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THE USE OF SOCIAL MEDIA IN MARKETING ON THE EXAMPLE OF FOOD AND CLOTHING COMPANIES

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INTRODUCTION

Social media is no longer simply a tool, and have become a mechanism which has operations in more and broader action on the Internet and beyond. Just a few years ago, social media associated humanity with young people's entertainment for communication. Currently, Facebook has 1.65 billion Internet users [WWW 1], which statistically shows that every 4th person on earth is a user of the portal and has an account on it. Today, each major and valued company promotes itself on social networks, thereby gaining new recipients who could become potential customers in the future. The constant growth of the popularity of social networking sites created a branch of marketing focused exclusively on its use – called "social media marketing". Therefore, numerous companies decide to employ additional staff or external companies that provide comprehensive support for the company's websites. Smart promotion of the company in social media can provide a lot of benefits, such as improving sales, attracting new customers, gaining knowledge about the market or promoting the company at a relatively low cost. The term "social media" refers, in particular, to mobile technologies and online media. Social media, unlike traditional ones, allow unlimited interaction. A customer is no longer a passive recipient: he may co-create the media or even create them independently [Kaznowski 2008].

An extremely characteristic feature of social media is the "ability" to reach both a small and a larger number of recipients because they are available to everyone and are not limited by the range of the message. All information can be provided right away, according to a consumer's preferences. Social media also create a lot of opportunities for entrepreneurs and distributors, who use them mostly to promote their businesses. There are some varieties of social media. First of all, there are sites such as Facebook (social website), YouTube (content community), GoldenLine (social website) and Wykop.pl (content website).The basic feature that differentiates these media from conventional media and earlier types of communication in the area of their prosperity - the web [Gustowski 2012]. It can be concluded that social media is a form of free exchange of information on various topics. The social media are characterized by very high interactivity and they focus on creating networks of contacts and relationships as well as the proper video, audio and photo materials to make them available to other users. Therefore, the social media are described as means allowing users to create and to use posted photos or content, to interact with other users and recipients of their entries [Halligan and Shah 2010]. Currently, social networking sites have functionalities such as user profiles, business cards of private users' websites, basic (or detailed) data on users, photos, videos and music that users publish, user-friend lists, user activity boards on which they publish written content, photos and videos or music [Sadowski 2013]. Social networks are also all types of fan pages, which are founded by various types of companies and organizations as well as other groups with a pool of information unavailable to conventional users. Blogs are another type of social media that are determined by a rather specific arrangement of entries. They are unique diaries where users present their own opinions and experiences as well as other content that they want to share publicly with other users. The chronologically ordered perspective of the blog presents a way of describing events and is a feature that distinguishes it from other types of websites [WWW 2]. Blogs that are run by companies and on the initiative of politicians or specialists became extremely popular. There is also a significant increase in the number of specialist blogs, i.e. travel or culinary. It should be emphasized that modern blogs are not only those that take the form of text entries but also video blogs and photoblogs. The basic functionalities and essential elements of blogs, however, are to create and publish entries, as well as to guarantee the option of commenting under published entries [Treadway and Smith 2010]. Another type of social media is a microblog, used mainly for marketing and image purposes. Microblogs are usually published on specific websites and, in addition to the information provided, contain audio, video or photo recordings. They are available to every registered user. Currently, Twitter is one of the most popular microblogs. Nowadays, almost every topic is addressed on microblogs, so entries relate to the current events, e.g. weather, politics, existing websites, interests or issues related to a healthy lifestyle.

AIM AND METHOD

The main goal of the study is to discuss a phenomenon known as "social media". The evolution of social media as well as the use of them by both Polish and foreign companies were described. The analysis includes the data from following institutions:

– Chamber of Electronic Economy (August 2016),
– IAB Poland Internet Industry Employers' Association (June 2012).

THE ORIGINS OF SOCIAL MEDIA

Social media has emerged as a result of Internet evolution. The first premise for their introduction was the creation of a higher-speed Internet connection. These connections made it possible to share larger files, such as movies, photos, and audio. The second reason was that social media enabled easy editing and were easy to use. Another reason is that the Internet was increasingly accessible and the demographic structure of its users was becoming diverse. In 1978 the CBBS program [WWW 3] was created by Ward Christensen and appeared on the market. It enabled fast and efficient exchange of information by computer. This program could be called a predecessor of social forums. However, Classmates.com is more often listed as the first social networking site. It was created by Randy Codras in 1995 [WWW 4]. It was similar to the modern nk.pl. The purpose of its creation was to enable contact between people who made acquaintance at school, as well as those who wanted to meet new people. According to data, the site has 40 million users in the United States and Canada [WWW 4]. As another example it is also worth mentioning the SixDegrees.com portal, which operated in the years 1991–2001 [WWW 5] and had as many as one million users. The program allowed creating your profile, as well as keep lists of friends. In 1998 a new function was added – the ability to surf around it. It was the first website that focused on all the features of such a platform in one place. In 1999, a free blog site was published, which was created by Pyra Labs [WWW 6]. The brand was acquired in 2003 by Google and has been integrated with Picasa later on.

