement (evaluative) and consumer identification with the brand (relational) emerge as the two main branding outcomes.

P5: When a user experiences a weak perception of immersion in the VR-based metaverse or partial VR engagement, brand recall (cognitive) and brand image (evaluative) emerge as the two main branding outcomes.

According to the role of brand attitude ex ante and perceived immersion in influencing VR engagement and related branding outcomes, the content analysis enabled a conceptual representation of the abovementioned results (Figure 1).

Fig. 1: Conceptual model of virtual reality engagement and branding results in a metaverse brand experience



Source: Authors' elaboration

## 5. Discussion

### 5.1 Theoretical Implications

The present study is positioned at the intersection of related research on user engagement and the nascent literature on metaverse and branding.

This study advances the knowledge in both domains by identifying, first, the perceptual factors influencing the rise of multidimensional VR engagement during a brand experience in the metaverse (RQ1) and, second, the branding outcomes related to the construct (RQ2).

Our investigation addresses a critical gap in the literature on user engagement in immersive brand environments by proposing the first empirical exploration of cognitive, emotional, and behavioral engagement during a brand experience in VR-based environments, while previous studies view user engagement as a one-dimensional construct in an unbranded experience (e.g., Violante *et al.*, 2019; Zhang *et al.*, 2022; Zhu and Yi, 2023).

The results of our first research question (RQ1) highlight brand attitude *ex ante* and perceived immersion as perceptual factors that can influence multidimensional VR engagement during a metaverse brand experience. This study contributes to the marketing literature on brand attitude *ex ante*, which has explored the focal influence on consumer responses in contexts such as brand advertising (Lee, 2010) and crisis communication on Twitter (Jahng and Hong, 2017). Our study advances these insights in immersive environments, particularly in VR-based metaverse environments. Moreover, our results suggest that a positive prior brand attitude can influence perceived immersion, user engagement and brand response, enriching the literature on its significant role not only in marketing response but also in individual perception in immersive contexts. Second, our study advances the understanding of immersion in several ways. The results offer a conceptualization of perceived immersion through three dimensions: absorption (i.e., concentration and loss of cognition of reality), realism (i.e., sensory and motor), and enjoyment (i.e., pleasure, excitement, and fun).

This holistic approach overcomes the often-adopted dichotomy, which views immersion either as composed of cognitive absorption and fluency (e.g., Mütterlein *et al.*, 2018) or as pure sensory fidelity of the virtual environment (e.g., Morélot *et al.*, 2021). Moreover, for the first time, this study suggests that the intensity of immersion influences the perception of multidimensional VR engagement and different branding outcomes (e.g., consumer-brand identification), thus contributing significantly to the marketing literature, which has recognized only “satisfaction with the VR experience” (Mütterlein *et al.*, 2018), “recall of information” (Shen *et al.*, 2021), and “continuance of usage VR devices” (Dehghani *et al.*, 2022) as outcomes of perceived immersion in VR-based brand environments. Third, our results contribute to the user engagement literature. In general terms, the study allows for a broadening of existing engagement models, which have predominantly been limited to physical and digital interactions, thus incorporating a nuanced third dimension-virtual reality. Specifically, this study expands the body of knowledge on the antecedents of user engagement in various technological contexts, such as mobile apps (Kim and Baek, 2018) and social media (Zheng *et al.*, 2014), where brand attitude *ex ante* and perceptions of immersion have not been considered precursors of engagement. In this regard, we also suggest a departure from the literature, where the sense of presence has been identified as a

significant perceptual factor in user engagement in the metaverse (Oh and Sundar, 2016), a factor that did not emerge in our exploration. Moreover, despite extant research primarily conceptualizing engagement from a unidimensional perspective, our study introduces a multidimensional approach. Considering the VR-based environment context, our study advances the literature by empirically exploring the perceptual antecedents of user engagement in an experiential branded environment, differentiating from Hollebeek *et al.*'s (2020) theoretical focus on usage motivations to engage users, along with Violante and colleagues' (2019) investigation of the technical factors that stimulate multidimensional engagement in an unbranded shopping environment. In the metaverse research strand, our approach diverges from Zhang and colleagues' gaming-oriented study on factors enhancing unidimensional engagement, as we conceptualize the metaverse as a platform for social, economic, and cultural experiences (Yoo *et al.*, 2023), emphasizing a multidimensional perspective on engagement. Moreover, in contrast to Zhu and Yi's (2023) emphasis on avatar design for maximizing cognitive engagement, our study advances the literature by exploring how perceptual factors in a brand context shape multidimensional VR engagement.

Considering the results of the second explorative research question (RQ2), which identifies the branding outcomes associated with different emerging dimensions of VR engagement, our contribution to the literature develops in two significant directions. First, within the research strand on user engagement, studies on brand outcomes related to engagement reveal a critical gap, having traditionally considered the construct in a unidimensional way, focusing on specific outcomes such as responsiveness toward adv (e.g., Dahlén, 2005), brand self-connection (Kim and Baek, 2018), and brand loyalty (Zheng *et al.*, 2014).

In contrast, our study stands out, contributing to the literature by providing an exploratory approach aimed at identifying branding outcomes related to different dimensions of VR engagement. This enriches the literature, as it identifies evaluative and relational branding outcomes (such as brand image and brand self-connection) associated with full VR engagement and evaluative and cognitive branding outcomes (such as brand image and brand recall) related to partial VR engagement. Second, in the immersive context, the only study linking multidimensional VR engagement to relational branding outcomes (consumer-brand relationship quality) is the theoretical study of Hollebeek *et al.* (2020). Consequently, our study represents an empirical extension of the branding literature to the metaverse environment, which, thus far, has not been thoroughly explored.

## 5.2 Practical Implications

Our study offers crucial insights for management into the factors that influence user engagement in the VR metaverse and into the branding strategies that enhance multidimensional engagement to achieve different branding outcomes. The central role of brand attitude *ex ante* in shaping consumer responses to virtual brand experiences entails strategic implications for managers. To target individuals with a positive preexisting

brand attitude, we recommend immersive content strategies that engage users across cognitive, emotional, and behavioral dimensions by promoting intriguing information, creating emotional content, and providing experiential dynamics requiring active commitment. Conversely, for those with indifferent or negative brand attitudes, we suggest developing experiential dynamics mainly to trigger behavioral engagement, coupled with communication stimuli strategically designed to foster a more positive attitude (e.g., an underlying narrative emphasizing brand values). Simultaneously, as perceived immersion emerges as a key factor in shaping multidimensional VR engagement, especially in the emotional dimension, along with relational branding outcomes, not observed in low-immersion scenarios, additional insights for management become apparent. Indeed, managers should adopt strategies aimed at elevating user immersion. Therefore, we suggest addressing the three emergent dimensions of immersion: perceived realism through graphic and sensory enhancements; enjoyment through appealing and entertaining content; and absorption through interactive and captivating materials. Moreover, by examining how different combinations of prior brand attitude and perceived immersion lead to specific branding outcomes, managers can optimize strategies within the metaverse. This optimization includes refining key messages and creating tailored content to resonate most effectively with distinct audience segments. In scenarios where users demonstrate a positive brand attitude coupled with high immersion, leading to brand self-connection and a favorable brand image, managers should focus on reinforcing this connection through strategic emotional messaging and content. Conversely, when consumers exhibit positive brand attitudes but lower immersion, a tailored message may underscore brand recall, incorporating intriguing brand information or involving users in brand-related activities, complemented by content reinforcing the brand image.

### *5.3 Future Lines of Research*

Our study opens new lines of research in terms of unexplored variables, unresolved questions and alternative research methods. Notably, the sense of presence does not emerge in the study results, despite its acknowledged importance in the literature as an antecedent of engagement in interactive media contexts (e.g., websites; Oh and Sundar, 2016; O'Brien and McKay, 2018), along with its distinctive role in the VR-based context (e.g., Barfield *et al.*, 1995). Therefore, research should investigate the perception of presence in a metaverse brand environment by examining its relationship with VR engagement and branding outcomes. An additional point of interest concerns the perception of immersion, which emerges at different levels of intensity (deep vs. weak) even among users with a positive brand attitude *ex ante*, prompting exploration into unresolved questions regarding individual variables influencing perceived immersion, e.g., technology acceptance or immersive tendencies. Additionally, our results suggest the need for different methodologies to explore identified constructs. For example, a quantitative approach could be used to examine the moderating role of immersion in the relationship between prior brand attitude and

multidimensional VR engagement. Moreover, experimental studies could measure emotional responses under different immersion levels in the VR-based metaverse, particularly as weak perceived immersion is associated with less emotional engagement and relational branding outcomes. Furthermore, considering the different emerging branding outcomes associated with full and partial engagement in VR, we invite researchers to further investigate the relevant VR-based metaverse results (e.g., brand loyalty, equity, personality). Considering the growing popularity of the metaverse, scholars are encouraged to propose best practices for measuring branding objectives through VR-based brand experiences.

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## 6. Conclusion and limitations

In this study, we have begun to address relevant gaps in the literature at the intersection of user engagement and the emerging strand of metaverse and branding, aiming to identify perceptual factors influencing multidimensional VR engagement (RQ1) and associated branding outcomes (RQ2) during a brand experience in the VR-based metaverse. Our results reveal the pivotal roles of brand attitude *ex ante* and perceived immersion, showcasing various scenarios. Respondents with a positive brand attitude and deep immersion experienced full VR engagement (i.e., cognitive, emotional, behavioral) with the emergence of branding outcomes such as brand image (evaluative) and consumer brand identification (relational). In contrast, those with a positive brand attitude and weak immersion showed partial VR engagement (i.e., cognitive and behavioral), yielding outcomes such as brand recall (cognitive) and brand image (evaluative). Respondents with indifferent or negative brand attitudes experienced minimal or no immersion, resulting in weak behavioral VR engagement without branding outcomes. Our study advances the literature on prior brand attitude, emphasizing its influence on individual consumer responses to marketing stimuli. Additionally, we contribute to the literature on metaverse branding experiences by comprehensively conceptualizing immersion (i.e., absorption, realism, and enjoyment), highlighting its relevance in developing the emotional dimension of user engagement and relational branding outcomes. This research extends the empirical knowledge on multidimensional user engagement in branded immersive environments, specifically the VR-based metaverse, unlike the literature showing a critical gap, as it focused on unidimensional engagement or conceptual perspectives. Furthermore, our results associate specific dimensions of VR engagement, along with cognitive, evaluative, and relational branding outcomes, with different prior brand attitudes and perceived immersion during the brand experience in the VR-based metaverse, highlighting several branding opportunities in the innovative environment.

However, our paper is not exempt from limitations. The study's focal context, the Nike Jordan "Jumpman Zone" in Fortnite's VR metaverse, opens new extensions into other VR worlds (e.g., Roblox, Decentraland), brand experiences (e.g., Looptopia by H&M, Vans World, NikeLand,

Gucci Town), and product categories (e.g., automotive, food & beverage, luxury fashion). Moreover, the “Jumpman Zone” lacks a social dimension (i.e., the opportunity to socialize with other users during the experience) and complete immersive features (e.g., 360° view, first-person avatar perspective; Vernuccio *et al.*, 2023). Finally, the exclusive consideration of Generation Z consumers with VR experience and the qualitative nature of our research limit generalization, highlighting the need for different samples and quantitative methodologies in future investigations.

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Appendix - Table 2. Coding extract example

Interviewee	Interview extract	Descriptive codes	Integrative theme	Overarching theme
Interviewee 7	With the headset, you feel completely concentrated on the situation you're in. You're surrounded by the environment in 360°, filled with numerous virtual stimuli, so you don't get distracted; you're fully present, even in your mind.	Concentration	Absorption	Immersion
Interviewee 2	I felt concentrated because I didn't have visual distractions, and I was focused on what I was doing.	Concentration		
Interviewee 2	I have so much information and so many stimuli around me that I'm almost compelled to stay concentrated.	Concentration		
Interviewee 1	You lose all sense of time because, for example, you have headphones, the headset, with all the music and settings that isolate you.	Loss of time and reality cognition		
Interviewee 2	I feel completely surrounded. I'm out of your world for that half an hour, I mean it's like all my problems pass me by, I don't have them anymore, I lose track of time. It's not because I don't think, but because I'm inclined to stay focused by the thousands of things to do, my brain is busy.	Loss of time and reality cognition		
Interviewee 5	I strongly believe that as soon as we replicate as faithfully as possible sound, sight, which are two of the main senses with which we interact with the world, with which we remember information, the immersion is very high.	Sensory Realism	Realism	
Interviewee 5	If the setting and 3D reconstruction are realistic and done in 360 degrees, it can have a significant immersive impact.	Sensory Realism		
Interviewee 6	It's necessary that in an experience, there are no lags in movements; they should be smooth and as natural as possible. Otherwise, it's easy to disconnect from the experience.	Realism in motion		
Interviewee 7	Then, with the joystick on the headset, it is also more interactive than on PlayStation because it reproduces the naturalness of movements better.	Realism in motion		
Interviewee 1	When I am immersed in a situation that I am passionate about, I feel very close to the experience, it is really enjoyable. For example, I am passionate about cars, and when I am driving immersed in VR, I get a really pleasant feeling. The pleasure is really in being in the car and driving as if I were actually doing it.	Pleasure	Enjoyment	
Interviewee 3	I climbed mountains in virtual reality, and once at the top, I saw the entire landscape around me. It was a really pleasant and beautiful feeling, genuinely real. It was like looking at the scenery live after reaching the summit.	Pleasure		
Interviewee 8	When you are living the experience, you feel a bit of adrenaline, and you are excited.	Excitement		
Interviewee 16	I couldn't believe what I was seeing. It felt like I had been catapulted into the future. It's a feeling of almost bewilderment; initially, you feel excited.	Excitement		
Interviewee 12	Yes, especially in moments when I'm having a lot of fun, it engages me a lot, and I disconnect from the real world.	Fun		
Interviewee 10	I also tend to get less tired when I feel immersed because it leads me to experience it with more fun.	Fun		

Source: Authors' elaboration

# Cultural heritage and sustainability: What is the state of the art? A systematic literature review<sup>1</sup>

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## Abstract

**Frame of the research:** This paper provides a systematic literature review of sustainability in the cultural heritage sector. The purpose is to understand where studies and research stand in analysing the sustainability factors of a specific enhancement project involving cultural heritage or cultural heritage management.

**Methodology:** A systematic literature review was conducted according to the PRISMA methodology. The current knowledge of the academic debate on the topic was mapped, providing a holistic and interdisciplinary perspective.

**Findings:** The literature review highlights the temporal evolution of studies on this topic and analyses the main focuses. This approach allows us to highlight how sustainability factors (economic, social and environmental) are addressed and interpreted in terms of cultural heritage. The results reveal multiple aspects, for example, the increase in studies under the impetus of Agenda 2030, the importance of interdisciplinary methods to understanding how to implement and subsequently measure sustainability, knowing what tools and indicators to refer to, and finally, trying to increase collaboration between theoretical and applied research from nonacademic research centres.

**Research limits:** This study is a snapshot in time, and future developments should be considered. In addition, comprehensive consideration of cultural heritage from other research perspectives can be difficult.

**Practical implications:** This study reveals gaps that should be filled for more effective sustainable management of cultural heritage, such as improving research methodology, promoting interdisciplinary research, actively involving local communities, and improving data collection and accessibility.

**Originality of the paper:** The paper shows a continuing lack of studies on this topic owing to the complexity of collecting sustainability information and the subject matter.

**Key words:** systematic literature review; cultural heritage; sustainability; sustainable development

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<sup>1</sup> Paragraph attribution

“This contribution is the result of the joint effort of the authors. Despite the global responsibility for the work being equally shared between the two authors, Marianna Marzano is responsible for abstract and paragraphs 2, 3.1, 4.2.2, 4.2.4, and 4.2.5, and 5. While Monia Castellini is responsible for paragraphs 1, 3.2, 4.1, 4.1.2, 4.1.3, and 4.2

## 1. Introduction

Today, the concepts of sustainable development and sustainability are part of a common vocabulary. Every sector, disciplinary and non-disciplinary, has its own way of approaching the principles of sustainability.

The concept of “sustainable development” dates back to the 1970s, when concern grew over the risk of environmental collapse caused by uncontrolled economic growth. In 1987, it was elaborated by the United Nations Committee on the Human Environment, referring to development that “meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987, p. 16). Natural resource conservation and environmental improvement have long attracted increasing attention (Du Pisani, 2006). In 2015, the United Nations Conference on Sustainable Development formulated 17 specific goals collected in Agenda 2030, an action programme for people, the planet, and prosperity oriented towards identifying and solving multiple social issues associated with the environment, people, and economic growth (ONU, 2015). However, in 2002, the Budapest Declaration on World Heritage defined World Heritage as an “instrument for the sustainable development of all societies” (2002, p. 43).

Despite Agenda 2030’s limited emphasis on cultural heritage (Vecco and Srakar, 2018), particularly in SDG 11, which strives to make cities inclusive and sustainable, the significance of cultural heritage as a source of value for future generations remains undeniable (ICOMOS, 2019). Cultural organizations can contribute to sustainable practices aligned with the proposed development goals, necessitating a systemic approach and strengthened stakeholder relationships (Cerquetti and Montella, 2021). Cultural heritage comprises tangible and intangible elements that hold value for a society, and it creates a sense of identity and belonging involving communities. As an umbrella term, it includes historical buildings, monuments or archaeological sites, and museum collections. Additionally, it refers to immaterial forms of art and popular or cultural traditions.

Because of its features, as noted by ICOMOS (2019), cultural heritage sustainability requires an evaluation of environmental, cultural, technical, and economic outcomes. These aspects refer to the pillar model of sustainability that contains an articulated economic dimension related to the creation and maintenance of economic value, a social dimension related to the impact on communities and well-being, and an environmental dimension related to the challenges of climate change (Keiner, 2005; UNIDO, 2005).

The economic dimension is regarded as a critical prerequisite for meeting human needs and effecting enduring enhancements of people’s living conditions. From the contemporary perspective, addressing economic growth in isolation from other developmental dimensions is no longer satisfactory. In the cultural heritage field, one critical and underrepresented component of economic sustainability management is financial sustainability (Rossitti *et al.*, 2021). This point is critical because research usually reveals the unsustainability of such projects and their

dependence on the provision of (scarce) public funds (Eppich and Grinda, 2019).

The social dimension of sustainable development underscores the imperative need to enhance people's overall well-being by elevating fundamental material income levels and fostering social equity. This entails ensuring that all demographic groups enjoy equal access to educational opportunities, livelihood options, and resources (UNIDO, 2005). The significance of this dimension is particularly pronounced when considering the inclusion of cultural heritage within the framework of sustainable development. Social sustainability concerns the impact on communities and their involvement (Li *et al.*, 2022) because the cultural heritage sector goes beyond the concepts of preservation and conservation to focus on value creation for users (Sacco and Teti, 2017). In the context of this discourse, the concept of intergenerational equity assumes particular relevance, with the present generation undertaking the preservation of cultural capital, as elucidated by Bourdieu (1984) to benefit subsequent generations.

Regarding environmental sustainability, the primary focus has been on resource utilization, encompassing both natural and environmental realms; thus, this dimension of development pertains to extensively researched and quantifiable subjects. Researchers have addressed the impacts of change on the conservation of heritage, the processes of the circular economy (Foster, 2020), and the consequences for the environment derived from tourist flows (Barthel-Bouchier, 2016).

These aspects have been underinvestigated, and research has become fragmented because cultural heritage embraces several dimensions of analysis, e.g., sociological, artistic, museological, architectural, engineering, environmental, and economic. Indeed, scholars have emphasized that there are gaps in research on evaluating the impacts of cultural heritage sustainability (Jelinčić and Tišma, 2020).

The objective of this systematic literature review (Xiao and Watson, 2019) is to define the state of the art of research on the relationship between sustainability and tangible cultural heritage and how this relationship has been analysed, especially in management studies dealing with the subject. We focus on this area because while tangible cultural heritage has a greater recognized likelihood of being managed by structured organizations, intangible heritage (social practices, rituals, and festive events) emphasizes defining the object, who manages it, and what impacts to measure (UNESCO, 2017).

In defining these objectives, it is necessary to understand which areas are most lacking and whether studies have paid more attention to analysing environmental, economic or social sustainability or whether the three areas are analysed indiscriminately in all works. Furthermore, it is important to understand how actions and activities oriented towards sustainability have been implemented and measured. The contribution analysis permits us to delineate

- The "time evolution" that has characterized the studies.
- How the studies have addressed the issue of integrating sustainability and cultural heritage.

- Which factors have been most investigated by studies in terms of which research topics should be pursued, and what kinds of methodologies have been used

In defining the latter, it is appropriate to understand which areas of sustainability have been less investigated and whether all forms of sustainability, i.e., environmental, economic, and social, have been investigated.

This analysis assesses the cultural heritage and sustainability literature from 2003 to 2022. It examines both bibliographic and nonbibliographic aspects, offering insights into the progression of studies on specific subjects, analytical methods, and sustainability facets. The findings serve as a foundation for future research, aiding scholars and experts in identifying replicable practices and new perspectives for advancing sustainability assessments. This review underscores the growing interest in integrating cultural heritage and sustainability, not only in academic circles but also in policies and practical applications. It explores the evolution and implementation of sustainability in cultural heritage, presenting a comprehensive overview of investigative focuses, methodologies, and sustainability factors selected for study. It identifies areas requiring further analysis and emphasizes the holistic integration of all sustainability pillars.

The paper is divided into five sections. The introduction follows the theoretical background with the framing of the topic in the literature. It is followed by the “Materials and Methods” section, which explains the research protocol. In Section 4, the results are presented in graphs and tables, after which the data are discussed. Finally, the concluding remarks are presented.

## 2. Theoretical Background

In contemporary times, sustainable development has acquired a more expansive interpretation (Bramwell, 1996). This evolution has given rise to three distinct “pillars” of sustainable development: economic, environmental, and social (Purvis *et al.*, 2019). Initially centred around environmental concerns such as ecology and natural resource conservation, the concept evolved to encompass economic aspects, incorporating not only material well-being and wealth distribution but also environmental and social outcomes that had long been overlooked (Foster and Kreinin, 2020).

While the relationship between culture and sustainability has been discussed in the public sphere since the 20th century, international institutional endeavours to establish global sustainability programs have not entirely recognized the significance of culture, centred around the three primary dimensions (Richards and Palmer, 2012).

Beginning in the 21st century, culture emerged as the “fourth pillar” of sustainable development and has played a vital role in achieving sustainability (Hawkes, 2001). This change led to a reassessment of the narrative surrounding cultural policy, with researchers urging a reconsideration of cultural management approaches to address the concerns voiced at the grassroots level within the sector.



The notion of culture as the fourth pillar (Nurse, 2006) in sustainable development faced criticism for both its rhetoric (Isar, 2019) and its inherent conceptualization (Soini and Dessein, 2016). Culture is a complex and multifaceted term that is often referenced both in relation to the expansive arts and culture sector and as encompassing ways of life and collective identities.

Many researchers have recognized the impact of culture on sustainable development, and in recent years, an increasing number of documents have contributed to the dimensions of cultural sustainability (Liu, 2019; Soini and Dessein, 2016; Kagan, 2012; Hawkes, 2001).

Throsby (2005), for instance, explored the role of culture in sustainability and presented three frameworks: cultural capital as a sustainable resource, the interaction between culture and the environment, and the sustainability of urban cultural heritage. The United Cities and Local Governments (2010) suggested a twofold approach to the relationship between culture and sustainable development: focusing on the development of the cultural sector itself (e.g., the art, cultural and creative industries) and ensuring that culture is integrated into other public policies (e.g., education, economics, and urban planning).

Duxbury *et al.* (2012) provided a comprehensive summary of the relevant literature, outlining four main axes for comprehending the role of culture in sustainable development: culture as capital (both tangible and intangible), culture as a process and way of life, culture as a central element in creating value for sustainable action, and culture as a creative expression offering insights into sustainability issues.

Finally, Soini and Dessein (2016) proposed a framework for cultural sustainability, emphasizing that culture is the fourth pillar of sustainable development (*culture in sustainability*), plays a mediating role in achieving economic, social, and ecological sustainability (*culture for sustainability*), and serves as the necessary foundation for overall sustainable development goals (*culture as sustainability*).

The World Commission on Culture and Development initially defined cultural sustainability as inter- and intragenerational access to cultural resources. Additionally, cultural sustainability entails conducting development in a manner that honours social cultural capital and values (Pop and Borza, 2014; Kohl, 2008). This concept is grounded in the principle that the present generation can utilize and modify cultural heritage only to the extent that it does not impede future generations' capacity to comprehend and live according to their diverse values and meanings (Pereira, 2007). Therefore, this dimension of sustainability focuses primarily on guaranteeing the continuity of cultural values that connect the past, present, and future (Pop *et al.*, 2019).

Recognizing cultural heritage as a valuable resource is imperative for implementing a strategy of sustainable development and enhancing quality of life and well-being within communities.

Cultural organizations have the potential to implement sustainable practices. However, in their management, it is important to adopt a system approach and strengthen relationships with the external context and stakeholders to achieve these objectives (Cerquetti and Montella, 2021).

On the other hand, culture is increasingly recognized as a vital element in the sustainability framework, facilitating connections across various policy domains (Burksiene *et al.*, 2018). Policymakers and decisionmakers are embracing this concept in guiding societal and human development (Duxbury *et al.*, 2012). Over the past two decades, a multitude of contributions on the subject have been made by economists, business management scholars, policymakers, cultural commentators, and practitioners. For example, the UK Department of Culture, Media, and Sports emphasized the central role of enjoying and participating in the arts in successful sustainable development. The historical significance of the arts extends beyond entertainment, as they play a crucial role in engaging, informing, and instigating attitudinal change. Leveraging imagination and creativity through the arts is deemed essential for driving social and environmental transformation, both of which are integral to achieving authentic sustainable development (Liu, 2019; DCMS, 2018).

There is a shared eagerness to actualize these principles not only in large and small cultural organizations and events but also in cities and regions on both local and global scales. The traditional belief that the protection of cultural heritage hinders economic development, ingrained in social mentality for generations, appears to be waning (Wróblewski *et al.*, 2019). Both local authorities and private sector representatives are increasingly recognizing that preserving cultural heritage can yield numerous economic benefits, including generating income and jobs, providing opportunities for vocational training and the preservation of crafts, revitalizing city centres, and promoting cultural heritage tourism. These outcomes can lead to increased real estate values, support small businesses, and bring additional advantages.

Academic publications and national and EU programmes have played significant roles in shifting this paradigm and encouraging the implementation of sustainable development policies in the cultural sector (Tobiasz *et al.*, 2019). However, as noted by Cerquetti and Montella (2021), there a limited number of contributions from scholars (Mio *et al.*, 2020) and policymakers have endeavoured to systematically and analytically integrate “sustainability” and “culture”, particularly with a concentration on the diverse roles of culture in sustainable development. The challenge is primarily the complexity of this endeavour, particularly considering the requisite transdisciplinary approach.

### 3. Materials and Methods

#### 3.1 The protocol for publication selection

This systematic literature review is based on a research protocol that reduces researcher subjectivity, thus distinguishing it from traditional reviews (Hiebl, 2021; Kraus *et al.*, 2020)

The aim of the research is to map the current academic debate on the topic, providing a holistic and thus interdisciplinary view. Furthermore, it aims to enable scholars to determine what methodologies and methods are

still unexplored in investigating the relationship between cultural heritage and sustainability and what recommendations for policymakers emerge from the analysed studies.

Before we set a keyword search, it was appropriate to identify the presence or absence of literature reviews on the topic of cultural heritage and sustainability. The search was carried out on the following databases: Web of Science (WOS), EBSCO, and JSTOR. WOS stands out as a highly utilized academic research database that provides extensive citations organized by source and encompassing a significant volume of scientific literature. It is instrumental in assessing the pertinence of a search query, as it boasts robust data integrity (Chadegani *et al.*, 2013). This database is integrated with other multidisciplinary platforms that use different search criteria and with JSTOR, which focuses more on contributions in the social sciences and humanities (Bernnard and Hollingsworth, 1999). The Google Scholar search engine was also used but was not included in the research protocol. The reason is the algorithm setting, which shows results by author based on interactions and previous searches and does not allow a choice of search parameters (Gusenbauer and Haddaway 2020).

The first search involved the keywords “sustainability of cultural heritage and literature review”, “sustainable development in cultural heritage and literature review” and “sustainability and review of literature on cultural heritage”. The findings revealed papers carrying out literature reviews focusing on specific aspects of sustainability and cultural heritage but no literature review covering the state of the art of cultural heritage and sustainability studies from an interdisciplinary and holistic perspective. The literature reviews to date on the specific topics were

- “Heritage and Sustainability. A review of recent literature and a reflection on the role of participatory heritage practices in sustainable development” (Rossitti *et al.*, 2021). This proceedings paper was a systematic literature review of participatory heritage practices from a financial sustainability perspective.
- “Financial Sustainability of Cultural Heritage: A Review of Crowdfunding in Europe” (Jelinčić and Šveb, 2021). This paper dealt with the sustainability of cultural heritage from an economic-financial point of view. Indeed, through the application of the PRISMA guidelines, it systematically reviewed crowdfunding mechanisms applied to cultural heritage projects with the aim of providing practical information.
- “The use of indicators to measure the sustainability of tourism at cultural heritage sites: a critical review” (Spencer and Sargeant, 2022). This critical review analysed the use of indicators to measure the sustainability of tourism at cultural heritage sites.

Only these three contributions reviewed heritage participation practices, the economic sustainability of cultural heritage, and the measurement of tourism at cultural sites.

Therefore, after we conducted the initial search and defined the overall research objective, the first step was to search the literature through the strings “cultural heritage and sustainability” or “cultural heritage and sustainable development”. The term “cultur” was always searched in

combination with “heritage” and “tangible” since “cultural sustainability, sustainable culture, culture & sustainability” could have taken on other connotations. The word “culture” encompasses the semantic essence of human communities, embodying symbolic patterns, norms, and rules that demarcate the human sphere from the natural one (Eriksen, 2001). This intricate concept extends beyond a mere set of attributes, signifying a broader sense of civilization and the advancement of the human condition, human identity, and individual personal growth through knowledge and study (Hastrup, 2003).

The research string did not include “cultural heritage and climate change”, as aspects of climate change could be included in environmental sustainability and are included in environmental studies.

Furthermore, cultural sustainability (Soini and Birkeland, 2014) differs greatly from the sustainability of culture. It assumes the significance of preservation “for future generations while at the same time finding a balance and harmony between cultural heritage and the people who would like to experience it” (Jelinčić and Tišma, 2020, p. 79).

The research focus is on a specific type of cultural heritage that includes tangible cultural heritage such as archaeological sites, industrial heritage sites, monuments, cultural landscapes, and historical buildings.

For this reason, the research areas range from the social sciences to the economic-managerial sciences; due to the characteristics of cultural heritage, the humanities and arts are included.

The PRISMA flowchart (Figure 1) allows a graphical view of the screening stages before identifying the papers eligible for inclusion in the systematic review (Mishra and Mishra, 2023; Stovold *et al.*, 2014).

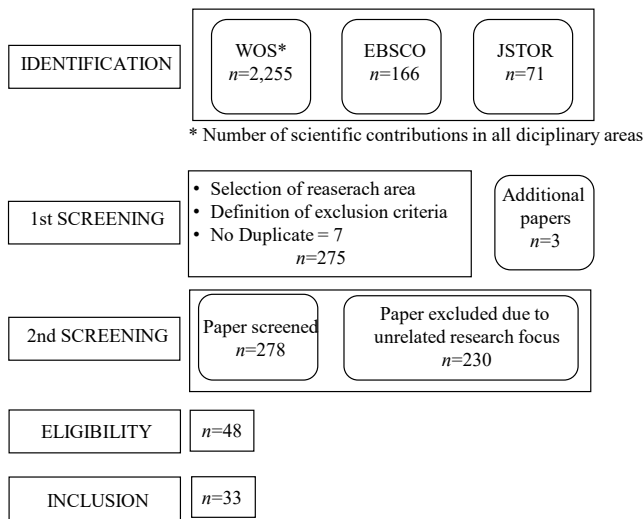
The first screening phase involved (Al-Tabbaa *et al.*, 2019)

- The selection of 4 research areas: archaeology, art, management, and social sciences. Architecture was excluded because distinguishing between architectural assets of cultural or noncultural value would have been complex. In addition, the topic is often accompanied by urban planning factors or sustainability aspects from the perspective of energy efficiency in buildings, urban regeneration, or building materials.
- The elimination of duplicates.
- Exclusion criteria: only articles contained in journals and subjected to a peer-review process and articles contained in book chapters were considered. In both cases, a refereeing process was foreseen. For each area of analysis, proceedings papers with a less rigorous review process and lower scientific impact were excluded. Furthermore, only English-language papers were considered.

The second screening stage involved the exclusion, through an initial reading of the abstracts, of papers unrelated to the research focus and unaligned with the research requirements.

After the two assessments, the bodies of papers eligible for analysis and inclusion were obtained.

Fig. 1: PRISMA flow chart for literature selection



Source: Authors' elaboration

In the first-phase search of WOS, 2,255 papers were obtained. The number of contributions was high because no filters were applied to the disciplinary areas; rather, a generic search was performed for the keywords within the platform. The first research screening focused on the four selected disciplinary areas, which reduced the number to 270 papers. The final screening phase further reduced the number, resulting in 24 useful contributions. EBSCO generated 166 contributions in the initial phase. The first screening reduced the number to 12, and the final screening resulted in 8. Finally, the search on JSTOR was carried out within titles and abstracts based on the same keywords. The search of abstracts led to 59 results, none of which were relevant. The search of titles yielded 12 results, of which 2 were possible contributions to the analysis. After the second screening, one paper remained. JSTOR allows contributions to be selected not only by keyword but also by content type and subject type.

The number of specific papers on the subject was not high, which highlighted the immaturity of the research topic in the abovementioned fields. It is the norm to find few contributions in an "immature" research field (Frank and Hatak, 2014).

### 3.2 Introducing publication analysis methods for evaluating the studies

The selected articles were analysed according to two main factors:

- (1) The bibliographical information (e.g., year of publication, type of publication, authors and their professional affiliation and geographical origin, research category, journal, journal ranking, and number of citations of the article);
- (2) The methodological information (e.g., type of methodological contribution, kind of cultural heritage, geographical area of the research, conceptual analysis, and utility of future perspectives).

The bibliographical aspects were then analysed more specifically based on the following factors:

- Timeline of publications. The identification of the period of publication made it possible to create a timeline highlighting the moment when researchers' attention to a specific topic increased or decreased. In addition, it was possible to assess the consistency of scientific production, the maturity or immaturity of the topic, and any interest at the time of research.<sup>3</sup>
- Publication category. The types of publication here were "articles" or "articles in books".
- Research field. The research area covered six categories: archaeology, art, business, economics, management, and social sciences. The research field was useful for systematizing the contributions and understanding the researchers' focus.
- Authors. The authors were analysed in two aspects: their affiliation (whether university professors or experts at specific institutions) and geographical origin according to place of work.
- Journal and journal ranking. The publications were collected by journal, and the journal ranking was also assessed through impact factor, Scimago JR, and VHB JQ3.
- Number of article citations. Recent publications with a low number of citations were also taken into account based on the assumption that they take time to spread. Furthermore, we considered them interesting for research purposes.

On the other hand, regarding point 2, the methodological aspects considered were as follows:

- Type of methodological contribution. At this stage, articles were analysed according to the methodological approach. Furthermore, we distinguished whether an article was a conceptual paper, case study, empirical study, or exploratory study.
- Type of cultural heritage. This referred to the identification within the articles of the kind of cultural heritage analysed.
- Geographical area of research. The geographical area in which the research was developed by the authors of the article.
- Conceptual analysis, future perspectives, barriers, or benefits of the research. This provided a basis on which to read the research and analyse the concepts addressed and any future research perspectives or barriers. Furthermore, it highlighted whom the results of the research were addressed to (researchers, practitioners, institutions, policymakers, etc.).

#### **4. Results and Discussion**

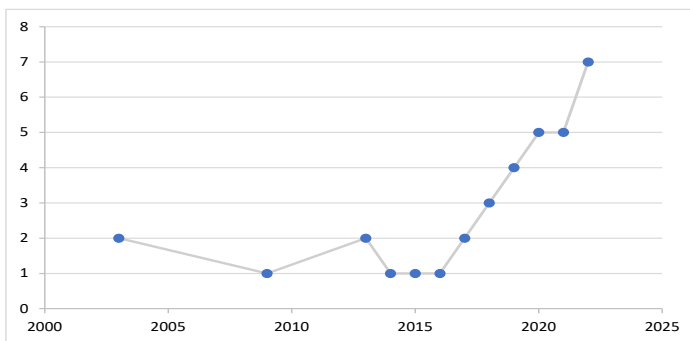
This section is based on the analysis and discussion of the bibliographic and methodological results. In the first case, the items of analysis were the year of publication, the distribution by research category based on journal subject area, the number of citations, the number of authors per contribution, and the authors' geographical distribution. In the second

case, the items were the content of the selected papers, focusing on elements concerning the geographical area in which the studies were developed, the methodology of the investigation, and finally, what aspects of sustainability were addressed and from what point of view.

#### 4.1 Bibliographical information: Timeline of publications and research field

The SLR was based on 33 publications covering 2003-2022. This time horizon was justified by the first paper among those selected being dated 2003, while 2023 was the year in which the review took place. As shown in Figure 2, the number of publications increased after 2015, with a peak occurring in 2020-2022. The increasing number of publications after 2015 corresponded with the year of Agenda 2030, and the attention of researchers to this topic was likely linked to the specific objectives of the ONU.

Fig. 2: Number of publications per year



Source: Authors' elaboration

Of the papers selected, 97% were journal articles, and as stated earlier, proceedings papers were excluded. Regarding the field of research, management studies prevailed, followed by art studies.

Tab. 1: Distribution of publications per research category

Research category	%
Social sciences	6%
Management	50%
Art	26%
Archaeology	18%

Source: Authors' elaboration

##### 4.1.1 Journals and number of citations

Table 2 shows the journals in which the articles were published, with the rows in grey indicating books or chapters in books. The analysis revealed a concentration of 52% of the articles in 3 journals: Journal of Cultural Heritage, International Journal of Heritage Studies, and Sustainability. Of

particular note were the special issue of Sustainability launched in 2021 entitled “Cultural Heritage and Sustainable Development”, were some of the articles were published. The quality of the selected papers was assessed through the classification of the journal in which the article appeared. Of the evaluable articles, 83% were published in journals that fell within Quartile 1.

The topic was approached from a multidisciplinary perspective, integrating humanities and art journals with management, economics, and environmental journals.

Tab. 2: Publication source ranked per paper and VHB

Journal	N° papers	H-Index	Impact Factor	Scimago Journal Rank	Vhb jq3
Journal of Cultural Heritage	9	70	2,955	0,722	Q1
Sustainability	7	109	4,17	0,234	Q1
International Journal of Heritage studies	5	50	2,27	0,791	Q1
Studies in Conservation	2	39	0,84	0,373	Q1
Tourism Management	1	216	13,79	1,611	Q1
International Journal of Conservation Science	1	18	0,76	0,295	Q1
Journal of Cultural Heritage Management and Sustainable Development	1	18	1,72	0,33	Q1
Tourism Management Perspectives	1	54	8,48	1,761	Q1
Urbani Izziv	1	17	1,36	0,268	Q1
Journal of Management & Governance	1	53	2,54	0,579	Q2
Property Management	1	29	1,42	0,316	Q3
Art-Sanat - Istanbul University Press	1	NA	N/A	N/A	N/A
Geografia-Malaysian Journal of Society & Space - University Kebangsaan Malaysia	1	NA	N/A	N/A	N/A
Revista pensamiento americano	1	NA	N/A	N/A	N/A

Source: Authors' elaboration

Table 3 shows the time horizons of the articles that were cited several times, which differ greatly. Reflection on the type of journal in which publications with a high number of citations were contained reveals that these journals specialize in cultural heritage.

Tab. 3: Six most cited publications

Authors	Publication Title	Source Title	Times Cited	Publication Year
Nocca F.	The Role of Cultural Heritage in Sustainable Development: Multidimensional Indicators as a Decision-Making Tool	Sustainability	271	2017
Orr <i>et al.</i>	Climate Change and Cultural Heritage: A Systematic Literature Review (2016-2020)	The Historic Environment: Policy & Practice	222	2021
Howard & Pinder	Cultural heritage and sustainability in the coastal zone: Experiences in southwest England	Journal of Cultural Heritage	115	2003
Ferretti <i>et al.</i>	Decision making and cultural heritage: An application of the Multi-attribute Value Theory for the reuse of historical buildings	Journal of Cultural Heritage	107	2014
Harrison R.	Forgetting to remember, remembering to forget: Late modern heritage practices, sustainability and the crisis of accumulation of the past	International Journal of Cultural Heritage Studies	105	2013
Landorf C.	A Framework for Sustainable Heritage Management: A Study of UK Industrial Heritage Sites	International Journal of Cultural Heritage Studies	86	2009

Source: Authors' elaboration



Studies by Nocca (2017) and Orr *et al.* (2021) showed an increasing focus on the relationship between cultural heritage and climate change. In the former, case studies led to the development of measurement indicators to understand the role of cultural heritage not only in climate change but also in economic and social improvement. However, the scarcity of resources for cultural heritage management, including assessment tools that highlight risks and impacts of environmental challenges and sustainable tourism, was reiterated. In the second case, the systematic review highlighted the low level of collaboration on the topic and the urgency of expanding research and collaboration globally.

The single Anglo-Saxon case study by Howard and Pinder (2003) opened up the perspective of applying sustainability principles to coastal cultural and natural heritage. This study also considered the challenge of climate change. It provided evidence that the impacts of climate change may make the costs of conserving coastal cultural heritage unsustainable and that the exploitation of such heritage through tourism is not conducive to sustainable practices. In particular, tourism should not be the sole key to economic development and growth, as it is associated with consequences of environmental degradation.

A study by Ferretti *et al.* (2014) also focused on a single case in Italy. Applying a multicriteria analysis, it considered the problem of sustainability assessment in cultural heritage projects, which is useful for decision-making and investment processes. The paper highlighted the importance of using methods that support cultural heritage planners in the monetary and nonmonetary evaluation of cultural heritage projects.

Harrison's (2012) speculative article addressed the implications of cultural heritage creation practices and their sustainability. The sustainability of cultural heritage begins with the way in which the past is considered. A more sustainable approach to cultural heritage management involves acknowledging the historical narratives that are preserved and maintained through heritage records. It involves actively monitoring and refining these narratives in the present rather than simply allowing them to accumulate without intervention.

Finally, Landorf (2009) focused on analysing the relationship between frameworks for managing complex cultural sites and the sustainability paradigm. Through a content analysis of UNESCO management plans for Anglo-Saxon sites, the study highlighted the criticality of the management plans analysed at the time. These critical issues related to a lack of strategic integration of sustainability principles and failure to focus on economic and social factors, undermining the ability to understand the potential benefits of management and the impacts on the wider community (British Council, 2021).

#### 4.1.2 Authors

The analysis covered several aspects of authors:

- Total number of authors on the topic
- Author distribution by geographical area
- Affiliation (university or not) of the authors

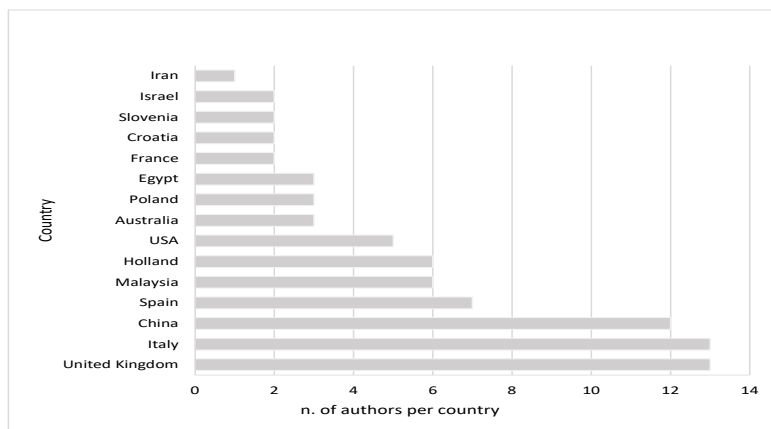
The publications considered included 80 authors distributed across 15 countries on five continents. Ninety-four percent of the authors were university researchers, and only 6% are affiliated with research centres.