The beginning of the 21st century brought great development of existing websites, as well as creation of new ones, including LinkedIn, which was founded in December 2002. It specializes mainly in professional and business contacts. Thanks to that, people no longer have to share business cards. It's enough that they create their profile on LinkedIn and can establish contacts with people they met during their professional careers. Jeff Weiner was the originator of the solution that thanks to LinkedIn corporations can find their dream employees via LinkedIn. A year after the creation of LinkedIn, a new MySpace program began to operate, which allowed you to create your page with the user description, as well as your photo galleries and music profiles.

The year 2004 brought the creation of the most popular website in the world – Facebook. Initially, the project was targeted at the high school and college students and was called TheFacebook, whose main creator was Mark Zuckerberg. Polish language version of this platform started operating in May 2009. At present, many websites allow users to connect via Facebook by using their login details for new accounts created there. At the beginning of 2005, YouTube [WWW 3] was founded. It allowed users to share videos with other people through the web. A year later, Tumblr was created – a microblogging platform that allows you to observe other users' pages. In the same year, Twitter went online, which is equally popular today as it was back then. This site allows you to send short messages, so-called Tweets containing up to 140 characters. The founders of this portal were Jack Dorsey, Ev Williams, and Biz Stone. Instagram was another very important player that appeared on the social media market. In 2012, Facebook bought Instagram for around 1 billion USD. In mid-2011, Google+ began functioning. It was to collect information resources and make them available to the public. This program has not gained much popularity and sympathy from Internet users. In the same year, the Snapchat application was created, which became a revolution in social media. It is an application that allows the user to send short videos as well as photos that would self-destruct after a short period and, more recently, to archive them. Snapchat is currently the fastest-growing application.

COMPANIES IN SOCIAL MEDIA

Nowadays, social media play a significant role in the use of Internet in the field of marketing communication. Entries, posts, and photos that are added by people responsible for maintaining company accounts in social media very often determine the image of the organization. They also often allow earning more revenue. Four main categories of social networking services should be distinguished: horizontal – allowing creating your profile and communicating with other users, vertical, which brings people with similar interests together, local – unifying people from the same area, and professional – focusing on maintaining business contacts and serving for professional purposes. Social media provide the companies with a range of different applications than just publishing content. There are such functions as [Rak 2012]: inviting people to organized events, providing exclusive materials to users, inviting fans to tag on the photos inserted by the company, organizing various types of external competitions, using advertisement on a social website, or using promotional coupons and integration with other channels or services. Social networking sites such as Facebook, Instagram, Twitter, and Pinterest are the most popular in Poland. The average number of users of individual platforms in Poland ranges from several million, e.g. Facebook, to several hundred thousand, e.g. Twitter, Instagram or Pinterest [WWW 7].

An interesting example of the use of social media is Facebook. It allows a user to instantly and massively share information. Its range can be compared to the impact of television [Trzeciak 2015]. It is worth noting that the portal, due to the companies using it, has introduced a special dedicated type of accounts, the so-called fan pages. Facebook gives the companies numerous opportunities. They can, for example, create events to which they invite fans, create applications with contests, and organize interactive games or quizzes. Their main task is to encourage fans to actively participate on the site. A big plus from the company's perspective is the ability to constantly view statistics, which allows them to analyse and collect data from fanpages. LinkedIn [Treadway 2010] is one of the most significant business social networking sites. The portal aims to bring people of the business world together in one place. The most important information that is displayed on your accounts is abilities, education and language skills. The main task of the portal is to promote people and help companies find the right employee and thus check their qualifications. Only people invited by existing users can join the LinkedIn community. The YouTube community service, which allows users to share video files, is of interest to companies and corporations. On this website, companies can publish information about the company or other advertising films and then can tag them thematically. Promoting the company on YouTube is particularly important because the portal is visited by 800 million users every month, and as you know, video is one of the best forms of promoting the company. Website users can comment on movies, share and rate them. YouTube also allows buying ads appearing on boxes or other videos. Interesting video materials published by the company are often shared by Internet users. The last site to pay attention to is Snapchat, which is growing faster and faster. This application already has over a million users in Poland, and its popularity is constantly growing. What distinguishes Snapchat from other social networking sites is primarily the transience of its content. The examples above show how countless functionalities social networking sites have though they may seem similar to each other. This allows a user to choose the social media suitable of him/her and to get the most out of it. Thanks to them, through interesting tools, companies reach a wide audience [Żukowski 2016].

Another important point to discuss is the use of corporate blogs. They can be called a kind of online journal that looks like a public company journal. The most important thing in running a blog is publishing content regularly. Blogs are most often used to share knowledge and promote the company's image. They provide a tool that allows a user to achieve many marketing goals through minimal costs, which means that the barriers to their use are relatively small [Mazurek 2008]. The main attribute of blogs is greater interaction with the client and useful message interesting for the recipient. Blogs are a reliable source of information for customers about the services offered by the company. Next to corporate blogs, some microblogs allow publishing relatively short messages at a given time for people watching a given profile. Their main advantage in the context of an application is the dynamic form of communication with the environment in the form of dialogue.