As shown in Fig. 3, the country with the largest number of authors on the research topic was the United Kingdom, followed by Italy and China.

For countries where a significant number of authors addressed this topic, some insights can be gleaned about their policies and the value placed on their cultural sector.

Notably, Italy and China possessed the highest number of UNESCO Heritage Sites ([whc.unesco.org/en/list/](http://whc.unesco.org/en/list/)). Italy has a vast cultural heritage, while China boasts one of the world's oldest histories, as stated in its Constitution. The protection of Italy's historical and artistic heritage is highlighted in Article 9 of its Constitution, whereas the preservation of cultural heritage in China has been a contentious and demanding issue, as has sustainability. For many years, the country's vision has prioritized only strategies and policies aimed at achieving sustainable economic development, causing debate (Wai-Yin and Shu-Yun, 2004). The UK's national policies, particularly those overseen by the Department for Digital, Culture, Media and Sport (DCMS), demonstrate a strong focus on cultural heritage management. Academics play a crucial role in this area. The thoughtful management of cultural heritage is seen as pivotal not only to economic development but also to social development by reinforcing intercultural dialogue and fostering closer ties between communities and their heritage sites.

Fig. 3: Distribution of authors per country



Source: Authors' elaboration

A low degree of collaboration at the international level was noted, as an analysis of collaboration between authors from different countries showed that only 26% of the articles were written by several authors located in different countries. The remaining 74% were written by authors located in the same country, with the same university affiliation prevailing, revealing a low degree of collaboration between different academic and nonacademic institutions.

Further analysis confirmed this aspect of poor integration and collaboration, revealing that 43% of the articles were written by a single author and only 35% by two authors; the proportion decreased to 14% for collaborations among three authors (see Table 4).

*Tab. 4: Number of publications per number of authors*

Number of publications based on number of authors	% of publications
One author	43%
Two authors	35%
Three authors	14%
>3 authors	9%

Source: Authors' elaboration

#### 4.2 Methodological information: The geographical areas of the studies and countries

The following section is based on the content analysis of the papers. Geographical information on the countries where the surveys were conducted was extracted. This made it possible to understand where the studies focused most by either applying qualitative (e.g., case studies) or quantitative methodologies.

Comparative case studies included more than one analysed country.

The analysis revealed that in seven articles, no geographical area was mentioned. Moreover, there were 37 countries in total. A division between EU and non-EU countries showed that there was a 59% concentration in EU countries. Research was further concentrated in 41% of non-EU countries.

Among the EU countries included in the analysis were Great Britain, with 16% of the total, and Italy, with 11%. In the non-European area, the studies focused heavily on Egypt (14%).

##### 4.2.1 Type of heritage

An analysis of the type of cultural heritage on which the selected studies were based was necessary to understand whether some areas had been analysed more and whether sustainability had been investigated less.

The following results in the tabs emerged from the analysis of the data:

*Tab. 5: The type of cultural heritage*

Type of cultural heritage	% analysed in the articles
Coastal Heritage	5%
Industrial Heritage	5%
World Heritage Site	16%
Rural and Cultural Landscape	13%
Museums and Archives	11%
Historical Buildings	21%
Cultural Heritage (general)	21%
Archeological Siter	5%

Source: Authors' elaboration

Table 5 shows that the heritage analysed in the contributions was general cultural heritage, historical buildings, and World Heritage sites under the protection of UNESCO. Importantly, some contributions paid attention to preserving rural and cultural landscapes from the effects of climate change or restoration practices as a factor that could harm the environment caused. Other studies referred museums and archives in terms of applying sustainable solutions or increasing relationships with communities to enhance social sustainability.

This table also illustrates that scant attention has been paid to sustainability in coastal heritage and industrial heritage. These two forms of heritage present climate change-related obstacles, which tend to concentrate analysis on environmental sustainability. Nonetheless, the economies, social-territorial regions, tourist industries, cultural activities, commercial sectors, and other facets linked to these types of heritage require consideration.

The review’s contributions encompassed the most prevalent types of tangible cultural heritage, including some naturalistic examples, albeit in fewer numbers. Archaeological sites that had not been designated World Heritage sites by UNESCO were the most extensively studied. Historical and monumental buildings were frequently evaluated for the potential reuse of space, renovation, and regeneration of areas in support of environmental sustainability.

#### 4.2.2 Methodologies of the Studies

This section is important for understanding the methodologies used in the selected contributions. Qualitative methodologies were the most widely used, occurring in 68% of cases, while quantitative methodologies were less commonly used. Interestingly, in 17% of the cases, the authors applied a mixed methodology that combined qualitative and quantitative methods (Tab. 6).

Tab. 6: Methodologies used in the analysed contributions

The methodology applied and the method used	% Of contributions
Qualitative	
Action research	3%
Case studies	29%
Conceptual framework	18%
Content analysis	9%
Narrative	3%
Literature review	3%
Social impact assessment	3%
Total a	68%
Qualitative-quantitative	
Case study and multicriteria analysis	6%
Theoretical paper and optimal model	3%
Life-cycle analysis (lca)	3%
Unstructured interview and statistical data analysis	6%
Total b	17%
Quantitative	
Structural equation model (sem)	6%
Descriptive analysis	9%
Total c	15%

Source: Authors’ elaboration

A secondary analysis based on methodology identified the themes emerging from the chosen studies.

Table 7 presents the primary findings, categorized under three headings: main challenges and themes addressed in the research papers, methodology, and literature references.

Tab. 7: Explication of items investigated according to the methodology used.

Investigated Topics	Research Methodology	Literature References
<p>The need for an integrated conservation approach to plan and implement actions to preserve the past.</p> <p>The need to enhance the dialogue with cultural heritage and to underline the value of heritage as a mechanism that improves the social impact and the participation of communities.</p> <p>Accessibility to heritage is a social and societal problem of sustainability.</p> <p>The need for a tool to measure the sustainable management of heritage sites.</p> <p>The need for a change management approach to guide sustainability within organizations.</p> <p>The need for a holistic and multidimensional approach to preserve cultural heritage from unsustainable tourism practices.</p> <p>The importance of policy strategies to support the process of sustainability.</p> <p>The process of integrating sustainability into the education training course.</p> <p>The use of technologies to enhance the sustainability of cultural heritage.</p> <p>Cultural heritage is leverage to cope with problems linked to sustainable development (e.g., poverty, gender equality, environmental issues).</p> <p>The need to enforce and adopt sustainable accounting and accountability in cultural heritage organizations.</p> <p>The decision-making process for projects that affect cultural heritage is a complex problem that involves technical decisions and the preservation of values.</p> <p>The importance of a common taxonomy to define sustainability targets in an international context.</p> <p>The need for dynamic and flexible reporting that is adaptable to internal and external changes in the management of heritage sites.</p> <p>Attention to decision-making processes and the integration of different disciplines (archaeological, management, geomorphologic, and so on) to mitigate the effects of climate change.</p>	Qualitative	<p>Howard and Pinder, 2003; Pinder, 2003; Landord, 2009; Harrison, 2013; Howard, 2013; Ferretti <i>et al.</i>, 2014; Baker and Collins, 2015; Caust and Vecco, 2017; Nocca, 2017; Al-Tabbaa <i>et al.</i>, 2019; Gallou and Fouseki, 2019; Tobiasz <i>et al.</i> 2019; Havinga <i>et al.</i>, 2020; Koren-Lawrence <i>et al.</i>, 2020; Pardo Abad, 2020; Petti <i>et al.</i>, 2020; Jelincić and Tišma, 2021; Orr <i>et al.</i>, 2021; Magliacani, 2022; Gilberto and Labadi, 2022; Saunders, 2022; Wuebold <i>et al.</i>, 2022.</p>
<p>The theme of external factors, such as wars, that affect the sustainability of cultural heritage. From this perspective, it is important to construct an index to assess sustainability in these places.</p> <p>The evaluation of the spatiotemporal distribution of heritage to assess its sustainable development.</p> <p>The measurement of the level of sustainability in historic cities to enhance the process of sustainable development and have a strong impact on communities.</p> <p>Understanding the relationship between citizenship and heritage to achieve sustainable management.</p>	Quantitative	<p>Vecco and Srakar, 2018; Jiang <i>et al.</i>, 2022; Saleh <i>et al.</i>, 2022; Molina <i>et al.</i>, 2023</p>
<p>Focus on environmental sustainability: assess and evaluate the impact of restoration on climate change.</p> <p>Focus on economic sustainability in terms of adaptive reuse.</p>	Qualitative-Quantitative	<p>Magrini and Franco, 2016; Settembre <i>et al.</i>, 2018; Sharifi, 2020; Liang <i>et al.</i>, 2021; Rossitti <i>et al.</i>, 2021; Li <i>et al.</i>, 2022.</p>

Source: Authors' elaboration

In the first area, the qualitative approach generally concentrated on the need for tools to monitor sustainability and focused on accounting and

accountability. This involved an integrated analysis approach encompassing conservation and sustainable management. It also involved considering the role and implications of sustainability in strategic decision-making processes.

Additionally, the findings showed that a considerable number of articles utilized qualitative methodologies such as case studies, theoretical frameworks, and content analysis. The preference for these methodologies resulted, in part, from the frequent insufficiency of data within the sector as well as the specificities of the cultural sector. This prompted us to contemplate the need for the industry to meticulously recognize and scrutinize potential replicable models post adaptation. Additionally, it is imperative to delineate theoretical frameworks that amalgamate the research and unlock new assessment methods. Regrettably, the quantitative approach appears to have been the most neglected, thus warranting an evaluation of research paths. Some studies combined qualitative and quantitative methods (Brannen, 2017).

*4.2.3 Categories and subcategories of analysis: Dimensions of sustainability*

Sustainability and its relationship with cultural heritage are the focus of this study. In this literature review, sustainability has three dimensions; however, it has been extrapolated that sustainability should be studied as a singular issue or in combination with other issues.

Of the papers analysed, 47% referred to one dimension of sustainability (Table 8), with the analysis of social factors having the greatest frequency, followed by environmental sustainability (Table 8.1).

*Tab. 8: General table of the dimensions of sustainability analysed in the contributions*

no. of dimensions of sustainability analysed	% of contributions for each dimension
1 dimension	47%
2 dimensions	15%
3 dimensions	38%

Source: Authors' elaboration

*Tab. 8.1: Details of the single dimension of sustainability*

Dimension of sustainability	% of frequency for each dimension of sustainability
Economic	9%
Social	21%
Environmental	17%

Source: Authors' elaboration

Furthermore, the frequency of two dimensions of sustainability extrapolating from the combination that emerged was analysed. In this case, there was almost a homogeneous distribution of frequency (Table 8.2).

Tab. 8.2: Details of the combination of dimensions of sustainability

Combination	Frequency
Economic and Social	6%
Economic and Environmental	6%
Social and Environmental	3%

Marianna Marzano  
Monia Castellini  
Cultural heritage and sustainability: What is the state of the art? A systematic literature review

Source: Authors' elaboration

#### 4.2.4 Explication of dimensions of sustainability

In the final part of the analysis of the selected contributions, the content of the papers was used to identify how the sustainability dimensions were made explicit. In summary, analysis and systematization of the content of the papers were conducted in two macro-areas:

- (1) For each sustainability dimension, the study highlighted which elements recurred in the studies analysed.
- (2) For each methodological approach (qualitative, quantitative, or mixed), the main objectives and results of the studies were highlighted to determine whether a common line or future research approach emerged.

The table 9 summarizes the two points made above.

Tab. 9: Explication of the 3 dimensions of sustainability

Dimension of sustainability	Main details extrapolated from the papers
Economic sustainability...	<ul style="list-style-type: none"> <li>- depends on the potential use of heritage.</li> <li>- depends on planning capacity.</li> <li>- depends on processes oriented towards the implementation of sustainable accounting and accountability in organizations.</li> <li>- could have a basis within the cultural heritage area.</li> <li>- derives from the economic value creation associated with the revitalization of cities because of cultural heritage.</li> </ul>
Social Sustainability...	<ul style="list-style-type: none"> <li>- refers to the participation and involvement of the community at the local level or through social media tools.</li> <li>- refers to the relationship between citizens and the perception of cultural heritage and sustainability.</li> <li>- refers to the capacity of cultural heritage to create new opportunities for local people (e.g., new jobs and commercial activities).</li> </ul>
Environmental Sustainability...	<ul style="list-style-type: none"> <li>- refers to the use of sustainable materials for storage in cultural heritage or historical buildings.</li> <li>- refers to the impact of climate change on the conservation of heritage.</li> <li>- refers to the impact of conservation practices on climate change.</li> <li>- is linked to the planning of cultural heritage use.</li> <li>- refers to the preservation of cultural heritage from the impact of tourism and not only from climate change</li> </ul>

Source: Authors' elaboration

The information presented in the table reveals that the cultural heritage sector expresses the concept of sustainability in varying ways. Specifically, the chosen papers indicate that the economic sustainability concept is contingent upon the characteristics of heritage, which serves as the foundation for evaluating the sustainability of cultural heritage itself. Additionally, successful management of heritage assets relies on the ability to forecast accurately and generate value through revitalizing neighbouring regions.

Social sustainability is closely connected to community involvement and its relationship with heritage, emphasizing the potential for heritage to contribute to achieving social goals and improving the wider community in areas such as education, cultural and social initiatives, work, and well-being.

Environmental sustainability was examined primarily in relation to impact on climate change and mitigating forms of overtourism. Regarding climate change, the focus was on the effects of conservation, usage, and reutilization of materials as well as the consequences of omitting effective environmental preservation practices for heritage. Technical terms were explained when introduced. Common academic sections were included, and the text maintained formal and grammatically sound language. Regular author and institution formatting were also maintained.

*4.2.5 Features analysed in the papers: Whom they addressed*

Each study aimed to contribute to different categories of people, such as scholars, local governments, the broader community, policy- and decision makers, and practitioners. Another aim of this literature review was to identify the categories to which each article referred. In many cases, the studies selected were aimed at “local governments, policy, and public-private decision-makers” (30%). This finding underlined the importance of making a practical contribution and not just a theoretical one. It followed that in 24% of the cases, the research contribution was double: it was intended for both academics/scholars and practitioners, while in 18%, the practical contribution addressed specific actors, such as cultural institutions and policymakers (see Table 10).

*Tab. 10: Utility of contributions for stakeholders*

Perspectives and utility of the studies	%
Local Governments; Policymakers and Public and Private Decisionmakers	30%
Academics/Scholars and Practitioners	24%
Cultural Institutions (e.g., UNESCO or museums/heritage sites in general), Policymakers	18%
Academics/Scholars	15%
Local Government; Public and Private Decisionmakers; Citizens	12%

Source: Authors’ elaboration

The table illustrates the variability in the intended utility of the analysed studies. It is essential to note that these studies aimed to spread knowledge



and practices in two primary ways. First, they were intended for an academic audience, and second, they were useful for evaluating or aiding decisions made by policymakers or institutions. They provided scientific contributions to operational and management support. Collective analysis of the results made this aspect more prevalent than before.

## 5. Conclusions

Culture is considered the fourth pillar of sustainable development, but some studies have integrated cultural heritage into the general concept of culture, focusing on the pursuit of sustainability objectives in these areas (Labadi and Gould, 2015). The topic of sustainability and cultural heritage has been recognized as having conceptual interaction and integration (Lounlaski, 2007) and was included in the goals of Agenda 2030.

This literature review provides context by creating an overview and outlining the state of the art of research, studies, and practices related to sustainability in cultural heritage. Consequently, it identifies gaps in the current knowledge and identifies challenges and opportunities for future research.

Studies have increasingly focused on sustainability since 2015, with a strong increase in publications on the topic. However, attention still needs to be paid to which areas of sustainability are most investigated in terms of project implementation and impact analysis. In particular, we are in the presence of a complex object of analysis because cultural heritage includes a wide range of resources and assets, which can be tangible or intangible (Andrews *et al.*, 2006). This complexity can make it difficult to define a standardized approach to sustainability management (Barthel-Bouchier, 2016).

Regarding the aspects that can be instrumental in guiding future research, this review provides a set of propositions.

*Proposition no. 1. Increase studies that comprehensively analyse sustainability in the cultural sector with a holistic and interdisciplinary approach.*

There is a case for increasingly taking an integrated research approach. Despite efforts to promote an integrated approach to sustainability in the cultural heritage sector, there is still a dearth of research that comprehensively addresses the social, environmental, and economic aspects of sustainability. Often, research has focused on one of these aspects while neglecting the others, thus avoiding the overview needed for effective, sustainable management. For this reason, the integration discourse must be extended to the choice of journals so that academics can transfer the discourse to journals that are not only sector specific but also are open to the interdisciplinary nature of the subject. Special attention should be paid to improving these two aspects of research by increasing collaboration between academia and other research centres, involving experts more closely in the search for appropriate solutions. Moreover, interdisciplinary and international collaboration between researchers should be increased

because it is necessary to promote the sharing of data and information among researchers, practitioners, and institutions to improve the quality of research and foster a better understanding of sustainability in cultural heritage.

Proposition no. 2. *Focus on research with a longitudinal perspective of the dynamics of sustainability in cultural heritage.*

Sustainability is a long-term goal, but many studies on sustainability and cultural heritage are time limited. The lack of long-term studies prevents understanding changes over time and evaluating the effectiveness of sustainable management strategies over the years and their effects (including job creation, income generation, and contribution to overall economic development).

Proposition no. 3. *Adequate impact measurement tools based on the type of heritage analysed.*

The scarcity of data undermines adequate assessment and measurement of the impact of sustainability management practices. However, reliable and comprehensive data on cultural resources and the impact of conservation and management activities are often lacking. Data collection and analysis can be complex due to problems of accessibility, lack of standardization, and limited information sharing among stakeholders.

Proposition no. 4. *Expand the investigative methodology in research through*

- Action and participatory research: Action research methodologies should be implemented by actively involving local communities, cultural organizations and other stakeholders in the research process. A participatory approach should be promoted to develop sustainable solutions together with the communities involved.
- Quantitative investigations should be conducted to collect numerical data on the economic, social, and environmental performance of sustainability initiatives in cultural heritage.

Proposition no. 5. *Analyse the relationship between sustainability and cultural heritage from a value creation perspective.*

This proposition has several aspects. It would be desirable for studies to be directed towards

- Examining the social dimension of sustainable development in the cultural heritage sector, focusing on inclusiveness, community involvement, and the impact on different demographic groups.
- Analyzing the role of cultural heritage in promoting intergenerational equity, considering the responsibility of the current generation for preserving cultural capital for future generations.
- Evaluating the effectiveness of cultural heritage organizations in ensuring equitable access to educational opportunities, livelihood options, and resources for all communities.
- Investigating the effectiveness of educational programs in raising awareness of the link between sustainability and cultural heritage

and how they influence the practices of cultural organizations And developing innovative educational strategies to promote awareness and adoption of sustainable practices in the sector.

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Proposition no. 6. *Analyse socioeconomic performance in achieving sustainability.*

- Conduct a comprehensive review of economic sustainability in cultural heritage projects, addressing issues such as financial viability, dependence on public funds, and the role of private funding. Many cultural sites have limited financial resources and depend on public funding or donations; thus, sustainable financial models must be developed to balance conservation and management needs with available financial resources.
- Explore whether sustainability is achieved with better performance results by public or private cultural organizations and identify the critical issues.
- Explore the changing sociocultural dynamics that may influence public interest, management practices, and stakeholder expectations. The participation and involvement of local communities are essential for sustainable cultural heritage management.

Proposition no. 7. *Analyse the relationship between sustainability and cultural heritage to create economic circularity.*

- Explore the integration of circular economy principles into cultural heritage conservation, evaluate their effectiveness in reducing the environmental footprint, and propose adaptive strategies for sustainable conservation practices.

Addressing these gaps requires continued efforts to improve research methodologies, promote interdisciplinary research, actively involve local communities, and improve data collection and accessibility. Greater attention to these areas will enable more effective and sustainable management of cultural heritage in the context of sustainability.

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# Digital nomadism and tourism development: Stakeholders' perceptions of an inner area

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## Abstract

**Frame of the research:** Starting with a definition of digital nomadism and its consequences for a destination, the study debates sustainable tourism development opportunities for inner areas.

**Purpose of the paper:** Identification of enabling factors that contribute to the establishment of a destination for digital nomads and analysis of stakeholders' perceptions about the impact of digital nomadism on local development.

**Methodology:** The research adopts the case study method. An explorative study was conducted through eight interviews with key stakeholders, using a thematic analysis.

**Results:** If the coworking and internet infrastructure are sufficiently developed, the target of digital nomads can be interesting for inner areas. Tourism products focused on this new segment have not yet been defined.

**Research limitations:** Our explorative study is limited to one case study and considers only key stakeholders. Nonetheless, Valsugana (in the Autonomous Province of Trento, Italy) is representative of inner areas facing stagnation and high seasonality.

**Managerial implications:** The research illustrates the roles of key stakeholders and gathers views and expectations about this new phenomenon, identifying the structural, cultural, and socio-economic factors, and the opportunities and challenges, involved in relaunching inner areas. These findings, when considered in the light of the objectives of sustainable development, reveal significant implications for Valsugana, the first destination to be certified by the Global Sustainable Tourism Council (GSTC).

**Originality of the paper:** The research adopts a supply-side approach and analyzes the potential of digital nomadism for the development of inner areas. To attract the digital nomad segment, thereby revitalizing these destinations, stakeholders need to offer non-traditional services and products. The case could represent a training ground, where to study the changes in the development of a destination by examining its life cycle.

**Key words:** digital nomads; sustainable tourism; inner areas; repositioning; stakeholder theory

## 1. Introduction

In recent years, new types of jobs and ways of working, increasingly flexible in terms of time and place of work, have emerged (Aroles *et al.*, 2020; Voll *et al.*, 2022), enabling more and more people to work remotely (Hermann and Paris, 2020; Wang *et al.*, 2018). This trend was accelerated

by the Covid-19 pandemic during which the need to minimize contact between people meant that, where possible, we worked from home (Almeida and Belezas, 2022). Various advances in information and communication technologies - such as high-speed connectivity and certain applications that enable virtual communication (Hermann and Paris, 2020) - contributed to this shift (Merkel, 2022). Even as restrictions relaxed, both individuals and companies considered the possibility of continuing with remote work, and some people started to work from “anywhere” (Bednorz *et al.*, 2024; Hermann and Paris, 2020; Wang *et al.*, 2018). This phenomenon has been defined as digital nomadism (Hannonen, 2020; Hannonen *et al.*, 2023; Makimoto and Manners, 1997; Mancinelli, 2020).

Digital nomadism represents an opportunity for those territories that recognize this trend and can attract these workers; inner areas facing depopulation and undertourism (Ivona *et al.*, 2021) stand to benefit above all, as highlighted by the third annual report from the Associazione Italiana Nomadi Digitali (AIND) (2023). Inner areas are defined as territories experiencing population decline and lacking important services, such as public transportation, education and health facilities, often due to their remote location (Strategia Nazionale Aree Interne, 2021). The fact that digital nomads traveling to Italy are interested in small villages, in the hinterland, and in those destinations surrounded by nature was highlighted in the 2022 AIND report. Inner areas have the advantage of offering both quiet, contained environments, far from the chaos of city life, and authentic experiences (Garcez *et al.*, 2022; Martini *et al.*, 2021). Adopting the lenses of stakeholder theory (Hannonen *et al.*, 2023; Martini and Buffa, 2015), this study will contribute to sustainable tourism research, with a particular focus on an inner area and a remote destination (Garcez *et al.*, 2022). In particular, the research will investigate the opportunities provided by digital nomadism in these areas, through qualitative in-depth interviews with key-stakeholders in the Valsugana, a destination in the Autonomous Province of Trento (Italy). Although this is explorative research, focusing on a single case study, it contributes to the understanding of how key stakeholders perceive the opportunities provided by and the impacts of this new trend in their destination.

The paper is structured as follows: the next section is a literature review which provides a more detailed definition of the digital nomad phenomenon and its consequences for destinations. The context for this study and the methodology used are then described, followed by an extensive summary and discussion of the findings. Finally, in the conclusion, the theoretical and managerial implications and limitations of the study are considered.

## 2. Literature Review

### 2.1 Digital nomads

Although both the phenomenon itself and studies on it are increasing, there is still no clear definition of the “digital nomad” (Hannonen, 2020). The term was used for the first time in the late 90s, when Makimoto and

Manners (1997) defined digital nomads as professionals whose work activities do not tie them to a specific place, and who can thus work from anywhere in the world, using digital technologies (Bednorz, 2024; Hannonen, 2020; Wang *et al.*, 2018).

Digital nomads choose this lifestyle for various reasons, a principal one being the escape it offers from the busy life of the city. It can also enable people to combine urban and rural lifestyles and/or to improve their health by engaging in more sports and leisure activities (Voll *et al.*, 2022).

According to the School of Management at the Politecnico di Milano (Italy) (2023), 17% of Italians worked remotely from a holiday destination in 2022. Almost half of the hotels surveyed said that they had hosted guests who were “on workation”. According to this report, the digital nomad’s main requirement is - unsurprisingly - a high-speed internet connection (Chevtaeva and Denizci-Guillet, 2021). The quality of the available coworking spaces is also extremely important (Aroles *et al.*, 2020; Chevtaeva and Denizci-Guillet, 2021; Merkel, 2022); they are expected to provide the equivalent of a professional office space and a range of connected services (including relax and food and beverage areas). Digital nomads are also very conscious of membership costs when assessing the suitability of a coworking space (Chevtaeva and Denizci-Guillet, 2021).

The quality and cost of life in a destination are also important, as is its ability to offer a wide range of cultural activities and after-work experiences (Martini *et al.*, 2021) that allow digital nomads to enjoy a good work-leisure balance (Garcez *et al.*, 2022). These activities include outdoor and sports (AIND, 2022; Reichenberger, 2018) but can also have to do with food and culture experiences (Chevtaeva and Denizci-Guillet, 2021). Finally, safety and a good healthcare system are a priority, especially following the Covid-19 pandemic (Martini *et al.*, 2021). Ideally, digital nomads will have a sense of novelty, experiencing a lifestyle, a culture, and an environment that differs from what they are accustomed to at home. Although this need for novelty can lead to very frequent changes of location (Garcez *et al.*, 2022), place is nonetheless particularly important for digital nomads (Hannonen *et al.*, 2024; Miocevic, 2024).

However, although digital nomads would like to participate in local life and connect with the resident population (Martini *et al.*, 2021; Shin *et al.*, 2023; Zhou *et al.*, 2024), they rarely succeed. Some studies have highlighted this issue, which underlies the crucial importance of the coworking space as somewhere not only to work but also to create a community which can include not just the digital nomads themselves but also any locals who avail of it (Chevtaeva and Denizci-Guillet, 2021; Merkel, 2022). Events which take place at the coworking spaces and facilitate such exchanges seem to be highly appreciated by digital nomads (Merkel, 2022).

The literature already contains descriptions and categorizations of the digital nomad as a potential segment for destinations. For instance, Chevtaeva and Denizci-Guillet (2021) have identified the practical digital nomad, the sociable digital nomad, and the explorer. The practical digital nomad looks for professional or hiring opportunities in the destination and does not participate in social events. The sociable digital nomad wants to meet new people and takes part in parties and events. The explorer

wants to participate in authentic experiences and is interested in culture, language, and local food. In terms of the type of experiences that they look for, previous research suggests that digital nomads identify four particular characteristics of the workcation travel experience: relaxing, improvised, autonomous, and localized (Shin *et al.*, 2023).

Other studies focus on the hospitality sector, defining the competitive potential of hotels that adapt to this new demand trend by creating workstations and providing a reliable high-speed internet connection (Floričić and Pavia, 2021). Hotels have similar advantages as destinations, that is: lengthening the stay and innovation of both physical and digital facilities through a better Internet connection (Bassiyouny and Wilkesmann, 2023; Floričić and Pavia, 2021).

Previous research has investigated Madeira (Portugal) (Almeida and Belezas, 2022), Bermuda and Barbados (Hermann and Paris, 2020), and Gran Canaria (Hannonen *et al.*, 2023). In Madeira, for example, the Digital Nomads Madeira project was developed in 2021 with the aim of connecting digital nomads with local businesses and residents (Almeida and Belezas, 2022). One of the policies introduced by all of these countries is provision for a specific visa for people who want to stay and work in the country for a longer period (Bednorz, 2024; Merkel, 2022). Inner areas, on the other hand, have the competitive advantage of being small, and quiet in comparison with a big city, and of offering an authentic cultural heritage and lifestyle (Garcez *et al.*, 2022; Martini *et al.*, 2021): these factors attract the explorer digital nomad (Chevtaeva and Denizci-Guillet, 2021).

Italy is seen as a possible choice by digital nomads, although some report having experienced problems with rural internet connections (AIND, 2022; Martini *et al.*, 2021). Another obstacle may be a lack of specific visas and regulations (AIND, 2022).

## 2.2 Opportunities for tourism destinations

Different territories can benefit from the presence of digital nomads in different ways. Overall, digital nomads contribute to the local economy (AIND, 2023), providing higher monetary incomes and new job opportunities (Garcez *et al.*, 2022). This new enables tourism destinations to sustain tourism development (Chevtaeva and Denizci-Guillet, 2021), revalorize their tourism products and services (Martini *et al.*, 2021), and/or renovate their offers (Osservatorio Innovazione digitale nel Turismo, 2022).

Previous studies have clearly demonstrated that the opportunities for destinations opened up by digital nomadism are in line with the principles of sustainability (Lee, 2013; Byrd, 2007; Bichler, 2019). One of the aims of sustainable community-based tourism is to improve residents' quality of life (Lee and Jan, 2019). However, when digital nomads stay in a destination for extended periods, conflicts with residents can arise (Miocevic, 2024). On the other hand, if the services developed for digital nomads also significantly benefit the local community, such tensions can be reduced (Lee, 2013). Moreover, it is important that local actors be involved in the development of such projects (Garcez *et al.*, 2022) which can

include providing faster internet connections, creating coworking spaces (Chevtaeva and Denizci-Guillet, 2021), improving mobility and other elements of the territory's infrastructure (Floričić and Pavia, 2021). Since digital nomads are not constrained by the usual annual holiday periods, the remote working trend contributes to deseasonalization, with both longer and "off-season" stays (Choi and Sirakaya, 2006; Martini *et al.*, 2021), increasing the long-term economic impact of their presence (Almeida and Belezas, 2022). The need to provide suitable facilities for these workers can incentivize destinations to revalorize underused resources and buildings, which also benefits residents (Werther *et al.*, 2021).

The digital nomad trend is thought to be especially important for small, remote villages (Ivona *et al.*, 2021). The latest AIND report (AIND, 2023) includes an analysis of the opportunities for inner areas offered by digital nomadism, highlighting how the phenomenon encourages the development of slow tourism offers that preserve the authenticity of the destination (Martini *et al.*, 2021) through the revitalization of the local and small businesses preferred by digital nomads (Almeida and Belezas, 2022). Studies on digital nomadism in rural areas have investigated coworking spaces (Garcez *et al.*, 2022; Werther *et al.*, 2021), demonstrating their contribution to rural regeneration. In rural areas, many spaces, both private and public, are empty or underutilized. In other words, the infrastructure for coworking spaces already exists, although they often require an initial substantial investment for the renovation of the buildings (Werther *et al.*, 2021). Such projects can establish a new network of relationships between the DMO and the (public or private) owners of coworking spaces (Bichler, 2019).

Almeida and Belezas (2022), while recognizing the key role of local tourism businesses and other private stakeholders, highlight the importance of local governments as an accelerator and support for such development projects since their means and capacity almost always exceeds that of the private stakeholders involved.

Sometimes, members of local communities express concerns that if their territory becomes too popular in the wake of developments such as those described above, the resulting overcrowding will threaten the area's adherence to the principles of sustainability (Almeida and Belezas, 2022).

The report issued by the AIND (Associazione Italiana Nomadi Digitali) in 2022 highlights some problems experienced by digital nomads in Italy: underdeveloped public and private mobility, a lack of targeted offers or packages, nowhere to find a complete information package.

While it is known that digital nomads want to escape the hustle and bustle of big cities (Voll *et al.*, 2022), little research has been done on the opportunities and challenges presented by this trend for inner areas (Garcez *et al.*, 2022; Martini *et al.*, 2021), or - more specifically - on the perceptions of key stakeholders about this particular development opportunity.

The present research addresses this gap, answering the following research questions:

- what are the (structural, cultural, socio-economic) factors that contribute to the establishment of a destination for digital nomads?

- what are stakeholders' perceptions about the impact of digital nomadism on local development in an inner area?

### 3. Methodology

#### 3.1 *The case study*

The Valsugana valley is a tourism destination located in Northern Italy, in the south-east of the Autonomous Province of Trento. In total, the destination includes 34 municipalities. Valsugana had approximately 161,000 arrivals and more than 500,000 overnight stays in 2019. The majority of these were from Italy (63%), largely from the neighboring regions (ISPAT, 2020).

The territory's diverse environments provide numerous tourism offers: relaxing holidays by the lakes, hiking in the mountains in the summer, winter holidays in the snow, cultural activities related to WWII. Of particular note are the valley's thermal baths and 400km of bike tracks. Valsugana can be considered a community-based tourism destination, given the multiplicity of public and private stakeholders involved in the territory and the centrality of the local population in tourism decision-making and planning (Murphy and Murphy, 2004; Buffa *et al.*, 2019; Mayaka *et al.*, 2019). The commitment of the destination and its stakeholders to sustainable tourism development was recognized by the Global Tourism Council (GSTC), a network of organizations, including UNTWO, that sets and monitors standards for sustainable tourism and defines the criteria related to environmental, socioeconomic and cultural impacts. In 2019, Valsugana was the first tourism destination in Europe to be certified as sustainable according to the GSTC criteria (see <https://www.gstcouncil.org>).

The DMO that manages tourism in Valsugana is called APT Valsugana Lagorai. It was founded in 2004 with the aim of strengthening the destination's economy by supporting local stakeholders and enabling them to develop an innovative tourism and hospitality industry.

In Valsugana, the local bank and Trentino Impact Hub, the main coworking organization in the Province of Trento, have collaborated on a (private) project to create a territorial network of coworking spaces through the recovery of old and underutilized buildings owned by the bank. The project is called "Alta Valsugana Smart Valley" and includes coworking spaces in four municipalities. In two other municipalities, study areas have been created in publicly owned buildings and the intention is to make them available as coworking spaces. Meanwhile, other municipalities are planning similar projects.

Local stakeholders are generally in favor of Valsugana becoming a destination for digital nomads and the valley's official website promotes it as a place to come to live and work remotely.

In light of all of the above, the destination was considered suitable for the research objective.



### 3.2 Data collection and data analysis

This study adopts stakeholder theory and a multi-stakeholder perspective, considered particularly appropriate because Valsugana is a community-based destination characterized by a variety of public and private stakeholders that have an interest in and are affected by the tourism industry (Byrd, 2007; Martini and Buffa, 2015).

A qualitative methodology was considered appropriate to answer the research questions (Jennings, 2005; Richards and Munsters, 2010), both because the study is explorative and because this is in line with stakeholder theory (Martini and Buffa, 2015; Hannonen *et al.*, 2023). Semi-structured in-depth interviews are particularly suitable for an explorative study (Gillham, 2005). They allow for comparison of different opinions and perceptions revealed through a set of prepared questions developed from the literature; if necessary, follow-up clarifying questions are also permitted (Jennings, 2005).

Using a convenience sample, 8 in-depth semi-structured interviews with key stakeholders in the destination - members of the DMO, public actors, and private stakeholders - were conducted. The interview guidelines included three main blocks: the first part was dedicated to a description of the area and any offers or services currently available for digital nomads, the second to the opportunities and challenges presented by this trend, the third to possible future steps for the destination. The interviewees had time at the beginning of the interview to introduce themselves and at the end to add any further information that they considered relevant. The interviews took place online between December 2022 and January 2023 and lasted between 20 and 65 minutes (33 minutes on average). With the consent of the interviewees, the interviews were recorded and transcribed. The transcriptions were then coded using an iterative approach: themes and sub-themes were identified, combined and compared during open discussions among the three authors (Gioia *et al.*, 2013).

All the interviews were conducted in Italian; only relevant phrases/sentences have been translated into English.

## 4. Results

First, it is important to highlight that most interviewees have noticed an increasing number of digital nomads in some of the bigger towns in the destination, especially during the summer. Most of them, however, were staying in private apartments and had therefore not been identified by the DMO and/or the municipality. The interviewees did not remark upon any negative experiences or opinions related to this issue.

### 4.1 Enabling factors for digital nomads

As mentioned earlier, if a destination wishes to attract digital nomads, it has to provide high-quality coworking spaces. This has been recognized

in Valsugana, and both public and private actors have, as described above, moved to fulfill this need.

The Alta Valsugana Smart Valley project is financed by the local bank in collaboration with Impact Hub Trentino. It has restored old buildings and transformed them into coworking spaces; the aim is to create opportunities for local development. Although the project's main goal is to improve the lives of local residents, two of these coworking spaces are used by many foreign or temporary visitors, especially in the summer.

Other - public - projects to create spaces to work have also been launched. Initially intended as study areas for locals, the stakeholders interviewed mentioned the possibility of using those areas as coworking spaces as well.

*"We have just redeveloped an old industrial building, which is going to be a youth center, but the second and third floors are big spaces, with tables, electrical sockets, connectivity, there's fiber broadband and so it could be perfect for digital nomads"* (I3)

Even though most interviewees mentioned the difficulties of ensuring a good internet connection in remote areas, this problem has already been addressed: a high-speed internet connection is or will soon be installed in all the territories considered in the study. All the interviewees agree that connectivity is the first thing to think about when targeting digital nomads.

Interviewees mentioned the factors that make Valsugana attractive to the digital nomad segment. The destination is ideal for visitors who are looking for a quiet, uncrowded work location, away from the hustle and bustle of the city, but with the services and facilities necessary to allow them to work without inconvenience.

While Valsugana has not yet designed any tourism offers specifically for digital nomads, our findings reveal that the destination's existing tourism attractions are potentially appealing to digital nomads. These existing attractions are now targeted at nature and/or sports lovers, especially mountain bike enthusiasts, and tourists looking for slow, authentic experiences that reflect the territory's traditions.

*"We'd be interested in bringing people here, especially off-season, so that they could experience 'slow living', enjoying nature, but also enjoying life itself, immersed in their surroundings, meeting the local farmers, being able to watch cheese being made, milk being processed, really in contact with nature - the area offers these unique experiences."* (I3)

The authenticity of the experiences offered is consistent with the principles of sustainability; this aspect will be explained in more detail in the next subsection.

#### *4.2 Opportunities for the local community*

Findings confirm that sustainability is central to all the region's tourism offers, including those targeting digital nomads. Satisfying the needs of the local community is considered paramount. Fortunately, services for digital nomads also benefit residents:

*"To focus, from the point of view of territorial marketing, on this market is, in my opinion, a good idea. In the end, if you provide services for digital*

*nomads, there you are, you have them right there for everyone, so digital nomads and residents complement each other, they aren't in conflict" (I1)*

Secondly, the need for seasonal adjustment has been on the destination's agenda for some time now. As one interviewee mentioned, its promotional material now highlights the so-called "off-season" (April, May, October, November). Attracting digital nomads is seen as a way to support seasonal adjustment: people who can work from anywhere can also travel whenever they want to, in any season and for as long as they wish. Interestingly, however, most interviewees had the impression that summer was still the peak season for digital nomads.

*"We also hope to prolong the season so that it's not just July and August, and that'll mean we can have visitors in other months too, maybe in spring, in autumn. Get people to discover [the area] outside the two classic summer months too." (I6)*

*"So, in May, June, and September, October - months that are still lovely, especially in the mountains, with the colors, to be able to make those weeks attractive, and to have visitors then too. To be able to promote them, as well, because we have these possibilities of digitalization and coworking - this is it, this will be the next step, we're one step behind, but we are getting things together, because we have a feeling that this could really be a great opportunity to bring the two elements together." (I3)*

Seasonal adjustment has also been considered a priority in areas that are currently stagnating. This is true of Valsugana, which saw high visitor numbers until the 1980s, but now has fewer arrivals and overnight stays. The consequences of this stagnation are very evident, especially in the number of empty second homes in the area.

Targeting digital nomads is considered to be consistent with the principles of social sustainability; this segment is believed to be interested in local traditions and history, and in authentic contact with the local population. In fact, no negative encounters between residents and digital nomads in Valsugana were reported.

Moreover, the interviewees considered Valsugana's location to be appealing to digital nomads: despite being a mountain destination, it is not far from the cities of Trento, Rovereto and Bassano del Grappa. Interviewees focused on the attractiveness of slow, mountain tourism, which does not disrupt local residents' lives:

*"So the contribution that digital nomads can make in this sense is to valorize the unique things about the territory and bring people, families, groups here - people who want to experience life in the mountains in a certain way, which isn't, ok, I'm going to go skiing at a resort, but I'm going to go and unplug from the rest of the world and really go out and experience full immersion in nature." (I3)*

Another, related, topic of interest is that of the so-called "local returnees":

*"people, originally from the Valsugana, who went and studied elsewhere and live and work in Italy, or abroad, who especially at Christmas and Easter, or in the summer, or for holidays, come back and rely on coworking hubs to allow them to stay here for longer." (I5).*

This is still, however, a quite unstructured phenomenon; most people do not move back to Valsugana, so any contribution to the reversal of depopulation is, as yet, insignificant.

Some interviewees referred to the way in which connections with professionals from all over the world and from diverse fields was enriching the local community.

#### *4.3 Governance and relationships*

Regarding the governance of the destination, most mentioned the importance of having an organization that can engage and coordinate the diverse stakeholders and municipalities of Valsugana in developing a coherent offer for digital nomads. Although some said that this role could be played by the “Comunità di Valle”, most stated that the DMO is the body most suited to the task, especially given that the project involves precisely those areas upon which the DMO focuses: destination management and tourism promotion. It is also important that the Valsugana DMO and the other stakeholders involved agree on core values regarding sustainable development in the destination.

As we have seen, the DMO has not yet developed tourism offers or experiences specifically targeting digital nomads, such special after-work experiences, “temporary citizenship” activities, or special “packages” that include the above, the public transport, internet connection, coworking membership, etc. This is partly because the segment is, to date, not considered central to the destination. Some interviewees were prepared to consider and plan targeted offers in order to attract digital nomads. Local government was seen by many interviewees as an important stakeholder, since it is the primary conduit for any public funding of such projects.

Another frequently mentioned topic was the relationship between public and private stakeholders. This factor is particularly salient in the case of the many so-called (usually empty and often in real need of substantial renovation) “second homes” dotted throughout Valsugana. These second homes do, however, provide proof that the destination is attractive for digital nomads: many people moved temporarily to Valsugana and worked from their second homes there during the pandemic. One interviewee also reported increased use and request of second homes as temporary remote workspaces.

*“There’s definitely interest in this sort of activity, we saw it during COVID too, lots of people who maybe had a second house here, or a grandparent’s or uncle’s house, or parent’s, the idea of smart working has really got to them. I see lots of them asking if there are houses available, so that they can come and work remotely from here” (I4)*

The local bank, which owns the destination’s main coworking spaces, is another important private stakeholder. Here, however, no conflicts with any public actors were reported.

Finally, one of the main future challenges for the destination is the need to create a network that links the municipalities and their diverse stakeholders with one another. According to the manager of the coworking space, digital nomads often ask for an “all inclusive” package of offers or,

at very least, somewhere they can find all the information they need in one place.

#### 4.4 Weaknesses and challenges

A section of the interviews focused on actual and potential problems in the development of Valsugana as a leading destination for digital nomads.

One of the problems mentioned was the digitalization of marginal territories, especially those located in higher mountains, as parts of Valsugana are, and the destination's ability to offer reliable high-speed connectivity. Thanks to European and other funds, this issue has already been (partially) addressed in some municipalities, and is on top of the priority list in others.

As mentioned in the previous section, our findings also demonstrate that the relationship between public and private stakeholders can be problematic, especially where private spaces or second homes are concerned. The fact that many houses or private buildings are empty most of the time, and/or in need of substantial renovation, and thus not attractive to potential tenants, depresses what could be a vibrant market.

Relationships between public stakeholders can sometimes be difficult, too, especially when they come from different municipalities or areas.

One interviewee mentioned that it is still difficult to find partners willing to invest in projects that target digital nomads because the opportunities that this segment can offer the destination has not yet been fully appreciated.

While limited, the findings also provided interesting information on the demand side, revealing that digital nomads regularly ask for better access to more joined-up information or even for packages that include their main needs, i.e. accommodation, coworking space, a visa, after-work experiences etc.

Finally, the destination needs to develop the right communication plan to attract this segment.

## 5. Discussion

This paper analyzes the challenges and opportunities for inner areas that becoming a destination for digital nomads involves, and current and potential impacts on the local community. This research contributes to previous literature in tourism research about sustainable tourism development opportunities for inner areas.

First, digital nomads and the local community share many of the same needs. Reliable, high-speed connectivity is key for any destination that wishes to brand itself as a leading destination for digital nomads, as has been frequently emphasized in the literature (Martini *et al.*, 2021; Chevtaeva and Denizci-Guillet, 2021). Even though, as the interviewees point out, fast internet connections can be difficult to install in remote and mountain destinations, this challenge has already been met in most municipalities. The interviewees are also aware of how important access

to (agreeable, well-equipped) coworking spaces is for digital nomads, although provision in the various towns in the valley is not even (Aroles *et al.*, 2020; Merkel, 2022). In some cases, municipalities have already made available or are developing coworking spaces or common study areas. In other cases, private stakeholders own coworking spaces or are, at the time of writing, renovating existing infrastructure intended for this purpose (Werther *et al.*, 2021). In Valsugana, the local bank has been a pioneer in this regard, initiating the “Alta Valsugana Smart Valley” project. Interviewees highlight how high-speed internet connections and coworking spaces would benefit local residents in primis, in line with the requirements of sustainable development for community-based tourism destinations (Lee and Jan, 2019).

Valsugana is attractive for digital nomads, on the one hand, because it already offers the sort of tourism experiences that have widespread appeal to many, especially those who are attracted to the idea of being able to experience an authentic, traditional lifestyle among the area’s mountains and Alpine pastures (Voll *et al.*, 2022); it also offers outdoor sports activities, like mountain biking (Reichenberger, 2018). In terms of the characterization developed by Chevtaeva and Denizci-Guillet (2021), the above features indicate that a key target segment for Valsugana is the explorer digital nomad. Equally, Valsugana is a quiet, rural destination and is thus ideal for those who want to escape city life (Voll *et al.*, 2020; Martini *et al.*, 2021). However, the destination does not offer packages of offers and services, and digital nomads who have already visited Valsugana have highlighted this weakness. This is in line with the AIND Report (2023), and, once again, highlights the importance of the DMO’s role in the development of a competitive offer for this target market (Bichler, 2019).

Sustainability is a central topic for Valsugana, as was frequently mentioned by all interviewees. The targeting of digital nomads aligns with the objectives of sustainable tourism development (Choi and Sirakaya, 2006), and is therefore of particular interest for the destination. First, the stakeholders who participated in the research mentioned the need for seasonal adjustment (Martini *et al.*, 2021). Digital nomads, who are free to travel outside the usual holiday periods, can contribute in this regard. Currently, however, the highest volume of visitors from this segment, too, is still concentrated in the high season. Second, as so often happens in a community-based tourism destination (Lee and Jan, 2019), interviewees report occasional challenges in meeting the needs of all the actors involved, with stresses observed between private and public actors and among neighboring municipalities (Bichler, 2019). The private stakeholders considered coworking spaces to be a key attraction (Merkel, 2022). As reported by Almeida and Belezas (2022), many also highlight the fundamental role of the local government as a provider of financial support. Finally, while the different municipalities are at different stages in their development of coworking spaces (Bichler, 2019), now even some of the smaller territories with fewer resources have embarked on projects to do so.

Our results highlight the need to define an actor to manage the relationships and coordinate the different needs of the various public and

private local stakeholders concerned, as underlined by Garcez *et al.* (2022) and Bichler, (2019). Interestingly, this subject has been identified in the DMO, highlighting previous studies (e.g. Bichler, 2019).

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## 6. Conclusions

This paper presented and discussed the opportunities and challenges for inner areas presented by digital nomadism with a focus on Valsugana, a tourism destination in the Autonomous Province of Trento (Italy). This research fills a gap in the literature on digital nomadism as a tourism phenomenon because it focuses on a destination in an inner area that is suffering from undertourism and stagnating tourism arrivals.

Valsugana's natural and cultural resources, and its current offers, demonstrate that it has the potential to become a leading destination for digital nomads, (Voll *et al.*, 2022; Reichenberger, 2018). Although development is not consistent across the territory, the digital infrastructure is (in many municipalities) already adequate for the needs of this segment in terms of connectivity (Martini *et al.*, 2021) and coworking spaces (Merkel, 2022). Moreover, the opinions of the key stakeholders who participated in this study are positive: they believe that the establishment of an ad hoc tourism offer for digital nomads will increase the destination's social sustainability, as occurs, for example, when underutilized or empty spaces are restored to establish coworking spaces that benefit both digital nomads and the local community (Werther *et al.*, 2021).

This study also provides interesting managerial contributions for DMOs and tourism practitioners in inner areas struggling with undertourism and stagnation, since it provides an overview of the problems and opportunities that arise when inner areas set out to target the digital nomad segment. First, a high-speed internet connection - while taken for granted, when reliably available, by both residents and visitors - is fundamental (Chevtaeva and Denizci-Guillet, 2021; Martini *et al.*, 2021). Equally, destinations that are considering targeting this segment have to remember that the provision of coworking spaces is essential (Chevtaeva and Denizci-Guillet, 2021). A third factor is the problem of seasonality. Destination managers can move towards seasonal adjustment through effective communication and the promotion of Valsugana as an all year round destination for digital nomads.

The example of Valsugana could encourage other destinations that have similar characteristics and are facing similar problems to consider targeting digital nomads. The territory could serve as a sort of training ground, where to study the changes in the development of a destination, with a special focus on its life cycle. Targeting digital nomads could trigger the relaunching of stagnating destinations, leading to their rejuvenation (Butler, 1980) through repositioning. Destination management has to face the typical managerial challenges related to community destinations, such as the need to strengthen the involvement of private and public stakeholders. The importance of local stakeholders and the local community as active participants in the destination development process (Bichler, 2019) is highlighted by the basic requirements of digital nomadism. Digital nomads are, in fact, tourists who become part of the local community.

Limitations of this paper include the focus on a single destination in the Autonomous Province of Trento, although Valsugana, as explained before, is highly representative of inner areas in mountain regions that are facing both seasonality and stagnation and that have a strong interest in sustainable tourism development.

It is important that future research considers and compares the opinions of other important private stakeholders - hotel owners, other tourism SMEs, and tourist intermediaries - in a community-based destination like Valsugana. Similar areas in other mountain regions should also be investigated, in order to extend and compare the results of this research. For lower altitude mountain areas that are becoming less attractive and viable due to higher winter temperatures and lower precipitation, this angle of research is particularly relevant and timely, as they search for ways to reposition and rejuvenate their destinations. Finally, it would be interesting to investigate how the coordinate role at destination level can succeed.

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# A concrete action system in shaping an organizational field for roots tourism exploitation. The case study of “Rete Destinazione Sud”

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## Abstract

**Frame of the research:** *Roots Tourism (RT) is a rapidly growing socio-economic trend among travellers, tourists and immigrants searching for a connection with their ancestral locus. In order to capitalize on the opportunities presented by this socio-economic phenomenon, it is essential to implement a series of processes involving a range of actors. These processes, overseen by one or more institutional entrepreneur, facilitate the formation of a concrete action system.*

**Purpose of the paper:** *The aim of this paper is to reconstruct the relational dynamics among actors playing a central role in the institutionalization of an organizational field to exploit the opportunities deriving from RT. The work presents a case study of a concrete project aimed at fostering the Southern Italian tourism destination, focused on a relationship model of value co-creation through multi-level agents' engagement, coordinated by an Institutional Entrepreneur, using a fitting case-study singled out as “Rete Destinazione Sud”*

**Methodology:** *The paper adopts the “descriptive” epistemological paradigm. Through the lens of the neo-institutional theoretical framework, the case study analysis tries to define how it is possible to recognize the Institutional Work carried out by the Institutional Entrepreneur, in shaping a Concrete Action System (CAS) aimed at fostering touristic development.*

**Results:** *Through this study, a strong interplay between institutional and local actors emerges, to develop a new way to network - in a bottom-up and top-down synergy -, coordinated by an Institutional Entrepreneur.*

**Research limitations:** *The interactions and dynamics within a CAS are multifaceted, opaque and, not easily observable or quantifiable. This complexity poses a challenge for scholars attempting to analyze these systems. Here an adopted descriptive approach has limitations, insofar as it may emphasize a detailed understanding of the parts of a system without necessarily providing a full interpretation of the dynamic relationships and mutual influences among these components. A comprehensive epistemological paradigm might well contribute to understanding motivations and interests activating the actors involved in shaping a CAS.*

**Managerial implications:** *Following the neo-institutionalist perspective, the work aims to shed light on how and to what extent a CAS is involved in the organizational and multi-stakeholder configuration. This approach provides a comprehensive framework relying on a critical analysis of institutions, identification of incentives and disincentives for the actors involved in building coalitions, promoting the institutional learning.*

**Originality of the paper:** *This paper analyzes the Concrete Action System through the neo-institutional perspective declined in a new organizational and institutional model, identified in “Rete Destinazione Sud”.*

**Key words:** *roots tourism; neo-institutionalism; concrete action system (CAS); organization field (OF); Networking; bottom-up and top-down dynamics.*

## 1. Introduction

2023 marks the return of Italy to the forefront of international attention, with its rich history, vibrant culture, and unique place in the Mediterranean region. Italy plays a key role in shaping the touristic and cultural future of Europe. From this perspective, 2023 is considered the *Year of the return to Italy* and this expression gives the name to a new touristic project in which the most authoritative professionals are involved, including Municipalities, Regional and National Institutions, Universities, Tourism Entrepreneurs, Consortia, National Parks, Associations, Business Networks, and foundations in Italian Regions. In particular, the project “2023 Anno del Turismo di Ritorno - Alla Scoperta delle Origini” is aimed at reaching Italians and over 70 million 2nd, 3rd and 4th generation compatriots living abroad. Focusing on the strong linkage between the youngest generations of Italian descendants living abroad and their motherland, and especially on their affection for the country-of-origin traditional practices, this project is inspired by emigrational flows, which started in the past decades and led to an important development of the Tourism of Return, often termed Roots Tourism (RT).

The realization of this ambitious project requires the involvement of different actors, coming from the socio-economic world to the political and institutional one, together engaged in ‘creating a system’ around the definition of a new form of tourism. At the same time, it should be noted that the current Italian scenario is characterized by adverse socio-economic conditions, small size, marginalization, and fragmentation of agents in the Italian system, as well as its low levels of competitiveness, all of which represent central issues on the political agenda of recent years. These conditions appear even more evident in tourism dynamics, in which heterogeneous actors coexist. Indeed, tourism is a large and articulated industry whose boundaries are not always well defined. After all, the same tourist product can only be understood as the result of a complex system composed of many different and strongly independent components, in which the interacting actors can come from both the private and public sectors.

In this complex context, scholars’ and decision-makers’ attention has increasingly focused on the design and implementation of processes that would allow actors to be involved in any stage of the production of economic activities. In particular, in this scenario, what has progressively emerged is that aggregation processes (between individuals, groups, and social and economic organizations) may be strategic in overcoming the low competitiveness and low dynamism of the Italian socio-economic system. For example, it is evident that in the tourism sector, the great

fragmentation of its economic actors represents a strong limitation for achieving desired aggregation levels (see, among others, Selin, 1994; Jamal and Getz, 1995; Hall, 1999; Scott *et al.*, 2008; Beritelli, 2011).

With this premise, the management science debate has been enriched by contributions regarding aggregations among socio-economic operators, focusing on the mechanisms aimed at regulating relations that would orient strategic conduct in a complex, strongly competitive, global, and modern environment (see, among others, Boari *et al.*, 1989; Thompson, 1990; Ring and Van De Ven, 1992; Rullani, 1994; Gulati, 1995; Hakansson and Snehota, 1995; Rispoli and Tamma, 1995; Arcari, 1996; Lorenzoni and Lipparini, 1999; Soda *et al.*, 2004; Brondoni, 2010; Yin *et al.*, 2012).

Aggregations can be based on spontaneous mechanisms of coordination rather than on regulatory and contractual mechanisms. The aim of these aggregations is to build collaborative, stable, and lasting relationships that can achieve relational performance. This performance is justified by the motivational growth of cooperation, inspired by solidarity, mutual adaptability, and the desire to reduce opportunistic behavior risks (Das and Teng, 2001; Mancini, 2010; Gulati *et al.*, 2012; Geretto and Zanin, 2017).

The purpose of this work is to reconstruct the relational dynamics among actors playing a central role in the institutionalization of an organizational field to exploit the opportunities derived from RT. To reach this scope, we adopted the neo-institutionalist approach, allowing us to broaden the focus from the analysis of the relationship dynamics within the sector to a wider relational context involving a plethora of different actors with a very diverse profile. From this perspective, the Concrete Action System (CAS) assumes centrality as a multi-level actor's perspective, a structure of organized human interaction, and a logical and sociocultural space of exchange of shared value creation in which various actors are involved in negotiation and cooperation processes in an attempt to construct the observed social reality (Powell and DiMaggio, 1983; Scott, 1995; Barley A., Tolbert P.S., 1997, Scott and Meyer, 2000; Wooten and Hoffman, 2008; Greenwood *et al.*, 2017). In pursuing their own interests, social agents draw a network of mutual influences, and, in practice, they contribute to defining (if not always intentionally) a type of rationality, whereas certain behaviors are imitated and diffused, while others are abandoned over time (Scott *et al.*, 2008).

In this scenario, the CAS can support the development of RT, and through the neo-institutionalism framework, the importance of social norms and institutions in fostering underlying dynamics can be understood. Neo-institutionalism is a theoretical approach that emphasizes the role of social agents, organizations, and institutions in shaping economic and social behaviors. A set of shared expectations and rules, laws and regulations, cultural values, and customs represents the routed constructs of this viewpoint.

The CAS could thus be read as an engine capable of setting up cooperation and collaboration between governmental and non-governmental actors towards the institutionalization of an Organizational Field (OF), whose scope is to catch opportunities and mitigate the risks linked to tourism development.

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The institutionalization of an OF to stimulate RT is based on the activation of relationship dynamics, consistent with the regulatory framework and territorial policies of the communities and associations participating in a new challenging CAS.

To address this aim, the paper is structured as follows: The first section briefly presents the Roots Tourism phenomenon in the literature. Then, a theoretical framework aimed at identifying the Concrete Actions System (CAS) is presented and applied to identify a double level of negotiation (bottom-up and top-down relational dynamics) involving actors in the institutionalization process. Thus, *Rete Destinazione Sud* is presented as an emblematic case of CAS aimed at building a strategic network able to play a key role in the institutionalization of an Organizational Field engaged in capturing the opportunities coming from Root Tourism.

This case study contributes significantly to the managerial debate by proposing reflections on the relational dynamics that underlie the construction of strategic networks. These dynamics result from top-down processes aimed at engaging socio-economic actors and politicians rather than bottom-up pressure exerted by them. Negotiation actions are then activated among all the actors involved, resulting in a well-coordinated and effective network. Finally, the discussion and conclusions of the study are presented.

## 2. Literature Review

### 2.1 A brief declination of Roots Tourism (RT)

Roots Tourism (RT), often referred to as *Tourism of the Roots*, is a segment of the tourism market that focuses on visiting places significant to historical personal heritage or cultural identity. This phenomenon appears in the literature in many different ways because it encompasses various aspects of travel related to cultural heritage and personal ancestry. This variegated set of terms reflects the complex and multifaceted nature of the socio-economic phenomenon. Each term emphasizes different aspects of the experience and appeals to the motivations, interests, and expectations of travelers (Poria *et al.*, 2003; Coles *et al.*, 2005; Butler, 2015; Wagner, 2015; Basu, 2017; De Santana Pinho, 2018).

In literature, the RT concept is linked to other locutions:

- “Nostalgia tourism”, which refers to the emotional need to go back to family, visiting parents and childhood friends, in order to spend some quality time (Maslow, 1954);
- “Legacy tourism refers to “ancestral tourism” or “genealogy tourism” and has the same meaning (Gaudry, 2007);
- “Ethnic tourism” is concerned with travel to exotic cultural locations, such as places of the habitat of indigenous tribes, people, or adventures in general, not related to one’s roots in sentimental tourism (Tomczewska-Popowycz *et al.*, 2022; Kouchi *et al.*, 2018; Wong *et al.*, 2020).

All of these locutions are detectable in the RT notion that embraces a touristic phenomenon “generated by migrants who leave their country of



*origin and travel for vacation, often being away for a long time, or by their descendants who desire to visit and discover their family's land of origin. The trip and the stay in one's birthplace is a highly emotional experience: for the first generation, it becomes a way to research one's roots and to discover the places where one's ancestors lived, especially for those who have partially or completely lost their connection to their homeland* (De Marchi and Mingotto, 2016; Ferrari and Nicotera, 2021).

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This type of tourism is significant in all countries around the world that have experienced important emigrational phenomena throughout their history. Due to the strong expansion of the phenomenon, which not only involves Italy but many other countries across the globe, different terms are used throughout the literature to describe this touristic phenomenon and its various aspects (Sorrentino *et al.*, 2022; Tomczewska-Popowycz *et al.*, 2022).

Above all, RT is closely related to the migratory flow phenomenon, which affected some countries suffering from economic hardship, in which people left their country of origin to seek their fortune abroad. This could include visiting the hometown of ancestors, places associated with a particular ethnic or cultural group, or sites that are important to personal or cultural history. The goals of RT are related to the chance to connect people with their past, learn more about heritage, and gain a deeper understanding of their cultural identity. Indeed, during their holidays, root tourists desire to visit their motherland to understand their ancestors' heritage and experience the lifestyles of their countries of origin.

In the state of the art, RT has been linked to many benefits, including (Durie *et al.*, 2006; Canestrino *et al.*, 2015; McKercher, 2016; Marschall, 2017; Backer, 2019; Cannas, 2022):

1. Cultural heritage promotion and preservation: Visiting places that are significant to heritage can help raise awareness and appreciation of cultural heritage, which can lead to its preservation.
2. Enhancing personal and cultural identity: By visiting places that are important to one's heritage, individuals can gain a deeper understanding of their personal and cultural identity, which in turn can have a positive impact on their self-esteem and sense of belonging.
3. Reconnecting with family: It provides an opportunity for people to reconnect with their family members and learn about their ancestral history, or travel for family events such as weddings, family reunions, funerals, or meetings.
4. Promoting intercultural understanding: RT can promote the understanding and appreciation of different cultures, which can help foster greater tolerance for and respect for diversity.
5. Improving individual well-being and quality of life, such as medical and business tourism, where it is more convenient for immigrants to return to their motherland to receive cheaper medical treatment or more advantageous job offers.

The table below provides an examination of the concept of Roots Tourism as discussed in the relevant literature by various authors who have addressed the issue of Roots Tourism. Classification according to the main topics covered allows for mapping of areas of interest in relation to the broader reference area.

Tab. 1: Roots Tourism in previous works

Main Topic	Contributions	Authors
Roots Tourism (RT) - An Overall	RT focuses on visiting significant places related to personal heritage or cultural identity. It encompasses various travel aspects related to cultural heritage and personal ancestry	Poria <i>et al.</i> , 2003; Coles <i>et al.</i> , 2005; Butler, 2015; Wagner, 2015; Basu, 2017; De Santana Pinho, 2018
Identity Journeys of Italian Emigrants	RT among Italian emigrants, travel motivations and links to other tourism segments like retirement and residential tourism	Nicotera, T. (2021)
Sustainable Development in Italy	RT in the context of Italian emigrants or descendants revisiting their origins, its potential for sustainable development in rural areas	Cannas, R. (2022)
Nostalgia Tourism	Emotional need to return to family, visiting parents and childhood friends for quality time	Maslow, 1954
Legacy Tourism/ Ancestral Tourism	Similar to “genealogy tourism”, it involves visiting places significant to ancestral heritage	Gaudry, 2007
Ethnic Tourism	Travelling to exotic cultural locations, not necessarily related to one’s ancestral roots	Tomczewska-Popowycz, 2022; Kouchi <i>et al.</i> , 2018; Wong <i>et al.</i> , 2020
Migration and Roots Tourism	Migrants and their descendants as drivers for RT. Visiting their country of origin, often depends on emotional and familial connections	De Marchi and Mingotto, 2016; Ferrari and Nicotera, 2021
Benefits of Roots Tourism	Cultural heritage promotion, enhancing personal and cultural identity, reconnecting with family, promoting intercultural understanding, and improving individual well-being	Durie <i>et al.</i> , 2006; Canestrino <i>et al.</i> , 2015; McKercher, 2016; Marschall, 2017; Backer, 2019; Cannas, 2022

Source: our elaboration

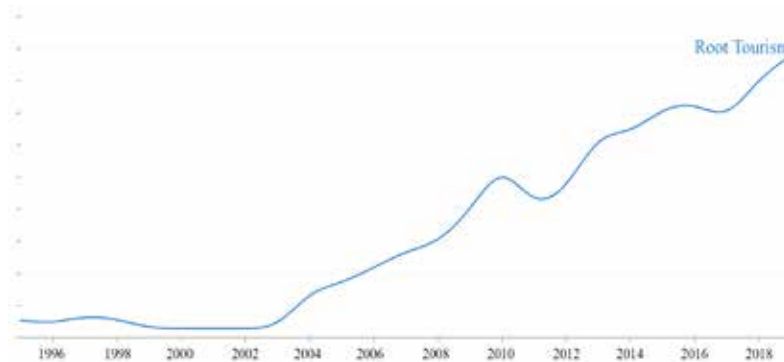
Based on the arguments outlined above, RT provides both personal and socio-economic benefits, playing a role in promoting cultural heritage, fostering a sense of belonging, and developing new tourism projects.

During our research process, to provide a strong but necessary structural composition of our literature review, we started with *Google Ngram Viewer*<sup>1</sup>. This technique allows us to make the trends in the data clearer and easier to interpret, showing the frequency of how many times “Roots Tourism” terms appeared throughout the literature studies.

The graph (Figure 1. “Roots Tourism” *Google Ngram Viewer*) shows spikes and valleys of these terms and where they became popular, taken account by scholars. Moreover, scholars’ growing interest in this subject from 1995 to 2019 is not surprising.

<sup>1</sup> This is a tool that charts the frequencies of a word or a phrase of some sets of search strings. In this case, it charted the frequency of the words *Roots Tourism* using a yearly count of n-grams and it found some results in a published corpus of books over a specified period of time, between 1970 and 2019. In this context, we used the “smoothing” algorithm (equal to 3) that refers to a statistical technique needed to smooth out variations in the data and reduce noise in the results.

Fig. 1: "Roots Tourism" Google Ngram Viewer



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Source: our elaboration

Businesses, policymakers, and public authorities are becoming more aware of this form of tourism and about its touristic potential in terms of market attractiveness. RT has many peculiarities, but the most important one is being a tourism development tool for potential destinations affected by population loss.

## 2.2 The role of the Destination Management Organizations (DMOs) in shaping tourism development

Understanding the evolving landscape of the tourism industry, particularly in the context of Roots Tourism (RT), requires an in-depth examination of the multifaceted role of destination management organizations (DMOs). This literature review (Tab. 2) provides a brief overview of destination management organizations and demonstrates how this topic has impacted tourism development. In accordance with the views of Goeldner and Ritchie (2003), Minguzzi (2006) elucidated that the concept of destination management encompasses the unified administration of procedures essential for facilitating a reciprocal interaction between a destination and its visitors.

This section explores how DMOs manage stakeholders' engagement, navigate legal structures, and balance the intricate interplay between top-down and bottom-up approaches while also highlighting the transformative impact of emerging technologies on tourism management and marketing.

The involvement of DMOs highlights their crucial role in coordinating various stakeholder interactions in the tourism industry. Effective stakeholder engagement strategies and the integration of various management styles are mandatory for managing the underlying complexity and ensuring sustainable tourism development (Carrus and Melis, 2019; Humsona *et al.*, 2023).

Bono *et al.* (2023) emphasize the significance of integrating community involvement and heritage conservation into DMO strategies, highlighting the mutual intersection between cultural and institutional aspects. Dodds (2010) further discussed the role of DMOs in addressing the unique challenges and opportunities of RT, particularly in promoting sustainable

practices and stakeholder collaboration. Governance structures are crucial for determining the extent to which DMOs effectively engage stakeholders. Sheehan *et al.* (2016) examined the vital link between the success of DMOs and their legal and governance frameworks. Borzyszkowski (2013) investigated the influence of legal and organizational structures on the functions and responsibilities of DMOs. This aligns with Zain and Zahari's (2023) findings regarding the impact of digital platforms on tourists' perceptions and intentions.

The synergy between bottom-up and top-down approaches within DMOs is central to effective tourism development. This is exemplified in Southeast Asia, where the implementation of regional autonomy demonstrates the practicality of these approaches. Furthermore, the role of DMOs in implementing corporate social responsibility (CSR) programs during crises such as the COVID-19 pandemic illustrates their significant contribution to guiding tourism towards safety and maintaining stakeholder engagement. The significance of stakeholder engagement in tourism planning within DMOs is highlighted in a compelling case from Australia. Moreover, the complexity and challenges associated with this aspect of their operations have also been explored (Pforr and Brueckner, 2016). Additionally, the stakeholder engagement model in halal tourism ecosystems in rural areas was analyzed, emphasizing the importance of government regulations and active stakeholder involvement.

*Tab. 2: A brief literature on DMOs*

Year	Authors	Contributions	Themes
2010	Dodds	Destination marketing organizations and climate change-the need for leadership and education	Role of Destination Marketing Organizations in Addressing Climate Change with an Emphasis on Leadership and Education
2013	Borzyszkowski	Legal forms of modern destination management organization and their influence on the range tasks and responsibilities	Influence of legal and organizational forms on DMO tasks
2016	Pforr, Brueckner	The quagmire of stakeholder engagement in tourism planning: A case example from Australia	Challenges in stakeholder engagement in tourism planning
2016	Sheehan, Vargas-Sánchez, Presenza, & Abbate	The use of intelligence in tourism destination management: An emerging role for DMOs	Role of intelligence in DMOs and destination management
2019	Carrus, Melis	Stakeholder engagement in value co-creation processes: The case of some experiences in tourism	Importance of stakeholder engagement in tourism networks
2020	Seyhan, Russo	Top-down versus bottom-up approaches in heritage tourism management and planning: An analysis of contrasting models based on two Turkish case studies	Effectiveness of top-down and bottom-up approaches in heritage tourism
2023	Bono I Gispert, Anton Clavé, Casadesús Fa	The Internalization of Participation and Coherence Dimensions of Governance in Tourism Destination Management Organizations-An Exploratory Approach	Exploration of Governance Dimensions in Tourism DMOs with a focus on Participation and Coherence
2023	Wahab, Fudil, Zain, Zahari, Asyraf	Destination Management Organization (DMO) Website Features: Does Its Influence Users' Intention To Visit A Destination?	Examination of the Influence of DMO Website Features on Users' Intention to Visit a Destination
2023	Chatibura, Motshegwa	Developing Virtual Tourism in the Wake of COVID-19: a Critical Function of Tourism Destination Management Organizations	Exploration of the Role of DMOs in Developing Virtual Tourism as a Response to the COVID-19 Pandemic

Source: our elaboration

It is essential to understand why the research group has adopted a Concrete Action System (CAS) framework. As mentioned, DMOs are perceived as economic actors with a formal mandate in pursuing a development project. They operate as contractors, have access to a specific and limited territorial area in order to define a clear destination, interact with few institutions, and aim to structure formal and active links between incoming and outgoing processes. Indeed, the concept of DMO was deconstructed and analyzed through the lens of the CAS model, since it can be understood as the outcome of an institutionalization process. In fact, a DMO can originate from directives issued by legal entities formally tasked with carrying out tourism development projects. Conversely, by delineating the typical activities of a CAS, it is possible to discern the formal and, above all, the informal processes that give rise to the formation of DMOs. An analysis of the internal dynamics of a CAS would allow us to identify both individual and collective actors (such as Institutional Entrepreneurs), who, with their interests and objectives, dedicate time and resources to the potential creation of a DMO, understood as a formal entity in its final form.

By describing the activities that define a CAS, the authors outline both formal and informal processes that lead to the creation of potential DMOs.

In the absence of a DMO in developing Roots Tourism, the adopted approach allows the identification of the dynamics within a CAS among individual and collective actors investing time and resources in the creation of proto-DMOs. Understanding these complex dynamics provides a more nuanced perspective on how DMOs come into being, highlighting the often overlooked informal processes that play a crucial role in their formation.

### **3. The Theoretical Framework: Neo-Institutionalism and the Concrete Action System (CAS) in Shaping an Organizational Field**

Due to the complexity of the phenomenon and the limited availability of case studies on CAS for tourism development on an epistemological level, this study adopts the descriptive paradigm. This study aims to identify the components of a Concrete Action System (CAS). Through the descriptive approach, the actors involved at different institutional, social, and economic levels will be illustrated by outlining the role of the coordinating subject (or Institutional Entrepreneur).

The methodological level was conditioned by the epistemological options. The neo-institutionalist paradigm was used to identify the actors involved, including institutions, tourism businesses, and local communities, as well as the work carried out by an Institutional Entrepreneur to build coalitions and networks.

Adopting the neo-institutional perspective in Roots Tourism research provides valuable insights into how institutional frameworks shape stakeholder behaviors and decisions. This approach can become crucial in examining tourism dynamics, in which interactions between personal histories and institutional narratives of heritage are central. Institutions influence both the marketing and consumption of roots

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tourism experiences, making the neo-institutional perspective key to understanding these dynamics.

### 3.1 *The basis of the Neo-Institutional Perspective*

Neo-institutionalism is a theoretical perspective based on the role of institutions and their shaping function on human behavior and social outcomes, in which socio-economic actors tend to conform to institutional prescriptions and postulates. This approach is related to the processes of construction, destruction, and reconstruction of social reality, as well as the pressures exerted on individuals and organizations (Meyer and Rowan, 1977; Zucker, 1977; DiMaggio and Powell, 2000; Bonazzi, 2002; Sparti, 2002; Mehtiyeva and Prince, 2020).

The focal point of this approach is based on human actions and the role played by socio-economic actors and stakeholders, acting bound by an institutional framework created over time and made up of a set of rules, procedures, and decisions (Carolillo *et al.*, 2013).

This is the keystone to understanding the neo-institutionalist theory, conceived as an approach to figure out the way in which institutional actions impact the behavior of individuals and groups, through the binding and enabling effects of formal and informal rules. It can be stated that the neo-institutionalist approach in organizational studies could help to understand the institutional environment as a set of rules, customs, institutions, and organizations, especially focusing on the complex dynamics of interactions among the various actors.

The *field of action*, therefore, emerges from individual and collective actors, becoming the essential result of a sedimentation of cognitive elements that find legitimacy in being adopted widely over time by the same actors who deviate from it, rather than in technical rationality (Costa and Nacamulli, 1996). Thus, the actor, both individual and/or collective, becomes the architect, albeit not entirely intentionally, of the environment itself in structuring the social reality to which he/she belongs. Therefore, the neo-institutionalist approach recognizes the concreteness and inescapability of the field of action, within which the relational plot between the actors takes shape.

In a scenario in which these different actors are simultaneously *agents and acted out*, the unit of analysis that acquires priority refers to the concept of Organizational Field (OF), described by Powell and DiMaggio as a “*recognized area of institutional life*” (Powell and DiMaggio, 1991), as a cross-result of the actions of a “*constellation of actors that comprise central organizing unit*” in a given context (Scott, 1995). According to Scott’s analysis, the concept of OF refers to “*a community of organizations that partakes a common meaning system and whose participants interact more frequently and fatefully with one another than with the actors outside the field*” (Scott, 1995).

To better understand the scope and centrality of this concept, we need to be aware that any OF appears as an immanent and *significant group* ‘concretely capable of acting’ aiming at creating and giving meaning to an intersubjective concept of the environment. In other words, an OF is

a network that acquires cognitive capacity once structured, such as the ability to influence the social, political, cultural, and economic systems with which it interacts.

The relationships between the actors in the field allow the production of a set of shared meanings among all the interacting actors, based on the common perception of organizations belonging to the same field. In an OF, all the actors involved are simultaneously the object and subject of the pressures that cross the field itself (Bonazzi, 2002). An OF assumes the dimension of 'contextualized space,' that is a "relational space that provides an organization with the opportunity to involve itself with other actors" (Wooten, Hoffman, 2008) to intercept more resources than those they would get standing alone.

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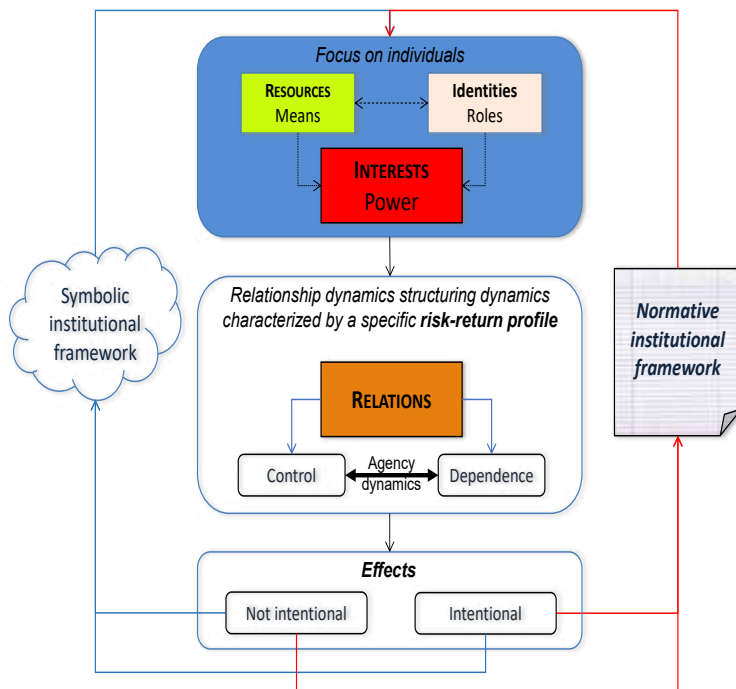
### 3.2 *The Concrete Action System (CAS)*

To exploit the opportunities derived from RT, the creation of an OF becomes crucial, by a Concrete Action System (CAS), capable of pooling the efforts and resources available to a series of key players, so-called Institutional Entrepreneurs (Buhalis and Westlake, 1993; Laws, 2004; Ateljevic *et al.*, 2007; Lew *et al.*, 2008; Gretzel, 2011; Fyall *et al.*, 2012; McCabe, 2014). CAS refers to a set of interactions between multiple agents acting on a common scope, accepting a criterion of rationality as the basis of any institutional framework (Crozier and Friedberg, 1978). In other words, the CAS refers to the ability of individual or collective actors to structure interactions according to their own interests and to exploit the constraints and opportunities of the context to establish, maintain, and expand the relative margins of maneuver and uncertainty. This intention can lead the actor to activate aggregation processes, emerging from the interaction of social actors as a result of a set of games, conflicts, negotiations, values, and rules as well as the tool of the strategic game that the actors involved implement (Nigro and Iannuzzi, 2017). Figure 2 shows a simplified scheme of a Concrete Action System.

The CAS model comprises three main components: actors, structures, and processes. Actors refer to individuals or groups involved in a particular social context, and they are seen as rational agents who make choices based on their goals and available resources. Structures are formal and informal institutions that shape their behavior, both symbolic and normative, providing actors with freedoms of action and constraints within which their choices are made. Processes are interactions that occur between actors and structures over time, relying on the agency dynamics of control/dependence, including negotiation, conflict, cooperation, and competition.

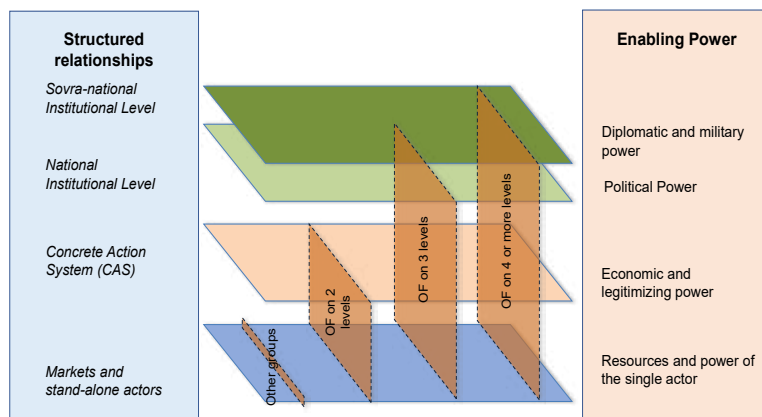
Overall, the CAS model provides a powerful tool for analyzing complex social phenomena and understanding how different actors and institutions shape one another's behavior. By breaking down social systems into their components, researchers can gain a deeper understanding of the factors that drive stand-alone actors to become networked (Table 3).

Fig. 2: A Concrete Action System Scheme



Source: Nigro, Iannuzzi, 2017.

Fig. 3: A Concrete Action System Scheme



Source: our own elaboration.

### 3.3 The Institutionalization of a Concrete Action System

Understanding the processes and mechanisms of structuring a CAS is the central theme of this study. Thus, it is appropriate to consider a procedural perspective, focusing on the analysis of two fundamental elements:



1. The nature and role of some key players, called *Institutional Entrepreneurs*;
2. The activities carried out by actors to define a certain institutional framework, constituting *Institutional Work*.

First, given the difficulties in building a CAS in the face of competition and to obtain the underlined opportunities in the tourism industry, it is necessary to define and analyze Institutional Entrepreneurs and their Institutional Work.

Institutional Entrepreneurs are individuals or organizations that play a key role in initiating and driving change within an institutional context. They work to create new institutional arrangements or modify existing ones to advance their goals and bring about societal transformations. They often challenge the *status quo*, and their actions can lead to changes in the formal and informal rules, norms, and practices that define an institutional field. What emerges, in particular, is how CAS may occur from the everyday activities of some practitioners struggling to accomplish their work, how it becomes sensemaking at the level of the context in which the same agents work, and how it operates in the industry in which their organization exists.

Indeed, Institutional Entrepreneurship (IE) is associated with the process of institutional change as an agent in charge of a specific role to create new arrangements or to alter existing ones to achieve their objectives. This can include the creation of new organizations, the development of new norms, or the revision of existing policies, as long as the actor has received sufficient resources. For this reason, they are capable of seeing an opportunity to realize interests with high value in the process aimed at the creation of a new system of meaning, which is related to the functioning of a set of different institutions (DiMaggio, 1988).

Recovering Coase's theory, institutional entrepreneurship is "*the activity of initiating, creating and leading organizations that specialize in developing institutional frameworks that lower transaction costs*" for other actors in the field (Coase, 1992). These actors usher in the Institutional Work (IW), and then, make use of a very large range of additional actors, whose role is to support and/or facilitate the efforts made by the former (Clemens, Cook, 1999). IW promotes IE and is structured by advocacy, public affairs, and lobbying strategies. They move 'in institutional corridors' to favor a relative income position for the plethora of other agents interested in the activities promoted by the CAS, or to legitimate the representation of their interests.

From these notes, it emerges that the neo-institutionalist theory, through the recognition of the concept of IW, deems it necessary to focus its attention on the process of construction, maintenance, breaking, and reconstruction of a framework that can define itself "institutional, temporarily bound and binding".

Alongside the process of aggregation carried out by the IE (a bottom-up process), it is important to underline the attempt of institutional players to be involved in the social and political debate, furnishing a clear example of participatory deliberation (a top-down process).

This motivation stems from the belief that those affected by political decisions play an active role in constructing the regulatory framework.

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Involvement in the political decision-making process reduces the risk of failure in such initiatives (Felt and Wynne, 2007).

The legitimacy of decisions comes from the existence of open debate (Felt and Wynne, 2007, 55), which makes the decision-making process 'democratic' and increases mutual trust, replacing a cynical spirit with a civic one (Regonini, 2005). Beyond these specific effects, participatory processes allow a broadening of the scope of decisions, making alternatives and methods more transparent. Deliberative participation creates a Concrete Action System mixed with public spaces in areas where limited and opaque exchange mechanisms would otherwise prevail. Nonetheless, there is a paradox in participatory practices in that they appeal indiscriminately to all citizens; however, in practice, it often involves only a very small minority.

However, a short-sighted reading should not be adopted; instead, we should seek in democratic involvement the best way to obtain *a priori* effective decisions without knowing the effectiveness of the actors. We wonder whether the choice to become involved does not in fact represent the first result of a negotiating game based on the enabling power of institutional actors.

The integration of these three components, together with the neo-institutionalist theory, is likely to explain how different stakeholders create a relational structure to develop "Roots Tourism" and a connected touristic destination brand.

In light of the above, the relationship between neo-institutionalism and "Roots Tourism" is explained by the cultural, economic, and political institutions of a country, since they could shape the perception of the country as a destination for "Roots Tourism" and the availability of resources and infrastructure to support it. Institutional norms and practices can also impact the types of experiences and interactions tourists have while visiting their ancestral homeland. Institutional norms and practices are likely to impact tourists' experiences and interactions while visiting their ancestral homeland.

So, "Roots Tourism" could contribute to the institutionalization of cultural heritage and the promotion of cultural norms and practices. In conclusion, "Roots Tourism" becomes more popular and influential, it is likely to create a demand for cultural preservation and representation, and to lead to the creation of new institutions, policies, and practices, aimed at promoting and supporting cultural and touristic heritage.

### *3.4 Roots Tourism read by the neo-institutionalist perspective*

Some aspects of tourism intersect significantly with the neo-institutional theory, as demonstrated in a few studies (Tab. 3) focusing on sustainable tourism and the circular economy within the industry (Alonso-Muñoz *et al.*, 2022). The neo-institutional framework emphasizes the significant impact of Institutional Environments, including governmental policies, cultural norms, and economic structures, on the patterns of tourism production and consumption, particularly in distinctive niches such as Roots Tourism (Vargas-Sánchez, 2021).

Applying this perspective allows researchers to gain a comprehensive understanding of how roots tourism evolves and is influenced by broader socio-economic factors. This leads to a more holistic comprehension of its impact and potential for sustainable community development.

Tab. 3: Neo-Institutional perspectives on Tourism dynamics

Main Topic	Contribution	Authors
An Institutional Perspective on the concept of Sustainability in Tourism	Sustainable tourism in the context of the Sustainable Development Goals and Agenda 2030 integrated with the neo-institutional theory	Alonso-Muñoz <i>et al.</i> , (2022)
Tourism Industry under a Circular Economy	Transformation of the tourism industry under circular economy principles, guided by the neo-institutional theory	Vargas-Sánchez (2021)
The Neo-Institutional Theory in Tourism Research	Discussion about the underutilized potential of the neo-institutional theory in tourism research and exploration of how it can be applied to analyze various phenomena in tourism (legitimacy, isomorphism, dissociation, hybridization, and categorization)	Falaster <i>et al.</i> , (2017)

Source: our elaboration

The neo-institutionalist perspective provides to the RT context a set of contributions:

- Explanation of institutional influences: The neo-institutional theory helps to explain how institutional norms and practices shape the development and growth of “Roots Tourism”, as well as the experiences and interactions of tourists visiting their ancestral homeland;
- Understanding power dynamics: The neo-institutional theory highlights the role of power and politics in shaping institutional norms and practices. This perspective can help shed light on the power dynamics involved in the development and growth of “Roots Tourism”, including the influence of local and national institutions, governments, and other stakeholders.
- Analysis of institutional change: The neo-institutional theory provides a framework for analyzing how institutions change over time in response to external pressures and internal processes. This perspective is likely to help the understanding of how “Roots Tourism” and cultural heritage institutions evolve and adapt to changes in cultural, economic, and political contexts.
- Emphasis on organizational culture: The neo-institutional theory strongly emphasizes the role of organizational culture and practices in shaping institutional norms. This perspective can help to understand how the culture and practices of “Roots Tourism” organizations, such as tour operators, heritage sites, and local communities, contribute to the development and growth of “Roots Tourism”;
- Synergic collaboration between different actors: in this kind of organization, there are some protagonists that are involved in the development process of touristic networks (City/Town Hall, Pro-loco, Regions, and Associations);

- Confined touristic Organizational Field: Organizational Field is a concept developed by Walter Powell and Paul DiMaggio. It refers to the set of organizations and institutionalized norms, values, and practices that define a particular organizational domain. This concept highlights the importance of the external environment in shaping organizational behavior and decision-making. In other words, organizations are not isolated entities but are shaped by the context in which they exist and interact with other organizations. In this particular case, “Rete Destinazione Sud” is an inter-connected Organizational Field composed of: Rete di Imprese (Business network), Rete di Destinazioni (Destination Network), Reti di Portali (Web Portal Network), Startup innovative (Innovative Startup), Rete di Commercializzazione (Marketing Network) and Rete di Relazioni (Network of Relations);
- The neo-institutional theory highlights the importance of legitimacy in shaping institutional norms and practices. This perspective can help us understand how “Roots Tourism” is perceived and evaluated by different stakeholders and how the legitimacy of “Roots Tourism” practices and institutions impacts their development and growth (Meyer and Rowan 1977; Powell and Di Maggio 1991).