DEGREE OF SOCIAL MEDIA USE BY COMPANIES

There are many reasons why companies are interested in social media. The most important advantages include the possibility of obtaining information on consumer opinions, learning about current trends or the direction of development of a given industry or area. Social media are also a carrier that aims to increase brand awareness. The diverse functionalities of social media allow various methods of communication between users of these media, such as the ability to build applications that attract the attention of fans through games or competitions, which gives the company a great opportunity to win likes of new and current fans of the portal. The second function which allows learning about consumers' opinions is the option to ask questions. Another very important reason for the presence of companies and corporations in social media is that the mechanisms governing social media allow them to quickly reach recipients with a specific message. These options are particularly used by gastronomic companies. Restaurants can inform their customers about lunch of the day or the current menu. Moreover, a significant reason for the interest of companies in social media is a low cost of these activities. Huge corporations or micro entrepreneurs can afford such ventures. Functioning of companies in social media depends largely on the expectations of Internet users. It cannot be denied that Internet users are becoming more and more demanding when it comes to activities directed towards them by social media companies. The research conducted by IAB (within 377 respondents) shows that entertaining content or funny photos are not enough to attract the user's attention for longer (Fig. 1).

If proves that the social media users like to be surprised and they also expect profiled communication personalized to their needs. It is worth noting that consumers' interest in the activity of brands on these sites is growing (Fig. 2). Consumers are increasingly trusting messages; however, they trust not those placed in traditional media, but information published by experts and recommended by friends on social media.

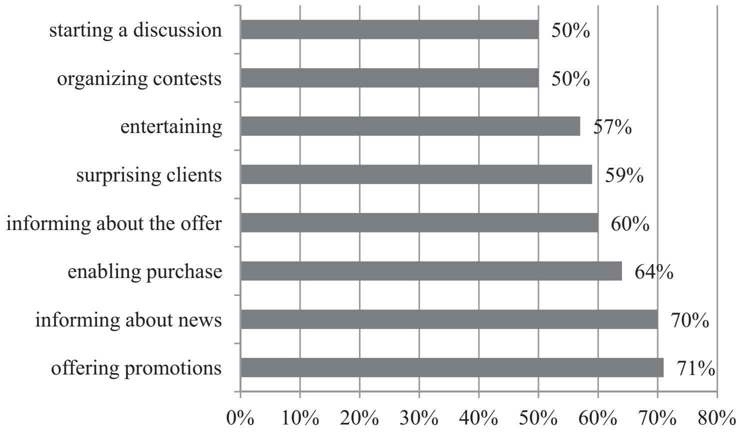

FIG. 1. Expectations of Internet users from companies operating in social media

Source: IAB Poland [2012].

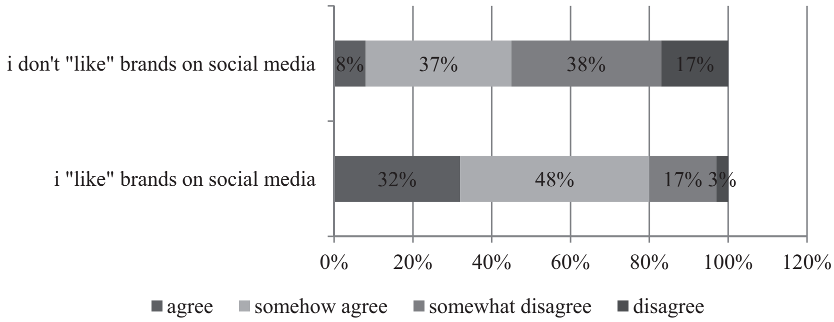

FIG. 2. Active look at brand profiles (liking brands)

Source: Chamber of Electronic Economy [2016].

As the Figure 3 showed, most of Polish respondents often mention two reasons for liking brands. The first is the desire to learn what to buy (25%), while the second (23%) is the desire to receive and be up to date with the news.

Nowadays, it is often said that companies should orientate themselves to customers' needs [Dussel 2009]. However, the question is whether companies know what customers are looking for. As the chart above shows, the reasons for sympathy for a given brand are very different and can be surprising. The Chamber of Electronic Economy report [2016] also shows that Polish respondents, when asked which brands they would like to follow on social media, usually list about three. These usually include fashion, cosmetics, and electronics. For the fashion category, the following names appear most often: Zara, Nike, Zalando, Adidas, Puma, House, and in the electronics category: LG, Samsung, Nokia, Philips, Sony, and Apple, while in the cosmetics industry such brands as e.g. Garnier,