When we talk about Organizational Field (OF) in a tourism context, we refer, in general, to the set of organizations and institutionalized norms, values, and practices that define the tourism industry as a whole. It encompasses all the various organizations, institutions, and actors involved in the development, promotion, and delivery of tourism services, as well as the norms and practices that shape the behavior of these organizations and actors. It provides a framework for analyzing the competitive dynamics of the tourism industry and the role of power and politics in shaping the development of the field.

In the tourism context, overall, in “Roots Tourism”, the Organizational Field includes a wide range of organizations, such as hotels, tour operators, attractions, and transportation companies, as well as government agencies, industry associations, and other institutions involved in promoting and regulating tourism (entrepreneurs, associations, foundations, community initiatives). These organizations are connected through a system of relationships such as contracts, regulations, and shared norms and practices that shape the behavior of individual organizations and the development of the field as a whole.

The Organizational Field of tourism also interacts with a broader set of institutions, such as the global economy, cultural norms, and political systems that shape the development of the tourism industry. The interplay between these actors and institutions creates a complex and dynamic environment that shapes the growth, development, and competitiveness of the tourism industry.

The acknowledged importance of “Roots Tourism” leads municipalities to give life to some cultural initiatives and to create events dedicated to the migrants who return to their homeland for vacations, holidays, or patronal festivals.

“Roots Tourism” is considered an important tourist segment, also in potential terms, by local administrators, especially in small centers; in

fact, these local administrators consider their cities to be attractive tourist destinations for Roots Tourists.

The main reasons for the trip, especially in Italy, are meeting relatives and friends, researching the origin's family, and so on.

According to the Neo-institutionalist perspective, Pro-Loce, as well as other voluntary local associations, are involved in the organization of tourism and cultural events, fairs, concerts, shows, coordinating, and sharing a summer calendar with tourist operators and other associations in the territory.

"Roots Tourism" is an international phenomenon, and it can be demonstrated by the level of institutional involvement. In fact, the Ministry of Foreign Affairs and International Cooperation (MAECI - Ministero degli Affari Esteri e della Cooperazione Internazionale) is working towards the development of "Roots Tourism" in Italy.

In addition, Ente Nazionale Italiano per il Turismo (ENIT) is involved in the Roots Tourism interest in Italy, studying the flow connection to Roots Tourism and other promotional activities.

There is also a Confederation of Italians around the World (Confederazione degli Italiani nel Mondo), an organization showing a strong interest in Italian descendants, emigrants with some proposals on the topic of "Roots Tourism" (Ferrari and Nicotera, 2021).

As previously stated, the concept of the Organizational Field is useful for understanding the drivers of change and innovation in the tourism industry, as well as for exploring the relationships between organizations and the broader institutional context.

In line with the theoretical framework and model in Figure 2, the institutionalization of the network of the "Roots Tourism" sector passes through the work of individual and collective actors, in which, in various capacities, they have contributed both to the configuration of the OF and the current institutional, regulatory, and symbolic framework. This approach highlights the role played by social actors in this process, due to the relative negotiating power that enables the action, that is, the aggregations and associations between economic operators and consumers in the "Roots Tourism" sector and the relative negotiating weight that they manage to exercise carving out their own decision-making processes.

In our opinion, the analysis of the OF requires a double focus to classify the actors and the actions they undertake: 1) the domain of politics in terms of multi-functionality; 2) the convergence of the interests of the "Roots Tourism" actors to create synergies that enhance local resources.

The guidelines refer to a double level of negotiation involving actors, protagonists, and minors in the institutionalization process.

- The first level emerges among actors - be they local, national, or supranational - sometimes in competition, contributing to the reconfiguration of the domain of policies.
- the second level contributes to affirm the alternative sectoral circuits due to the collective actors (for example, due to the activation of alternative circuits for local action promoted by associations and movements expressing the interests of the actors in "Roots Tourism").

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#### 4. Case Study - Rete Destinazione Sud<sup>2</sup>: a Challenging Way to Networking

*“Today we can no longer compete alone in a globalized World and, above all, we can no longer compete with traditional tools and with often significant structural and infrastructural gaps. Some diseconomies and some gaps can be bridged with a network system capable of developing synergies and generating economies and value”.*

Michelangelo Lurgi - President of “Rete Destinazione Sud”.

##### 4.1 The idea of “Rete Destinazione Sud”

“Rete Destinazione Sud” (RDS) is an innovative start-up project based on the creation of tourist destinations with cooperation among companies, institutions, associations, consortia, and different types of stakeholders from the territories of Southern Italy.

It was founded in 2014 by a group of Southern Italian tourism entrepreneurs from Basilicata, Calabria, Campania, and Puglia to create a regional network in which different socio-economic stakeholders, as well as different typologies of institutional and non-institutional actors, could enhance territorial resources and cultural heritage.

The focal point of this valuable case study is made up of the idea to create an Expo of “Italianness” (Brochure - 2023 Anno del Turismo di Ritorno).

As a result of the collaboration and authorizations of the Italian Ministry of Culture and the Ministry of Foreign Affairs, “Rete Destinazione Sud” has the potential to become a wide-ranging project, thanks to the promotion of events and activities, taken up by the RDS website and listed below:

- Presentation in major tourism and agri-food trade fairs in the world, in collaboration with business networks, consortia, associations that have already joined the initiative, and with ENIT (National Italian Tourism Bureau).
- Initiatives involving the Italian Chambers of Commerce abroad;
- Presentations to Italian associations and foundations in the world;
- Presentations in all the Italian regions and municipalities, already joining the project;
- Promotion of networks of companies that work with foreign countries already adhering to the initiative;
- Fostering television and radio networks abroad that have already expressed their willingness to support and promote initiatives.
- Constituting networks of honorary consuls in Italy;
- Collaboration with Italian consulates and embassies abroad in partnership with the Ministry of Foreign Affairs and Farnesina.
- Developing networks with Italian universities.

This project consists of a complex combination and synergy among different kind of networks: Rete di Imprese (Business network), Rete di Destinazioni (Destination Network), Reti di Portali (Web Portal Network), Start-up innovative (Innovative Start-up), Rete di Commercializzazione

<sup>2</sup> <https://www.retedestinazione.it/>

(Marketing Network) and Rete di Relazioni (Network of Relations).

Due to this synergic collaboration, RDS created a brand, “*Sud Italia*”, known also internationally, by planning websites and web portals in order to share information about activities, social and cultural events for compatriots who live abroad, interested and willing to be up-dated on the latest events or to know better the places where their ancestors departed from.

The managerial organizational structure of the project initiative is composed in the following way:

- 3 teams activated and setting up the project, the activities program and the coordination of the National Committee;
- A national coordination committee;
- A regional coordination committee;
- A scientific-technical committee;
- A participatory foundation, responsible for promoting and following the development of the project.

RDS developed a model capable of involving companies, entrepreneurs, local administrators, and public and private operators in the construction of a system that can transform a destination into a touristic product that can be replicated in national and international markets, as well as in all the realities of Southern Italy (Figure 4).

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Fig. 4: “Rete Destinazione Sud” structured model



Source: translated from <https://www.retedestinazione.it/la-rete/>

Among the various initiatives, the network promotes RT, soliciting the interests of all network players and, at the same time, third parties.

In particular, the network is engaged in the creation of a shared strategic project for the animation and promotion of social, economic, cultural, and tourist development based on the definition of a “*Model of destination*”.

Indeed, in the two-year period 2012-2013 a series of meetings among entrepreneurs from Southern Italy was held, with the aim of verifying the conditions for the creation of a single development project for the South, and in November 2013 a two-day event on tourism, called “Destination South - Analysis and planning for tourism” was conceived and organized.

Driven by the results obtained from this last event, a discussion was opened among the participants and those who had taken part in the initiative of October 2012: “Let’s put the Territory on the Net”. The result is a multi-regional aggregation project that sets a program and objectives to stimulate confrontation with all entrepreneurs in Southern Italy.

Evaluations emerged from this experience, comprising over 40 presentation meetings organized by Dr. Michelangelo Lurgi throughout Southern Italy (Salerno, Cosenza, Bari, Taranto, Cagliari, Olbia, Potenza, Matera, Grottaglie, etc.) and led to the birth of the RDS in May 2014, with a notarial act at the headquarters of Confindustria in Salerno. The Network was officially presented at the National Press Conference in July 2014 at the headquarters of Confindustria in Rome.

#### 4.2 “Rete Destinazione Sud” as a Concrete Action System

Consistent with the theoretical framework, in which the interaction between the individual and collective actors contributes to the structuring of a Concrete Action System characterized by the convergence of a specific interest, RDS emerges from the activation of relations among actors who are already part of it and who have the purpose of grabbing the opportunities coming from RT (Tab. 4). Indeed, all actions starting in 2014 and persisting in the following years (memorandum of understanding, agreements, and conventions with institutions, GAL, etc.) are the premise for the configuration of a CAS, as previously reported.

As mentioned, the CAS refers to the ability of individual or collective actors to structure interactions according to their own interests, to exploit the constraints and opportunities of the context, and to establish, maintain, and expand the relative margins of maneuver and uncertainty.

Tab. 4: Actors involved in Rete Destinazione Sud - Year 2021

Actors	No.
<i>Institutional Entrepreneurs</i> - Lurgi M., Formica M., De Simone M., Scapolatiello L.	
<i>National Promoting Committee</i>	
- Municipalities	509
- National Organizations: Associations - Federations - Development Agencies	16
- Organizations of national importance: Foundations	11
- National Organizations: Business Networks - Consortia - Network - DMC	22
- Other Regional and National Bodies and Associations	33
- Regional organizations: Gal - Mountain Communities - Parks	17
- Organizations of Italians in the World	54
- Others who have expressed interest in supporting the initiative	19
<i>Total number of actors involved</i>	<i>681</i>

Source: our elaboration



The process which led to the configuration of the network starts from the first project, “*I Turismi*”, promoted by Confindustria, Federmanager and Fondirigenti, in collaboration with industrial associations of the South, establishing itself in the first phase as a network of companies. In 2019, the network evolved by starting the establishment of an innovative SRL, in which several members, who were part of the National Promoting Committee, became part of the nascent start-up<sup>3</sup>. In 2021, the Configuration of the National Promoting Committee consists of over 650 Italian Municipalities, representing 93 Italian Provinces, already formally joining the committee of the project, as well as the most important associations and foundations. Today, it has gone from national to international and is currently made up of over 1, 250 institutions and over 11, 000 private individuals.

The governance model of RDS is designed to promote a collaborative approach to sustainable tourism development between public and private entities, aimed at facilitating sustainable tourism in the southern regions of Italy, in which all stakeholders have a voice in the decision-making process and work together to achieve common goals. The network is governed by a board of directors, including representatives from various stakeholder groups, such as local communities, tour operators, hoteliers, associations, foundations, and other tourism industry stakeholders.

This initiative is so meaningful and significant that the press was interested in this topic, publishing a large number of articles in newspapers and online magazines, underlying the growth and expansion of this entrepreneurial strategy. The relevance of the network has been emphasized by the attention of third actors in the initiative, constituting a real CAS.

The motivation behind the choice to build a network has undoubtedly been found in the need to connect all the actors around a common project, which would allow everyone, despite the heterogeneity of interests in the field, to derive effective benefits for themselves and for the reference area.

The strength and the replicability of the model launched lies in two innovative factors:

1. Bottom-up approach, that is, from the direct involvement of the actors of the entire territorial offer made up of the operators of tourism, oenology, agri-food, and crafts.
2. The integration between territorial tourism promotion and electronic commerce, giving life to the first integrated Marketplace solution built around the identity of the territories.

*“We are convinced that our project responds to two fundamental needs, too often ignored. The first need is to give life to NEW promotional models of the integrated territorial offer, MODELS DEVELOPED TOGETHER with local operators and built AROUND THE IDENTITY and*

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<sup>3</sup> The National Promoting Committee are listed below:

- Municipalities; organizations of national importance: associations - federations - development agencies
- Organizations of national importance: Foundations
- Organizations of national importance: business networks - consortia - networks
- Other bodies and associations of regional and national relevance
- Organizations of regional importance: Gal - mountain communities - parks
- organizations of Italians in the world
- other subjects who have expressed an interest in supporting the initiative.

for the sustainability of the territories. The second need is to intercept the question where it arises, in order not to abandon it to global platforms that have no interest in enhancing the richness and diversity of Italian heritage, represented by tourism, food and wine, made in Italy". (Michelangelo Lurgi, CEO of Giroauto Travel Sas, Confindustria Salerno, "Mettiamo in rete il territorio").

Moreover, the particularity of this project is inspired by the interplay between the *bottom-up* and *top-down* approaches, which gives the network of local actors a form of legitimacy through the institutional recognition of their actions.

The actions proposed by the network not only go in the direction of strengthening relations, but mostly in the attempt to contribute (by taking an active part) to the decision-making process or political debate. Furthermore, the relational dynamics that led to the structuring of the network allow for governance to structure the IW through public affairs, lobbying strategies, and pressures, directly moving in institutional corridors to favor an active position for them and, at the same time, legitimize the representation of their interests. With these relational dynamics, we refer to *bottom-up* actions of IW, as briefly described below.

Among the initiatives, we can mention the actions aimed at acquiring legitimacy to act, both at a social and juridical level (i.e., signing memoranda of understanding). It would be interesting to take into consideration the actions undertaken by the founding actors of the network on the national territory of afference, undoubtedly aimed at creating a single system legitimized to act in the institutional field. The reference is to all the memoranda of understanding signed with the Italian Regions and Municipalities (Southern Italy and the Islands), with particular reference to the 2023-2028 Return Programme. The choice of the form of memorandum of understanding appears emblematic from an organizational point of view because they configure a juridical institution with guiding value, aimed at orienting strategic actions on objectives shared by the parties that share common interests.

Furthermore, the Creation of the "Tourism and Destinations Forum" which, to date, envisages the participation of 150 Speakers and over 1500 including stakeholders, opinion leaders, institutions, companies, consortia, foundations, associations, and citizens involved in discussing touristic topics regarding Southern Italy. All these actors are called to plan improvement actions, try to understand the advantages, and improve the organization in view of catching resources and optimizing results.

The debate among actors continues on social networks (with particular reference to the Facebook social channel) as a place for discussion and comparison of the convergence of ideas, interests, and objectives to be implemented at the institutional level.

To reinforce the institutional role of the network, RDS requested and received, regarding the "2023 Year of Return Tourism" Initiative, participation in the Conference of Regions (May 2022) and granted patronage to the entire initiative with a favorable opinion from the tourism councillors of all the Italian regions.

The various initiatives aimed at involving local institutions concerned with RT converge in the establishment of a National Technical-Scientific Committee, with the participation of sector experts, to better formalize the institutional role in representing common interests and, at the same time, widespread throughout the territory.

In the field of IW, actions can also take the form of pressure on Institutional and Political authorities so that they can influence the decision-making process.

A recent example in the history of the network is the Audition at the Senate of the Italian Republic at the Commission for Industry in December 2021, in which President Michelangelo Lurgi was summoned to a hearing at the Presidency of the X Committee. On that occasion, he presented the initiative “2023 Year of Return Tourism Initiative. Discovering the Roots” and explained the necessity of interventions in the redevelopment of many villages in Italy.

In the same way, the network presented the “Return to Italy 2023-2028 Project” in Brussels at the headquarters of the European Parliament, to highlight the program to the Representatives of the European Parliament.

As a result of these actions, it is interesting to note recent initiatives promoted by institutional bodies with the aim of involving the network in the political debate with a view to defining sector policies.

By way of illustration, we can consider their participation at the headquarters of the Chamber of Deputies in the halls of parliamentary groups in June 2022. During that parliamentary sitting, the network presented the “2023 Year of Return Tourism” to government representatives and ministries.

Valuable of being mentioned is also the recent Convocation of audition in the Senate of the Republic in December 2021, in which RDS was summoned to debate on the topic “PNRR Borghi”, as an expert of the sector issues.

Both *bottom-up* and *top-down* processes contribute to defining the ideal boundaries of the ‘contextualized space’ - an OF in an Institutional perspective - in which all the actors involved are, at the same time, object and subject of the pressures that cross the field itself (Bonazzi, 2002).

## 5. Final Remarks

In a socio-economic context, roots tourism could be an economic and social enhancement tool. Thus, our study has shown the important role of the engagement of diverse actors and stakeholders interested in structuring a network able to pursue tourism development through territorial heritage and through the interest of descendants regarding their own origins and knowledge of the places of their ancestors.

Furthermore, organizational coordination by a Concrete Action System (CAS) could accelerate and amplify institutional change to face the challenge of intercepting the opportunities derived from a new segment market. Following the analysis of the concepts of Organizational Field (OF), Concrete Action System (CAS), Institutional Entrepreneurship (IE),

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and Institutional Work (IW), we can conclude that the birth of networks between entrepreneurs, socio-economic actors of the territory, and multi-level institutional actors can give life to important entrepreneurial initiatives (as did RDS) to start new and significant governance models for the socio-economic development of places that have suffered migratory flows some time ago.

The case study could be considered the first multi-level account of an interplay between managerial practices, organizations' goals, and institutional logics, aiming to support tourism development. In this study, we observed two interactive processes. First, institutional change could arise from the "periphery" of the large tourism field because agents engaged in the Concrete Action System are going to play an important role at the institutional level. Furthermore, the policymaker requires active interpretation at a local level encouraging, in this way, more and more effort to be made by the agents.

The present work has yielded important insights into why, where, and how CAS-like RDS might be helpful in fostering tourism promotion, especially in the presence of institutional voids. Indeed, building markets is neither easy nor unproblematic, and if the RT is considered a new vital segment for the Italian economy, the opportunities derived from it cannot be relegated to a local or organizational arrangement level.

An epistemological comprehensive paradigm (rather than the adopted one) might shift the focus towards the motivations and interests of the diverse actors involved in constructing the CAS, beginning with the Institutional Entrepreneur. This approach highlights incentive and disincentive factors, which are useful in designing policies and strategies that align the interests of the actors with the tourism development objectives of a territory. Notwithstanding, the adoption of the neo-institutionalist perspective enables the surfacing and interpretation of dynamics such as isomorphism and free-riding. The CAS activated thus far relies on Institutional Entrepreneurs' activism without requiring financial resources from the actors involved in program implementation. The CAS plans to intercept financial resources from regional, national, and European institutions for tourism development in disadvantaged areas, such as Southern Italy's EU Objective 1 Regions, with confidence.

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# The orchestrator and its role in the birth and development of a niche-tourism ecosystem

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## Abstract

**Frame of the research:** Oleotourism, an emerging opportunity for rural diversification, is thriving in Mediterranean regions. This niche caters to the rising demand for authentic tourism products and creative experiences that enhance agricultural livelihoods.

**Purpose of the paper:** The paper explores characteristics and activities of facilitator-orchestrator organizations that further the growth and development of niche-tourism ecosystems.

**Methodology:** Primary and secondary data were collected from the case study of the oleotourism niche in Italy. In particular, the Italian National Association of Oil Cities has been selected as the case study due to its preeminent work in supporting the birth and development of oleotourism in Italy.

**Findings:** The analysis reveals the facilitator-orchestrator role played in developing the oleotourism ecosystem. Findings unveil three orchestrator characteristics (embeddedness, agility, and capability) and six activities (lobbying, participant recruitment and engagement, regulation, research and development, capacity building, and promotion). Findings support the growth of oleotourism stakeholders and develop the oleotourism business ecosystem.

**Research limits:** The paper analyses only a single case study and examines only the orchestrator's perspective.

**Practical implications:** This study supports practitioners as well as policymakers in several ways. It offers implementation mechanisms to support a fragile and fragmented niche-tourism ecosystem. It also highlights possible obstacles to overcome.

**Originality of the paper:** Oleotourism is a topic of particular interest to advance cultural and creative industries as drivers for local tourism development and innovation. However, it reveals a fragile ecosystem composed of a plethora of stakeholders and proposals that are still in an infant stage. Unveiling the main orchestration mechanisms that support the development of such an ecosystem is of great importance in boosting the sustainable growth of the oleotourism business ecosystem.

**Key words:** niche-tourism; oleotourism; olive-oil business ecosystem; facilitator; orchestrator

## 1. Introduction

Olive oil tourism, or oleotourism, represents an emerging diversification opportunity for rural areas. This tourism niche is flourishing in

Mediterranean areas (Pulido-Fernández *et al.*, 2019) to meet the growing demand for authentic tourism products (Campón-Cerro *et al.*, 2017) and creative experiences (Della Lucia and Segre, 2017) that complement agricultural activities. The oleotourism ecosystem can be viewed as a socio-economic community of individuals, enterprises, and organizations at the nexus between the olive oil and tourism value chains. The olive-oil value chain consists of fragmented and heterogeneous stakeholders of the producing places, natural resources (such as land, water, climate), and the local milieu (landscape, culture, and intangible heritage) (Alonso and Northcote, 2010).

The tourism value chain related to this environment comprises tourism operators that access various components of the olive-oil value chain to create additional value through a more diversified and differentiated tourism experience. However, the oleotourism environment's fragmentation, heterogeneity, and sectoral diversification may constrain coordination and collaboration because of the incongruence of goals, interests, and competencies (Čehić *et al.*, 2020). To overcome such challenges, these networks often require facilitation by a hub actor, orchestrator, or facilitator (serving as a bridging organization). The presence of such a player able to facilitate both the building of the business ecosystem - among already connected actors (Kirkels and Duysters, 2010) or by bringing together dispersed and independent members (Dhanaraj and Parkhe, 2006) can help a niche tourism product to emerge and overcome the above challenges through the identification of mutually beneficial collaborative activities and collective goals.

Despite acknowledging the importance of this player and the related collaborative activities in such a fragmented and heterogeneous environment, this strategic bridging role in thematic tourism niches such as oleotourism remains under-theorized (Park and Kohler, 2019). This paper fills this gap by exploring the main characteristics and activities of the facilitator-orchestrator that organizes and facilitates the emergence and development of a distinctive ecosystem for oleotourism in Italian rural areas.

Shedding light on this topic is timely as research on oleotourism is still in its early stages (Folgado-Fernández *et al.*, 2019) and studies to date are non-specific and fragmented (Pulido-Fernández *et al.*, 2019). The paper has been designed to answer the following two specific research questions:

- 1) What characteristics are required in a facilitator-orchestrator for optimal coordination and development of the oleotourism ecosystem?
- 2) What activities should the facilitator-orchestrator implement to foster, nurture, and develop the oleotourism ecosystem?

The research is focused on the analysis of the Italian National Association of Oil Cities as facilitator-orchestrator of the emerging Italian oleotourism ecosystem as an exemplary case study to analyse these issues. The study reveals key characteristics and key activities of the facilitator-orchestrator. In the first group there are three salient characteristics (agility, capability, and embeddedness) while in the second group there are six activities (lobbying, participant recruitment and engagement, regulation, research and development, capacity building, promotion).

## 2. Theoretical background

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### 2.1 Thematic niche-tourism business ecosystems based on olive-oil processes

Oleotourism's characteristics involves experiences linked to the olive tree culture, its environment and the food culture based on it (Ruiz Guerra *et al.*, 2018).

Oleotourism captures the interest of tourists who want to participate in this self-realisation experience (Ferreira *et al.*, 2022), fascinated with activities based on olive oil and the local culture, heritage, landscape, and customs that revolve around it, deepening their knowledge about olive-oil through new experiences with emotional and experiential meaning (Almeida and Silveira, 2021).

Oleotourism is a place-specific form of rural tourism that relies on authentic experiences based on activities related to olive oil production, its tasting, and some linked rural experiences such as harvesting and other experiences linked to the olive culture, its environment, and the food culture based on it (Ferreira *et al.*, 2023). It is an amalgam of communities and businesses with a strong sense of place, usually spatially clustered in unique socio-economic contexts (Inkpen and Tsang, 2005). It encompasses a wide range of stakeholders, examples of which are producers, museum spaces, municipalities, associations, recreation enterprises, accommodations and restaurants (Almeida and Silveira, 2021). Examples of services include visiting oil mills, olive groves, olive-oil tasting, participation in production processes and events, workshops, health and well-being-related treatments, visitation of museums, purchase of products, and overnight in accommodations linked to the production of olive-oil (Pulido-Fernández *et al.*, 2019).

The nexus between the olive oil industry and the tourism industry offers many opportunities and implies complementarity with other types of tourism, such as active tourism and culinary tourism (Ruiz Guerra *et al.*, 2018).

Tourism has been shown to complement agricultural activities, generating economic, social, and cultural value (Guizzardi *et al.*, 2022). Visitor demand for oleotourism goods and services not only complements (boosts) farmers' incomes, but also has a multiplicative effect on sales, production, income, value added, and employment through the interdependence of the different sectors of the local economy (Arjona-Fuentes and Amador-Hidalgo, 2017). Indeed, it may lead to the creation of entirely new enterprises (in)directly related to oleotourism (López-Guzmán *et al.*, 2016). Oleotourism positively affects place branding and destination marketing, as well as engendering local pride and the development of social capital (Fernández *et al.*, 2020).

A full realization of these opportunities requires integrating community-based olive oil production with an oleotourism ecosystem that collectively creates value through interpretation, participation, and interaction (Millán-Vazquez de la Torre *et al.*, 2017). There are several constraints to negotiate in pursuing this goal including overcoming the inertia to collaboration, providing public subsidies to farmers, and

improving the service orientation and required infrastructure (Čehić *et al.*, 2020). Collaboration barriers are the most evident. Stakeholders engaged in the olive-oil value chain/processes have diverse competencies as well as aims and interests that often conflict (Pulido-Fernández *et al.*, 2019). Pursuing oleotourism requires further sectoral diversification which exacerbates stakeholder heterogeneity by including tourist-related businesses (e.g., accommodation, restaurants, catering services, travel agencies/associations, tourist routes), cultural heritage organizations (e.g., museums), as well as institutional and management bodies such as public agencies, tourist associations, and destination management organizations (Murgado, 2013).

### *2.2 Facilitator-orchestrator's characteristics and activities for the growth of niche-tourism business ecosystems*

The creation and growth of a cohesive and collaborative business ecosystem is a result of the collective value from heterogeneous stakeholders (Yachin and Ioannides, 2020), the building of shared trust (Dagnino *et al.*, 2016), and the acknowledgment of mutual benefits by stakeholders, that absent coordination, usually manifest in a reluctance to work together (Westley and Vredenburg, 1991). In such a context, the rise of an “independent third party - voluntary or appointed - that has not emerged from the ecosystem but is historically separate and distinct in terms of resources and personnel” (Westley and Vredenburg, 1991, p. 68) can play a strategic role in overcoming or reducing the constraints of stakeholder fragmentation, heterogeneity, and sectorial diversification (Perks *et al.*, 2017). This actor can be labelled as a ‘facilitator-orchestrator’ and can be defined as a “boundary-spanning actor interested in the development within and of the network as a whole by ensuring the wide spreading of innovative ideas and mutual cooperation” (Hurmelinna-Laukkanen and Nätti, 2018, p. 47).

The facilitator occupies a particular structural position among the network actors (Kwon *et al.*, 2020).

As stated by Pinnington *et al.* (2021, p. 438), “third-party facilitators can provide the leadership and resource access needed to exploit innovative ideas and to help SMEs lacking relational skills or conviction to collaborate”. The third-party facilitator orchestrates the business ecosystem’s genesis, mediating trust, and conflict among members (Giaccone and Longo, 2016), and controlling resource accumulation, development, and allocation (Klein *et al.*, 2019).

It pushes actors to recognize mutual value in joining the network and spontaneously sharing knowledge, mobilizing valuable resources and assets (Autio and Thomas, 2021), discovering complementarities (Giudici *et al.*, 2018) and valuing distributed skills and capabilities (Millán-Vazquez de la Torre *et al.*, 2017).

To support the rise of a business ecosystem, the facilitator must implement a variety of “observable, repeated and routinized single (or set of) activities” (Perks *et al.*, 2017, p. 106) to coordinate independent network members’ interactions within a loosely coupled context (Dagnino *et al.*,

2016). These activities span from participant recruitment and engagement to regulation, lobbying, and promotion.

In the early stages of business ecosystem creation, firms must coalesce to share their ideas and projects as well as awareness and commitment (Qu *et al.*, 2022). The role of the facilitator is to develop a medium-long term strategy to identify and create opportunities that have a broad enough appeal to foster a sense of togetherness within the developing community (Perkins *et al.*, 2021). Furthermore, it must mobilize adequate resources, financial support, and the required skills and capabilities (Reyppens *et al.*, 2021). In the formation stage, the facilitator is engaged in formulating standards, guidelines, and codes of conduct to regulate the heterogeneous operators' participation and develop common definitions, understanding, and language (Park and Kohler, 2019).

A further activity of the facilitator is to develop a reciprocal collaboration with government departments, senior bureaucrats, and elected officials with the aim of influencing policy to either benefit the ecosystem members or minimize damage to them (McKercher, 2022). Through this lobbying activity, facilitators influence, either directly or indirectly, the decisions of policy makers and the legislation they enact (Pillmayer and Scherle, 2014). When the ecosystem is emerging, it is extremely important that facilitators create as many opportunities as possible for ecosystem members to promote their proposals. In this sense, facilitators work to boost the ecosystem's legitimacy and facilitate connections between the design and the spread of innovative tourism experiences (new supply) with demand in the marketplace (Caridà *et al.*, 2022).

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### 2.3 *The facilitator's role under the lens of the neo-micro-institutional approach*

The previous section clarifies how the 'institutional work' approach fits well as the lens to understand the facilitator. In fact, the term 'institutional work' refers to the actions through which actors create, maintain, or disrupt institutional structures (Lawrence *et al.*, 2009). It can involve a variety of activities, such as developing new social norms, negotiations about the meaning of particular institutions, challenging existing power structures, or lobbying for specific actions. Lawrence and Suddaby (2006, 215), defined institutional work as "the purposive action of individuals and organisations aimed at creating, maintaining and disrupting institutions". This definition introduces how "the meaning and relevance of institutions can be maintained, altered, contested, or even fundamentally rejected and replaced through the ongoing actions and interactions of actors within a governance system" (Beunen and Patterson, 2019, p. 13). It follows that, although institutions are often analysed as fixed structures that help to explain behaviour and outcomes, the reality is that institutional structures tend to continually change, and this change depends on several factors such as the sustained actors' endeavour and effort (Van Assche *et al.*, 2014; Mahoney and Thelen, 2010).

In these terms, facilitators can be viewed as "organized actors with sufficient resources that see in new institutions an opportunity to realize interests that they value highly" (DiMaggio, 1988, p. 14). Defined as

institutional entrepreneurs and moved by ideological or material interests (Colomy, 1998), they implement “divergent change” (Battilana *et al.*, 2009, p. 67) by developing new practices, organizational forms, or technologies. The role is not just related to launching new organizational forms involving entrepreneurial activities (Tracey *et al.*, 2011). Institutional entrepreneurs must also attain legitimacy for the change and convince others that it is an appropriate solution to perceived problems (Aldrich and Fiol, 1994). They do so by engaging in discursive (e.g. Zilber, 2007), political (e.g. Garud *et al.*, 2002), relational (e.g. Lawrence *et al.*, 2002), and regulative activities (e.g. Child *et al.*, 2007).

Based on a review of the literature, we argue that neutral and independent facilitators - such as the Italian National Association of Oil Cities - are ideally positioned to support the creation of a niche-tourism ecosystem - such as the oleotourism ecosystem - when they possess specific characteristics and can facilitate specific value-creating activities. In the following section, we develop our exploratory analysis of oleotourism in Italy.

### 3. Research design

Given the relative recency of oleotourism as a phenomenon and the limited tourism experiences that exist related to this niche, it is perhaps no surprise that a consolidated olive-oil tourism ecosystem does not exist. This is even true for Italy, a country steeped in a rich history of olive-oil production, a mature and globally recognized tourism destination, and a pioneer of the oleotourism concept. The following exploratory study seeks to address this limitation by exploring the enabling conditions for the development of an oleotourism ecosystem in Italy. More specifically, the Italian National Association of Oil Cities, is assessed for its potential to fulfil the role of facilitator-orchestrator for the Italian olive-oil tourism ecosystem. We employ a descriptive-comprehensive approach to provide insight into the nature and scope of resources, capabilities and observed activities of the facilitator.

#### 3.1 The Italian National Association of Oil Cities

Information about the Italian National Association of Oil Cities was retrieved mainly from public sources and later confirmed and elaborated with key informant interviews.

Founded in 1994, its mission is to “spread the culture of the olive tree and quality olive oil; protect and promote the environment and the olive landscape; disseminate the history of olive cultivation; offer security to the consumer through the valorization of designations of origin, the organization of events, the implementation of communication and marketing strategies aimed at getting to know the great Italian olive heritage” ([www.cittadellolio.it/](http://www.cittadellolio.it/)). It is a non-profit public organization and central to the protection of the image and brand of Italian olive oil. Consequently, it is acknowledged as the central player of many stakeholders



involved in the olive oil industry and vital to the protection of the Italian cultivation and culture of olive oil. The Association has approximately 400 members - consisting of municipalities, provinces, chambers of commerce, local community groups, and parks - mainly located in areas representative of the tradition and culture of Italian olive oil production. Its thirty years of activity have earned the Association legitimacy among different stakeholders, sectors, geographical areas, and markets.

The Association's goal of building a genuine cultural movement that stimulates knowledge, dissemination, and promotion of olive oil has recently garnered the attention of the tourism industry. This interest stems from an existing belief in the synergies between the broader agricultural industry and tourism whereby a connection between the two (termed "agritourism"; for insights e.g. Fanelli, 2022) has led to new authentic forms of tourism product for Italy while also creating new revenue streams for the agricultural industry. As a first step in this direction, the Association's strong commitment to the development of oil tourism led to the launch of the 1st edition of the National Oil Tourism Competition in 2020. The 2020 competition led stakeholders to recognize the broader tourism potential and culminated in the development of a dedicated site linking olive oil with tourism ([www.turismodellolio.com](http://www.turismodellolio.com)) to showcase the best Italian practices of oleotourism.

### 3.2 Data collection

Qualitative methods were used to collect primary and secondary data on the Association's facilitation (orchestration) role and its related activities from multiple sources to enable data triangulation (Jick, 1979) and reduce the risk of informant bias, control for individuals' subjective assessments, and increase construct validity (Gibbert *et al.*, 2008). Table 1 lists all the sources utilized for the case study. Primary data were collected in February 2022 through two semi-structured in-depth online interviews with primary stakeholders - the Director of the Association and the Project Manager of the oleotourism platform. These two interviews provided a comprehensive perspective as the Association's organization is very small.

Each interview lasted approximately 90 minutes. The interview protocol was designed to explore critical issues related to facilitating the oleotourism ecosystem's growth and development.

The content and analysis of the interviews were guided by the coordination role that destination management organizations play in collaborative destinations (Presenza and Cipollina, 2010) and the tools used to engage stakeholders in destinations - both on the supply and demand side - on digital platforms and offline (Trunfio and Della Lucia, 2019). An interview questionnaire composed of ten open-ended questions was utilized. Examples of questions are as follows:

1. Can you tell us what in your opinion is the Association's role in the birth and development of the Italian olive oil tourism system?
2. Can you explain which activities of the Association encouraged the birth and growth of the Italian olive oil tourism system?

The interviews began with a neutral presentation of the general study’s aim without making presumptions. This allowed interviewees to talk freely about the aspects they thought to be more significant. Then, a narrative interview method was adopted, which can contain topics from the immediate context, and allowance for unanticipated insights (Eriksson and Kovalainen, 2015). This encouraged the interviewees to speak freely and uninterruptedly. When necessary, more detailed questions were posed to enhance the understanding of their comments concerning a specific topic and/or a strategy developed by the Association.

The Association’s websites and social media communications were monitored for a period of five months to confirm/disconfirm interview data and to develop further insights helpful to the study objectives. Finally, we conducted a series of searches of the popular media, blogs and websites of experts and operators, and YouTube videos to supplement the primary findings. A series of iterations was conducted between these primary and secondary data and the literature thereby strengthening the theoretical-empirical linkages.

*Tab. 1: Data, sources, and main contributions*

Data	Sources	Main contribution
Direct interviews	Semi-structured in-depth online interviews with primary stakeholders: the director of the Association and the project manager	The interview protocol explores the role and functioning of the Association to reveal the critical issues that support the growth and development of the oleotourism ecosystem
Documentary information	<ul style="list-style-type: none"> <li>• Association’s official website (www.cittadello.it)</li> <li>• Association’s oleotourism website (www.turismodello.it)</li> <li>• Association’s social media profiles</li> </ul>	Identification of the main topics related to the development and functioning of the Italian oleotourism ecosystem
Archival records	<ul style="list-style-type: none"> <li>• Specialized sources, such as blogs and websites of experts and operators, and YouTube videos</li> <li>• Media (press clippings) from the local, national, and international press</li> <li>• Scientific journals</li> </ul>	Understanding how oleotourism is conceptualized and viewed as a product in terms of its characteristics and value chain

Source: our elaboration

### 3.3 Data analysis

The methodological prescriptions for case study analysis (Micelotta *et al.*, 2019; Stake, 2006), with the combination of the analytical principles and techniques of grounded theory (Glaser and Strauss, 2017) and thematic analysis (Bruner, 1991) guided the approach. We followed the principle of “constant comparison” (Glaser and Strauss, 1967) that states data should be collected and analyzed simultaneously. Our use of grounded theory is consistent with the aim of elaborating middle-range theory around a specific phenomenon. Before entering the field, we familiarized ourselves with the peculiarities of each context. We started by developing case study

write-ups, which traced the historical changes in developing the Italian olive-oil tourism system, recent activities, main objectives, and target areas of activity of the Italian National Association of Oil Cities.

As first stage of coding, interview data and archival data have been open-coded. Memos of interviews were added to the process of open coding for manifesting a specific moment and for highlighting first bits of the relationship between emerging concepts. To increase trustworthiness, the authors coded the data independently and met regularly to discuss the codes as they emerged. Instances in coding interpretation was solved by discussion. At the same time, the highlights have been critically interpreted to give sense of the phenomenon under study.

In the second stage of coding, we aggregated the highlights and provided tentative conceptual explanations, by iterating between data, emergent theory, and the literature. By cycling between data and theory, we identified nine recurring items. We further coded each of the occurrences in our dataset, both from interviews and from archival data. We iteratively cycled between data and emerging interpretations to crystallize our findings. When we settled on these interpretations, we engaged in members check (Miles *et al.*, 2019) to strengthen the trustworthiness of our findings that unveiled three key facilitator-orchestrator characteristics and six key activities for developing the oleotourism ecosystem.

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## 4. Findings

The secondary data and the deeper context and detail provided by the interviews, created a thorough understanding of the Italian oleotourism business ecosystem and the critical role of the Italian National Association of Oil Cities activating as ‘facilitator-orchestrator’. The following subsections give answer to the two research questions by illuminating the Association’s key characteristics and activities.

### 4.1 Key Facilitator-orchestrator characteristics for developing the oleotourism ecosystem

*Agility.* Findings reveal that the Italian National Association of Oil Cities is cultivating an agile mindset to cope with rapid changes and uncertainty. Consequently, it is open to new ways of thinking to speed up the growth of the Italian oleotourism ecosystem. Agility requires the facilitator-orchestrator to purposefully broker connections and create cooperative relationships that would not otherwise occur due to the variety and fragmentation of the stakeholders involved. The characteristic of agility is expressed by several sources. For example, the Association President (in a YouTube video) explains it as follows: “Even with high potential to grow, oleotourism is still at an early stage. Of course, to be helpful we must assume an agile behavior. This means to become more flexible and adaptive, and to quickly reply to participants’ needs”. It requires us “to collaborate with stakeholders that have different goals and backgrounds. As being in its infancy, the growth of oleotourism requires significant effort. We have to learn about consumers’

behavior and needs, to understand the best strategies to develop, and mix together olive oil and tourism chains” (the Director).

*Capability.* The Association must be capable of balancing diverse forces such as collaboration and competition, formal and informal links, and trust and bargaining. In this regard, the Director’s statement (reported in various press outlets) is clarifying: “our aim is to deal with potential network members about resources, roles and responsibilities. Investing in good negotiation skills aids in aligning different goals and objectives and makes it easier to share strategic information, to collaborate, and make compromises which contribute to the long-term nurturing of the olive oil tourism in Italy”.

*Embeddedness.* To be embedded in multiple stakeholder networks remarkably affects the potential facilitator-orchestrator’s ability to succeed in fostering development of the oleotourism ecosystem because social relationships create opportunities for cooperation by deepening awareness, trust, and commitment. Founded in 1994, the Association is acknowledged for its leadership on important issues related to olive growing and in particular “on topics such as those of the culture of olive civilization, oleotourism, landscape valorization, environment and biodiversity” (from the official Association website). Credibility that has been built over time not only “with events and initiatives that we carry out in each Oil City, but also by continuous institutional relationships that make us perceived as a community with a strong cultural identity” (Director interview). The Association’s embeddedness has also been recently reinforced at the international level with the President being elected Senior Vice President of Re.Co.Med (the Network of Mediterranean Oil Cities).

#### *4.2 Key activities for developing the oleotourism ecosystem*

*Lobbying.* Through public and institutional relations, the Association constantly lobbies national and regional political bodies to raise awareness of the importance of the olive oil sector and its tourism value. A recent example is the approval by the Italian Parliament of a law (Budget Law 2020/Art. 1) that formally recognizes oleotourism as an expression of Italian material culture. This recognition allows oleotourism not only to be equated to wine tourism but also to add an institutional layer of certification and protection that reinforces the Protected Designation of Origin and Protected Geographical Indication already in existence for olive oil.

Furthermore, the Association, where appropriate, has signed memoranda of understanding such as the “Spello Agreement”, a formalized collaboration between the Association and the other three most prominent Italian organizations dealing with food and wine tourism. These collaborations were “created with the aim of identifying common ground between the various bodies, to nurture a proactive dialogue with the institutions, and design a medium and long-term sector strategy for the future of wine and oil tourism in our country” (extracted from the Agreement).

*Participant recruitment and engagement.* The recognition of oleotourism encompasses the entire olive-oil supply chain and the ecosystem must be populated accordingly by recruiting and engaging relevant organizations. Being a nascent ecosystem, oleotourism requires the creation, consolidation, and protection of its identity. The identity is multi-faceted encompassing components of the entire olive oil value chain. It also represents the social and economic value of high quality and healthy products (such as Italian extra virgin olive) and their conscious consumption. This identity must be widely communicated and promoted, especially through the Association's websites as well as through the organization of, and participation in, relevant events and workshops. The creation and official recognition of this identity leads to the gathering of a critical mass of actors in the olive-oil supply chain who recognize and identify themselves with oleotourism or see the potential alignment.

Through multiple communication channels including online initiatives, the Association has managed to populate the ecosystem, one outcome of which is the 'National Oil Tourism Competition' now garnering growing attention and importance. To participate in the Competition, proposals must include the profile of the applicant, segmented by category (farms and mills, olive oil shops, museums, restaurants, accommodation and tour operators and travel agencies) and the experience they aim to promote. The proposals, which first pass a screening conducted by the Association, are then evaluated by a jury of experts according to several criteria, including the quality and innovation of the experience, the tourism market segment focus, the communication, and promotional tools used, and the enhancement of the surrounding landscape. As stated by the President of the competition jury, "the National Oil Tourism Competition aims to identify and bring out the best practices in the exercise and organization of tourism linked to the Italian olive oil".

*Regulation.* This key activity refers to developing codified standards and rules. In this sense, the 'Charter of Commitments for Sustainability and Wellbeing' is a useful example. Through the Charter, the label 'Marchio Città dell'Olio' is awarded to stakeholders "who demonstrate that they share the Association's values and principles and are committed to carrying out concrete actions aimed at enhancing the olive culture in its social, economic, environmental, tourist and territorial dimensions and with a view to sustainability" (from a newspaper's interview with the Director).

*Research and development.* This key activity reflects the Association commitment "to encourage study, research and experimentation for the enhancement of local varieties and the protection and enhancement of areas with a high olive-growing vocation and historical oil environments" (Director interview). It also recognizes the importance of a scientific foundation for the development of oleotourism. In this vein, the Association collaborates with universities and research centers on scientific reports as well as workshops and conferences. Furthermore, the Association supports member applications for funding from national, European, and international support agencies.

*Capacity building.* Both the Director and the Project Manager pointed out that the major challenge of the Association's training initiatives is to

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foster the transition from a product-driven culture and set of business models (farmers and olive oil mills) to service-driven ones that are more relevant to oleotourism operators. This shift is accomplished through the key activity of capacity building and specifically by sharing knowledge. The Association's knowledge sharing activities aim to provide integrated information on a wide range of topics to stakeholders in the Italian olive-oil value chain. Knowledge sharing actions include workshops and thematic events, discussion forums and stakeholder dialogues organized with the support of the affiliated communities, local action groups, olive oil producer associations, and trade associations. In collaboration with universities and other partners, the Association also offers specialized courses. For example, the 'Città dell'Olio Master Camp' is a specialized course targeting town administrators. The aim of this course is to facilitate the acquisition of knowledge and skills to enhance and better manage local systems.

*Promotion.* Among its numerous communication initiatives, an increasingly key activity of the Association is to strengthen its brand. The Association carefully regulates the granting of the brand 'Città dell'Olio'. This is reflected in its statement of purpose: "to increase the quality level of the olive oil production and tourist offer in a sustainable perspective of safeguarding the bio-cultural value of olive growing; support the development of local entrepreneurship committed to producing goods and services linked to the olive culture and civilization; enhance local identities and typical local productions linked to the production of extra virgin olive oil, and the related cultural, productive and tourist offer; as expressions of the territory and its communities and to promote the development of an integrated offer between extra virgin olive oil, culture and tourism".

Italian oleotourism is promoted through a variety means from publications to the organization of events and workshops geographically spread throughout the country in collaboration with the associated towns and other partners. The Association also participates in national and international fairs and exhibitions. As stated by the Director, "events are strategic and versatile means for promoting our Association and the olive oil Italian culture and to expand stakeholders' network. An example that well explains our philosophy related to the event is "The Walk among the Olives". It is an opportunity to re-establish a link between citizens and their land, a way to make the landscape of a great millenary civilization known and to let the many enthusiasts of the food culture of our country discover the geographic origin of the product through the olive trees and the men who look after them". For online promotion, the Association manages an Institutional website ([www.cittadellolio.it](http://www.cittadellolio.it)) and is active in the main social media channels.

The Association also achieves the key activity of promotion through collaboration with several intermediaries offering travel and tourism-related services to targeted national and international segments. These collaborations are more effective and efficient than the Association attempting to reach these audiences on its own. The partnership with the association MAAVI (Autonomous Movement of Italian Travel Agents) is perhaps the best example. Through this initiative, affiliated members

of both associations can collaborate to create new tour packages among other possibilities. Perhaps its most ambitious project is a virtual presence through [www.turismodellolio.com](http://www.turismodellolio.com). Launched in 2021, the website's mission (explained by the Director) is to become "the virtual space and tribal community of oil lovers and a marketplace for booking unique experiences based on a strategic resource of Italian heritage". The platform is directly managed by the Association and contains approximately 250 experiences grouped in six categories (Olive farms/Oil mills/Olive cooperatives; Restaurants/Pizzerias/Osterias; Oil museums; Olive oil stores; Accommodation; Travel Agencies/Tour Operators/Other Entities) and ten activities (i.e., Tastings, workshops, tours, etc.), organized in nineteen regions. For each oleotourism experience there is a dedicated page to provide a general explanation, imagery and videos, specific details, and contact information. Noticeably absent from the website is a booking engine to capture and process direct online reservations. Thus, there is room for improvement.

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## 5. Discussion

Findings highlighted how the adoption of a service-oriented approach can successfully accommodate tourists' expectations of having varied activities to choose from ranging from less engaging (tasting or purchasing olive oil) to more engaging (e.g., educational activities and cultural attractions). This highlights the salience of a service-oriented approach in rural communities wishing to participate in oleotourism. These communities are likely more culturally and attitudinally oriented to producing the product of olive oil and hence more product-oriented than service-oriented. To optimize oleotourism may require a deep change in the mindset of olive oil value chain stakeholders (such as farmers) from olive oil production to the provision of tourist services and building adequately capacities and skills for addressing new markets and needs.

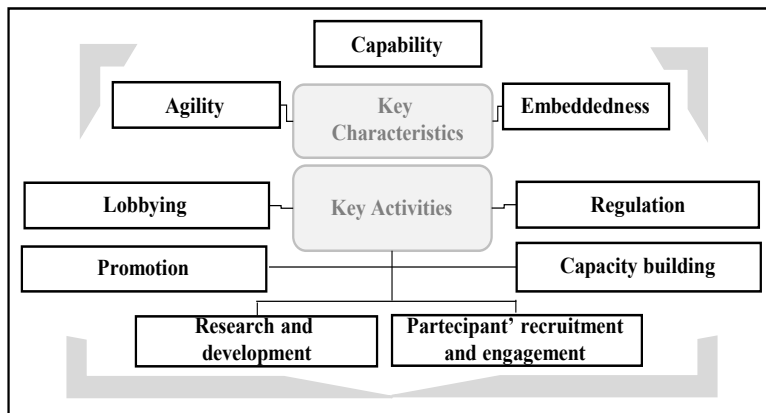
As stakeholders are fragmented (typically small and micro enterprises in peripheral rural areas), heterogeneous (overlapping between different value chains), and of varying organizational form (private companies, public bodies, not-for-profit), building networks is arguably the biggest challenge (Martini and Buffa, 2015). The challenge of creating functional networks for oleotourism may be similar or even greater than in the agriculture-tourism industry. Agriculture-tourism interaction requires the presence of a critical mass of business/tourist infrastructures and services in rural areas. The risk is that oleotourism remains marginal appealing to local communities (Hernández-Mogollón *et al.*, 2019) or being viewed as a complementary activity of other tourism proposals (Murgado-Armenteros *et al.*, 2021) where either farmers' service orientation or the number and the quality of specialized tourist services and infrastructures are inadequate. These circumstances constrain the exploitation of oleotourism potential in small rural communities (Millán-Vazquez de la Torre *et al.*, 2017) and the emergence of clusters of complementary businesses that "collectively deliver a bundle of attributes to make up a specialized regional product"

(Michael, 2003, p. 133). However, the risk of marginalizing oleotourism (or any form of niche tourism) may be minimized with the proper antecedent organizational support and activities.

The present paper identifies orchestration by an appropriate facilitator-orchestrator as the critical antecedent condition that, with a specific set of staff skills, serves as the backbone for the entire initiative and coordinates participating organisations (De Chiara, 2015). The emergence and consolidation of the nascent Italian oleotourism ecosystem offers evidence, whereby the Italian Association of Oil Cities as facilitator-orchestrator can help oleotourism initiatives and local communities advance from a micro-level to a macro-level (from disconnected peripheral rural areas to a national network of rural areas). In doing so, it takes the form of a reiterative process (macro-micro-macro) that enhances the structural ties within the entire ecosystem and encourages its stability and scalability (Frow *et al.*, 2019).

As the Association emerged as a ‘facilitator-orchestrator’, it became clear that its neutrality and independence were important to effectively facilitating collaboration, whereby it had to understand and align individual actors’ intentions and institutional arrangements while facilitating value creation from different types of stakeholders and resources. In this vein, findings revealed both characteristics and activities of this specific facilitator-orchestrator (Figure 1).

Fig. 1: Key characteristics and activities of the facilitator-orchestrator for developing the oleotourism ecosystem



Source: our elaboration

The Association exhibits three main characteristics essential to serving as an effective facilitator-orchestrator, especially given that the Italian oleotourism ecosystem is at an embryonic stage. We argue that a facilitator-orchestrator with the correct key characteristics supporting the right key activities is particularly crucial in this early stage of ecosystem development since the ecosystem does not emerge on its own (Fuller *et al.*, 2019), and the engagement of actors is otherwise happenstance occurring on a voluntary basis (Giudici *et al.*, 2018). The facilitator-orchestrator



also adds value by providing proactive and focused support to dispersed and largely independent members within the business ecosystem to seek and pursue opportunities based on well-designed tourism products/experiences that attract novel markets, all of which is also supported by the facilitator-orchestrator accessing resources and competencies that are hard to reach autonomously.

The embeddedness characteristic is exhibited with the Association being well embedded in the Italian olive oil sector. This characteristic does not solely depend on the power it wields within the ecosystem, or its ability to convince network members with rational arguments. Alternatively, the facilitator may influence them “by capitalizing on the relationship or even making use of indirect relationships to put pressure on them” (Perks *et al.* 2017, p. 107) or utilize specific knowledge, key resources, and technologies (Gulati *et al.*, 2012), legitimacy (Reypens *et al.*, 2021) and reliability (Hingley *et al.*, 2015). This facilitator’s embeddedness and neutrality enhance its legitimacy and ability to enact strategy to establish a common identity of the ecosystem and trust within it, especially in a context with a diffuse mixture of actors (Hurmelinna-Laukkanen and Nätti, 2018).

A further characteristic is agility. It requires a novel recombination of complementary knowledge, resources and capabilities distributed across the business ecosystem (Teece, 2012). In this capacity the facilitator-orchestrator can be seen to deploy agile thinking as a ‘change agent’ in the sense that it “seeks to implement social change in how the object of legitimacy is evaluated by relevant audiences” (Suddaby *et al.*, 2017, p. 452). The ability to extend generate ecosystem agility by viewing possible configurations of the ecosystem actors and resources in a way that meets emerging opportunities is a valuable key characteristic.

Capabilities plays a fundamental role in orchestrating the rise of emergent niche-tourism ecosystems where participation is voluntary, and coordination looks more like enabling leadership rather than simple management. In this sense, findings revealed how the Association accomplishes a set of observable, repeated and routinized activities that produce direct effects on the oleotourism ecosystem’s configuration and functioning. Over time, the growth and development needs of the oleotourism ecosystem have evolved resulting the Association having to deploy different capabilities appropriate to the needs at that point in time. This is commensurate with the notion that facilitator-orchestrators must deploy different skills and competencies for that go across different fields “from sensing and seizing of fragmented and emergent knowledge to agenda setting along with the formation of means for collaboration, joint learning, and market growth” (Perks *et al.*, 2017, p. 106).

Findings revealed six key activities of the Association. Clearly the Association plays a pivotal role in strong lobbying activities to garner public sector involvement as in the case of the approval of the law relating to oil tourism. The Association undertakes recruitment and engagement activities to convene as many participants as possible using communication and tools that best fit with the peculiarities of each stakeholder. The end goal of a creating a recognizable and legitimate oleotourism business ecosystem

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requires the transformation of oleotourism communities into extensive stakeholder networks that collectively create value through participation and interaction and mixed production-service orientation (Hernández-Mogollón *et al.*, 2019). Given its infancy, the oleotourism ecosystem needs rules and regulations activities that govern oleotourism proposals and that define the intended competitive arena. Because participation in the ecosystem is voluntary, each participant must find sufficient motivation to join the ecosystem. On the other hand, the ecosystem's functioning requires shared rules of the game that regulate the players' behavior (Autio and Thomas, 2021).

Research and development activities and capacity building activities form the foundation of the oleotourism ecosystem implementation. From the analysis it was possible to extract several examples of the importance of these two activities for the Association and as such confirming the preeminent role of searching, elaborating, and disseminating new knowledge for supporting the ecosystem and its stakeholders in evolution and growth (Madanaguli *et al.*, 2022).

Finally, the case study highlighted how promotion activities are multifaceted and require a remarkable commitment of the Association's energy and resources. Shaping and promoting the oleotourism identity is the Association's main goal for two reasons: first, to raise awareness in the marketplace; but also, to give the oleotourism partners a sense of pride and belonging. Particularly for the second reason, findings are in line with previous works (Jamal and Getz, 1995) that argue tourism collaboration and partnerships are more successful when a convener (facilitator-orchestrator) is perceived as having legitimacy, expertise, resources, and authority. The Association manages directly or indirectly a wide portfolio of events and recognizes their great role as a primary motivating factor for travel. In this sense, research has shown them to become meaningful drivers that support the emergence of marginal specialist food production regions (Okumus, 2021). They can also function as a lever to incentivize community cohesion, a sense of place, belonging, and identity. It underlines the importance of "creating a sense of shared participation to spread knowledge about oleotourism, and sensitizing stakeholders to the relevance of this business" (Ferreira, 2023, p. 489).

The oleotourism study also confirmed the widely accepted central role of digital marketing in promoting growth of the ecosystem. The Association uses the mainstream of social media quite effectively; however, an improvement would be possible through a deepening of capabilities regarding the recent launch of the website [www.turismodellolio.it](http://www.turismodellolio.it). If the Association envisions it to become the meeting point for operators and olive oil lovers, it will need to evolve beyond its present configuration as a communication tool to include a cohesive set of core technologies that enable the composition, optimization, management, and delivery of contextualized digital experiences, typical of a full-service digital platform. Its improvement would generate value for the entire ecosystem and also enhance the sense of pride and belonging among members. This assumption is in line with Ruiz Guerra *et al.* (2018, p. 123) that state "to reinforce this new niche in the tourist market, the development of strategies

is needed for the creation of tourist products with singularities, attractions and improvements in the on-line distribution”.

Indeed, connections between stakeholders could be increased, diversified, simplified, and more easily managed using technology infrastructure and software applications and processes that become an orchestration architecture per se, enabling virtual orchestration practices (Altman and Tushman, 2017).

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## 6. Theoretical contributions and managerial and policy implications

This section presents theoretical and practical implications and concludes with limitations and future research directions.

### 6.1 Theoretical implications

The recent past has seen a notable increase in research that underlines the importance of niche tourism, being one of the fastest growing sectors within the domain of tourism. Previous studies have also highlighted how gastronomy is often the most important resource in niche tourism (Buonincontri *et al.*, 2023; Sánchez-Cañizares and López-Guzmán, 2012) although less is known about specific agricultural products aside from wine which has a more consolidated tradition of research. Our study addresses this vacuum by providing an empirically based foundation and definition of oleotourism, a gastronomy tourism niche that presents significant growth opportunities. Moreover, this research uses the theoretical lens of business ecosystems to deepen the understating of the players and the links that comprise this emerging form of tourism. In particular, we focus on the role of the facilitator-orchestrator in the management of the early stage of the development of the oleotourism ecosystem. Through a qualitative analysis, we address researchers' calls for conceptual clarity (Park and Kohler, 2019) revealing three key facilitator-orchestrator characteristics and six key activities implemented by this organization in its strategic bridging role.

### 6.2 Practical implications

This research provides novel insights into how a neutral and independent collaboration facilitator can play a pivotal role in facilitating-orchestrating emerging niche tourism ecosystems. Findings show how the presence of a such organization can support actors that are otherwise fragmented, dispersed, and myopic to diversify and collectively achieve better and more sustainable competitive positioning. Findings also reveal how the facilitator-orchestrator can benefit greatly from the use of the digital platform to promote shared value creation within the business ecosystem. By placing networked stakeholders in a virtual environment and repositioning collective value creation on the physical-virtual continuum, a well-designed digital platform can generate a positive impact on knowledge sharing and the creation of value.

The paper analysed a single case study based on empirical data related only to the facilitator-orchestrator perspective. Further research could consider the perspective of other oleotourism stakeholders and tourists interested in this thematic niche-tourism to reach more robust conclusions. The similar exploration of other gastronomy tourism niches may reveal some findings to be more generalizable and others more contextual. Furthermore, it would be valuable to consider different empirical contexts to observe whether other orchestrators, moderators or institutional entrepreneurs exhibit similar characteristics or implement similar key activities, or whether they differ. The Italian context might also be compared to other countries to differentiate generalizable from contextual findings. Finally, a longitudinal analysis of the growth and development of the Italian oleotourism ecosystem would also yield useful theoretical and practical findings.

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# Frequent is better when remote? How digitally mediated interactions with supervisors stimulate work engagement and extra-role performances of remote workers

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## Abstract

**Frame of the research:** This research investigates the influence of frequent interactions between supervisors and employees in remote work settings. Grounded in Relational Cohesion Theory, it explores how these interactions enhance social cohesion, perceived support, work engagement, and extra-role performance during the Covid-19 remote work transition.

**Purpose of the paper:** Since the outbreak of Covid-19, numerous organizations have increasingly embraced remote working arrangements. In this new normal, it is necessary to understand how organizations may guarantee the attachment of their employees to their job roles. This study argues that an ongoing frequency of interaction between supervisors and their collaborators, within a remote working context, may reinforce the relational and social cohesion within a team, leading its members to perceive more support from both their supervisors and the whole organization.

**Design/methodology/approach:** A survey has been administered to the 410 employees of an information consulting company that experienced remote working during the pandemic. Data have been analysed using structural equation modelling.

**Findings:** Results show that a higher frequency of interaction in remote working contexts reinforces internal social cohesion, stimulating extra-role performances, such as creativity, adaptivity, proactivity, and knowledge sharing, through the mediation of social support and work engagement. Implications for both academics and practitioners are discussed.

**Practical implications:** This research provides valuable insights for organizations navigating remote work. To enhance support and mitigate isolation, frequent interactions between supervisors and employees can foster work engagement and the extra-role performance of remote workers.

**Originality of the paper:** This study shows how an ongoing frequency of interaction with supervisors within remote working contexts helps employees to remain engaged in their job roles and to exhibit positive behavior/behaviour, mitigating the sense of isolation experienced during the pandemic.

**Key words:** work engagement; relational cohesion theory; perceived supervisor support; perceived organizational support; performance extra-role; remote working

## 1. Introduction

The way we work has completely changed since Covid-19 outbreak. Many companies are increasingly adopting digital solutions with the aim of (re-)favouring interactions among workers, who increasingly work remotely (Choudhury, 2020).

The relationship between supervisors and their collaborators is widely recognized as a crucial factor in supporting employees, enhancing their work engagement, and promoting positive behaviours (Boccoli *et al.*, 2023; McGrath *et al.*, 2017; Xanthopoulou *et al.*, 2008). However, only few studies (e.g., Purvanova and Bono, 2009) have delved into this relationship within remote work settings. For instance, Zigurs (2003) showed that the frequency and quality of social interactions between employees and their supervisors often decrease when they work remotely. Consequently, leaders may struggle to effectively stimulate and support their collaborators in these settings.

Remote working may lead individuals to experience psychological and physical isolation (Wang *et al.*, 2021). Psychological isolation refers to the feeling related to the disconnection from others, where individuals perceive that the support and the other social and emotional aspects generated by social interactions are not fulfilled (Golden *et al.*, 2008). Physical isolation concerns the physical separation of workers from their colleagues, collaborators, and supervisors (Bartel *et al.*, 2012).

Literature (e.g., Murthy, 2020) demonstrates that these senses of isolation may affect individuals' mental and physical health, leading them to be less productive and more likely to procrastinate or quit their jobs (Wang *et al.*, 2021; Cigna, 2020). Furthermore, the perception of isolation may lead individuals to perceive less support from their organizations and supervisors, threatening not only the commitment towards their organization but also the level of engagement towards their job roles and, more generally, any positive behaviour associated to work (Wang *et al.*, 2019; Wang *et al.*, 2021).

This research aims to investigate how a continuous interaction between supervisors and their remote collaborators may influence various outcomes, such as perceived supervisor support, perceived organizational support, work engagement, and performance beyond job roles. In doing so, we provide four main contributions.

First, we propose from a micro-sociological perspective that relational cohesion theory (Thye *et al.*, 2022) can explain work engagement and, consequently, extra-role performance. Work engagement, in fact, is a social construct shaped by social interaction, exchange, and recognition (Boccoli *et al.*, 2023), and these three factors can be met by the relationship with supervisors. Our study indicates that regular interaction with supervisors, albeit remotely, relates positively to perceived support.

Second, we show that, unlike prior findings, the rate of virtual interactions between supervisors and remote collaborators stayed the same during the pandemic. This could be explained by the need of individuals to keep pre-pandemic levels of interaction as a way of maintaining a sense of normality. Also, during the pandemic, many employees often

communicated with their supervisors through communication channels like video calls, which enabled rich and synchronic communication. These solutions permit the exchange of different levels of communication, resembling face-to-face interaction and including paraverbal language such as tone, speed of the voice, and body language (Daft and Lengel, 1984, 1986; Dennis *et al.*, 2008). In line with relational cohesion theory and affect exchange theory (Thye *et al.*, 2002; Lawler *et al.*, 2008), the adoption of these communication channels, along with a high frequency of interaction with supervisors, may have favoured social and relational cohesion through the exchange of positive emotions among individuals. Third, our research shows that supervisor support influences organizational support within the context of forced remote work. This suggests that supervisors play a crucial role in bridging the social and physical distance between employees and the organization.

Fourth, despite the challenges of remote work, we found that a higher frequency of interaction indirectly influences positive behaviours among employees. The social support offered by supervisors and organizations during the pandemic mitigated isolation and procrastination levels, fostering reciprocity between employees and supervisors. This reciprocal relationship ultimately benefits organizations by encouraging positive actions from employees.

## 2. Theoretical Background and Hypotheses

### 2.1 *The frequency of remote interaction between supervisors and peers*

Coherently with relational coordination theory (Gittell, 2000), effective communication among employees increases relationship quality over time (Gittell, 2006). Previous studies highlighted how relational networks between organizational members may help them to share knowledge, information, and resources (Kwon and Adler, 2014; Fuchs and Reichel, 2023).

The ongoing development of digital solutions and the increasing adoption of flexible practices (Kerman *et al.*, 2022) raise the question of how the interactions among the employees of a virtual team may guarantee proper levels of internal cohesion, engagement, and, more generally, positive behaviours. This question may seem relevant, particularly given the scarcity of social interactions in remote work settings (Wang *et al.*, 2020).

In particular, the relationship with a supervisor is considered one of the main factors in an employee's work environment (Van der Heijden *et al.*, 2010). However, social interactions at work are increasingly transitioning from purely physical to predominantly virtual spaces (Wang *et al.*, 2019; Wang *et al.*, 2021). Indeed, limited research has investigated the relationship between supervisors and their peers within a remote work context, highlighting the positive impacts of specific leadership approaches on team performance (Purvanova and Bono, 2009) and a decrease in the frequency and quality of their social interactions (Zigurs, 2003).

Based on relational cohesion theory (Lawler *et al.*, 2008), and consistent with affect exchange theory (Thye *et al.*, 2002), repeated interaction among people promotes social cohesion within the group where they identify by sharing positive emotions. Relational cohesion theory (Lawler *et al.*, 2000) explains how different structural conditions of social interaction may favour a relational unit, becoming an object of awareness and commitment (Lawler and Jeongkoo, 1996). One of the necessary conditions to stimulate relational cohesion is represented by the frequency of interaction among actors. More specifically, the frequency of interaction with the supervisor may reinforce the social cohesion, leading individuals to be more committed to their social groups, experience positive attitudes, and perceive more support from them (Thye *et al.*, 2002).

Perceived Supervisor Support (PSS) is defined as the perception of employees regarding how supervisors care about their wellbeing and value their contributions (Kottke and Sharafinski, 1988). Specifically, PSS is a social exchange, in which employees perceive “the degree to which supervisors value their contributions and care about their wellbeing” (Eisenberger *et al.* 2002).

Applying the relational cohesion theory within work groups, we propose the following hypothesis:

*H1. The frequency of interaction between supervisors and peers is positively related to PSS in remote settings.*

## *2.2 The relationship between the frequency of interaction, PSS, POS, and work engagement*

Relational cohesion theory and affective exchange theory explain that the social interaction and the exchange of positive emotions among employees lead not only to internal cohesion within the team but also reinforce the support perceived by both the organization and the supervisor (Lawler *et al.*, 2008; Thye *et al.*, 2002). In line with this perspective, the exchange of different resources (e.g. emotions, knowledge, etc.) is an important form of interaction that gives rise to cohesion and a perception of higher closeness and support from the actor you interact with. At the same time, the interactions with supervisors may strengthen the commitment towards the organization, mitigating the sense of isolation and the reduced perception of support from their organizations that remote workers often face (Wang *et al.*, 2019; Spilker and Breaugh, 2021; Wang *et al.*, 2021).

Perceived Organizational Support (POS) is defined as employees’ feelings about the extent to which organizations value their contributions and care about their wellbeing (Eisenberger *et al.*, 1986).

According to some studies (Eisenberger *et al.*, 2002, 1986), PSS can enhance the level of POS since supervisors can be seen as agents of the organization, who directly convey information from this to the employees. In the current situation, characterised by an increase in remote working, organizations may be perceived as more distant by employees, not only physically but also institutionally, and, thus, less supportive.

As previously discussed, relational cohesion may reinforce the relationship between supervisors and their collaborators, leading the latter to perceive more support from their leaders and, consequently, also from their organizations. Starting from this assumption we propose the following hypothesis:

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*H2. PSS is positively related to POS in remote settings.*

Furthermore, the support generated by an ongoing frequency of interaction may reinforce the social cohesion of employees within their teams, which could make them feel more engaged in their job roles.

As argued by Boccoli *et al.* (2023), work engagement may be conceptualized as a result of social construction. In this sense, the authors distinguish three essential social conditions at the base of work engagement: social interaction, social exchange, and social recognition. In line with this perspective, frequent interaction with supervisors can help workers feel different emotions, get social support, and have identity recognition, which can make them engaged.

Following these considerations, we expect that POS and PSS fostered by an ongoing frequency of interaction may positively influence work engagement, for instance reducing the sense of isolation due to physical and psychological distance experienced during the pandemic (Wang *et al.*, 2021). Thus, we propose the following hypotheses:

*H3. POS is positively related to work engagement in remote settings.*

*H4. PSS is positively related to work engagement in remote settings.*

### 2.3 Performance extra-role in remote settings

Performance extra-role refers to a series of discretionary behaviours, which are not expected within the employment agreement.

If different studies have investigated the relationship between work engagement and performance extra-role within a traditional working context (Boccoli *et al.*, 2023; Ozyilmaz, 2020; Byrne *et al.*, 2016; Bakker *et al.*, 2012; Rich *et al.* 2010), no one has yet analysed the relationship between the frequency of interaction of supervisors and their collaborators, work engagement and performance extra roles, especially in remote settings.

In this study, we are interested in investigating if ongoing frequency of remote interaction with a supervisor fosters the work engagement of employees and, consequently, their performance extra-role: proactivity, knowledge sharing, creativity, and adaptivity. With proactivity, we intend the self-initiated and future-oriented performance aimed at changing a specific situation (Grant and Ashford, 2008; Eldor and Harpaz, 2016). Knowledge sharing represents the process by which individuals exchange knowledge more or less explicitly, creating a new one shared by the whole organization (Inkpen and Tsang, 2005; Van den Hooff and De Ridder, 2004). Creativity refers to the generation of new, innovative, and useful ideas regarding processes, products, services, and procedures in organizations (Eldor and Harpaz, 2016). Adaptivity concerns the ability of employees

to respond in a constructive way to new and unpredictable work settings (Griffin *et al.*, 2007; Pulakos *et al.*, 2000).

Literature has demonstrated that work engagement plays a crucial role in influencing the performance of employees in their extra-role behaviours (Boccoli *et al.*, 2023). Indeed, studies showed that work engagement positively affects employee performance, including innovative work behaviour, organizational citizenship behaviour, and creativity (Talebzadeh and Karatepe, 2020; Boccoli *et al.*, 2023).

This relationship can be explained by the fact that increasing engagement levels can create a sense of obligation, fostering increased interaction among employees (Naqshbandi *et al.*, 2024). In other words, higher levels of engagement lead workers to feel more committed to their job roles, fulfilling the actions required by those roles and even exhibiting positive behaviours not explicitly outlined in their employment agreements. Even if prior research has indicated that remote employees might exhibit lower performance levels, be less proactive, and tend to procrastinate (Murthy, 2017; Wang *et al.*, 2021; Cigna, 2020), we propose that consistent interaction with supervisors could positively impact their positive behaviours. In line with relational cohesion theory (Lawler *et al.*, 2008), by fostering regular engagement with supervisors, remote employees are likely to display more positive behaviours, thus strengthening their perceived relational cohesion within the group in which they work. This increased cohesion, in turn, is expected to boost their overall level of engagement, which in turn is anticipated to positively influence their performance extra-role. In line with these considerations, we propose the following hypotheses:

*H5. Work engagement is positively related to proactivity in remote settings.*

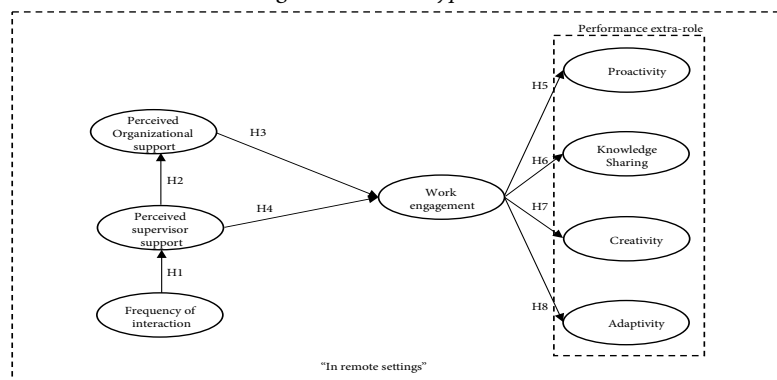
*H6. Work engagement is positively related to knowledge sharing in remote settings.*

*H7. Work engagement is positively related to creativity in remote settings.*

*H8. Work engagement is positively related to adaptivity in remote settings.*

Figure 1 reports the eight hypotheses and the overall model that will be empirically tested.

*Fig. 1: Model and hypotheses*



Source: Authors' elaboration



### 3. Method

#### 3.1 Context, participants, and procedure

The research model was tested using data gathered through a survey administrated from November 2020 to December 2020 within an Italian information consulting company that implemented remote working practices during the pandemic associated with Covid-19.

The questionnaire was distributed with the help of the HR department through an e-mail, ensuring employees the anonymity of the gathered data. The questionnaire included demographic questions (e.g., age, gender, work years), questions related to the frequency of use of different communication channels between employees and their supervisors before and during the pandemic (such as face-to-face, video call, call, instant messaging, etc.) and the questions related to the constructs under exam.

The questionnaire required approximately 20 minutes to be completed. A total of 410 respondents out of 1,540 employees filled it in, showing a response rate equal to 27%. The final sample was composed of 127 women (31%) and 283 men (69%), with a mean age of 42 years ( $SD = 10.08$ ). Participants reported average tenure with the organization of 5 years ( $SD = 5.35$ ).

#### 3.2 Measures

##### *Independent variables and mediators*

*The frequency of interaction* was measured with a scale ranging from 1 (Never) to 7 (Many times per day). Participants could specify how often they were used to interacting with their supervisor considering the last month.

Next, the participants were asked to answer questions on a seven-point Likert scale, from 1 (strongly disagree) to 7 (strongly agree).

PSS was measured with the four-item, Italian version scale adapted from the SPOS (Rhoades *et al.*, 2001). A sample item for PSS is “My supervisor cares about my opinions”. All items show good internal consistency (Cronbach’s  $\alpha = 0.87$ ).

POS was measured with four items, Italian version scale adapted from the SPOS (Rhoades *et al.*, 2001). A sample item for POS is “My organization really cares about my well-being”. All items show good internal consistency (Cronbach’s  $\alpha = 0.89$ ).

*Work engagement* was measured with the nine-item version of the Utrecht Work Engagement scale (UWES; Schaufeli *et al.*, 2002). The UWES assesses the three dimensions of work engagement: vigour, dedication and absorption. Sample items include the following: “At my work, I feel I am bursting with energy”. All items show good internal consistency (Cronbach’s  $\alpha = 0.94$ ).

##### *Dependant variables: extra-role performance*

The participants were asked to answer questions on a seven-point Likert scale, from 1 (very little) to 5 (great deal).

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*Proactivity* was measured with the three-item, Italian version of proactivity scale developed by Griffin *et al.*'s (2007). Sample items include the following: "Made changes to the way his/her core tasks are done". All items show good internal consistency (Cronbach's alpha = 0.76).

*Knowledge sharing* was measured with the three-item, Italian version of proactivity scale developed by Van den Hooff and Hendrix's (2004). Sample items include the following: "Regularly informs colleagues of what s/he is working on". All items show good internal consistency (Cronbach's alpha = 0.84).

Creativity was measured with six item, Italian version scale adapted and developed by Zhou and George's (2001). Sample items include the following: "Being an inspiring source for creative ideas." All items show good internal consistency (Cronbach's alpha = 0.88).

Adaptivity was measured with the three-item, Italian version of adaptivity scale developed by Griffin *et al.*'s (2007). Sample items include the following: "Successfully adapted changes in his/her core tasks.". All items show good internal consistency (Cronbach's alpha = 0.84).

#### *Control variables*

In line with other studies, three socio-demographic variables - age, gender, and years of work in the organization - have been included in the model as control variables (Breevaart *et al.*, 2014). Previous studies have demonstrated that age may have a direct effect on work engagement. This relationship could be observed even within a remote working context (Breevaart *et al.*, 2014).

#### *3.3 Statistical analysis*

Firstly, descriptive statistics were used to show a general overview of the constructs considered as well as the frequency of interaction and of the communication channel used by employees before and during pandemic.

Secondly, in order to evaluate the reliability and validity of constructs in our measurement models, we assessed Cronbach's alpha, Average Variance Extracted (AVE), and Composite Reliability (CR).

Thirdly, Structural Equation Modelling (SEM) was used to test the hypotheses and the relationships between the various constructs. SEM, which combines factor and regression analyses among one or more dependent and independent variables (Muthén and Muthén, 1998-2015), is one of the most effective techniques used to test mediation models.

Additionally, the Comparative Fix Index (CFI; Bentler, 1990), the Standardized Root Mean Square Residual (SRMR), and the Root Mean Square Error of Approximation (RMSEA; Steiger, 1990) are reported in order to test the model fit. The CFI is considered the best approximation of the population value for a single model, with values greater than or equal to 0.90 considered indicative of a good fit (Medsker *et al.*, 1994). The SRMR is a standardized summary of the average covariance residuals. A favourable value is less than 0.10 (Kline, 1998). The RMSEA is a measure of the average standardized residual per degree of freedom. A favourable value is less than or equal to 0.08, and values less than or equal to 0.10

are considered “fair” (Browne and Cudeck, 1989). All the analyses were performed in Stata 14.

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## 4. Results

### 4.1 Descriptive statistics

Table 1 presents means, standard deviations, and correlations of the variables. The empirical analyses indicated that demographic variables (age, gender, work years) were not significantly correlated with the variables investigated in this study. Frequency of interaction between supervisor and collaborator related positively to PSS, POS, and work engagement. Results show also that high levels of work engagement coincide with higher levels of PSS and POS.

Also, results show that work engagement is positively related to performance extra-role, especially to proactivity and knowledge sharing.

Tab. 1: Means, standard deviations and inter-correlations

	Mean	SD	FI	PSS	POS	WE	Pr
Frequency of interaction	5.39	1.91					
Perceived Supervisor Support (PSS)	5.44	0.93	0.3150**				
Perceived Organizational Support (POS)	5.20	1.19	0.3471**	0.5348**			
Work Engagement (WE)	5.38	1.16	0.3291**	0.3799**	0.5580**		
Proactivity (Pr)	3.94	0.59	0.0774	0.1228	0.1663	0.3060**	(.76) *
Knowledge Sharing	4.28	0.63	0.2146**	0.1995	0.2794**	0.3491**	0.2935**
Creativity	3.78	0.69	0.1147	0.1565**	0.1403	0.1912**	0.5452**
Adaptivity	4.08	0.59	0.1590	0.1361	0.1592	0.2691**	0.4387**
Gender	1.30	0.46	0.0595	-0.0188	-0.0037	0.0603	-0.0584
Age	41.18	10.15	-0.0580	-0.1118	-0.0277	0.1030	-0.0267
Work years	5.34	5.34	-0.0452	0.0094	-0.0616	0.0145	-0.0730

	KS	Cr	Ad	Gender	Age	Work years
Knowledge Sharing (KS)						
Creativity (Cr)	0.3081**					
Adaptivity (Ad)	0.2798**	0.4613**				
Gender	0.1388	-0.0869	-0.0034	1.000		
Age	0.0424	-0.0671	-0.0507	-0.1847**	1.000	
Work years	0.0127	0.0457	-0.0801	-0.0640	0.2844**	1.000

Note. \*\* = Significant at  $p < 0.05$

Source: Authors' elaboration

Table 2 presents the Composite Reliability (CR), Average Variance Extracted (AVE), and Cronbach's  $\alpha$  values of the analysed constructs. All constructs exhibit an AVE exceeding 0.5, confirming convergent validity. Additionally, the CR values for all constructs surpass the 0.7 threshold, indicating satisfactory consistency among factors. To assess discriminant validity, we followed Fornell and Larcker's (1981) approach, ensuring that

the AVE of each latent variable exceeds the squared correlation with any other construct. Results confirm that each latent variable shares more common variance with its respective items than with items from other constructs in the model. Moreover, all Cronbach's  $\alpha$  values exceed the 0.7 threshold, affirming the internal consistency of the constructs (Kim *et al.*, 2016).

*Tab. 2: Average Variance Extracted, Composite Reliability and Cronbach alpha*

Constructs	AVE	CR	$\alpha$
Perceived Supervisor Support (PSS)	0.67	0.89	0.87
Perceived Organizational Support (POS)	0.66	0.88	0.89
Work Engagement (WE)	0.62	0.94	0.94
Proactivity (Pr)	0.51	0.75	0.76
Knowledge Sharing	0.56	0.84	0.84
Creativity	0.56	0.88	0.88
Adaptivity	0.64	0.84	0.84

Note. \*\* = Average Variance Extracted (AVE), Composite Reliability (CR) and Cronbach alpha ( $\alpha$ )

Source: Authors' elaboration

Table 3 shows that, before and during the pandemic, the frequency of interaction with the supervisor has not significantly changed. Before the pandemic, 57% of employees used to interact with their supervisor at least 2 or 3 times per week. During the pandemic, the situation has remained similar with more than half of employees (52%) affirming to interact with their supervisor at least 2/3 times a week.

*Tab. 3: Frequency of interaction between collaborators and their supervisors pre and during the pandemic*

Frequency of interaction	Pre-pandemic		During pandemic	
	Respondents	Percentage	Respondents	Percentage
Never	6	1.56%	6	1.53%
Rarely	38	9.90%	30	7.65%
1 time per month	28	7.29%	34	8.67%
2/3 times a month	47	12.24%	60	15.31%
Once a week	48	12.50%	59	15.05%
2/3 times per week	79	20.57%	89	22.70%
1 time per day	49	12.76%	31	7.91%
Many times per day	89	23.18%	83	21.17%
Total	384*	100%	392**	100%

\* Pre pandemic, N = 384 employees

\*\* During pandemic, N = 392 employees

Source: Authors' elaboration

As depicted in Table 4, before the pandemic emails, face-to-face meetings and phone calls were the most common communication channels used by employees to interact with their supervisors (respectively

with a use of 47%, 37%, and 30% very frequently or systematically). Emails, video calls, and phone calls were the communication channels mostly used by employees to interact with their supervisors during the pandemic (respectively with a use of 49%, 45% and 35% very frequently or systematically).

The frequency of use of instant messaging and shared documents during and pre-pandemic periods remains unchanged (respectively with a use of 32% and 30% very frequently or systematically).

Tab. 4: Frequency of use of communication channels between collaborators and their supervisors pre and during the pandemic

Pre-Pandemic	Face-to-face		Video call		Phone call		Shared document		Instant messaging		Blog, forum		Email		Fax	
	Re	Perc	Re	Perc	Re	Perc	Re	Perc	Re	Perc	Re	Perc	Re	Perc	Re	Perc
Never	17	4.3	129	32.9	14	3.65	49	12.4	36	9.1	256	65.0	1	0.3	297	75.2
Very rarely	39	9.9	88	22.4	33	8.4	61	15.5	47	11.9	66	16.8	16	4.1	46	11.7
Rarely	31	7.9	54	13.8	39	9.9	48	12.2	56	14.1	35	8.9	14	3.6	21	5.3
Sometimes	73	18.6	71	18.1	94	23.9	90	22.8	92	23.2	18	4.6	52	13.3	16	4.1
Frequently	87	22.1	25	6.4	95	24.1	67	17.0	73	18.4	10	2.5	123	31.4	5	1.3
Very frequently	73	18.6	19	4.9	75	19.0	45	11.4	64	16.2	6	1.5	104	26.5	5	1.3
Systematically	73	18.6	6	1.5%	44	11.2	34	8.6	28	7.1	3	0.8	82	20.9	5	1.3
During Pandemic	Face-to-face		Video call		Phone call		Shared document		Instant messaging		Blog, forum		Email		Fax	
	Re	Perc	Re	Perc	Re	Perc	Re	Perc	Re	Perc	Re	Perc	Re	Perc	Re	Perc
Never	195	49.1	17	4.3	21	5.3	60	15.1	38	9.6	261	66.2	3	0.8	335	84.4
Very rarely	115	28.9	25	6.3	31	7.9	42	10.6	38	9.6	57	14.5	13	3.2	31	7.8
Rarely	41	10.3	27	6.8	28	7.1	32	8.0	34	8.6	27	6.9	25	6.3	13	3.3
Sometimes	24	6.1	64	16.1	80	20.3	62	15.6	80	20.2	21	5.3	41	10.4	8	2.0
Frequently	15	3.8	85	21.4	97	24.6	83	20.9	79	19.9	13	3.3	121	30.6	4	1.0
Very frequently	3	0.8	89	22.4	79	20.0	65	16.3	73	18.4	11	2.8	94	23.7	4	1.0
Systematically	4	1.0	90	22.7	59	14.9	54	13.6	55	13.9	4	1.0	99	25.0	2	0.5

Source: Authors' elaboration

#### 4.2 Common method variance

With the purpose of avoiding ambiguity in the questionnaire, questions have been designed to be specific and simple with the help of the HR department of the company (Podsakoff *et al.*, 2012). First, we used the Harman single-factor test method, running an exploratory factor analysis of the measurement items of all variables.

The maximum unrotated factor variance interpretation rate was equal to 31.59%, which was less than 50%, indicating that the common method bias of the sample data was not severe (Podsakoff *et al.*, 2003).

Second, we used the Unmeasured Latent Method Construct (ULMC) approach to test common method bias (Richardson *et al.*, 2009). We defined two models. Model 1 includes all the constructs considered in this study. Model 2 adds a latent variable named "CMB" on which all items of the four variables were loaded. The results reveal that there was no significant difference in the model fit between Model 1 ( $\chi^2$  (469, N = 410) = 957.910,  $p < 0.001$ ; TLI = 0.93, CFI = 0.94 and RMSEA = 0.05) and Model 2 ( $\chi^2$  (467, N = 410) = 935.855,  $p < 0.001$ ; TLI = 0.93, CFI = 0.94 and RMSEA = 0.05). Thus, no serious common method bias exists in our study.

4.3 Confirmatory factor analysis

We considered seven nested models with various numbers of factors. The fit indexes of the models are presented in Table 5 and confirm that the seven factors model is the one with the better/ best fit (for all the indexes). Thus, it is the best approach as the measurement part of our model. The factor loadings of all items were significant at  $p < 0.01$ .