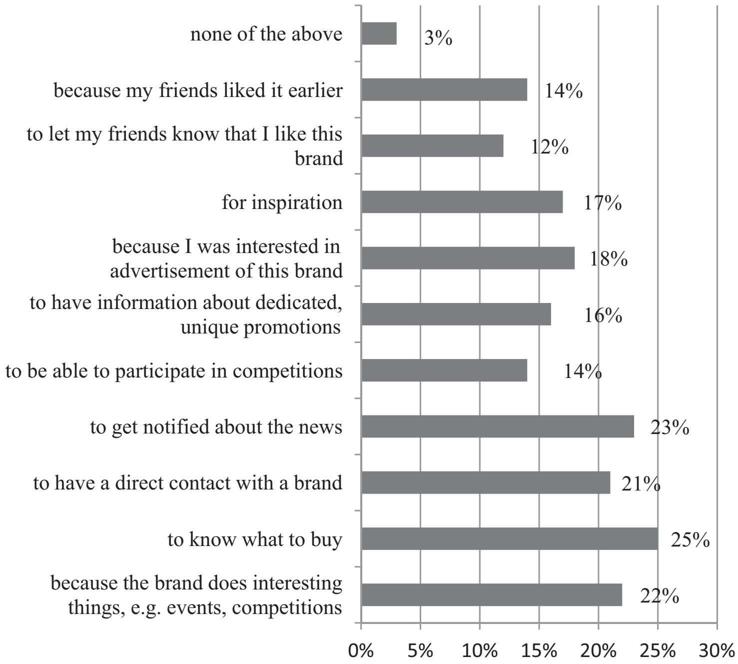

FIG 3. Reasons for liking brands on social media

Source: Chamber of Electronic Economy [2016].

Nivea, Vichy and Golden Rose. Figure 4 shows the categories that are mentioned by Poles in the context of popular brands in social media. The top three are hobby, electronics, and fashion. It is worth noting that there were large differences in the preferred categories depending on the gender of the users. Women most often follow categories such as hobbies or fashion, while men follow electronics, sports and shopping platforms in turn.

People who represent the brand in social media best are celebrities (Fig. 5). Other significant positions are occupied by clients, employees, bloggers, and experts in a field. On the other hand, the information presented by people representing companies, e.g. the President or the Director, have little interest.

Consumers expect inspiration from social media and reliable information about new products and organized promotions or competitions. The smaller group, in turn, looks forward to consulting fans to introduce new products. The users attach great importance to the number of fans of a given brand, which according to them testifies to the quality of the products or offered services. The platform users also believe that the absence or no activity of a brand in social media negatively affects its image. Consumer expectations towards company pages on social media are constantly growing. They also appreciate the ability to log into the store of a given company by using a social profile. Direct contact with consumers is a huge advantage for users of social media. They want a direct and quick response. Expenses as well as the overall presence of companies and corporations in social media are increasing each year. The size of the company is irrelevant. In turn,

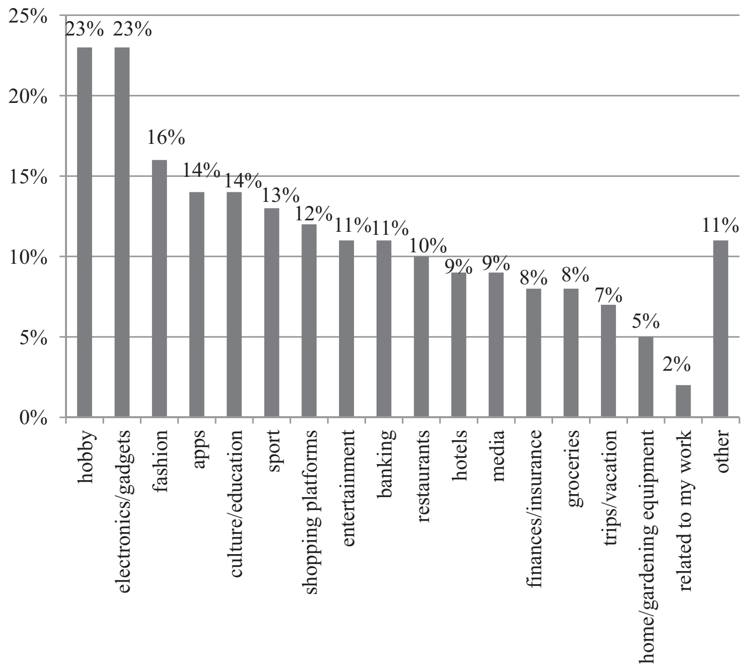

FIG 4. Categories in which the users like brands on social media

Source: Chamber of Electronic Economy [2016].

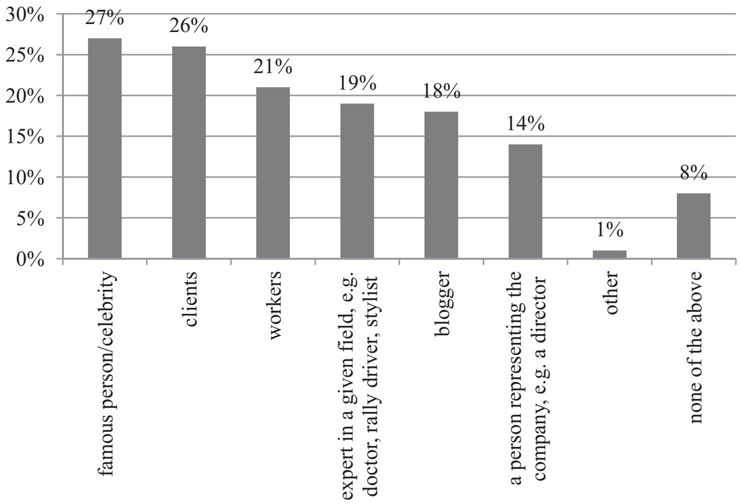

FIG. 5. People who represent the brand best on social media

Source: Chamber of Electronic Economy [2016].

some barriers are associated with the use of social networking sites, which are often impossible to overcome. This includes, among others, hiring an agency or a team, preparing modernization strategies or reports. It should be emphasized, however, that most companies have specific funds in their budgets for marketing and image-related activities in social media. Social media give a lot of opportunities for both small and medium enterprises that do not have a large budget allocated for this purpose. Small and medium companies use them primarily for marketing purposes as well as to build a community around the company. There are services available on the market where creating an account is free, which gives many opportunities to companies with a limited budget. Small companies in social media can attract recipients most often through original content as well as through their creative ideas about, e.g. organizing events or competitions. Large companies and corporations are dynamically using social media to build relationships with their clients. It is worth noting that very often the management of such companies is active on Facebook or Twitter. These activities are usually carried out on a very large scale, targeted at thousands or even millions of Internet users. Corporations also place great emphasis on the PR activities in social media.

STARBUCKS IN SOCIAL MEDIA

Starbucks Corporation is the largest cafe chain in the world. It was founded on March 30th, 1971, in Seattle, Washington [WWW 8] by Jerry Baldwin, Zev Siegel, and Gordon Bowker. As of July 7, 2016, the concern had 24,464 cafes in 72 countries. The first cafe in Europe was opened in 1998 in London. Starbucks cafes offer mainly various types of coffee, as well as teas, frozen drinks, desserts, hot chocolate, and bottled drinks. In cafes, customers can also buy accessories for preparing and serving coffee. In Poland, the first cafe was established in April 2009, and now there are 54 of them. The Starbucks logo features a mermaid known from Greek mythology. Starbucks is definitely one of the best-performing concerns in social media. For example, information indicating that Starbucks on Facebook is followed by almost as many people as live in Poland. The second argument is that the #starbucks hashtag is one of the most popular hashtags entered on the web. In 2008, the Starbucks Facebook fan page was launched, which currently has over 36 million fans. Starbucks very willingly uses its profile to inform its clients about current promotions and competitions. It was one of the first organizations in the world to use Facebook as a way to inform its clients about current promotions. In its first post of this type, it announced the possibility of receiving a cake for free when ordering coffee in the morning. With Facebook, Starbucks enters into a dialogue with its clients, invites them to have fun and actively participates in discussions under published posts. Active fans can quickly receive answers to comments or questions. It is also a place used by the company as an effective way of informing about new products or temporary lack of a given product in individual cafes. Messages like these, although they are short, are very important for customers, because they like to be constantly informed about any changes or new products introduced. This solution also works well when making customer complaints in the form of comments. Then both parties have the opportunity to explain the situation without problems and quickly apologize for it. Starbucks also allows viewing current job offers, a description of individual positions created in a cafe, or an application for a given workplace. This function seems to be very handy as well as easy to use for potential employees of the company. The site allows redirecting an interested person to an email or a company profile on LinkedIn. Besides, to facilitate future employees, it has a search engine that provides a chance to find a given type of work. Also, Facebook brand in question has tabs with local fanpages, which makes it easier to find matching fanpages for users in a given country. What's more, it is also possible to locate restaurant points on the map. The number of functions, as well as their advancement, makes the Starbucks Facebook fanpage one of the best fanpages of this type. Users have the opportunity to get a lot of information, which is actually at their fingertips.

Furthermore, the corporation builds its range at a low cost, thanks to its customers who contribute to social media content, especially on Instagram. Users love to share photos with a coffee from Starbucks. Uploaded photos have hashtag #starbucks, which is why it is one of the most popular ones on the web. Currently, Starbucks has 14.1 million followers on this site. The first interesting function that the company added on its profile is the like2buy button. It allows after clicking on a given photo to transfer the user straight to the company's e-store, where it is possible to read the description of the product or to see its price. The company's operation on Instagram can be assessed as very effective because it is evidenced by the number of followers alone. Photos published on the fan page are thought out in every detail, which creates a uniformly coherent whole of the content transmitted on the website. These are no accidental pictures found on the Internet, but processed photographs with a well-thought-out message. Similarly to Facebook, Instagram competitions require using the hashtag assigned by Starbucks or have a profile designation, which allows them to perfectly build reach and promotions among friends of competition participants.

Starbucks brand profile existed on Twitter since almost the very beginning the site (2006). It is observed by almost 12 million potential clients of the company. The company does not have a single profile. One of the more popular is Frappuccino, which is the flagship product of the brand. Similarly to Facebook or Instagram, the company focuses on enabling activity for people watching the profile through participation in competitions and numerous interesting challenges. Nevertheless, the company promotes its image on LinkedIn and less on Snapchat. When it comes to the company's profile on LinkedIn, it mainly aims to present current job offers as well as show new and current employees of the company and describe their job positions. On the other hand, on Snapchat, short videos from the life of the organization and read current information can be watched.