Tab. 5: Results of the confirmatory factor analysis

Model	CFI	TLI	RAMSEA	SRMR	$\chi^2$	df	Difference
1 factor	0.457	0.421	0.157	0.157	4993.627	495	
2 factors	0.643	0.619	0.127	0.102	3450.810	494	1542.817*
3 factors	0.785	0.767	0.099	0.90	2269.553	487	1181.257*
4 factors	0.834	0.819	0.088	0.94	1861.840	484	407.713*
5 factors	0.842	0.826	0.086	0.93	1790.953	480	70.887*
6 factors	0.879	0.866	0.075	0.86	1476.563	475	314.389*
7 factors	0.941	0.934	0.053	0.63	957.910	469	518.653*

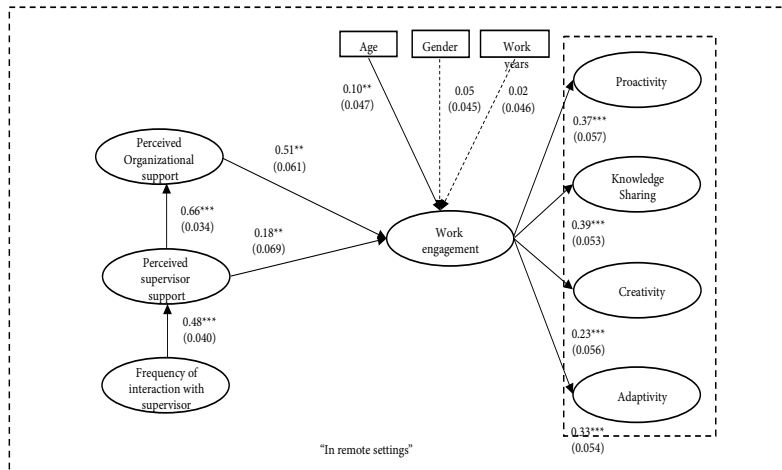
Note: CFI = Comparative Fit Index; TLI = Tucker-Lewis Index; RMSEA = Root Mean Square Error of Approximation; SRMR= Standardized Root Mean Squared Residual; Difference = difference in chi-square between the consecutive models; \* = Significant at  $p < 0.01$

Source: Authors' elaboration

4.4 Hypotheses testing - Path analysis

Figure 2 shows the structural model of the relationship between the various constructs. The hypothesized model showed a good fit to the data ( $\chi^2(601) = 1100.096$ , CFI = 0.939, SRMR = 0.051 and RMSEA = 0.048).

Fig. 2: SEM results of the hypothesized model



Notes: Standardized coefficients are reported, with standard errors in the parentheses. \*  $p < 0.1$ ; \*\*  $p < 0.05$ ; \*\*\*  $p < 0.01$ .

Source: Authors' elaboration

Results indicate that the frequency of interaction is significantly and positively related to PSS ( $\beta = 0.48, p < 0.01$ ). Moreover, PSS relates positively POS ( $\beta = 0.66, p < 0.01$ ) and work engagement ( $\beta = 0.18, p < 0.05$ ) while POS relates work engagement more than PSS ( $\beta = 0.51, p < 0.01$ ).

Work engagement relates positively to proactivity ( $\beta = 0.37, p < 0.01$ ), knowledge sharing ( $\beta = 0.39, p < 0.01$ ), creativity ( $\beta = 0.23, p < 0.01$ ) and to adaptivity ( $\beta = 0.33, p < 0.01$ ).

As for the control variables, age has a significant effect on work engagement ( $\beta = 0.10, p < 0.05$ ), whereas gender and work years have an insignificant one ( $\beta = 0.05, \beta = 0.02$ ).

Table 6 shows the significance of the indirect effects of: (i) the frequency of interaction on POS through PSS; (ii) the frequency of interaction on work engagement through PSS; (iii) POS on performance extra role (proactivity, knowledge sharing, creativity, and adaptivity) through work engagement. These results suggest that PSS partially mediates the relationships between the frequency of interaction and POS and work engagement. Furthermore, results suggest that the relationship between POS and respectively proactivity, knowledge sharing, creativity, and adaptivity are partially mediated by WE.

Tab. 6: Significance testing of indirect effect. Sobel Test

	Indirect effect	St. Er.	z-value	p-value	Conf. interval
FI → PSS → POS	0.215*	0.029	7.454	0.000	0.158- 0.271
FI → PSS → WE	0.052*	0.020	2.587	0.010	0.013 - 0.092
POS → WE → Pr	0.062*	0.014	4.302	0.000	0.034 - 0.090
POS → WE → KS	0.086*	0.018	4.754	0.000	0.050 - 0.121
POS → WE → Cr	0.042*	0.013	3.324	0.001	0.017 - 0.067
POS → WE → Ad	0.066*	0.015	4.351	0.000	0.036 - 0.096
PSS → WE → Pr	0.023	0.009	2.409	0.016	0.004 - 0.041
PSS → WE → KS	0.032	0.013	2.480	0.013	0.007 - 0.057
PSS → WE → Cr	0.016	0.007	2.188	0.029	0.002 - 0.030
PSS → WE → Ad	0.024	0.010	2.418	0.016	0.005 - 0.044

Note. St. Er = Standard error; Conf. Interval = Confidence interval \* = Significant at  $p < 0.01$

Source: Authors' elaboration

## 6. Discussion

### 6.1 Theoretical contributions

Through this study, we demonstrated that ongoing interaction between supervisors and their collaborators positively relates to PSS, POS, and, consequently, to work engagement and performance extra-role of remote workers. In doing so, we provide four main contributions.

Firstly, adopting a more micro-sociological perspective, we suggest that work engagement and performance extra-role may be investigated through the lens of relational cohesion theory. As argued by Boccoli *et al.* (2023), work engagement can be studied as a social construct characterized

by social interaction, social exchange, and social recognition. These three social conditions are embedded in the relationship with the supervisor. Results confirm that a higher frequency of interaction positively influences the support perceived by the supervisor.

As already illustrated, during the pandemic many employees have communicated with their supervisors frequently through communication channels like video calls and calls able to offer rich and synchronic communication. Compared to other communication channels, these solutions allow individuals to communicate in a way that resembles face-to-face interaction, permitting the exchange of different levels of communication that include also paraverbal language, i.e. tone and speed of the voice, body language, etc. (Daft and Lengel, 1984, 1986; Dennis *et al.*, 2008).

In line with relational cohesion theory and affect exchange theory (Thye *et al.*, 2002; Lawler *et al.*, 2008) we suggest that the adoption of these communication channels, together with a high frequency of interaction with supervisors, may have favoured the social and relational cohesion through the exchange of positive emotions among individuals.

As discussed in the theoretical background, a constant frequency of interaction is one of the main conditions to stimulate relational cohesion. Our results demonstrate that a higher frequency of interaction corresponds to a higher level of support perception offered by the supervisor.

Secondly, in contrast with previous studies (e.g., Zigurs, 2003), our results show that the frequency of virtual interaction between leaders and their collaborators has not decreased. This could be explained by the fact that during the pandemic period many individuals were compelled to communicate and collaborate solely remotely. Furthermore, attempting to maintain levels of interaction similar to those experienced before the pandemic may be a response offered by organizations and, more generally, by individuals to maintain a sense of “normality”.

Thirdly, our research demonstrates that the support offered by supervisors influences the support offered by the organization within a forced remote working context. This could be explained by the role played by supervisors and their ability to reduce the social and physical distance from the organization itself. During the pandemic, employees have been less able to perceive the proximity of their organization if not mainly through the interaction with their supervisor, and this situation could have reinforced the role of the latter in representing the organization within the collective consciousness of employees. Even in this case, we assume that the relational and social cohesion generated by an ongoing frequency of interaction might have augmented the commitment of employees towards their work organization.

Despite the implementation of mandatory remote work practices during the pandemic, various challenges have arisen for employees, impacting their wellbeing and behaviours, such as isolation and procrastination (Wang *et al.*, 2021). Our research indicates that increased interaction frequency may indirectly influence positive behaviours among remote employees. The social support perceived by employees during the pandemic has helped alleviate some of these negative challenges,



fostering a reciprocal relationship between employees, supervisors, and the organization as a whole. Ultimately, the positive perception of support provided by organizations and supervisors prompts employees to respond in kind through positive actions, thereby aiding organizations in achieving their goals (Rhoades and Eisenberger, 2002).

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## 6.2 Managerial contributions

This research provides some useful indications to organizations to deal with remote working, an increasingly present context to be tackled in the future (Fuchs and Reichel, 2023).

First, a higher frequency of interaction between supervisors and their collaborators may help managers to offer and maintain high levels of support within remote work settings.

Second, we suggest that if an organization shows the ability to support and care about the feelings and concerns of their employees in a remote working context, it will be able to stimulate their degree of engagement.

Finally, we suggest that, if managers and organizations aim to stimulate the performance extra role of their collaborators in a remote working context, mitigating the sense of isolation and procrastination, they could invest in ongoing and frequent interaction between supervisors and their peers.

## 7. Conclusions

### 7.1 Limitations and avenues for further research

This study is not without limitations. Firstly, it analyses a sample consisting only of one type of worker (consultants). Secondly, being a cross-sectional study, it could not explore the causal relationships among the investigated constructs. Thirdly, additional control variables could be included in the model. Fourthly, colleague support could also be investigated.

In future research, it would be valuable to longitudinally investigate what other variables might influence relational and social cohesion and, subsequently, how these relate to employee wellbeing. Additionally, it would be beneficial to use congeneric approaches to estimate unidimensional latent constructs, providing more robust results compared to suboptimal parallel-based scoring methods (Marzi *et al.*, 2023). Given that many organizations are currently experiencing hybrid forms of work, it would be intriguing to explore whether the frequency of interaction with supervisors might similarly impact employee behaviour in this context. Additionally, investigating these relationships within small and medium-sized enterprises (SMEs) could provide valuable insights. Furthermore, delving deeper into this interaction and understanding the differences between face-to-face and remote interactions would be valuable. Understanding how different communication channels, based on their richness and synchronicity, may differently influence the relationship between supervisors and employees is

crucial. When is it better to interact remotely? When is it better to interact in person? Moreover, it could be intriguing to investigate which leadership approaches are most effective and suitable in hybrid work contexts. Is there a more effective leadership approach for promoting balanced and healthy work flexibility? Lastly, considering work engagement as a social construct, it would be interesting to explore the other two social conditions: social exchange and social recognition (Boccoli *et al.*, 2023).

## 7.2 Conclusions

This research demonstrates that the relational cohesion supported by a higher frequency of interaction between supervisors and their collaborators lead them to perceive greater support within a forced remote working context. Social and relational cohesion leads employees to perceive more support from their supervisor and, indirectly, from their organization when they work remotely.

We have shown that the PSS influences positively the POS of employees, demonstrating that the proximal distance exhibited by supervisors to their collaborators in a remote working context is able to enhance the perception of the support offered by the whole organization. This effect could be explained because the supervisor plays a key role in representing the organization.

Our study demonstrates how a higher frequency of interaction with the supervisor may influence positively the performance extra-role of employees through social support and work engagement within a remote working context.

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# What employers want: The “must-have” soft skills for entering the labor market

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## Abstract

**Frame of the research:** *In the contemporary labor market, it is imperative for recent graduates to possess a diverse set of non-technical competencies alongside their specialized technical proficiencies. Drawing on the existing literature on education, training, and strategic human resource management, this study seeks to fill a gap in the current literature and offer insights and practical implications, especially for universities that are considered the most responsible for the employability of young graduates.*

**Purpose of the paper:** *This study was set within the Italian context and focused on the perspective of employers. The aims were to identify the essential soft skills necessary for facilitating the smooth transition of young graduates to the workforce, assess employers' satisfaction levels regarding graduates' proficiency in these skills, and delineate the disparity between the perceived importance of each skill and the level of satisfaction among employers, thereby identifying the gaps in soft skills proficiency and consequently highlighting priority areas of intervention for the stakeholders involved.*

**Methodology:** *We administered a survey to managers from companies operating within Italy who have worked with recently onboarded personnel, specifically recent graduates. We contacted potential respondents via email to invite them to participate in the survey. Ultimately, our sample comprised 392 managers representing various industries and organizational sectors.*

**Findings:** *We ranked soft skills according to their importance and satisfaction. Furthermore, we highlighted the significant gaps (importance-satisfaction) for all 25 soft skills. Finally, we organized our results into a four-quadrant matrix of importance-satisfaction: 1. High-priority reinforcement (low satisfaction and high importance), 2. Consolidate as stars (high satisfaction and high importance), 3. Future investment in the job (low satisfaction and low importance), and 4. Low-priority maintenance (high satisfaction and low importance).*

**Research limitations:** *This study focused only on managers' perspectives and did not consider the perspectives of universities or students.*

**Practical implications:** *Our findings provide universities with directives concerning areas necessitating intervention and the requisite actions for enhancing graduates' soft skills, as mandated by employers. Furthermore, the study has managerial implications, guiding them in the identification of the requisite soft skills required for workforce entry and tailoring personnel selection and training processes accordingly. Additionally, this research extends support to students by aiding in their preparation to fulfill employers' requirements.*

**Originality of the paper:** *This study makes a substantial contribution to the literature by bridging the research gap related to the soft skills essential for recent graduates to successfully navigate into the Italian workforce. Through the identification*

**Key words:** employability; young graduates; soft skills; higher education; survey.

## 1. Introduction

Since the late 1980s, the role of higher education institutions (HEIs) in society and the economy has been the subject of increasing interest among governments and employer organizations (Clarke, 2018). The Bologna Process (1999) challenged HEIs to take responsibility for the complex process of helping young people transition from academia to the world of work. However, the current socioeconomic context, which is permeated by transformations (including digital, environmental, and demographic transformations) that have a profound impact on the employment structure and skills required for young graduates (ANPAL, 2022), does not make the tasks assigned to universities easy. In contrast, the need to pay attention to young people and their education with the aim of ensuring the economic development of nations has put more emphasis and pressure on the primary role of universities: to prepare students for the current labor market by equipping them with “job-ready” skills (Sin and Neave, 2016).

Therefore, in recent decades, there has been an exponential increase in research that provides institutions and policymakers with information about the employability of young graduates, thus highlighting the gap between the demands of the world of work and higher education (Andrew and Higson, 2008; Aasheim *et al.*, 2009; García-Aracil and Van der Velden, 2008; Succi and Canovi, 2020) and the need for further research on these issues. Among the pressures stemming from the world of work is the urgent need to train professionals who possess not only solid technical skills but also soft skills, such as the ability to solve complex problems, make important decisions under pressure, work profitably in teams, occasionally resolve conflicts, manage stress, organize work independently and efficiently, and be flexible, critical, and creative. Due to the transition from an industrial to a knowledge society, the profile of requirements for workers has changed significantly (Mitchell *et al.*, 2010).

Therefore, there seems to be no doubt regarding the importance of soft skills and the fact that many consider these skills to be more important in today’s professional world (Archer and Davison, 2008; Andrews and Higson, 2008; Brown and Hesketh, 2004; Majid *et al.*, 2019). However, the particular soft skills that young recent graduates must possess to enter the workforce, *regardless* of the specific job or profession they seek, remain unclear. In fact, many studies have focused on surveying the soft skills that are required for specific industries, such as the accounting profession (Dunbar *et al.*, 2016; Chaplin, 2016) or entry-level manufacturing (Rasul *et al.*, 2013; Hamid *et al.*, 2014). Abbasi *et al.*, (2018) examined the mismatch between the skills expected of managers and the skills possessed by business graduates employed in the banking sector. All these studies have revealed

a gap between the soft skills required for a specific profession and those actually possessed by new graduates. Few studies have aimed to identify the soft skills necessary to enter the world of work, regardless of profession or sector. For example, Majid *et al.*, (2019) explored the importance of soft skills and the level of soft skills possessed by fresh graduates in their employability and career development in Singapore, and Su and Zhang (2015) measured the employability of recent graduates in China by asking 300 employers. Our literature review revealed that few studies have examined this issue in Italy. In Italy, there is a significant discrepancy between the soft skills required by employers and the soft skills of graduates in different occupations at all career levels (ANPAL, 2022). The importance of focusing on a specific territory emerges from studies that have analyzed the most important soft skills for employment across industries, thereby providing a cross-national perspective (e.g., Spain, Greece, Czech Republic, France, Germany, and the UK) while simultaneously highlighting the differences in the soft skills required of graduates in different countries (Baker *et al.*, 2017) due to the cultural and contextual labor market differences among different countries (Clarke, 2018). Succi and Canovi (2019) pursued a similar objective by including Italy among the countries investigated and analyzing the most important soft skills for business graduates. To our knowledge, no one has investigated the soft skills needed *for entry* into the world of work, *regardless* of the specific job or profession, from the perspective of employers in the Italian context.

Given the importance of focusing on territory and the importance of the employer's perspective (as the demand side of the labor market) (Al Asefer and Abidin, 2021), the current study aimed to answer the following research questions: *RQ1. What are the most important soft skills that graduates (as the supply side of the labor market) need to possess to enter the labor market in Italy? RQ2. Are employers satisfied with the soft skills endowment possessed by recent graduates entering the labor market in Italy? RQ3. Which soft skills have a greater disparity between importance and satisfaction?*

We aim to answer these questions by administering a survey to assess the interests of employers operating in different sectors in Italy. The survey asks these employers to indicate the degree of importance and satisfaction of 25 soft skills derived from previous studies.

The motivation for this study is twofold: to identify the degree of employability associated with the nontechnical skills required by recent graduates, specifically in the contemporary Italian context; and to measure the skills possessed by recent graduates as perceived by employers. Finally, this research aims to identify the gap between the skills that are viewed as most important and those that are possessed by recent graduates in the context of the Italian economy with the goal of identifying possible areas for improvement.

The paper is organized as follows. The following section discusses the concepts of employability and soft skills. Section three describes the methodology used for the empirical survey. Section four presents the results. The final section provides concluding remarks and key academic and managerial implications for HEIs, institutions, and policymakers.

## 2. Theoretical background

### 2.1 Graduate employability

As Sin and Amaral (2017) noted, the concept of graduate employability highlights the inherent assumption that higher education should produce “work-ready” individuals. The policy debate on the relationship between higher education and the labor market, in fact, has focused on the need to promote the employability of graduates by equipping them with appropriate skills for the labor market (Teichler, 2009).

Thus, graduate employability, which is defined as “the ability to realize one’s potential through sustained employment” (Hillage and Pollard, 1998), has become a new mission for HEIs. Furthermore, graduate employability plays a key role in both the development of “employability skills” that enable young graduates to adapt proactively to the world of work and related personal and social circumstances (Suleman, 2018) as well as the provision of innovative education that aims to reduce social inequalities and adapt students’ skills to the challenges of today’s society and Industry 4.0.

Within this framework, HEIs face difficulties due to the complexity of the concept of employability, as there is still no universally accepted conceptualization of this term (James *et al.*, 2013; Clarke 2017; Griffiths *et al.*, 2018; McQuaid and Lindsay, 2005; Al-Asefer *et al.*, 2021). Research on employability has focused on several antecedents, such as external factors related to public employment policies or the welfare system (Ernst Kossek *et al.*, 2003; Bowen *et al.*, 1995) and individual factors, such as (soft and hard) skills (Heijde and Van Der Heijden, 2006), applicant performance during the interview and placement stages (Hazer and Jacobson, 2003), and social capital (Stoloff *et al.*, 1999; Brown and Konrad, 2001; Chapple, 2002). Researchers have often offered conceptualizations that focus more on individual aspects (i.e., the labor supply side) (Hillage and Pollard, 1998) or conceptualizations that are more unbalanced in favor of labor market aspects (i.e., the labor demand side) (Peck and Theodore, 2000).

The definition of employability used in this paper was proposed by Clarke (2018), who viewed graduate employability as a construct that includes “human capital, social capital, and individual behaviors and characteristics that underlie an individual’s perceived employability in a labor market context and that together influence employment outcomes”. This definition “holistically” encompasses the dimensions of graduate employability and is consistent with the assertion that an individual’s employability is explained by a variety of factors (Brown *et al.*, 2003; McQuaid and Lindsay 2005; Tomlinson, 2012).

### 2.2 The role of soft skills in employability

Scholars have noted that changes such as increased globalization, greater job insecurity, the massification of higher education, and the transition to a knowledge economy have given rise to the need for graduates to develop

“employability skills” (Sin and Neave, 2016; Clarke, 2018; Al-Asefer *et al.*, 2021).

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Thus, college graduates can no longer rely solely on their college degrees (de Weert, 2007) but instead must be flexible and adapt to changes in the labor market by developing and achieving a “positional advantage over other graduates with similar academic profiles” (Tomlinson, 2012). This advantage can be achieved by developing and acquiring transferable/soft skills in addition to hard skills (Clarke, 2018), which are now considered by employers to be the most important type of skill (Archer and Davison, 2008; Pastore *et al.*, 2023). The literature still faces the problems of defining, naming, and classifying “soft skills”. These skills have also been called life skills (WHO 1993), generic skills, transversal skills, key competencies (OECD 2003, 2012), lifelong learning skills (EU 2006), generic or employability skills, etc.

All these terms contrast with “hard skills”, i.e., the specific technical skills that characterize an occupation (Heckman and Kautz, 2012). This paper adopts Haselberger *et al.*, ’s (2012) definition: “Soft skills are a dynamic combination of cognitive and metacognitive skills, interpersonal skills, intellectual skills, and practical skills. Soft skills help people adapt and behave positively so they can effectively meet the challenges of their professional and daily lives” (p. 67).

According to this definition, soft skills refer to a wide range of interpersonal and social qualities and abilities that are transferable to all business sectors and professions. The literature has proposed many classifications of such skills, which can be very broad. In this scenario, we opted to include the most widely used list of soft skills used in the European ModEs Project (2012) (Haselberger *et al.*, 2012), also used by Succi and Canovi (2020), which identifies 21 soft skills that are divided into three categories: personal skills (aspects related to the attitudinal component of the skill), social skills (aspects related to interpersonal relationships) and methodological skills (aspects related to the methodological aspects of the work, both in the field of management and performance and in that of innovation and change).

Given the increasing focus on sustainability, we also chose to include a fourth category: sustainability skills or green skills, i.e., the “skillful management of our (natural) environment” (Coeckelbergh, 2015). These skills are critical for companies’ pursuit of sustainable development goals and green transformation (Cabral and Dhar, 2021; EC, 2023) and thus for recent graduates entering the 21<sup>st</sup> century workforce.

Tab. 1: List of the 25 soft skills included in our survey

Category	Soft Skill Description
Personal	<p><i>Tolerance to Stress.</i> The ability to exhibit endurance in complicated or stressful situations.</p> <p><i>Life Balance.</i> The ability to manage conflicts between life and work, i.e., between personal and corporate goals and values.</p> <p><i>Creativity/Innovation.</i> The ability to contribute new ideas to generate improvements within the organization.</p> <p><i>Learning Skills.</i> The ability to provide a self-assessment of the necessities of knowledge (theoretical or practical) and implement measures aimed at acquiring and implementing this knowledge.</p> <p><i>Professional Ethics.</i> The ability to take actions while bearing in mind the principles and ethics of the profession in the context of daily activities.</p> <p><i>Self-Awareness.</i> The ability to grasp our real weaknesses and strengths as well as the motivations and values underlying our behavior.</p>
Social	<p><i>Communication Skills in Italian.</i> The ability to transmit ideas, information, and opinions clearly and convincingly both verbally and in writing while listening and being receptive to the proposals of others.</p> <p><i>Communication Skills in English.</i> The ability to transmit ideas and share information and opinions clearly in English.</p> <p><i>Teamwork.</i> The ability to establish relationships of participation and cooperation with other people.</p> <p><i>Contact Network.</i> The ability to develop, maintain and foster contacts both within and outside the organization</p> <p><i>Negotiation.</i> The ability to argue clearly and coherently and reconcile different opinions to reach an agreement that satisfies everyone with the aim of achieving the proposed goals.</p> <p><i>Conflict Management.</i> The ability to manage conflict, which entails stimulating, regulating, or resolving conflict between two or more parties.</p> <p><i>Leadership.</i> The ability to motivate and guide others to encourage them to contribute effectively and adequately to the attainment of the objectives.</p> <p><i>Culture Adaptability.</i> The ability to carry out managerial and entrepreneurial processes in multicultural environments.</p>
Methodological	<p><i>Decision Making.</i> The ability to make the decisions necessary to achieve the objectives quickly and proactively.</p> <p><i>Analytical Skills.</i> The ability to draw conclusions and make predictions regarding the future by obtaining information from different sources and establishing cause and effect relationships.</p> <p><i>Management Skills.</i> The ability to set goals and priorities based on the selection and distribution of the tasks and resources.</p> <p><i>Adaptability to Changes.</i> The ability to redirect the course of action to meet the goals in a new situation.</p> <p><i>Continuous Improvement.</i> The ability to pursue continuous improvement by proposing the adaptation and modernization of the process and techniques currently in use.</p> <p><i>Results Orientation.</i> The ability to render the organizational efforts effective while continually bearing in mind the goals being pursued.</p> <p><i>Research and Information Management Skills.</i> The ability to find information in the literature or on the internet and to use various research methods and evaluation techniques.</p>
Sustainability/Green	<p><i>Awareness of Environmental Issues.</i> The ability to solve ecological problems independently expresses the actuality of the problem of finding a solution. (Dlimbetova <i>et al.</i>, 2015)</p> <p><i>Normative Competence.</i> The ability to map, apply, and reconcile sustainable values, principles, and goals. (Wiek <i>et al.</i>, 2011)</p> <p><i>Long-Term Orientation.</i> The ability to create long-term value. (Lueneburger and Goleman, 2010)</p> <p><i>Inclusion and Diversity Management.</i> The ability to respect diversity, understand differences and adapt one's approach to different situations. (Hind <i>et al.</i>, 2009)</p>

Source: Our elaboration

In recent years, the academic literature has paid considerable attention to the evaluation of soft skills in terms of their importance and satisfaction; however, to date, these studies have offered only an incomplete and fragmented picture and show a lack of attention to the Italian context.

Empirical studies have shown that no consensus has yet been reached regarding which soft skills are most important. Employers, students, and academics assign different levels of importance to different soft skills (Succi and Canovi, 2020; Suleman, 2018; Baker *et al.*, 2017). Very often, students underestimate the importance of soft skills (Rizwan *et al.*, 2018, Succi and Canovi, 2020), which causes them to take longer to obtain work after graduation (Tushar and Sooraksa, 2023).

Most previous employability studies have analyzed skills related to specific subjects, such as accounting (Dunbar *et al.*, 2016; Chaplin, 2016), business (Jackson and Chapman, 2012), engineering (Rizwan *et al.*, 2018), manufacturing (Rasul *et al.*, 2013; Hamid *et al.*, 2014), and sports (Baker *et al.*, 2017), thereby highlighting different priorities for different soft skills. For example, thinking skills and interpersonal skills are considered the most important skills for engineers (Rizwan *et al.*, 2018), while studies focusing on the banking sector have put more emphasis on listening, problem solving, and communication skills (Abbasi *et al.*, 2018). In Italy, the perceptions of tourism professionals of the soft skills necessary for that profession have been analyzed, revealing insufficient awareness among young recent graduates (Bustreo *et al.*, 2018). In studies that aimed to research soft skills across all professions, in many cases, the skills used for relevance appear to be either limited (12 skills) (Abbasi *et al.*, 2018) or involve technical skills (e.g., Chaplin, 2016). From a human capital perspective, these evaluations do not reflect the skills that are critical for multidirectional career paths in the 21<sup>st</sup> century workspace, as shown by a recent literature review (Tushar and Sooraksa, 2023) that, moreover, confirms our choice regarding the chosen skills (see Tab. 1).

Both graduates and universities must know what soft skills can facilitate entry into the workforce regardless of the occupation or industry in question if they are to enhance the skills that can ensure students' entry into the workforce. In fact, soft skills need to be acquired and developed throughout students' lifetimes to function effectively both in academics and to have qualities that enhance future employability (Al-Asefer *et al.*, 2021). In these periods, students may not know what their future job will be, so it is good that they possess the basic skills for each job. However, some studies have measured graduate employability regarding a range of industries (e.g. Su and Zhang, 2015, Pitan, 2017; Deming and Kahn, 2018) in countries such as China, Nigeria, the USA, and Romania, thus highlighting communication skills and managerial skills as the most important types of skills for entering the world of work. In Italy, only Lo Presti *et al.*, (2022) studied soft skills for employability across sectors; however, they did not focus specifically on recent graduates. Studies that have used a cross-national perspective to assess transversal skills have revealed differences in the skills that are required of college graduates across countries (Succi and

Canovi, 2020; Baker *et al.*, 2017). Therefore, it is important to consider the context of specific countries, as cultural differences and the labor market environment affect the soft skills that are required of young graduates (Clarke, 2018; Tushar and Sooraksa, 2023).

Accordingly, we aim to answer the following research questions: RQ1. *What are the most important soft skills that graduates (as the supply side of the labor market) need to possess to enter the labor market in Italy?* RQ2. *Are employers satisfied with the soft skills endowment possessed by recent graduates entering the labor market in Italy?* RQ3. *Which soft skills have a greater disparity between importance and satisfaction?* Our study aims to explore “must-have” soft skills for young graduates to successfully enter the workforce, regardless of their chosen profession, from the perspective of employers (Al-Asefer *et al.*, 2021). Additionally, we seek to assess employers’ satisfaction levels regarding graduates’ possession of these skills, aiming to identify any existing gaps. The primary objective of this study is to gauge the significance of and satisfaction with the soft skills of young graduates entering the labor market, thereby providing actionable insights to Italian universities, organizations, policymakers, and students themselves. These insights will inform the direction for training and developing the most crucial soft skills essential for employability (Tushar and Sooraksa, 2023).

### 3. Methodology

#### 3.1 Data collection

Our study focused on managers working with recently graduates in Italy. Participants were recruited through email communication, and bespoke databases were used for sampling purposes. Fifteen individuals were excluded for not meeting the role criterion (screening question: “Do you work with recently graduated personnel? “), and twenty-five respondents were excluded due to failing the attention checks or due to incomplete responses. Therefore, our final sample comprised 392 valid responses, with a gender distribution of 53.6% women and 2.8% nonbinary individuals. Regarding seniority, participants included those with 1-5 years of experience (25%), 5-10 years (21.7%), 10-20 years (29.8%), or 20 or more years (23.5%). The respondents were employed in both national (33.6%) and international (66.4%) companies operating within Italy, encompassing a diverse range of sizes, from small to large. Specifically, these companies had the following distribution of employees: 1-49 employees (34.5%), 50-249 employees (16.5%), 250-499 employees (7%), 500-999 employees (8.3%), and 1000 or more employees (33.7%). Furthermore, these companies operated across various sectors, including banking, insurance, tourism, and advertising. The respondents were drawn from several organizational areas (in particular, corporate management = 23.2%; R&D = 15.1%; HR = 13.8%; logistics and distribution = 5.5%; administration and finance = 5%; marketing = 4.4%; sales = 3.9%).



To collect the data, we designed and distributed a self-administered questionnaire with a focus on 25 soft skills.

The soft skills selected referred to four categories listed in Table 1: "Personal Soft Skills", "Social Soft Skills", "Methodological Soft Skills" and "Green Soft Skills". The "personal", "social" and "methodological" soft skills were drawn and measured from the most widely used list associated with the European ModEs Project (2012), while the "green" soft skills were identified by considering several academic studies (e.g., Hind *et al.*, 2009; Lueneburger and Goleman, 2010; Wiek *et al.*, 2011; Dlimbetova *et al.*, 2015). Specifically, we measured six personal soft skills, namely, tolerance to stress, life balance, creativity/innovation, learning skills, professional ethics, and self-awareness. Additionally, seven social soft skills, namely, communication skills in Italian and English, teamwork, contact networks, negotiation, conflict management, leadership, and cultural adaptability, were assessed. Moreover, seven competencies associated with "methodological skills" were identified: decision making, analytical skills, management skills, adaptability to change, continuous improvement, results orientation, and research and information management skills. Finally, awareness of environmental issues, normative competence, long-term orientation, and inclusion and diversity management were categorized under "green soft skills".

The questionnaire was divided into three sections. In the first section, managers were asked to indicate how important the 25 selected skills were for graduates on a 7-point Likert scale ranging from "very low" to "very high". Then, in section 2, the respondents were asked to rate the degree to which the graduates possessed each soft skill on a 7-point Likert scale ranging from "very dissatisfied" to "very satisfied". Finally, in the last section, we collected structural data (e.g., gender, seniority, organizational area). A similar questionnaire design was used by Ramadi *et al.*, (2016) and Abbasi *et al.*, (2018) for the simultaneous collection of data regarding the importance of and satisfaction with graduates' soft skills.

Finally, data analysis was conducted utilizing descriptive statistics to rank the most and least important competencies for managers based on mean scores (see Table 2) and to rank the most and least satisfying competencies for managers according to mean satisfaction scores (see Table 3). Additionally, paired samples t tests were performed to compare the importance and satisfaction levels for each soft skill. One-sample t tests were also conducted to investigate whether the mean importance score of each soft skill significantly differed from the average of the mean importance scores and whether the mean satisfaction score of each soft skill significantly differed from the average of the mean satisfaction scores (refer to the Appendix, Table 5). These analyses were performed using SPSS software (version 28).

**4. Findings**

To find the most and least important competencies for managers, the soft skills were ranked according to their mean scores (Table 2). Regarding graduates’ ability to accomplish goals successfully in different areas, managers assigned the greatest importance to “communication skills in Italian” (M = 6.48), “teamwork” (M = 6.42), and “learning skills” (M = 6.40). However, respondents rated “decision making” (M = 5.30), “normative competencies” (M = 5.24), and “leadership” (M = 4.95) as less important. Concerning satisfaction (Table 3), “Inclusion and diversity management” (M = 5.30), “awareness of environmental issues” (M = 5.16), and “learning skills” (M = 5.08) were the most highly rated skills, while the lowest level of satisfaction was observed in the context of “negotiation” (M = 4.02), “decision making” (M = 3.99) and “leadership” (M = 3.92) skills.

*Tab. 2: Rankings and ratings of the importance of the soft skills possessed by young graduates*

Rank	Importance of soft skills	Mean
1	Communication Skills in Italian	6.48
2	Teamwork	6.42
3	Learning Skills	6.40
4	Professional Ethics	6.29
5	Continuous Improvement	6.24
6	Research and Information Manag. Skills	6.19
7	Analytical Skills	6.15
8	Adaptability to Changes	6.11
9	Management Skills	6.06
10	Results Orientation	6.00
11	Creativity/Innovation	5.94
12	Awareness of Environmental Issues	5.84
13	Contact Network	5.75
14	Communication Skills in English	5.74
15	Conflict Management	5.74
16	Self-Awareness	5.69
17	Inclusion and Diversity Management	5.68
18	Culture Adaptability	5.66
19	Tolerance to Stress	5.61
20	Long-Term Orientation	5.58
21	Life balance	5.32
22	Negotiation	5.32
23	Decision Making	5.30
24	Normative Competence	5.24
25	Leadership	4.95

Source: Our elaboration

*Tab. 3: Rankings and ratings of satisfaction with the soft skills possessed by young graduates*

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Rank	Satisfaction of soft skills	Mean
1	Inclusion and Diversity Management	5.30
2	Awareness of Environmental Issues	5.16
3	Learning Skills	5.08
4	Professional Ethics	4.97
5	Culture Adaptability	4.89
6	Teamwork	4.89
7	Continuous Improvement	4.87
8	Communication Skills in Italian	4.86
9	Life Balance	4.67
10	Results Orientation	4.61
11	Analytical Skills	4.60
12	Contact Network	4.59
13	Adaptability to Changes	4.57
14	Communication Skills in English	4.56
15	Creativity/Innovation	4.47
16	Long-Term Orientation	4.45
17	Normative Competence	4.44
18	Research and Information Manag. Skills	4.43
19	Tolerance to Stress	4.34
20	Self-Awareness	4.16
21	Conflict Management	4.07
22	Management Skills	4.04
23	Negotiation	4.02
24	Decision Making	3.99
25	Leadership	3.92

Source: Our elaboration

Moreover, we performed a series of paired samples t tests on the mean scores to compare the importance of and satisfaction with soft skills. Table 4 shows the mean differences in descending order. Specifically, our findings highlight significant gaps across all 25 soft skills (i.e., the mean score for satisfaction is significantly lower than the mean score for importance). The greatest differences pertain to “research and information management skills” ( $\Delta = 2.023$ ), “management skills” ( $\Delta = 1.765$ ), and “conflict management” ( $\Delta = 1.671$ ), while the smallest differences pertain to “awareness of environmental issues” ( $\Delta = 0.689$ ), “life balance” ( $\Delta = 0.653$ ), and “inclusion and diversity management” ( $\Delta = 0.383$ ).

Tab. 4: Paired samples t test to compare the importance of and satisfaction with skills

	Importance		Satisfaction			
	Mean	SD	Mean	SD	Mean Diff.	Sig.
Research and Information Manag, Skills	6.06	1.05	4.04	1.45	2.023	0
Management Skills	6.19	1.12	4.43	1.44	1.765	0
Conflict Management	5.74	1.25	4.07	1.48	1.671	0
Communication Skills in Italian	6.48	0.89	4.86	1.44	1.622	0
Analytical Skills	6.15	0.92	4.6	1.31	1.554	0
Adaptability to Changes	6.11	0.99	4.57	1.29	1.546	0
Self-Awareness	5.69	1.28	4.16	1.45	1.538	0
Teamwork	6.42	0.9	4.89	1.36	1.531	0
Creativity/Innovation	5.94	1.14	4.47	1.45	1.464	0
Results Orientation	6	1.13	4.61	1.35	1.385	0
Continuous Improvement	6.24	0.97	4.87	1.29	1.367	0
Learning Skills	6.4	0.89	5.08	1.4	1.324	0
Professional Ethics	6.29	1.12	4.97	1.44	1.311	0
Decision Making	5.3	1.31	3.99	1.34	1.309	0
Negotiation	5.32	1.3	4.02	1.42	1.301	0
Communication Skills in English	5.74	1.21	4.56	1.4	1.181	0
Contact Network	5.75	1.15	4.59	1.3	1.166	0
Long-Term Orientation	5.58	1.25	4.45	1.4	1.135	0
Leadership	4.95	1.29	3.92	1.29	1.031	0
Tolerance to Stress	5.61	1.17	4.34	1.45	1.268	0
Normative Competence	5.24	1.38	4.44	1.47	0.806	0
Culture Adaptability	5.66	1.22	4.89	1.47	0.768	0
Awareness of Environmental Issues	5.84	1.25	5.16	1.31	0.686	0
Life Balance	5.32	1.31	4.67	1.34	0.653	0
Inclusion and Diversity Management	5.68	1.36	5.3	1.36	0.383	0

Note: All differences are statistically significant at the  $p < 0.001$  level.

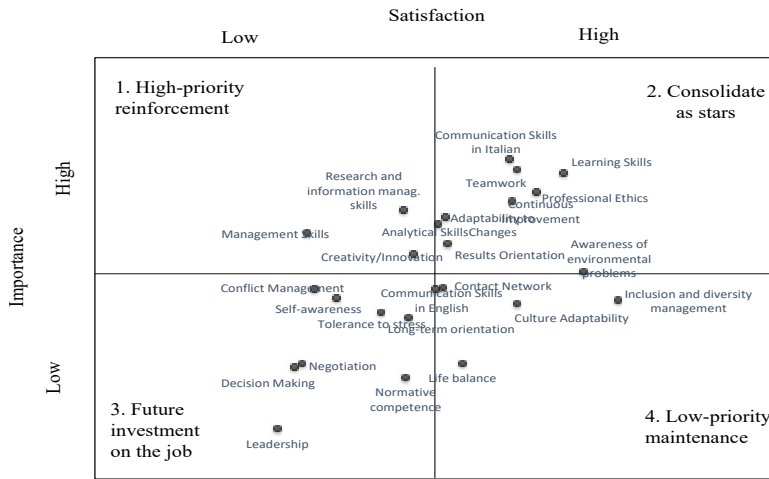
Source: Our elaboration

To provide a comprehensive overview, we organized the achieved findings to produce an importance-satisfaction matrix (Figure 1). Specifically, the matrix was based on statistical processing (Appendix, Table 5, and Table 6); the averages of the mean importance-satisfaction scores represent the origin of the axes, while the lower and upper extremes were identified by subtracting or adding one standard deviation (i.e., lower extreme =  $-1SD + M$ , upper extreme =  $M + 1SD$ ). Furthermore, we performed a series of one-sample t tests to investigate whether the mean importance score of each soft skill differed significantly from the average of the mean importance scores and whether the mean satisfaction score of each soft skill differed significantly from the average of the mean satisfaction scores (Appendix, Table 5). In this way, we obtained a four-quadrant matrix: 1. *High-priority reinforcement* (low satisfaction and high importance), 2. *Consolidate as stars* (high satisfaction and high importance), 3. *Future investment in the job* (low satisfaction and low importance), and 4. *Low-priority maintenance* (high satisfaction and low importance). Each quadrant is a conduit for specific managerial actions, which are discussed in depth in the corresponding section of the manuscript (i.e.,

5.2 Managerial Implications). Figure 1 shows that “communication skills in Italian”, “learning skills”, “teamwork”, “professional ethics” and “continuous improvements” should be viewed as soft skills that must be consolidated as stars, while “research and information management skills”, “management skills”, “analytical skills”, and “creativity/innovation” require high-priority reinforcement. Finally, “inclusion and diversity management”, “contact network”, “cultural adaptability”, “communication skills in English”, and “life balance” are associated with low-priority maintenance, and soft skills such as “leadership”, “decision making”, “negotiation”, and “normative competencies” could be considered for future investment in the job.

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Fig. 1: Soft skills matrix for intervention areas



Source: Our elaboration

## 5. Conclusion

### 5.1 Discussion and academic implications

This study aims to assess the importance of and satisfaction with 25 soft skills necessary for entering the workforce in Italy by focusing on the perspective of employers. Specifically, we ranked the soft skills according to their importance and satisfaction. In addition, we highlighted the significant gaps (importance-satisfaction) associated with all 25 soft skills. Finally, we classified our results into a four-quadrant importance-satisfaction matrix and labeled the soft skills according to the actions that should be pursued in each case.

Our results, in line with those of previous studies, show that soft skills are considered important in the workplace by employers (Archer and Davison, 2008; Andrews and Higson, 2008; Brown and Hesketh, 2004). However, our results indicate the presence of widespread employer dissatisfaction with the soft skills of recent graduates in Italy, in line with the trend found in other countries (Tushar and Sooraksa, 2023). Thus, it appears that interventions aimed at addressing these gaps are necessary.

The soft skills that are considered most important by employers in all business sectors and corporate functions are communication skills and the ability to work within a team. These skills have also been found by other studies to be the most desirable (Dundar *et al.*, 2016; Chaplin, 2016; Rasul *et al.*, 2013; Succi and Canovi, 2020). Our study highlights the fact that the ability to communicate in the native language of the context in question (i.e., Italian) is more important than the ability to communicate in foreign languages, which has a much lower value in our ranking (see Table 2). “Learning skills” are also considered very important in a context in which companies increasingly resemble the learning organization model (Segne, 1990, 2006). Professional ethics, i.e., daily actions that account for the principles and ethics of the profession in question, is also considered very important by Italian managers, a finding that conflicts with those reported by studies that have adopted a cross-national perspective (i.e., Succi and Canovi, 2020).

Soft skills such as “decision making” and “leadership” are not, on the other hand, considered a priority for the entry of young recent graduates into the world of work according to managers. They are, in fact, skills that gain importance at higher levels of expertise.

Given the increasing attention given to corporate sustainability (economic, social, and environmental), “green skills” are becoming increasingly important for companies. Our results indicate high managerial satisfaction with the possession of these skills by young graduates, such as “inclusion and diversity management” and “awareness of environmental issues”. Previous studies have not considered sustainability skills (Tushar and Sooraksa, 2023); however, our results are in line with studies that have shown that members of later generations (Millennials and Generation Z) are particularly sensitive to sustainability issues (Gomes *et al.*, 2023). Moreover, according to EY Foundation Onlus in its report “Digital Sustainability Index Young, 2023”, young Italian people are among the “most digitally sustainable” groups in Europe.

The largest gaps between importance and satisfaction are seen in the context of “methodological” and “social” skills such as “research and information management”, “management skills”, “conflict management”, and “communication skills”. Interventions in these areas must be prioritized.

The study confirms that an analysis of the skills required by the world of work in Italy was necessary and, in addition to filling a gap in the literature, provides a foundation for future developments. For example, the results confirm the need for specific interventions to improve the soft skills that are considered important by employers. Higher education institutions could introduce specific events (e.g., workshops, seminars, laboratories) led by professionals from the world of work or introduce teaching methods that promote these skills into institutional courses (Crebert *et al.*, 2004; Chamorro-Premuzic *et al.*, 2010). Universities can also encourage extracurricular activities that are deemed useful for acquiring such skills, such as internships, periods of study abroad, collaborations to promote the implementation of guidance and tutoring services, the establishment of offices related to student representation in university governance, volunteer and sports activities, and participation in specific projects

promoted by university colleges (Ciappei and Cinque, 2014). To encourage student participation in such activities, it is necessary to certify the skills that students can acquire through such participation as valuable for the labor market. A virtuous example of this approach is the *open badge*, which allows the experiences/skills that can be acquired through a variety of activities to be recognized easily in a way that is sufficiently broad and shared throughout the European context.