RESERVED IN SOCIAL MEDIA

Another interesting example of using social media is Polish clothing company called Reserved. This organization was founded by Marek Piechocki and Jerzy Lubieniec [WWW 9]. Its headquarters are in Gdańsk, Poland. The brand offers clothing for women, men and children. The first Reserved store was established in 1998 [WWW 10], while nowadays the brand can be found in most large shopping centres. The company is run by LPP S.A. and it was under this name that the first company stores operated, which in the future were replaced by the Reserved stores. Currently, LPP has as many as 146 Reserved stores in Poland with a total area of 102,000 square meters. Moreover, there are 97 stores localized abroad. Products that the company has in its offer are relatively low-priced because they belong to the so-called "chain stores", which means that short-term collections predominate in it. The company logo has only been slightly modified over the years. Currently, it is a logotype with the brand name in a font with widely spaced letters. The company very often supports young designers and discovers new talents, as well as releases limited collections in cooperation with already known designers such as Paprocki and Brzozowski.

Reserved's marketing department entrusted the service of company profiles in the social media of an external agency. This cooperation is, among others, aimed at developing and implementing communication strategies in social media, as well as maintaining the brand's profile on Facebook and Pinterest. The agency has created an efficient and quickly responsive monitoring system for the brand and has built tools to shorten the response time of potential customers. The website on which the company promotes its image is Facebook [Krawiec and Wyrwisz 2013]. Currently, Reserved profile has almost 2.5 million likes. Reserved Facebook fanpage is well-developed and leaves many possibilities for its recipients. As most companies with their Facebook fanpage organize competitions, Reserved also doesn't forget about it. Competitions are usually conducted on a timeline, and the most common criterion when it comes to meeting the competition expectations is adding the company hashtag given earlier or liking the brand page. The competitions offered by Reserved are usually very encouraging and engage a large number of potential brand customers through interesting prizes.

Similarly, Instagram is primarily used to show the company's current collection, stylizations, and inspiration. The company's website is followed by 151,000 fans. The dynamic functioning of the brand on Instagram is certainly helped by the fact that it is a clothing brand and its promotions can be conducted by publishing photos straight from the back of photo sessions, where their products are shown. Competitions organized by the company often involve participants in independent photo sessions with products of this brand. Below photos of specific brand products, a customer can also find links to the product, which is very useful for people who decide to buy it.

The company uses each of these media in many ways, not limiting itself to publishing only assortment photos. Reserved created its hashtag #reservedband, which allowed the brand to become more visible on Instagram and to achieve better promotional activities, which would provide positive results in the future in the form of more followers. The company also runs its YouTube channel, where mainly company ads are published, as well as videos related to the current collection.

CONCLUSIONS

To sum up, the use of social media by companies and corporations significantly affects their position and competitiveness on the market. The huge range of tools available through social media allows the entrepreneurs to achieve numerous goals. They are both an effective and innovative communication tools that can visibly increase the sales of offered products by the opportunity to engage customers in co-creating the company's offer. It is also worth noting that companies usually use different social media at the same time, which allows mutual promotion, e.g. by placing links referring Internet users to the company's website. Social media quickly attracted hundreds of millions of Internet users, which could not escape marketing and sales specialists. People are increasingly using social media. This is mainly due to the desire to be in constant contact with a family and friends, as well as to be up to date with the market news. Companies and corporations noticed this interest and growing popularity of social media and decided to be closer to their customers, which is why they began to use websites. Companies use many media without limiting themselves to only one of them. Their presence on social media is primarily caused by the desire to be closer to their customers and stand out from the competition, as well as the relatively low costs associated with conducting this type of marketing. As the examples show, the organization's activities in social media can bring many benefits, such as creating a positive image of the brand, increasing the interest of potential customers, as well as increasing the number of positive feedback about the company on the web. The examples of the use of social media by two companies presented in the study show how many opportunities individual social networking sites provide and to what extent these companies cope with their use. Based on the analysis of the activities of these companies, it can be seen that they are diverse in both scale and scope. Nevertheless, smart use of media can bring a lot of profit.

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Summary. The study deals with a new phenomenon, which is social media, which radically changed communication, image creation as well as company promotions. The study discusses the evolution of social media and focuses on such media as blogs, social networking sites and microblogs. The significance of the social media in using them by both Polish and foreign companies was presented. the use of social media by companies and corporations significantly affects their position and competitiveness on the market. The huge range of tools available through social media allows the entrepreneurs to achieve numerous goals. They are both an effective and innovative communication tools that can visibly increase the sales of offered products by the opportunity to engage customers in co-creating the company's offer. It is also worth noting that companies usually use different social media at the same time, which allows mutual promotion, e.g. by placing links referring Internet users to the company's website.

Key words: social networks, Internet, blogs, microblogs, social media

JEL: M31, M37, L82

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LOGISTICS OUTSOURCING IN FRESH VEGETABLE AND FRUIT SECTOR

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INTRODUCTION

Outsourcing has become an important management strategy that companies have been applying extensively in recent years. Logistics activities have an important place among the activities that firms tend to outsource due to the high initial investment costs and the need for specific expertise.

Logistics outsourcing enables companies to make significant gains, particularly in focusing on core competencies, providing significant cost savings, and financial and operational flexibility. However, in addition to these gains, it is possible that companies will face various risks ranging from the loss of basic competence to privacy and security problems as a result of the inefficiencies in outsourcing company selection and process management.

The average losses in the fresh fruit and vegetable sector, which has an annual transaction volume of 100 billion TL, are around 25 billion TL [WWW 1]. While total loss rates in the sector are around 10 to 30%, these losses can be much higher in some product groups, such as 50% or even 60%. Losses occur during harvest (4–12%), transportation (2–8%), market preparation (5–15%), storage (3–10%) and consumption (1–5%) stages [WWW 3].

It is possible to list the main factors effective in product losses as follows [WWW 2]:
– inadequate harvesting techniques and methods,
– insufficient handling and collection containers,
– unskilled labor,
– lack of due diligence to the various processes and activities on the supply chain, such as handling, transportation, distribution, classification and packaging,
– insufficient cold chain facilities.

The management of logistics activities is much more difficult especially in companies with international market focus due to the rapid deterioration of the fresh vegetable and fruit products and their hypersensitivity to environmental conditions [Abak et al. 2010]. Speed and time factors come to the forefront and it becomes difficult to realize the logistics process or activities with the internal resources at the appropriate quality and cost level. Along the value chain from manufacturer to final consumer, the fulfillment of logistics processes and activities by specialist companies in this field is particularly important in reducing product quality and quantity losses [Pezikoğlu et al. 2014]. In this context, the aim of the study is to reveal the perspectives of the companies operating in the fresh vegetable and fruits sector regarding the logistics outsourcing process on the axis of benefit and risk. At the same time, the criteria which are effective in the selection of service providers of these firms have been tried to be determined.

The findings of the study show that logistics outsourcing has a long history in the fresh vegetable and fruits sector. However, it is seen that logistics outsourcing is handled mostly at operational and tactical level and it is remarkable that a strategic outsourcing is quite limited. This situation leads to lower than expected benefits and gains of companies from logistics outsourcing process.

AIM AND METHOD

In this study, logistics outsourcing practices in fresh vegetable and fruits sector are discussed. Firms evaluations about the logistics outsourcing process and the service providers they work with have been tried to be revealed through the survey data. Analytical Hierarchy Process (AHP) method was used to determine the criteria that are effective in the selection of service providers, which are considered to be directly effective in the logistics outsourcing process and emphasized in a significant part of the studies in the relevant literature.

THE CONCEPT AND DEVELOPMENT OF OUTSOURCING

Outsourcing is defined as the transfer of management and executive responsibility for certain routine business activities to an independent company under a written contract [Greaver 1999, Varadarajan 2009]. According to Zhu et al. [2001], outsourcing is the responsibility of the execution and management of a business is taken from the employees of the company and given to the employees outside the company.

According to Bajec and Jacomin [2010], outsourcing is a strategic "build or buy" decision based on the choice of one of the alternatives to produce or outsource a particular product or service. According to Bolumole [2001], outsourcing is a necessity rather than a matter of choice for firms, resulting from lack of capacity and skills within the firm. As a matter of fact, at the present stage, companies have long gone through the process of whether or not to outsource, and which business processes or activities will be outsourced while keeping the activities inside [Jennings 1996].

Özbay [2004] and Güngör [2007] define outsourcing as the process of transferring some or all of the supporting or complementary business activities outside the core competence area of the company to a specialist independent company in this area. There are also broader and more comprehensive definitions that address the concept in the form of a managerial transformation process. In these definitions, it is emphasized that outsourcing is essentially a managerial argument developed by companies in dealing with the devastating effects of the global crises that became more apparent after 1980, especially with the rigid competitive environment and intense changes brought about by globalization [Gül 2005]. When the definitions in the literature are examined, it is possible to list the prominent features of outsourcing as follows: to be directed towards supportive or complementary processes or activities that do not fall within the core competence area of the company, the existence of a written agreement between the parties, it is a necessity or management strategy due to inadequacies or inefficiencies in the internal resources of the company.

Outsourcing is a highly popular concept in recent years, especially in business and management literature. There is also a growing interest in the outsourcing strategy in terms of implementation in the post-globalization period. However, the outsourcing is not a new concept but has a very long history dating back to before the Industrial Revolution. Before the Industrial Revolution and during this period, it assumed a function of guiding economic decision units in contract-based business relations [Zelenika et al. 2008]. With the rapid increase of successful implementation examples and becoming more known, a large number of companies from almost every field are turning to this strategy and making significant gains through strategic partnership relationships.

Outsourcing was initially seen as an alternative to overcoming the financial constraints of firms. In the following period, with the recognition of significant cost savings of outsourcing by firm managers, it has had a wide range of practices from supporting business activities to basic business functions such as accounting, finance, marketing and even management [Orhan 2003].