Importantly, universities are not alone regarding their responsibility for the employability of young recent graduates; governments, industry organizations, and individual employers are also responsible for promoting employability skills (Tasker and Packham, 1994; Sin and Amaral, 2016), and these actors can possibly work synergistically.

In summary, our study offers valuable insights into the essential employability skills crucial for success in 21st-century workplaces in Italy. By shedding light on these skills, our findings can assist employers, educators, and policymakers in better preparing young individuals for success in the contemporary workforce landscape.

## 5.2 Managerial implications

Market-oriented employability skills are necessary for recent graduates to enter the world of work (Mahajan *et al.*, 2022; Tymon, 2013). Moreover, these skills change over time (Tushar and Sooraksa, 2023) and are context-country specific (Tushar and Sooraksa, 2023; Clarke, 2018). Therefore, employability skills should be developed based on managers' expectations (Tymon, 2013). In fact, students/graduates do not have accurate expectations regarding their professional skills and therefore do not recognize the level of competency that is required for them to enter the workforce (Lim *et al.*, 2016). In this regard, this study provides graduates with guidance regarding what they must learn and how they must "be" to increase their chances of being hired for their preferred job.

The skill gaps identified in this study can help universities revise and improve curricula and additional training, strengthening the effectiveness of placement and career service offices. Individual teachers should also encourage the development of the necessary soft skills and adapt them to their own fields by helping students apply their knowledge in practice based on simulations of real-world contexts. Similarly, ad hoc extracurricular or curricular training should be provided at universities to encourage students to develop specific skills. By identifying the specific skills most in demand by employers in Italy, higher education institutions can ensure that their students are well prepared for the modern world of work and have the best chance of finding a job after graduation. In fact, more attention should be given to "high-priority reinforcement", i.e., the soft skills that managers consider most important for career entry but that young people do not possess to a sufficient degree, such as "information research and management skills" or "creativity/innovation skills". Ongoing monitoring in the context of continuous development programs must be devoted to skills in the "consolidate as stars" quadrant, such as "learning skills" and

“continuous improvement”. Specific programs should be dedicated to these two quadrants of the matrix as needed.

The study also has implications for managers who can consider the skills that are required for entry into the workforce and for calibrating their personnel selection and training tools for different career stages. For example, they can provide induction programs featuring training activities with a focus on “management skills” and offer courses on “leadership” and “decision making” at later stages.

For policy makers, this study provides information that can be used to direct public finances to support universities in developing soft skills training courses and helping companies train their young employees. Soft skills are necessary for employability, which in turn ensures an improvement of the entire Italian economic system.

### *5.3 Limitations and directions for future research*

The first limitation of the study is the narrow perspective from which the skills gap of recent graduates was measured, i.e., solely from the perspective of employers, thus ignoring the perspectives of academics and students. In addition, this study investigated only soft skills, thereby ignoring other variables such as the traits, knowledge, and attitudes of recent graduates.

Future studies can be designed to examine skills gaps from different perspectives and by accounting for other factors, such as graduates’ characteristics, knowledge, and attitudes. In addition, future studies should examine the specific soft skills associated with different sectors and business functions with the goal of providing universities with concrete evidence that they can use as a foundation for individual curricula with the soft skills that are required in the professional world.

Future researchers could focus on longitudinal samples to measure the employability of graduates at different points in their careers with the goal of identifying the most effective types of soft skills training and development programs.

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Chiara Scrimieri  
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What employers want: The  
"must-have" soft skills for  
entering the labor market

## Appendix

Tab. 5: One-sample t test IMPORTANCE

	test value = 5.828		
	Mean	SD	p
Tolerance To Stress	5.61	1.174	0.000
Creativity / Innovation	5.94	1.144	0.062
Professional ethics	6.29	1.119	0.000
Learning Skills	6.40	0.891	0.000
Life Balance	5.32	1.308	0.000
Self-awareness	5.69	1.275	0.038
Communication skills In Italian	6.48	0.885	0.000
Communication skills in English	5.74	1.207	***0.149
Contact Network	5.75	1.145	***0.193
Culture adaptability	5.66	1.224	0.007
Leadership	4.95	1.292	0.000
Teamwork	6.42	0.901	0.000
Negotiation	5.32	1.303	0.000
Conflict management	5.74	1.251	***0.152
Analytical skills	6.15	0.923	0.000
Continuous improvement	6.24	0.967	0.000

Results orientation	6.00	1.133	0.003
Adaptability To Changes	6.11	0.987	0.000
Decision Making	5.30	1.307	0.000
Research and Information Management Skills	6.06	1.046	0.000
Management skills	6.19	1.121	0.000
Inclusion and diversity management	5.68	1.362	0.030
Long-term orientation	5.58	1.248	0.000
Awareness of environmental issues	5.84	1.251	***0.795
Normative Competence	5.24	1.379	0.000

Note: \*\*\*not significant

*Tab. 6: One-sample t test SATISFACTION*

	test value = 5.828		
	Mean	SD	p
Tolerance To Stress	4.34	1.445	0.004
Creativity / Innovation	4.47	1.451	***0.241
Professional ethics	4.97	1.436	0.000
Learning Skills	5.08	1.397	0.000
Life Balance	4.67	1.343	***0.113
Self-awareness	4.16	1.449	0.000
Communication skills In Italian	4.86	1.442	0.000
Communication skills in English	4.56	1.402	***0.992
Contact Network	4.59	1.296	***0.661
Culture adaptability	4.89	1.307	0.000
Leadership	3.92	1.293	0.000
Teamwork	4.89	1.360	0.000
Negotiation	4.02	1.423	0.000
Conflict management	4.07	1.483	0.000
Analytical skills	4.60	1.305	0.529
Continuous improvement	4.87	1.279	0.000
Results orientation	4.61	1.354	***0.407
Adaptability To Changes	4.57	1.290	***0.898
Decision Making	3.99	1.336	0.000
Research and Information Management Skills	4.04	1.449	0.000
Management skills	4.43	1.439	0.076
Inclusion and diversity management	5.30	1.355	0.000
Long-term orientation	4.45	1.404	***0.125
Awareness of environmental issues	5.16	1.311	0.000
Normative Competence	4.44	1.471	***0.102

Note: \*\*\*not significant

# Financial performance and company size: The informative power of value added in Italian social cooperatives

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## Abstract

**Frame of the research:** *The link between financial performance and company size has long been a phenomenon that has been investigated with specific reference to the enterprise; starting from this consolidated literature and given the importance that social cooperatives have assumed in the current economic scenario, a summary indicator that can adequately express this link is considered more useful than ever. No previous study faced the topic of this study related to social cooperatives, as hybrid businesses that combine characters typical of firms with specific peculiarities.*

**Purpose of the paper:** *The purpose of the paper is to demonstrate, through an empirical study, the informative power of Value Added in reflecting the relationship between economic performance and size regarding social cooperatives.*

**Methodology:** *The analysis considers a sample of 9,268 Italian social cooperatives to highlight the expressiveness of Value Added in reflecting the link between its performance and size. The study applies a combination of two different methods to reach its aim: correlation analysis and analysis of the association between characteristics.*

**Findings:** *The study shows that Value Added has a greater capacity than Operating earnings to reflect the business trend in size and employment creation.*

**Research limits:** *The research is limited to two years for reasonable and justified reasons; however, this period is objectively short and requires expansion in future studies of the phenomenon investigated. The study ties size growth to economic performance alone, excluding other factors (quality of governance, organizational set-up, working conditions, reward systems, etc.) that require consideration in future insights.*

**Practical implications:** *The research demonstrates the opportunity to: reconfigure the income statement format by making Value Added explicit, including information on the creation and distribution of Value Added in the social balance sheet; use temporal changes in Value Added in the construction of indicators aimed at signalling the capacity of the company to create jobs.*

**Originality of the paper:** *This research extends and deepens the analysis on the correlation between size and performance focusing on social cooperatives, a particular type of social enterprise that previous studies on Value Added have neglected. It increases knowledge of the informative properties of Value Added and provides insights for creating valuable tools for applying incentive policies to social cooperatives.*

**Key words:** *social cooperatives; value added; company size; financial performance; employment.*

## 1. Introduction

Businesses have been moving towards widespread hybridity for some time (Chell, 2007; Grieco *et al.*, 2013), confirming the connection between profitability and sociality observed in any company (Coda, 2012; Gigliotti *et al.*, 2019; Mion and Tessari, 2021). However, this connection is more evident in social enterprises: in the latter, not only do the two “souls” coexist, but they are, above all, equal. Therefore, turning the attention to Value Added (VA) is consistent precisely because of its dual capacity of summarising financial performance and capturing the social impact.

It should be noted that in Italy, 89% of social enterprises are represented by social cooperatives, as demonstrated by data from the Single National Register of the Third Sector (RUNTS), consulted on 11 April 2023, where social cooperatives were 21,306 on a total of 24,033 registered. Social cooperatives are, therefore, the focus of this research, given their relevance.

Italian social cooperatives, “by law” social enterprises, are organisations that operate in the market pursuing social aims. Still, they cannot be equated with enterprises, either formally (as they belong to the Third Sector) or substantively, since they pursue a composite mission that is both dual and unitary, and for which economic and social purposes are equally important, both in the definition of their strategies and in the operation of their activities. In this respect, they have for some time represented a purely Italian reality (Travaglini, 1997; Lionzo, 2002; Thomas, 2004), which essentially escapes the net of the profit/non-profit dichotomy. Therefore, they are considered *de facto* hybrid organisations (Venturi and Zandonai, 2014), that is, entities in which, given the equivalence between the social and economic dimensions (Battilana and Dorado, 2010; Battilana *et al.*, 2012; Grassl, 2012; Haigh and Hoffman, 2012; Anheier and Krlev, 2015), the mission becomes bivalent and consists in the simultaneous production of social and economic value (Defourny, 2014).

Therefore, in Italy, social cooperatives represent the paradigmatic example of a social enterprise characterised by hybridity (Doherty *et al.*, 2014), aiming to combine civic, solidary and socially useful objectives (art. 2, co. 1 of Legislative Decree 112/2017) with market orientation (Pansera and Rizzi, 2020): this means that the logic of the gift and the logic of exchange must necessarily find a way to coexist, even if they are - in a certain sense - opposites. Social cooperatives are not charitable organisations (and this is where they differ from typical non-profit organisations), but rather enterprises, although they do not experience the tension of maximising return on equity (Zimnoch and Mazur, 2018).

The double meaning attributed to VA has been recognised for a long time (Gabrovec Mei, 1984; Maticena, 1984) as the value that internal actors have contributed to generate and the value available to them for distribution (Purdy, 1983; Bao and Bao, 1998).

VA offers a double perspective on business: on the one hand, the generation of value, which has a purely financial significance because it summarises the strategic choices made by governance (Rispoli, 1983); on the other hand, its distribution, which has a social relevance related to



the ethical orientation in taking care of main categories of stakeholders' interests.

Precisely because of this suitability to be the link between the economic and the social, recently reaffirmed (Zimnoch and Mazur, 2018), VA is the financial result that, by its very nature, proves more suitable to synthesise the complex operations of social cooperatives, overcoming the traditional dichotomic approach between labour and capital (Rispoli, 1983).

In addition, VA has a versatile and multifaceted signalling capacity due to its "specific" properties, which are added to the "generic" ones, i.e., those common to all financial performance outcomes.

From these "generic" properties is derived the existence of a logical link between VA and company size; this relationship is already known in the literature about the effects of financial performance on size (Porter, 1980; Chatterjee, 1986; Katz, 1987; Scherer and Ross, 1990; Barney, 1991; Anand and Singh, 1997; Makadok, 1999) and on the feedback effect of the latter on the former (Olaniyi *et al.*, 2017). Moreover, the studies that have already been carried out on this topic - even in the recent past - have produced mixed results, depending on the method of analysis used, the variables taken as reference, and the context in which the study was carried out. Some studies have shown the existence of a positive relationship between financial performance and company size (Hall and Weiss, 1967; Punnose, 2008; Lee, 2009; Vijayakumar and Tamizhselvan, 2010; Babalola, 2013; Doğan, 2013; Olaniyi and Obembe, 2015), while other ones demonstrated a negative (Shepherd, 1972; Goddard *et al.*, 2005; Becker-Blease *et al.*, 2010) or a non-significant relationship (Simon, 1962; Whittington, 1980; Goddard *et al.*, 2004; Serrasqueiro and Nunes, 2008; Velnampy and Nimalathan, 2010; Niresh and Velnampy, 2014).

To the best of our knowledge, no studies have empirically demonstrated a logical link between trends in VA and firm size regarding firms in general or social cooperatives. The present research aims to fill this gap by investigating the relationship between firm size and VA and its level of intensity in social cooperatives.

The paper is structured as follows: first, the conceptual framework is presented. Then, a description of the methodology, the objective of the research, the context, the construction of the sample, and the data-collection process are illustrated.

The results will then be commented on to discuss the hypotheses in light of the findings. Further, the paper considers the theoretical and practical implications. Finally, some limitations of the research and its possible future lines of development are presented.

## 2. Theoretical framework

### 2.1 Italian *Economia Aziendale* and Stakeholder theory

The present research follows the conceptual approach of the Italian *Economia Aziendale*, according to which the nature of the business (in Italian, "azienda") is grasped through its actions, which, although diverse

and multiform in their external manifestations, fulfil a single instrumental function aimed at enabling the generation of economic value necessary for the pursuit of the objectives of the actors (Ferrero, 1968). In this way, the unity of the business phenomenon is affirmed, regardless of the nature of the interests manifested by its actors: the business is, in fact, a unitary category that brings together both market-oriented economic realities and non-profit organisations (Onida, 1961). This theoretical approach refers to the institutionalist conception of the business (Zappa, 1956), based on the guiding hypothesis that human action in the economic field is more likely and more often *coordinated and systemic* when it is carried out by a plurality of individuals pursuing a common purpose of whatever nature (Amaduzzi, 1957; Ferrero, 1968; Masini, 1968; Onida, 1968; Giannessi, 1969; Amodeo, 1970; Azzini, 1982;). In other words, the business is seen as an economic activity aimed at satisfying the needs expressed by communities of individuals who, in pursuit of these common goals, contribute to their effective realisation and seek to participate in the distribution of the value created.

The aforementioned approach, so characteristic of Italian *Economia Aziendale* studies, has strong points of contact (Signori and Rusconi, 2009; Rusconi, 2019) with Stakeholder Theory (Freeman, 1984), according to which management is focused on balancing the expectation of remuneration for all the stakeholders (Deegan, 2013). Considering Stakeholder Theory from a normative perspective (Donaldson and Preston, 1995), companies are seen as relational systems in which value is created not only for those who invest their capital but also for all other stakeholders (Post *et al.*, 2002; Freeman *et al.*, 2010; Harrison and Wicks, 2013; Tantalo and Priem, 2016).

By reaffirming the centrality of the human being, *even and especially* in the economic sphere, and therefore the importance of the behaviour adopted by governance and management being ethically oriented towards the common good and respect for the fundamental values of freedom and solidarity (Freeman and Phillips, 2002), this study aims to emphasise that value creation comes from a collaborative perspective rather than a competitive and conflictual one.

In line with the “extended” and “open” vision of the business (Purdy, 1983), it can no longer be considered a “private fact” of a few individuals but a resource that belongs to all those who are variously involved in it (Donaldson and Preston, 1995). This is precisely why corporate governance should always adopt behaviours aimed at creating harmony among stakeholders, so that they understand and share the choices made and legitimise the company in its actions (Deegan, 2013). Therefore, the potential conflicts arising from the different positions of the stakeholders should find resolution and convergence (Masini, 1968; Burchell *et al.*, 1985; Ianniello, 2010; Sahoo and Pramanik, 2017) in the interest of the individuals, the company, and the community.

## 2.2 Value Added and its properties

VA is capable of expressing the synthesis of the various interests of the stakeholders who have contributed to its creation: its presentation through

two interrelated prospectuses - the first aims to illustrate the process of its creation and the second to show its distribution - highlights how the benefits obtained thanks to the efforts of many are shared among them. Thanks to this dual perspective of observing and determining VA, using this financial result is considered highly desirable for all enterprises (Bao and Bao, 1998), but especially for those whose actors share social goals in addition to economic objectives.

In light of the above considerations, the attention paid to VA seems entirely justified, given the strong ethical connotation that pervades the theoretical framework of reference: indeed, it is postulated that management should make choices consistent with this approach, both in the definition of strategic guidelines and in the behaviour and actions undertaken.

Originating in Europe (Bao and Bao, 1998), VA has long been considered in Italian (Rispoli, 1983; Gabrovec Mei, 1984) and international (Suojanen, 1954; Gheene and Cornwell, 1964; Mead, 1965; Ball, 1968) accounting literature, although its concrete use in corporate reporting has experienced periods of success and decline (Gabrovec Mei, 1994; Pong and Mitchell, 2005; Malgwi and Purdy, 2009; Ianniello, 2010).

Even today, VA is still of considerable importance in the general economic context (Sahoo and Pramanik, 2017), as well as with specific reference to the field of social enterprises. Its signalling attitude is related to the measurement of efficiency (Sahoo and Pramanik, 2018), control (Gheene and Cornwell, 1964; Sahoo and Pramanik, 2017) and interpretation of the health of the company (Sutherland, 1956; Ponzanelli, 1967; Malgwi and Purdy, 2009); This is due to the fact that VA, viewed from the perspective of its distribution, shows how its first destination is the replenishment of production conditions (depreciation and provisions), leaving the remainder for distribution among the main stakeholders that have contributed to its production: Employees, providers of loan capital and the government (Gray and Maunders, 1980; Karpik and Riahi-Belkaoui, 1994; Zimnoch and Mazur, 2018).

In fact, VA, which implies a collaborative model, according to which the common good prevails over individual interests and selfish personalisms (Gabrovec Mei, 1995), is suitable to represent the process of value creation and distribution in those businesses that are also assigned a relevant social function, which is not limited to the effects that economic actions have on the community and the environment, but becomes one with the economic dynamics of their management.

The literature has long recognised that VA has a higher information content than net income and cash flow (Sinha, 1983; Karpik and Riahi-Belkaoui, 1989; Shankaraiah, 1991; Sharma, 1991; Riahi-Belkaoui, 1993; Riahi-Belkaoui, 1996; Bao and Bao, 1998), pointing to the existence of several of its characteristics. In particular, these “specific” properties make it suitable to function, among others, as an indicator of degree of the sociality of businesses (Matacena, 1984; Ianniello, 2010; Zimnoch and Mazur, 2018) and level of achievement of the corporate purpose (Ianniello, 2010), but also as an indicator of employee productivity (Gilchrist, 1971; Smith, 1978; Cox, 1979; Shimizu *et al.*, 1991; Pong and Mitchell, 2005), welfare generated by the production system (Franco and Blasi, 2013) and

efficiency and productivity of the company (Sutherland, 1956; Ponzanelli, 1967; Sharma and Agarwal, 1987; Malgwi and Purdy, 2009).

Acknowledging the great versatility of VA, there is still one last property for which we want to provide empirical evidence in these pages, namely the strength of the link between this measure of financial performance and company size, which emerges even more clearly when compared with that of another more widely used measure of financial performance, namely Operating Earnings. In line with the literature mentioned above, which acknowledges the existence of a relationship between the level of financial performance and the evolution of the size of enterprises, it is considered interesting to examine the nature of the relationship between the two phenomena and the degree of effectiveness with which VA highlights this relationship.

Indeed, the availability of this information can be beneficial for assessing the business's financial health and for constructing other indicators based on performance measures that reflect the capacity of social cooperatives to create employment. These indicators can, in turn, constitute helpful tools that can guide the possible allocation of resources (Morely, 1979; Pong and Mitchell, 2005; Sahoo and Pramanik, 2017) in favour of the enterprises that prove to be more valuable according to this profile of analysis.

### 3. Research hypothesis

The main argument developed in these pages is that the trend of VA can correctly reflect the dimensional trend of social cooperatives. The positive or negative algebraic sign of the variations that VA undergoes over time is, on average, in line with the dimensional movement of the social cooperative, so that increases in VA signal phases of business' dimensional growth, while decreases in VA signal phases of dimensional contraction. Moreover, it is assumed that VA has this property at a higher level than the Operating Earnings, which appears in the profit and loss accounts. Therefore, the first hypothesis tested is the following:

*Hp. 1: there is a positive correlation between the trend in VA and the trend in social cooperative size, which is stronger than that shown by Operating Earnings.*

Net operating income, often used in other contexts to quantify financial performance, is neglected here, not only because it summarises the contribution of all economic operations, including non-operational ones, but also because in social cooperatives the management objective is not to maximise the net result, but rather to create wealth destined to remunerate the factors of production, with the exception of equity capital, because of the social purpose of the value created.

What is of interest is not an analysis of profitability but a joint assessment of profitability and sociality, which VA can capture well, proving capable of reflecting both dimensions (Montrone and Poledrini, 2020). Further, the survival of social cooperatives depends on the ability of governance

to reconcile the two sustainability conditions, balancing the forces and finding a harmonious composition.

Given that the dimensional development of the business is all the more socially useful to the extent that it creates jobs while maintaining the economic equilibrium of the production unit, it seems interesting to examine, secondly, the relationship between the evolution of the VA and the tendency of the social cooperatives to increase employment, testing the following hypothesis:

*H<sub>p</sub> 2: The trend in VA over time also reflects the employment trend of the social cooperative.*

The verification of this hypothesis makes it possible to establish whether the increase in VA over time can express the tendency of businesses to increase employment. Consequently, VA could be considered as a helpful information tool for constructing other more or less complex indicators to be used in the context of incentive policies towards the firms that favour employment. Similarly, testing this hypothesis makes it possible to assess the relationship between the two phenomena (financial performance expressed in terms of VA and employment levels defined as the number of employees) when the trend is negative.

## **4. Methodology**

### *4.1 Research design*

In order to verify the hypotheses, the research is carried out through the analysis of the data contained in the statutory financial statements of a sample of 9,268 Italian social cooperatives, simultaneously applying two different analysis methodologies.

The first methodology used is strictly quantitative and consists of analysing the correlation between changes in financial performance (in terms of VA and Operating Earnings) and changes in the quantities (value of revenues, the value of assets, and the number of employees) that express the size of the enterprise. This analysis is carried out by determining both the overall correlation coefficients between financial performance and size variables and the partial correlation coefficients in order to assess the presence of any distorting effects that might act reciprocally between the variables used to express the size of the enterprise.

The second methodology, widely used in the study of relationships between qualitative characteristics and used to support the previous, is the analysis of the association between characteristics: it makes it possible to determine, by other means, whether the occurrence of variations in the financial performance of a positive or negative sign can be considered independent of the occurrence of growth, decline or stagnation in the size of the enterprise, or whether a logical relationship can be identified between the two phenomena under consideration.

For both analysis methods, the intensity of the logical link between financial performance and size evolution is also assessed, making it possible to evaluate which financial result - VA or Operating Earnings - is more effective in capturing this link.

#### 4.2 Research context

The sample of analysis considers social cooperatives, qualified in Italy as social enterprises “by law” (Legislative Decree 112 of 3 July 2017 and Legislative Decree 117/2017). Social cooperatives have been regulated for a long time (Costa and Carini, 2016) and are now the most common form of social enterprise, as demonstrated by data from the Single National Register of the Third Sector (RUNTS). In that Register, consulted on 11 April 2023, social cooperatives were 21,306 (89%) on a total of 24,033 registered social enterprises.

Over time, this form of business has found international diffusion in Europe, especially in specific sectors such as agriculture and energy supply. It is present in several countries, including Denmark and Poland (Chloupkova *et al.*, 2003), Greece (Nasioulas, 2012), Finland (Hulkko-Nyman *et al.*, 2012), Spain (Heras-Saizarbitoria *et al.*, 2018) and Sweden (Karlsson *et al.*, 2018).

Italian social cooperatives, such as profit-making companies, must follow the rules of the Civil Code to prepare their financial statements. However, it is not clear if these schemes are suitable to reflect the unique institutional structures and management peculiarities of social enterprises (Bagnoli, 2021).

Among the performance indicators adopted to reflect social enterprises' ability to generate economic value is the Operating Earnings: a GAAP figure that is represented - although not always perfectly - in the profit and loss account and essentially corresponds to the EBIT. More precisely, the value that appears in the profit and loss account - expressed as the difference (A-B) - is derived from the algebraic sum of the Value of production (macro class A) and the Costs of production (macro class B): the first aggregate is mainly made up of revenues from typical management, while the second is the sum of management costs for inputs purchased on the market and used in production processes.

As a result of the adoption of Legislative Decree 139/2015, macro-class A may also include income of an extraordinary nature, which is therefore included in the Value of production (similarly, any costs of an extraordinary nature are now included in the Cost of production). In such a case, it is evident that the result determined by the difference (A-B) would not be able to express the operating earnings correctly (Bagnoli, 2021). For this reason, in what follows, we prefer to use the term Result (A-B) rather than Operating earnings, although it is reasonable to assume that the two quantities can coincide in most cases. Since this result is usually taken as a measure of financial performance, it is used here as a reference term to demonstrate the informational superiority of VA in signalling the evolution of the company in terms of size and number of employees.

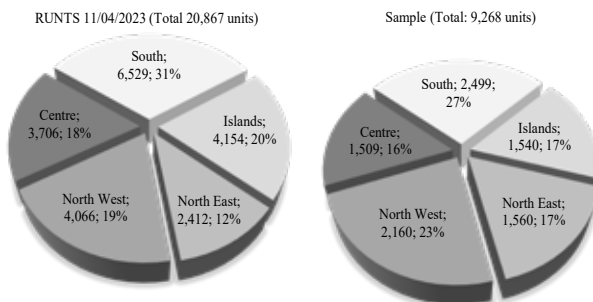
VA does not find evidence in the statutory profit and loss account. Moreover, internationally, there is no unambiguous indication of whether VA is used gross or net of depreciation, write-downs, and provisions (Gray and Maunders, 1980). However, since what is relevant is the amount of wealth that can be distributed to the three main recipients, represented by employees, lenders, and the public administration, as well as that destined for the reintegration of productive conditions, it is considered consistent with the purposes of this research to use the configuration of VA before depreciation, write-downs, and provisions. The VA can be easily derived by simply reworking the data available in the statutory profit and loss account by adding personnel costs, depreciation, write-downs, and provisions to the Result (A-B).

#### 4.3 Data collection

The sample of analysis was built by integrating two sources of information. The first source is the Single National Register of the Third Sector (RUNTS), introduced in Italy in 2017 by the Third Sector Code, which identifies Italian third-sector entities. The second source is the AIDA Bureau Van Dijk database, which collects the annual accounts of joint stock companies operating in Italy, including social cooperatives.

The reference date for the extraction of information from the two registers is 11 April 2023; with reference to this date, social cooperatives registered in RUNTS and whose statutory financial statements were included in the AIDA database as of 31/12/2017 were selected. The selection was made by random extraction by dividing the source population into the five geographical areas considered by ISTAT (Northeast, Northwest, Central, South and Islands). The extraction was performed by maximizing the number of units for each area while respecting, as much as possible, the proportion between the different areas resulting from the RUNTS content (Fig. 1).

Fig. 1: distributions by geographical area (number and percentage of units)



Source: our elaboration

The list was then refined by eliminating social cooperatives in a state of liquidation and those in the form of consortia of social cooperatives, thus obtaining a final sample of 9,268 social cooperatives.

The elimination of units in liquidation was carried out to consider a homogeneous panel composed only of units in normal operation; the exclusion of consortia is motivated by the fact that they represent “second level” economic aggregations, born from the collaboration of several social cooperatives to increase their efficiency without resorting to forms of capital aggregation, such as mergers, and maintain their size threshold (Borzaga and Ianes, 2011).

About the temporal extension of the observation, although it has been highlighted (Zanotti, 2013; Costa and Carini, 2016; Borzaga *et al.*, 2022) that companies operating in a cooperative form adopt a counter-cyclical behaviour during periods of crisis (such as the one triggered by the outbreak of the Covid-19 pandemic, which affected the activity of companies from the 2020 financial year), recent studies have shown, on the contrary, that the cooperatives have also suffered the negative impact of the pandemic on its financial results (Calabrese and Falavigna, 2021). So, it was decided to extend the analysis to the financial statements from 31/12/2017 to 31/12/2019 to exclude the impact of the Covid-19 pandemic on the financial results.

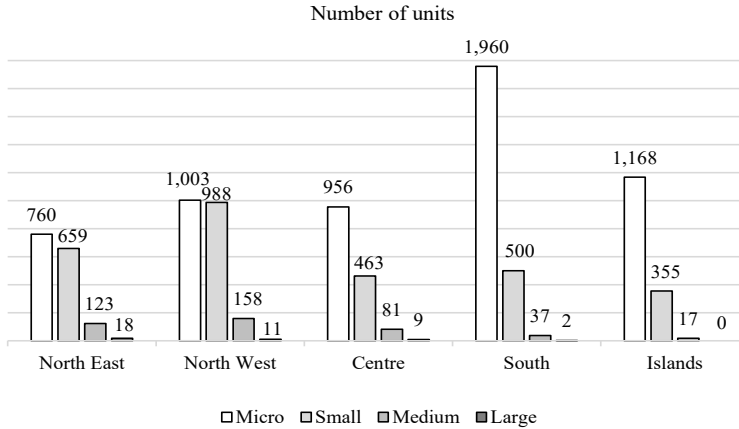
Instead, the choice to start from the 2017 financial year was due to the desire to avoid a possible in-formation distortion related to the first application in Italy of the reform according to Legislative Decree 139/2015, which, starting with the financial statements of the 2016 financial year, introduced changes in the content of the profit and loss account - including the inclusion of extraordinary components in the determination of the Result (A-B) - with consequent effects on the comparability with previous financial years.

Size can be represented by numerous factors such as the number of employees, the territorial distribution and production capacity of plants, the volume of business generated, the size of the market in which the company operates, the size of its means, the sum of the overall investments made, and many others. However, the classification criteria contained in EU documents and regulatory references were considered in this study, referring to the three well-known parameters: *revenues, average number of employees, and assets* (European Commission Recommendation 2003/361/EC; Art. 2, Ministerial Decree of 18 April 2005; Art. 3, EU Directive 34/2013) .

Therefore, based on the above criteria, a firm is considered to grow in size if at least two of the above parameters show an increasing trend; conversely, an enterprise is considered stagnating or shrinking if at least two of the three parameters show a flat or decreasing trend. The combination of the geographical area to which it belongs and the size of the units in the sample provides a complete picture of the social cooperatives analysed (Fig 2).



Fig. 2: sample composition according to geographical area and unit size as of 31/12/2017



Source: our elaboration

The variables used by EU Directive 34/2013 to define the size of the units - the value of revenues, total assets, and average number of Employees - were used as reference variables to determine whether these units are increasing or decreasing in size over time.

Referring to the period 31/12/2017 - 31/12/2019, for each unit in the sample, the changes under-gone by the two financial performance measures, VA and Result (A-B), and by the three size variables mentioned, were determined for a total of 18,536 observations.

#### 4.4 Data analysis

The variables used in the analysis are represented by  $\Delta$  VA,  $\Delta$  (A-B),  $\Delta$  Revenues,  $\Delta$  Assets and  $\Delta$  Employees.

The sample identified was also divided into two groups of units: Group 1, made up of the 5,523 units that showed a growth in size over the time period considered, and Group 2, which includes the remaining 3,745 units that either decreased in size or kept it unchanged over the same time period. To create the two groups, the changes in each of the three size variables (Revenues, Assets, Employees) were measured. The units that showed growth in at least two out of three variables were considered to be 'expanding in size' and, therefore, belonging to Group 1; the others were placed in Group 2, which includes units with unchanged or decreasing size.

The separate analysis of the two groups through the first methodology (correlation analysis) made it possible to specifically investigate the relationship between the financial performance measures tested and each variable, evaluating it separately in the two situations of 'growth in size' and 'stability or decrease in size' in order to verify any differences.

With the second methodology (analysis of the association between characteristics), the analysis was carried out directly on the entire sample of 9,268 units, aimed at grasping, by other means, the strength of the link

between the trend of the economic performance measure and that of the three size variables, and to understand whether the observation of the former quantity allows the trend of the latter to be deduced in a sufficiently reliable manner.

The normality test conducted on the distributions of the variables within the panel (Table 1) showed a substantial divergence from the normal distribution, recommending the adoption of non-parametric analysis methodologies that provide more reliable results in situations of this type, since they are not based on the assumption of normality of the data distribution.

*Tab. 1: normality tests on the distributions of the variables in the sample*

	Skewness	S.E.	Kolmogorov-Smirnov
Δ VA	2.764	0.025	0.478***
Δ (A-B)	25.734	0.025	0.389***
Δ Revenues	89.696	0.025	0.493***
Δ Assets	95.102	0.025	0.470***
Δ Employees	48.534	0.025	0.345***

\* p<0.05; \*\* p<0.01; \*\*\* p<0.001

Source: our elaboration

The first chosen method consists of analysing the correlation between the variations in the financial performance measures and those of the size variables by means of the Spearman's  $\rho$  coefficient (preferred to others because it allows the influence of outliers to be neutralised), using for the variable Δ Employees also the Kendal's  $\tau$  coefficient, which gives more reliable indications in the presence of repeated values within the distribution, as may be the case for the variation in the number of employees.

The association between the type of manifestation (positive or negative sign) of the financial performance and the trend assumed by the variable sizes (growth, stagnation or decrease) was, on the other hand, verified by means of the Pearson's  $\chi^2$  test, applied to the data obtained by classifying each unit in the sample according to the sign of the financial performance and the trend expressed by each variable size. This analysis was also complemented by the measurement of the intensity of the association, provided by the value of Cramer's V coefficient. This allowed a more in-depth test of Hp. 2 by highlighting the intensity of the association between trends in financial performance measures and Δ Employees. Since the test of this hypothesis aims in particular to establish the degree of association between trends in financial performance measures and Δ Employees, regardless of the presence of continuous growth in size, the analysis of the association and the measurement of its intensity were carried out directly on the entire sample, the sum of Groups 1 and 2.

## 5. Findings and Discussions

The correlation analysis carried out within Group 1, clearly shows the presence of positive and statistically significant correlations ( $p$ -value $<0.01$ ) between the trend of the financial performance measures ( $\Delta$  VA and  $\Delta$  (A-B)) and that of the three dimensional variables considered (Table 2). However, while the values assumed by the Spearman correlation coefficients referring to the  $\Delta$  VA variable assume medium-high values, those relating to the  $\Delta$  (A-B) variable reach low values. This evidence thus confirms Hp.1. In the case of the latter variable, the Spearman correlation coefficient relating to the trend in the number of employees is even non-significant and close to zero, while the same coefficient referring to VA confirms the existence of a good level of positive correlation. Therefore, this result confirms the validity of Hp.2.

Similar findings emerge from an examination of the partial correlations in Table 4, from which it emerges that  $\Delta$  VA retains a higher capacity to reflect with its trend the increase in Revenues, Assets, and the number of Employees.

Tab. 2: correlations between variables in Group 1

Spearman's $\rho$ coefficients - Group 1 (5,523 units)				
Variables	$\Delta$ Revenues	$\Delta$ Assets	$\Delta$ Employees	$\Delta$ (A-B)
$\Delta$ Assets	0.476**			
$\Delta$ Employees	0.235**	0.083**		
$\Delta$ (A-B)	0.102**	0.113**	0.006	
$\Delta$ VA	0.670**	0.410**	0.310**	0.157**

Partial correlation coefficients - Group 1 (5,523 units)			
Control variables	Variables	$\Delta$ (A-B)	$\Delta$ VA
$\Delta$ Assets; $\Delta$ Employees	$\Delta$ Revenues	0.057**	0.565**
$\Delta$ Revenues; $\Delta$ Employees	$\Delta$ Assets	0.073**	0.149**
$\Delta$ Revenues; $\Delta$ Assets	$\Delta$ Employees	-0.016	0.219**

\*  $p<0.05$ ; \*\*  $p<0.01$ ; \*\*\*  $p<0.001$

Source: our elaboration

Since the data referring to the number of employees present at the beginning and at the end of the observation period lead to a high number of  $\Delta$  Employees assuming the same value, for the correlation between the trend of financial performance measures and the change in the number of employees, the correlation coefficient  $\tau$  of Kendal was also determined, which is particularly reliable in the presence of a high number of recurring values.

In Group 1, Kendal's coefficient  $\tau$  calculated between  $\Delta$  (A-B) and  $\Delta$  Employees assumes the value of 0.004 and is statistically non-significant; the same coefficient calculated between  $\Delta$  VA and  $\Delta$  Em-ployees assumes the value of 0.224 with  $p$ -value $<0.01$ , thus confirming the presence of a significant and good correlation. This further confirms the HP.2.

In Group 2, the trend of the values of Spearman's correlation coefficients and partial correlation coefficients (Table 3) follows what has already been observed for Group 1, demonstrating that the superiority relationship that emerged in favour of VA concerning companies in dimensional expansion is confirmed even in the presence of companies that maintain or reduce their dimension. Again, in accordance with HP.1, the signals given by the trend in VA reflect the current dimensional dynamics much more faithfully than those of Result (A-B).

Tab. 3: correlations between variables in Group 2

Spearman's $\rho$ coefficients - Group 2 (4,038 units)				
Variables	$\Delta$ Revenues	$\Delta$ Assets	$\Delta$ Employees	$\Delta$ (A-B)
$\Delta$ Assets	0.118**			
$\Delta$ Employees	0.255**	0.032*		
$\Delta$ (A-B)	0.113**	0.129**	0.005	
$\Delta$ VA	0.612**	0.193**	0.308**	0.186**

Partial correlation coefficients - Group 2 (4,038 units)			
Control variables	Variables	$\Delta$ (A-B)	$\Delta$ VA
$\Delta$ Assets; $\Delta$ Employees	$\Delta$ Revenues	0.102**	0.572**
$\Delta$ Revenues; $\Delta$ Employees	$\Delta$ Assets	0.117**	0.156**
$\Delta$ Revenues; $\Delta$ Assets	$\Delta$ Employees	-0.025	0.200**

\*  $p < 0.05$ ; \*\*  $p < 0.01$ ; \*\*\*  $p < 0.001$

Source: our elaboration

For the same reason indicated above, Kendal's  $\tau$  coefficient was also applied to Group 2: its value calculated between  $\Delta$  (A-B) and  $\Delta$  Employees is equal to 0.004. It remains statistically insignificant, while if calculated between  $\Delta$  VA and  $\Delta$  Employees it reaches the value of 0.226 with  $p$ -value  $< 0.01$  and leads to conclusions in line with those formulated about Group 1 that confirm Hp.2.

The association analysis between characters applied to each measure of financial performance to the three size variables considered (Tables 4, 5, and 6) highlights the presence of Pearson's  $\chi^2$  values such as to exclude with almost absolute certainty the independence of the data examined; this confirms the existence of a positive association between the trend of the performance measure and that of each of the three size variables considered, which is always statistically significant. More specifically, regarding the ability of the evolution of the financial results to reflect the evolution of the company's number of employees (Table 6), the values presented show that Result (A-B) is incapable of capturing this aspect. In contrast, as imagined in Hp.2, VA has a marked aptitude that makes it a measure capable of providing information on the ability of the company to increase the number of employees over time.

Tab. 4: intensity of the association between trends in performance and  $\Delta$  Revenues

Angela Broglia  
Corrado Corsi  
Financial performance  
and company size: The  
informative power of value  
added in Italian social  
cooperatives

		$\Delta$ Revenues							
		Negative		Null		Positive		Total	
Groups 1 and 2		N.	%	N.	%	N.	%	N.	%
$\Delta$ (A-B)	Positive	878	9.47%	2	0.02%	2,414	26.05%	3,294	35.54%
	Negative	2,470	26.65%	7	0.08%	3,497	37.73%	5,974	64.46%
	Total	3,348	36.12%	9	0.10%	5,911	63.78%	9,268	100.00%
Test of Independence: Chi2 = 199.96 (p-value 3.79E-44); V-Cramer = 0.15									
$\Delta$ VA	Positive	854	9.21%	5	0.05%	5,037	54.35%	5,896	63.62%
	Negative	2,494	26.91%	4	0.04%	874	9.43%	3,372	36.38%
	Total	3,348	36.12%	9	0.10%	5,911	63.78%	9,268	100.00%
Test of Independence: Chi2 = 3,292.17 (p-value 0.00E+00); V-Cramer = 0.60									

Source: our elaboration

Tab. 5: intensity of the association between trends in performance and  $\Delta$  Assets

		$\Delta$ Assets					
		Negative		Positive		Total	
Groups 1 and 2		N.	%	N.	%	N.	%
$\Delta$ (A-B)	Positive	897	9.68%	2,397	25.86%	3,294	35.54%
	Negative	2,343	25.28%	3,631	39.18%	5,974	64.46%
	Total	3,240	34.96%	6,028	65.04%	9,268	100.00%
Test of Independence: Chi2 = 134.21 (p-value 7.18E-30); V-Cramer = 0.12							
$\Delta$ VA	Positive	1,367	14.75%	4,529	48.87%	5,896	63.62%
	Negative	1,873	20.21%	1,499	16.17%	3,372	36.38%
	Total	3,240	34.96%	6,028	65.04%	9,268	100.00%
Test of Independence: Chi2 = 987.97 (p-value 2.92E-215); V-Cramer = 0.33							

Source: our elaboration

Tab. 6: intensity of the association between trends in performance and  $\Delta$  Employees

		$\Delta$ Employees							
		Negative		Null		Positive		Total	
Groups 1 and 2		N.	%	N.	%	N.	%	N.	%
$\Delta$ (A-B)	Positive	1,142	12.32%	574	6.19%	1,578	17.03%	3,294	35.54%
	Negative	2,331	25.15%	1,187	12.81%	2,456	26.50%	5,974	64.46%
	Total	3,473	37.47%	1,761	19.00%	4,034	43.53%	9,268	100.00%
Test of Independence: Chi2 = 39.91 (p-value 2.16E-09); V-Cramer = 0.07									
$\Delta$ VA	Positive	1,536	16.57%	1,073	11.58%	3,287	35.47%	5,896	63.62%
	Negative	1,937	20.90%	688	7.42%	747	8.06%	3,372	36.38%
	Total	3,473	37.47%	1,761	19.00%	4,034	43.53%	9,268	100.00%
Test of Independence: Chi2 = 1,125.91 (p-value 3.25E-245); V-Cramer = 0.35									

Source: our elaboration

However, what appears significantly different in the comparison between Added Value and Result (A-B) is the strength of this association, i.e., the reliability with which the trend of these two magnitudes can reflect the trend of the size variables: in the case of  $\Delta$  VA, the strength of the association, expressed by the value of the V-Cramer reported in each table, fluctuates between 0.33 and 0.60, settling at high levels for the indicator in

question, while for  $\Delta$  (A-B) the values of the V-Cramer - ranging between 0.07 and 0.15 - show a considerably lower intensity of the link and even negligible in the case of the variable  $\Delta$  Employees. This result confirms Hp.1.

In summary, the results obtained from the correlation analysis of the data (Tables 2 and 3) lead to the confirmation of Hp. 1. In both groups, there is a statistically significant but weak relationship between the evolution of the Result (A-B) and the two variables represented by  $\Delta$  Revenue and  $\Delta$  Assets, while the relationship with the variable  $\Delta$  Employees is not statistically significant. On the contrary, the relationship between  $\Delta$  VA and all three variables represented by  $\Delta$  Revenue,  $\Delta$  Assets, and  $\Delta$  Employees appears to be much stronger, showing medium-high correlation coefficients in both groups examined and all statistically significant with  $p$ -value $<0.01$ .

A similar response is also provided by the values of *Kendall's* coefficient  $\tau$  (determined limited to  $\Delta$  Employees), as well as by the partial correlation coefficients, among which the figure referring to the association between  $\Delta$  (A-B) and  $\Delta$  Employees not only is not significant but even takes on a negative value.

The results provided by the second method of analysis adopted (Tables 4, 5, and 6) also show that the most effective measure of financial performance in representing the dimensional dynamics of the social enterprise with its trend is shown to be VA, whose variations over time prove capable of capturing the manifestations of dimensional expansion of the enterprise to a much greater extent than Result (A-B).

Regarding HP. 2, growth in VA is not necessarily linked to an increase in the number of employees because other variables, including qualitative ones, may work, favouring the creation of value regardless of the trend in the number of employees; however, the empirical analysis conducted shows that the increase in VA and the increase in the number of employees are associated in a very substantial number of cases.

This conclusion is evident from the results of applying both methodologies.

The analysis carried out with the first method (Tables 2 and 3) shows correlation coefficients greater than 0.30 and significant with a  $p$ -value  $<0.01$  between  $\Delta$  VA and  $\Delta$  Employees, while the correlation coefficients between  $\Delta$  (A-B) and  $\Delta$  Employees are non-significant and close to zero; this observation is also confirmed by the partial correlation coefficient, which takes a value equal to or greater than 0.20 ( $p$ -value $<0.01$ ) in the case of VA. At the same time, it is non-significant and close to zero in the case of Result (A-B).

The analysis with the second methodology (Table 6) shows a much more solid positive association between the trend of VA and the trend of the number of Employees than in the case of Result (A-B), as evidenced by the value assumed by the V-Cramer. Moreover, the data shown (Table 6) confirm the greater capacity of VA to represent, with its trend, the trend of the number of Employees in the presence of positive financial performance, reflecting, at the same time, the phenomena of stagnation or dimensional contraction with similar effectiveness to that of Result (A-B). The lower effectiveness found in the association between negative  $\Delta$  VA and

negative  $\Delta$  Employees concerning the case of positive  $\Delta$  VA and positive  $\Delta$  Employees can be explained by observing that the occurrence of negative financial performance is rarely immediately accompanied by a reduction in the number of employees, for this reason, it is entirely plausible that the effectiveness of the association appears greater in situations of positive financial performance, manifesting, instead, a sort of delayed adaptation in the presence of negative financial performance.

The above also leads, therefore, to confirm HP. 2, making it possible, on the one hand, to emphasise the enormous importance of the labour factor in value creation processes (especially in labour-intensive sectors, such as that of social cooperation) and, on the other hand, to recognise the capacity of the VA trend to incorporate information on the aptitude of the production unit to increase the number of employees much more effectively than the Result (A-B).

In conclusion, the findings show that VA trend provides a more 'reliable' indication of the social enterprise's expansion or contraction in size and its aptitude to increase employment than observing the Result (A-B) trend.

## 6. Implications

### 6.1 Theoretical implications

Even though the study focused on Italian social cooperatives, the findings can help study the more general phenomenon of social enterprises and the value measurement in social-oriented businesses. Furthermore, this research contributes to the current knowledge on VA by empirically demonstrating the essential signalling aptitude of VA, i.e., the ability to reflect the company's dimensional trend with its trend.

The findings highlight how the positive trend of this financial result implies with reasonable probability a phase of dimensional expansion of the company, something that the Result (A-B) - that is to say, albeit with the limits mentioned above, the Operating Earnings - is not able to express with the same effectiveness. This theoretical implication seems to be of considerable conceptual interest since it shows that the VA trend can also directly capture the social cooperatives' investment in strengthening their structure, coherently fulfilling their institutional function, and maintaining the companies' sustainability conditions.

Although drawn from this research with specific reference to social cooperatives, these conclusions could be an interesting point of reflection for the entire corporate world, bearing in mind that where profit distribution is allowed, the effect highlighted here could appear more attenuated.

Finally, it should be stressed that the verification of the second research hypothesis, which was empirically validated through the analysis of the data collected, also confirms the greater power of the VA compared to the Operating Earnings in reflecting the employment trend of the social cooperative and, therefore, its capacity to create jobs.

The research also leads to some interesting practical implications.

The first relates to the opportunity to reconfigure - at least for social cooperatives - the profit and loss account format in the statutory financial statements, integrating it with the explication of VA, given its considerable information content that goes beyond the simple measurement of financial performance.

The use of the Value-Added Statement would mark a change not only at the level of accounting representation but above all the meaning and purpose of economic action aimed at satisfying the interests of different groups of stakeholders (Catturi, 2003). Thus, it would extend the information potential of VA to the social cooperatives that literature has so far neglected.

In this way, from just reading the profit and loss account, one could immediately obtain useful indications for interpreting the development path taken by the firm, and the VA statement could constitute a useful trait-union between accounting statements and non-financial disclosure, making the market more informed of the interrelated economic and social dynamics of management.

A second practical implication suggested by this research is that the social report should provide sufficient information to explain the creation and distribution of VA; this suggestion turns out to be much easier to implement than the first since the social report, although mandatory for the companies studied, has a content that is free from regulatory constraints. This would make it possible to highlight all the qualities of VA, as has long been suggested by the best national literature (GBS, 2007) and implemented in the past at the international level (ASSC, 1975; Gray and Maunders, 1980; Gray *et al.*, 1995; Van Staden, 1998).

The third practical implication concerns the possible use of  $\Delta$  VA in constructing indicators aimed at signalling, among other characteristics, the company's capacity to create jobs, thus perfecting a useful tool in applying incentive policies in favour of the category of companies studied.

## 7. Conclusions

The present research extends and deepens the analysis on the correlation between size and performance to the specific case of social cooperatives; in fact, there appears to be no previous work on this topic that has taken the particular business category of social cooperatives as a reference.

Nevertheless, the research has limitations that may provide stimuli for further investigation.

Although necessary reasons justified the choice of the analysis time frame, it is evident that this reference interval of the analysis is objectively limited; this, therefore, suggests the resumption of the re-search considering a broader timeframe.

Secondly, the present study links dimensional growth to only one phenomenon, namely financial performance; in fact, although VA may



express how the company is managed for the benefit of its stakeholders (Shaoul, 1998; Signori *et al.*, 2021), thus reflecting the economic and social role of the company itself (Burchell *et al.*, 1985; Andralojc, 2012; Glowacki and Jelonek, 2013; Haller *et al.*, 2018), it remains a financial result that summarises the financial dynamics of management and the quantitative variables that influence it as it evolves.

However, it is clear that dimensional growth, and in particular job creation, is also influenced by other factors that have an exquisitely qualitative connotation: the level of skills of the management and its orientation in employment choices, the construction of adequate organisational structures, the ability of the management to listen to the needs of the workers and to give them adequate answers, the working conditions themselves, including the actual possibilities of personal and professional growth, as well as the recognition of individual performance for motivational enhancement, and so on.

Therefore, future research would benefit from a multidimensional study of the reality under observation, including qualitative variables, such as those just mentioned, collected from other documentary sources (primarily social reporting documents).

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**Angela Broglia  
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Financial performance  
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# Buy-and-build strategy: Evidence from a survey of private equity general partners<sup>1</sup>

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## Abstract

**Frame of the research:** Private equity (PE) general partners (GPs) are increasingly active in 'buy and build' (B&B) strategies, in which a portfolio company serves as a 'platform' to make other acquisitions ('add-on acquisitions') to accelerate the portfolio company's growth. However, this topic so far has received limited attention from the academic community.

**Purpose of the paper:** The study aims to contribute to the academic literature by confirming some preliminary empirical results and adding new knowledge on PE investors' strategic approach and on the strategy's outcomes.

**Methodology:** We designed a survey that was administered to 77 PE investors with combined assets under management of more than €1.1 trillion.

**Findings:** A B&B strategy's potential entails an ex ante strategic decision that PE investors evaluate before acquiring a new portfolio company. PE investors combine add-ons to the platform to create a bigger group and enhance value mainly through multiple arbitrage, i.e., buying at a lower EBITDA multiple than the realised multiple at exit. Add-ons are smaller firms and usually are active in the same industry as the platform; therefore, a B&B strategy is akin to a horizontal M&A strategy.

**Research limitations:** We discuss whether GPs in the study might have been incentivised to report overly positive or otherwise inaccurate responses to present a more positive industry image to stakeholders, which could have affected our findings.

**Practical implications:** Our findings are relevant for entrepreneurs, limited partners and GPs when they benchmark their strategies, and for other players in the mergers and acquisitions (M&A) industry in terms of industry consolidation practices. Furthermore, this work identifies some benefits and drawbacks of the B&B strategy in guiding policymaking.

**Originality of the paper:** This paper provides new insights that advance understanding of the B&B strategy, leveraging primary data surveyed directly from market participants. This is particularly relevant for the PE industry, which has limited disclosure requirements, leading to little publicly available information.

**Key words:** private equity; add-on; buy-and-build; survey

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## 1. Introduction

In recent years, the private equity (PE) industry has been growing dramatically in terms of assets under management, invested amounts and fundraising. PE is a professional investment activity conducted by financial intermediaries (PE investors or general partners [GPs]) that raise capital from pension funds, banks, foundations, endowments, insurance companies and family offices (typically referred to as limited partners [LPs]) to acquire both listed and unlisted firms. PE investors aim to advance value creation for their portfolio firms (Meuleman *et al.*, 2009), then realise a capital gain years later by selling their stakes at much higher valuations (Gilligan and Wright, 2020; Gervasoni and Sattin, 2020; Gompers *et al.*, 2016).

The use of financial engineering, the ability of market timing (i.e., buying low/selling high) and accelerating portfolio firms' growth through active ownership involvement are traditionally identified as value-creation levers fostered by PE investors (Jenkinson *et al.*, 2022; Gompers *et al.*, 2016; Manigart and Wright, 2013; Achleitner *et al.*, 2011; Guo *et al.*, 2011; Kaplan and Strömberg, 2009).

While financial leverage and multiple arbitrage's strategic importance seems to be decreasing due to increasing competition and maturity in the industry (Hammer *et al.*, 2017; Sensoy *et al.*, 2014), recent research has highlighted that PE investors recognise both organic growth strategies and external acquisitions (inorganic growth) as viable growth options (Bernstein *et al.*, 2019). Regarding the latter, GPs increasingly are involved in 'buy and build' (B&B) strategies, in which a portfolio company serves as a 'platform' to acquire whole firms or some divisions/subsidiaries. Such acquisitions are referred to as 'add-on acquisitions' or 'add-ons' (Cohn *et al.*, 2022; Hammer *et al.*, 2017).

To the best of our knowledge, this strategy has received surprisingly little attention in the academic literature. A few empirical studies have examined the characteristics of platform companies and PE investors that increase the likelihood of additional acquisitions (Hammer *et al.*, 2017), performance obtained by GPs (Hammer *et al.*, 2021) and the pricing of B&B deals compared with non-B&B buyouts (Hammer *et al.*, 2022). However, principal sources of B&B value creation remain unclear. Hammer *et al.* (2021) demonstrated that the strategy is not associated with EBITDA margin growth, and acquisitions imply significant risks, as deployment of operating synergies is costly and requires time, necessitating complex post-integration processes that are key for the success or failure of mergers and acquisitions (M&As) (Steigenberger, 2017; Datta *et al.*, 1992). For PE investors, which hold stakes in portfolio firms for a relatively short holding period (5.8 years on average for European deals, according to Joenväärä *et al.*, 2022), this might prove to be particularly challenging.

This paper aimed to contribute to the literature by conducting a survey of 77 PE investors with combined assets under management of more than €1.1 trillion. The use of survey data to improve extant knowledge on B&B strategies, as Bansraj *et al.* (2022) has suggested, is particularly relevant for an industry with a relative scarcity of publicly available information.

Our findings are relevant for PE and M&A industry stakeholders, posing several managerial implications. The possibility of making acquisitions during holding periods is a strategic option that PE investors evaluate, i.e., before acquiring a new portfolio company. As early as the due diligence period for a new investment, the potential to function as a platform is an investment criterion analysed by GPs, and long lists of future potential acquisitions already have been identified.

PE investors realise B&B strategies to create value mainly through multiple arbitrage, buying small add-ons at a lower EBITDA multiple than the realised multiple at exit on the combined new group of firms. GPs also make additional acquisitions late in a platform's investment period, with a holding period similar to portfolio companies that only grow organically, even though this might restrict their ability to deploy operating synergies fully. B&B strategies allow GPs to spend their dry powder investing a certain amount (the acquisition price), rather than more uncertain (in time and size) resources, to fund new internal investments. Bigger GPs are more likely to diversify the business of their platforms, acquire add-ons active in different industries and execute cross-border M&As, thereby reducing the risk of exposure to specific countries.

In this study, we aimed to ensure that the answers received from the PE participants were accurate. The PE investors involved in the survey were assured that their responses would be aggregated; thus, no individual firm had any clear incentive to report overly positive or otherwise inaccurate responses. The survey also allowed GPs to benchmark their B&B practices against those of other PE investors. However, some answers might be biased through a desire to present a more promising industry scenario to stakeholders, particularly LPs (limited partners). We discuss how such behaviour could affect our results.

The remainder of the paper is structured as follows. First, Section 2 briefly outlines existing literature. Section 3 lays out the methodology, research design and characteristics of the PE participant sample. Section 4 reports the main findings, while Section 5 discusses the results and potential bias deriving from the survey's research design and concludes with avenues for further research.

## 2. Theoretical framework

PE funds typically are based on a contractual agreement between a GP, who manages the fund and acquires and disposes of firms, and LPs, who agree to provide capital for the fund in exchange for financial returns.

The academic literature has studied how GPs generate these returns, identifying three main value-creation levers: (i) use of financial engineering; (ii) multiple arbitrage (i.e., buying low/selling high) and (iii) growth of portfolio firms through active involvement (Jenkinson *et al.*, 2022; Gompers *et al.*, 2016; Manigart and Wright, 2013; Achleitner *et al.*, 2011; Guo *et al.*, 2011; Kaplan and Strömberg, 2009). The strategic importance of these value-increasing actions, which are not mutually exclusive, has changed over time. Even though recent studies have indicated that on average,

PE investors can create value by timing financial markets (Jenkinson *et al.*, 2022), the industry has become more mature and competitive, with financial engineering techniques and M&A knowledge viewed as a commodity (Hammer *et al.*, 2017; Braun *et al.*, 2017; Sensoy *et al.*, 2014).

Gompers *et al.* (2016) pointed out that the main return driver that PE investors identified is the ability to accelerate their underlying assets' growth. PE investors function as facilitators of strategic growth and entrepreneurship for their portfolio companies (Collewaert *et al.*, 2023; Nary and Kaul, 2023; Gompers *et al.*, 2016; Kaplan and Strömberg, 2009), enhancing organisational processes, increasing revenues, reducing costs, improving governance schemes (organic growth) and/or making additional acquisitions (inorganic growth), e.g., implementing a B&B strategy. Both options offer advantages and disadvantages: internal growth strategies are more difficult for competitors to copy, but might take longer to materialise, whereas the latter can offer external opportunities for resource redeployment and generation of economies of scale and scope, but post-acquisition integration and deployment of synergies are difficult to attain (Collewaert *et al.*, 2023).

Use of the B&B strategy is growing in the market. Hammer *et al.* (2017) highlighted how B&B strategies have been utilised in nearly 40% of all deals in the market, and Cohn *et al.* (2022) identified add-on acquisitions for 44.2% of their sample. According to PitchBook, in the United States, add-on transactions accounted for roughly 43% of PE companies' deal volume in 2004, whereas the market share soared to approximately 71% as of 2020. Data from the Centre for Private Equity and MBO Research at Nottingham University Business School reported that in the United Kingdom, add-on buyouts exceeded stand-alone buyouts in 2021, whereas in Western Europe, add-ons represented 47% of PE-backed buyout deals. A 2022 study by the Italian Association of Private Equity, Venture Capital and Private Debt (AIFI) found steady growth from add-on deals in the Italian market, which accounted for nearly 12% of the whole PE market in 2012, reaching 41% in 2020 and 2021. However, to the best of our knowledge, extant research on the B&B strategy is limited.

Hammer *et al.* (2017) reported that the probability of making additional acquisitions is higher if the platform company operates in an industry with a moderate degree of fragmentation and has previous M&A experience. Moreover, Hammer *et al.* (2022) reported that PE investors pay a premium EV/sales multiple for platform deals. Thus, we expect that during the due diligence period of a new investment, PE investors consider whether there is potential to function as a platform during the investment period. Thus, we propose:

*Hypothesis H1:* PE investors assess the potential to be a platform before investing in a new company.

Previous research has found that add-on acquisitions generate a higher average internal rate of return than stand-alone deals (BCG and Leipzig School of Management, 2016; Valkama *et al.*, 2013; Nikoskelainen and Wright, 2007). However, they also might result in detrimental performance

when executed near the end of the PE investor's investment period (Hammer *et al.*, 2021), as they would lack the time needed to generate synergies. Thus, we propose:

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*Hypothesis H2:* PE investors do not make add-on acquisitions late in their investment periods.

In terms of value creation, Cohn *et al.* (2022) found that buyouts with add-on acquisitions achieve larger sales growth than those without add-on acquisitions. Hammer *et al.* (2021) reported similar findings. However, these studies do not specifically decompose among the source (organic vs. inorganic) of the growth. Moreover, Hammer *et al.* (2021) demonstrated that the B&B strategy is not associated with EBITDA margin growth, which suggests no capacity to reach performance gains from scale and scope economies. However, as firm size influences market share and bargaining power (Moatti *et al.*, 2015), and bigger groups are usually valued at higher multiples, PE investors might create value mainly through multiple arbitrage. Thus, we propose:

*Hypothesis H3:* PE investors aim to realise higher multiples at exit through the B&B strategy.

PE sponsor size should play a role in add-on companies' characteristics. We expect bigger GPs to invest in platform companies that are more structured and ready to diversify their business through M&A, and that can leverage more developed international networks and connections, which can help reduce information asymmetries in cross-border M&A deals (Humphery-Jenner *et al.*, 2017). Thus, we propose:

*Hypothesis H4:* Bigger PE investors are more likely to acquire add-ons to diversify the platform's business and make cross-border M&As.

Empirical observations have indicated that strategic buyers might offer higher bids in M&A markets than financial investors, as they anticipate future synergies' potential in the valuation (Gorbenko and Malenko, 2014). However, add-on acquisitions are the result of a strategic choice that aims to create a new industrial group worth more than a simple sum of the single companies. Thus, PE investors might value add-on acquisitions more than non-B&B buyouts, thereby incorporating synergies into the valuation, exactly like strategic buyers do. Hammer *et al.* (2022) found that the enterprise value-to-sales (EV/sales) multiple is 19-24% higher for B&B deals than non-B&B buyouts, implying that a premium is paid for future benefits from consolidation, scale and scope economies. Thus, we propose:

*Hypothesis H5:* PE investors value add-ons as strategic buyers.

M&A acquisitions' success or failure is affected strongly by post-merger integration (Steigenberger, 2017), which is viewed as a principal source of value creation (Angwin and Meadows, 2015). However, this process is

risky, costly and takes time. PE investors, which usually hold stakes in their portfolio companies for a relatively short period of time, might affect the platform's holding period while executing a B&B strategy (Hammer, 2017), as the new combined entity would require more time to deploy operating synergies. Thus, we propose:

*Hypothesis H6:* PE investors hold stakes in portfolio companies executing B&B strategies for longer holding periods.

Other understudied topics, such as funding for acquisitions or creation of new groups, are investigated further in this study.

### 3. Sample and design

In this section, we discuss our methodology and the survey process, and describe our sample of PE investors.

#### 3.1 Design, delivery and response rate

As Gompers *et al.* (2020) noted, surveys recently have become more common in the financial economics literature. We reviewed other previous works focussing on the PE industry, such as DaRin and Phalippou (2017) and Gompers *et al.* (2016, 2020, 2022), and leveraged the methodology for our survey. The PE industry typically functions under limited disclosure requirements relative to public markets; thus, publicly available information is scarce. We attempted to design the survey to leverage primary data from GPs to shed some light on their strategic decisions, as Bansraj *et al.* (2022) suggested. Our survey was designed after an initial round of interviews with a small number of PE senior professionals in the spring of 2022, conducted using a semi-structured approach, with the goal of understanding the most critical aspects in the deployment of the B&B strategy. We then designed a first draft of the survey, which we revised with the PE professionals to ensure that it was clear and free of language ambiguity. After this process, we finalised a final survey of 16 questions.

Our sample of respondents comprised PE investors who were members of AIFI in 2022 and to whom we were introduced to senior investment professionals. We informed all potential respondents via e-mail, contacting a total of 93 PE investors and sending them a link with the survey. Even though not every respondent answered all the questions, we obtained a high completion rate: Altogether, 77 GPs filled out some part of the survey, and 68 completed the full range of questions. We started to distribute the survey to PE investors in the late spring of 2022, and we received our last response in the summer of 2022. Only PE investors who were AIFI members were sought for the sample, which was necessary to leverage direct contact with senior managers and collect complete answers. Moreover, as the AIFI board evaluates membership applications from PE investors to ensure that their members operate like closed-end funds, we did not suffer the issue of some potential respondents not actually

operating as PE investors - a possible risk when gathering a sample from several public sources (Gompers *et al.*, 2020). Our response rate of more than 70% for the whole survey was higher than that of other similar studies (Gompers *et al.*, 2022; DaRin and Phalippou, 2017; Gompers *et al.*, 2016; Graham and Harvey, 2001). The sample comprised both Italian-based and international GPs; thus, the sample was quite representative of the industry as a whole, including PE investors with different investment strategies, size, industry specialisation and geographic focus.

### 3.2 Private equity firm characteristics

Table 1 provides some summary statistics on the PE respondents. We retrieved information on each GP from AIFI or other publicly available sources (websites, press reports, etc.) concerning cumulative assets under management (AUM), age in the business and headquarters (Italy or abroad) as of December 2022 to deepen the analysis based on different characteristics of PE investors. Indeed, location, experience and size may affect how B&B strategies are executed. The average AUM of PE respondents is just above €14 billion, but the first quartile of GPs manages less than €300 million, whereas the third quartile manages more than €7.1 billion. Overall, the respondents manage more than €1.1 trillion in AUM and are geographically diversified.

Tab. 1: Descriptive statistics on PE respondents

Categories	N	Mean	25 <sup>th</sup> percentile	Median	75 <sup>th</sup> percentile	Standard deviation
AUM (millions of €)	77	14,353.4	293	1.000	7.100	30,963.6
Age (Years)	77	20.8	10.5	19.0	28.5	13.0
GPs' headquarters						
- Italy	43					
- Abroad	34					

Note: The categories comprise cumulative assets under management (AUM), age in the business and each GP's headquarters (Italy or abroad) as of December 2022, retrieved from AIFI or public sources.

Source: Our analysis

Table 2 presents the distribution of PE investors, considering the size of the equity ticket they can commit to each specific deal. Different PE investor business models are included in the sample, as more than one-third of the GPs can invest more than €100 million per deal, whereas less than 25% are local players deploying no more than €20 million in equity for each transaction. Unsurprisingly, in examining our subsamples, GPs with higher AUMs and located internationally can commit more money for acquisitions.

Tab. 2: Size of GPs' equity investments

Categories	%	AUM		Age		Headquarters	
		Low	High	Young	Old	Italy	Abroad
< €20 mln	23.4%	37.5%	8.1%	30.8%	15.8%	37.2%	5.9%
< €50 mln	23.4%	42.5%	2.7%	23.1%	23.7%	37.2%	5.9%
< €100 mln	18.1%	17.5%	18.9%	25.6%	10.5%	16.3%	20.6%
> €100 mln	35.1%	2.5%	70.3%	20.5%	50.0%	9.3%	67.6%
Number of responses	77	40	37	39	38	43	34

Note: The sample was divided into subgroups based on the medians of AUM, age and headquarters.

Source: Our analysis

#### 4. Results

This section examines our survey's results.

Table 3 indicates that our respondents have executed the B&B strategy extensively over the past five years, with 87% of the GPs having realised add-on acquisitions with at least one of their portfolio companies, and almost one-third of the GPs developing a B&B strategy with more than 75% of their portfolio companies. Interestingly, bigger GPs are more likely to use the B&B strategy, as M&A entails difficult post-integration activities that require dedicated human resources (Datta *et al.*, 1992), which are less available in smaller organisational structures.

Tab. 3: GPs developing a B&B strategy with their portfolio companies over the past five years

%	%	AUM		Age		Headquarters	
		Low	High	Young	Old	Italy	Abroad
0%	13.0%	17.5%	8.1%	20.5%	5.3%	18.6%	5.9%
25-50%	23.4%	32.5%	13.5%	23.1%	23.7%	23.3%	23.5%
50-75%	31.2%	27.5%	35.1%	25.6%	36.8%	30.2%	32.4%
>75%	32.5%	22.5%	43.2%	30.8%	34.2%	27.9%	38.2%
Number of responses	77	40	37	39	38	43	34

Note: This table indicates the percentage of GPs realising add-on acquisitions over the past five years with a certain weight of their portfolio companies. The sample was divided into subgroups based on the medians of AUM, age and headquarters.

Source: Our analysis

##### 4.1 Strategic determinants of the B&B strategy

B&B involves several strategic decisions for PE investors. Before finalising a new investment, 95% of GPs analyse and consider, as an investment criterion, a company's potential to make additional acquisitions during the investment period, thereby supporting H1. Moreover, almost 30% of PE investors would acquire a new portfolio company only if it would serve as a platform for future add-ons adequately (Table 4).



Tab. 4: Capacity of being a platform as an investment criterion

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Categories	%	AUM		Age		Headquarters	
		Low	High	Young	Old	Italy	Abroad
Important, but not mandatory	66.2%	62.5%	70.3%	61.5%	71.1%	62.8%	70.6%
Only companies with the potential for functioning as a platform are acquired	28.6%	32.5%	24.3%	28.2%	28.9%	27.9%	29.4%
Not important	5.2%	5.0%	5.4%	10.3%	0%	9.3%	0%
Number of responses	77	40	37	39	38	43	34

Note: This table indicates whether the possibility of future add-on executions of a new target company impacts a GP's investment strategy in terms of new potential portfolio companies. The sample was divided into subgroups based on the medians of AUM, age and headquarters.

Source: Our analysis

Table 5 indicates that during the platform's acquisition process, due diligence includes examining the potential for industry consolidation and identifying long lists of future possible add-on acquisitions.

Tab. 5: Timing of identification of add-on opportunities

Categories	%	AUM		Age		Headquarters	
		Low	High	Young	Old	Italy	Abroad
During the platform's holding period	19.7%	22.2%	16.7%	25.0%	14.7%	19.4%	20.0%
Before investing in a platform	80.3%	77.8%	83.3%	75.0%	85.3%	80.6%	80.0%
Number of responses	68	37	31	34	34	38	30

Note: This table indicates the timing of identification and evaluation of potential add-on opportunities for a new portfolio company. The sample was divided into subgroups based on the medians of AUM, age and headquarters.

Source: Our analysis

Realising synergies in a new combined entity after M&A requires time. In the case of PE investors, who are committed to relatively short holding periods, the later the add-on is executed during the platform's investment period, the more difficult it is to achieve operating synergies.

Table 6 indicates that PE investors seem willing to execute add-ons even during a later phase of their investment period on a platform, in an opportunistic way, thereby not supporting H2. However, even late add-ons might benefit PE investors through the combined entity's increased size (EBITDA growth), then from reaching higher valuations at exit. Table 7 supports this scenario, depicting how multiple arbitrage is viewed as a central goal for almost two-thirds of GPs, thereby supporting H3.

*Tab. 6: Timing of execution of add-on deals*

Categories	%	AUM		Age		Headquarters	
		Low	High	Young	Old	Italy	Abroad
Only before the 3rd year of the platform's holding period	20.6%	24.3%	16.1%	20.6%	20.6%	21.1%	20.0%
Always during the platform's holding period	79.4%	75.7%	83.9%	79.4%	79.4%	78.9%	80.0%
Number of responses	68	37	31	34	34	38	30

Note: This table indicates the timing of identification and execution of add-on operations. The sample was divided into subgroups based on the medians of AUM, age and headquarters.

Source: Our analysis

*Tab. 7: Main goals of the B&B strategy for GPs*

Categories	Frequencies
New sales markets	76.6%
Product portfolio development	71.4%
Multiple arbitrage	64.9%
Creation of hubs of excellence	57.1%
Operating synergies	42.9%
Acquiring know-how	41.6%
Management synergies	31.2%
Financial synergies	14.3%
Sharing of best practices	11.7%
Number of responses	77

Note: This table indicates the main goals pursued by GPs by means of a B&B strategy.

Source: Our analysis

#### 4.2 Add-ons' characteristics

In this section, we address some characteristics of add-on target companies and the B&B strategy's impact on industry consolidation and internationalisation. Tables 8, 9 and 10 indicate that add-ons are smaller firms that usually operate in the same industry. However, sizable GPs are more active in acquiring add-ons, which operate in a different business and in another country with respect to the platform, thereby supporting H4.

*Tab. 8: Size of add-ons compared with platforms in terms of turnover*

Categories	%	AUM		Age		Headquarters	
		Low	High	Young	Old	Italy	Abroad
Bigger than the platform	5.8%	7.9%	3.2%	11.4%	0.0%	5.1%	6.7%
Equal to the platform	7.2%	7.9%	6.5%	2.9%	11.8%	10.3%	3.3%
Smaller than the platform	87.0%	84.2%	90.3%	85.7%	88.2%	84.6%	90.0%
Number of responses	69	38	31	35	34	39	30

Note: This table indicates the size of add-ons compared with platforms in terms of turnover. The sample was divided into subgroups based on the medians of AUM, age and headquarters.

Source: Our analysis

Tab. 9: Add-ons' headquarters compared with platforms

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Categories	%	AUM		Age		Headquarters	
		Low	High	Young	Old	Italy	Abroad
Same country	55.1%	60.5%	48.4%	51.4%	58.8%	61.5%	46.7%
Foreign country	44.9%	39.5%	51.6%	48.6%	41.2%	38.5%	53.3%
Number of responses	69	38	31	35	34	39	30

Note: This table indicates the country in which target companies of B&B strategies are located with respect to the country where platforms' headquarters are located. The sample was divided into subgroups based on the medians of AUM, age and headquarters.

Source: Our analysis

Tab. 10: Industry consolidation

Categories	%	AUM		Age		Headquarters	
		Low	High	Young	Old	Italy	Abroad
Diversification	21.7%	15.8%	29.0%	20.0%	23.5%	20.5%	23.3%
Horizontal M&As	56.5%	55.3%	58.1%	48.6%	64.7%	59.0%	53.3%
Vertical M&As (Suppliers)	10.1%	13.2%	6.5%	17.1%	2.9%	5.1%	16.7%
Vertical M&As (Clients)	11.6%	15.8%	6.5%	14.3%	8.8%	15.4%	6.7%
Number of responses	69	38	31	35	34	39	30

Note: This table reports the M&A strategy pursued by B&B activity. The sample was divided into subgroups based on the medians of AUM, age and headquarters.

Source: Our analysis

### 4.3 Deal technicalities

This section addresses the topic of deal structuring and negotiations, funding and pricing of add-on acquisitions.

Table 11 indicates that the platform acquires add-ons in a follow-on deal without merging different legal entities into a new group.

Tab. 11: Add-ons' ownership structure

Categories	%	AUM		Age		Headquarters	
		Low	High	Young	Old	Italy	Abroad
Acquisition made by platform	95.7%	94.7%	96.8%	97.1%	94.1%	94.9%	100.0%
Creation of a new group	4.3%	5.3%	3.2%	2.9%	5.9%	5.1%	0.0%
Number of responses	69	38	31	35	34	39	30

Note: This table investigates whether the 'acquirer' is the platform or a different entity that lies somewhere between the company and the private equity firm to create a group. The sample was divided into subgroups based on the medians of AUM, age and headquarters.

Source: Our analysis

In terms of funding, Table 12 indicates that the PE sponsor mostly finances the acquisitions' equity component through a capital increase in the platform company. Table 13 also reports that debt almost always is used, mainly leveraged bank debt. However, larger, foreign GPs use private credit funds as resources relatively more often.

*Tab. 12: Funding of add-ons' equity component*

Categories	%	AUM		Age		Headquarters	
		Low	High	Young	Old	Italy	Abroad
GPs' resources	59.4%	60.5%	58.1%	60.0%	58.8%	59.0%	60.0%
Platform resources	33.3%	31.6%	35.5%	34.3%	32.4%	33.3%	33.3%
Combination	7.2%	7.9%	6.5%	5.7%	8.8%	7.7%	6.7%
Number of responses	69	38	31	35	34	39	30

Note: This table indicates the funding options for the add-on acquisitions' equity component. The sample was divided into subgroups based on the medians of AUM, age and headquarters.

Source: Our analysis

*Tab. 13: Use of debt component in add-ons*

Categories	%	AUM		Age		Headquarters	
		Low	High	Young	Old	Italy	Abroad
Banks	81.2%	89.5%	71.0%	80.0%	82.4%	89.7%	70.0%
Private debt	5.8%	0.0%	12.9%	0.0%	11.8%	0.0%	13.3%
Both	11.6%	10.5%	12.9%	17.1%	5.9%	10.3%	13.3%
No	1.4%	0.0%	3.2%	2.9%	0.0%	0.0%	3.3%
Number of responses	69	38	31	35	34	39	30

Note: This table indicates whether B&B deals imply the use of debt. The sample was divided into subgroups based on the medians of AUM, age and headquarters.

Source: Our analysis

Furthermore, in terms of pricing (Tab. 14), no clear evidence supports H5, as GPs are not backing up the idea of behaving as strategic buyers on add-on acquisitions, i.e., paying more to anticipate future synergies.

*Tab. 14: Add-ons' pricing strategy compared with non-B&B buyouts*

Categories	%	AUM		Age		Headquarters	
		Low	High	Young	Old	Italy	Abroad
Strategic buyer	50.7%	42.1%	61.3%	57.1%	44.1%	48.7%	53.3%
Financial buyer	49.3%	57.9%	38.7%	42.9%	55.9%	51.3%	46.7%
Number of responses	69	38	31	35	34	39	30

Note: This table indicates PE firms' behaviour as buyers. The sample was divided into subgroups based on the medians of AUM, age and headquarters.

Source: Our analysis

#### *4.4 Post-acquisition*

This section analyses the main obstacles that arise after acquisitions have been made, i.e., changes implemented in the platform and add-ons to create value, and the B&B strategy's impact on holding periods.

Table 15 indicates that GPs have realised that integrating different organisations, corporate cultures and human resource management (HRM) is a major obstacle to deploying the B&B strategy effectively, as

highlighted in the M&A literature (Steigenberger, 2017). New hirings often are viewed as necessary to ease the post-acquisition process (Table 16).

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Tab. 15: Problems arising following a B&B strategy

Categories	Frequencies
Business organisation and HRM	63.2%
Corporate culture integration	44.1%
Deploying synergies	41.2%
Less attention paid to core business	33.8%
IT integration	22.1%
Top management commitment	20.6%
Customers' reactions	4.4%
Number of responses	68

Note: This table indicates the main issues that GPs face when deploying B&B strategies.

Source: Our analysis

Tab. 16: New hirings to ease post-acquisition integration

Categories	%	AUM		Age		Headquarters	
		Low	High	Young	Old	Italy	Abroad
Never	21.7%	23.7%	19.4%	25.7%	17.6%	28.2%	13.3%
Sometimes	68.1%	65.8%	71.0%	60.0%	76.5%	66.7%	70.0%
Always	10.1%	10.5%	9.7%	14.3%	5.9%	5.1%	16.8%
Number of responses	69	38	31	35	34	39	30

Note: This table presents new hirings to ease post-acquisition integration. The sample was divided into subgroups based on the medians of AUM, age and headquarters.

Source: Our analysis

Only one-third of GPs asserted that the holding period for platforms activating a B&B strategy is longer than other portfolio companies that do not pursue inorganic growth strategies (Table 17). Thus, the investment period's length in a portfolio company is not dependent on a B&B strategy, thereby not supporting H6.

Tab. 17: Holding period of portfolio companies using B&B compared with those not using B&B

Categories	%	AUM		Age		Headquarters	
		Low	High	Young	Old	Italy	Abroad
Similar	66.2%	59.5%	74.2%	67.6%	64.7%	71.1%	60.0%
Longer	33.8%	40.5%	25.8%	32.4%	35.3%	28.9%	40.0%
Number of responses	68	37	31	34	34	38	30

Note: This table presents the holding periods of portfolio companies using B&B compared with those that do not. The sample was divided into subgroups based on the medians of AUM, age and headquarters.

Source: Our analysis

Table 18 reports that for almost two out of three GPs, the B&B strategy always meets desired goals, and no one is totally sceptical about its effects, coherently with the wide market diffusion.

Tab. 18: Self-assessment about achievement of desired B&B goals

Categories	%	AUM		Age		Headquarters	
		Low	High	Young	Old	Italy	Abroad
Never	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sometimes	35.3%	29.7%	41.9%	32.4%	38.2%	23.7%	50.0%
Always	64.7%	70.3%	58.1%	67.6%	61.8%	76.3%	50.0%
Number of responses	68	37	31	34	34	38	30

Note: This table reports a self-assessment of the GP about the achievement of B&B strategy goals. The sample was divided into subgroups based on the medians of AUM, age and headquarters.

Source: Our analysis

## 5. Discussion and conclusions

### 5.1 Discussion of the findings

Industry data have indicated that PE investors' interest in the B&B strategy (i.e., pushing inorganic growth by making additional acquisitions with a platform company) has been growing steadily. This strategy poses several implications for GPs, LPs, entrepreneurs and other PE industry stakeholders, and also impacts the M&A market.

Altogether, 87% of GPs claim they have made additional acquisitions with at least one of their portfolio companies over the past five years, thereby confirming PE investors' strong commitment to this strategy.

PE investors conduct a thorough ex ante strategic evaluation before embarking on a B&B strategy: As early as the due diligence period of a new investment, the degree of fragmentation in the industry in which the potential target operates is investigated, and long lists of future potential acquisitions are analysed. The potential to function as a platform is an investment criterion that GPs analyse thoroughly before investing in a new portfolio company, thereby supporting H1 and aligning with Hammer *et al.* (2022) that PE investors pay a premium EV/sales multiple for platform deals.

The source of value creation in a PE-backed B&B strategy is a crucial and debated topic: The M&A literature has demonstrated that post-merger integration and the realisation of synergies is a difficult and long process (Angwin and Meadows, 2015; Steigenberger, 2017) that seems at odds with PE investors' relatively short holding periods with their portfolio companies. Can PE investors realise post-merger integration in a shorter period thanks to their set of internal skills and expertise? Moreover, our findings indicated that a huge majority of PE investors make additional

acquisitions late in their investment period in a platform, thereby not supporting H2. PE investors then would have even less time to deploy synergies in the new combined entity. Indeed, Hammer *et al.* (2021) demonstrated that late acquisitions might be detrimental to acquirers' performance. Also, interviewees reported that the holding periods of platform companies that make additional acquisitions are similar to those that do not, which does not support H6.

Taken together, this indicates that PE investors employ inorganic growth strategies mainly to create a new combined entity with a higher combined value than the sum of its parts, leveraging higher valuations typical of bigger firms at exit, with less emphasis on having enough time to deploy operating synergies fully. Thus, the B&B strategy's main value creation lever is multiple arbitrage, i.e., buying at a lower EBITDA multiple than the realised multiple at exit, thereby supporting H3. Small companies generally are cheaper than large companies because they have fewer potential buyers. Examining this finding from GPs' managerial perspective, additional acquisitions are viewed as an effective way to use their dry powder to contribute to portfolio companies' growth, as they require committing a fixed amount of resources (add-ons' acquisition prices), rather than investing less-predictable cash flows to pursue internal organic growth paths. Furthermore, more space is created for more exit routes and, consequently, more competition among bidders, thereby driving up valuations.

Add-ons are smaller firms and usually are active in the same industry as platforms; therefore, a B&B strategy is akin to a horizontal M&A strategy. However, bigger GPs can realise more diversification and create cross-border M&As, as they are more likely than the platform to acquire add-ons that are active in different industries and located in another country, thereby supporting H4. Finally, the interviewees did not seem to confirm that PE investors pay more for add-on deals, i.e., behave like a strategic buyer, thereby supporting H5. However, as reported in the previous section, this question requires considering respondents' incentives to be overly positive.

## 5.2 Research limitations

In this study, we assumed that the PE investors provided faithful answers. Upon contacting PE firms, we assured them that their responses would be aggregated and anonymised so that they could not be identified in our analyses. Therefore, the incentive to report overly positive or otherwise inaccurate responses arguably was low because doing so would not have benefitted any one individual firm directly. However, we acknowledge that some PE investors could have responded in an overly positive way to some questions in the hopes that the PE industry would be cast in a more positive light overall. We were unable to evaluate answers independently, but we can discuss where we think any incentives and behaviours could have affected our results.

We did not expect questions about GPs' strategic decisions or add-on companies' characteristics to elicit any biases, as this was not information

that affects GPs' reputations or signals relevant information to their stakeholders, particularly LPs.

The questions that we believe that PE investors could have been incentivised to be overly positive about concern pricing and the difficulties found in realising a B&B strategy, as well as their self-assessments on achievement of their desired goals.

To the extent that such investors want their LPs to believe that they do not function as strategic buyers who are willing to pay more for these types of deals, we can assume that the question on pricing could be biased. However, as Gompers *et al.* (2016) highlighted, to the extent that PE investors want to be known for being able to grow their investments (and create jobs), instead of using merely financial engineering or multiple arbitrage, we also believe that there could be incentives to disclose their ability to generate positive returns by means of an industrial combination, even though the initial acquisition price was high.

Instead, questions regarding issues that GPs face in deploying the add-on strategy and the ability to reach established goals may be answered less truthfully because PE sponsors might be incentivised to overstate their results to present the company in a positive light.

Overall, the answers provided, which were consistent with preliminary empirical findings described in the theoretical framework, do not give us solid reasons to believe that GPs had strong incentives to be biased.

### 5.3 Managerial implications and future research

Generally, PE investors' behaviour as 'serial acquirers' poses several managerial implications and is highly interesting for policymakers. It helps create more structured and resilient firms, particularly when grouping SMEs together, with a better capacity for attracting skilled human capital. The highly incentivising financial packages offered to management at portfolio firms enable PE investors to attract very skilled executives who otherwise would not view these companies as attractive. However, they also might increase the risk of anti-competitive behaviour across the economy. Indeed, a recent US regulation requires antitrust agencies to consider entire series of acquisitions, rather than individual deals. A fruitful avenue of future research might be to examine the actual capacity of new PE-backed combined entities to gain a higher market share and bargaining power, which are elements influenced by size (Moatti *et al.*, 2015), and to act as a price-maker and improve EBITDA margins, which Hammer *et al.* (2021) did not find.

Future research also should try to decompose platforms and add-ons' organic and inorganic growth to shed light on PE-backed portfolio companies' real economic impact, as well as their effects on labour productivity and wages. Researchers should consider longer observational periods to observe platform companies' various exit channels and their post-exit (long-term) performance.

Hammer *et al.* (2017) found that add-on acquisitions increase the probability of exiting through secondary buyouts, as the secondary buyer frequently exploits the portfolio firm's unused inorganic growth potential.



This would imply that the primary buyout's PE investor, who realised a B&B strategy, did not fully deploy operating synergies, either because it approached the end of its fund lifetime or because it had an incentive to exit quickly to realise performance. The primary buyout's GP would need a longer holding period to realise the full add-on potential. As the PE industry over the past few years has experienced a sharp rise in GP-led secondary operations (i.e., when a GP sells one or more portfolio companies from a fund it already manages to a so-called continuation fund, managed by themselves, thereby extending the holding period on some portfolio companies), an interesting future research avenue would be to study whether transferred companies have activated a B&B strategy and thus the rationale of the deal for GPs would be to have more time to deploy operating synergies and boost value creation.

More attention also should be directed toward platform companies' internal organisation by investigating whether and how it is modified by PE investors to support the execution of a B&B strategy. Relational dynamics among PE investors and entrepreneurs who remain in the shareholding structure offer another fruitful research direction. These inquiries should use case-based data focussed on changes that PE investors implement at an organisational level.

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PORTER. M. (1985), *The competitive advantage: creating and sustaining superior performance*, Free Press, New York.

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BACCARANI C., GOLINELLI G.M. (2015), "The non-existent firm: relations between corporate image and strategy", *Sinergie Italian Journal of Management*, vol. 33, n. 97, pp. 313-323.

*Book chapters*

PHILLIPS R., BARNEY J., FREEMAN R., HARRISON J. (2019), "Stakeholder Theory", in Harrison J., Barney J., Freeman R., Phillips R. (edited by), *The Cambridge Handbook of Stakeholder Theory*, Cambridge University Press, Cambridge.

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