The first example of outsourcing practices is recognized as the decision of Kodak to outsource its information technology activities for 10 years in 1989 [Linder et al. 2002]. In Turkey, the first examples of the outsourcing practice have been seen in the military. The process that started with the external provision of food and transportation services of the military quickly spread among numerous public and private institutions and organizations [Keskin 2009]. At the present stage, it is observed that outsourcing is heavily applied in the main business functions such as management, marketing, accounting and production as well as supporting business activities such as security, cleaning and food.

Zelenika et al. [2008] examined the historical development process of outsourcing practices in three periods from the 1980s, 1990s and 2000s to the present. According to the authors, outsourcing practices were more tactically handled in the 1980s. During this period, companies turned to this alternative for mainly supportive business activities such as cleaning, security and accounting. By the 1990s, outsourcing had begun to be considered strategically, and it was observed that outsourcing had been heavily consulted for its core business functions as well as supporting business activities. In the 1980s, the main motivational sources for companies to turn to outsourcing practices were shaped more around the idea of providing cost savings; by the 1990s, the other gains of the process were taken into account by the firm managers. With the 2000s, companies have started to develop relations based on mutual win-win approach on the basis of strategic partnership by leaving traditional supplier customer firm relations. In the period from past to the present, outsourcing practices have developed mainly as a management strategy that is at the center of the restructuring processes of the firms.

FACTORS LEADING COMPANIES TO OUTSOURCING

The essence of outsourcing practices is the idea of focusing on core competencies. The core competencies were first defined by Prahalad and Hamel in 1990. In this definition, basic competencies are expressed as knowledge that enables companies to coordinate various production skills and technologies.

Alexander and Young [1996] listed the characteristics of the key competences as follows:
- being realized with company resources for a long time,
- being directly effective and critical on company performance,
- to provide competitive advantage to the company and to make it possible to continue these advantages in the future,
- to support the growth, innovation and restructuring processes of the firm.

The core competencies consist of a limited number of strategic business processes or activities that provide value to the firm. Because of their direct impact on company success and competitive superiority, there is a general prerequisite for carrying out business processes or activities within the core competencies [Bailey et al. 2002]. However, the prevailing opinion in the literature on the same reason is that the supporting and complementary business processes or activities constitute the ideal business area for outsourcing applications. With the adoption of the outsourcing strategy in these areas outside the core competency areas of the company, the cost burden and the risk of failure are eliminated due to the investment in a different and unfamiliar area [Quinn and Hilmer 1994].

Another of the main motivational sources that leads companies to outsourcing is the idea of providing cost savings [Bolumole 2001]. As a matter of fact, the idea of providing cost savings constitutes the main outlet of outsourcing applications [Orhan 2003] on the one hand, companies from the 1990s to the present have adopted this strategy intensively and are the main factors in the rapid spread of outsourcing among both private and public sectors [Zelenika et al. 2008]. That being said; managing the outsourcing process through a limited cost-oriented perspective is a serious obstacle to the realization of firm expectations for the process. Because outsourcing is an important management strategy for companies that cannot be handled with a cost-oriented perspective or at a tactical level [Yirik et al. 2014].

It is very likely that firms will encounter a general cost increase in the early stages of the outsourcing process [Wilding and Juriado 2004]. Due to the transfer of various business functions within the firm to external sources and some organizational changes in this process, some firms may encounter significant cost increases especially during the transition period [Barthelemy 2003]. This situation constitutes a serious obstacle for the companies to realize their expectations and targets regarding the outsourcing process and may cause the companies with cost-oriented control and evaluation systems to terminate the outsourcing process while they are still in transition.

According to Zhu et al. [2001], outsourcing is essentially the responsibility of fulfilling certain business processes and activities from the company's employees and giving them to non-company employees. Acting in this way, the company provides significant cost savings due to the decrease in the number of employees, but it can also open doors to a number of important problems such as reduced employee motivation, loss of loyalty and confidence in the company.

Another factor that has influenced firms to move towards outsourcing strategy is their desire to increase their financial and operational flexibility. Outsourcing becomes an important business strategy for companies who want to adapt rapidly to changes in the business environment and to change their products or services, production processes and organizational structures in line with the developments observed in the market and demand structure. At the same time, outsourcing makes it possible for firms to achieve more flexible working conditions by reducing their investment burden significantly [Görçün 2013].

Rapid and continuous changes in global markets can become an important obstacle for firms to establish and sustain their competitive advantage. Lee and Çavuşgil [2006] state that only in-company resources cannot be sufficient for the maintenance of competitive advantages and draw attention to the importance of strategic partnership relations. At the present stage, the success of the company is not only related to the internal resources, skills and competencies, but rather parallel to the power of the inter-firm relations network.

Hancox and Hackney [2000] state that the most important factors that influence the outsourcing strategy of the firms are the synergy effect that will be formed through the opportunity to work with the best suppliers in the field both nationally and internationally. Turan [2011], on the other hand, associates outsourcing with firms' search for new markets. As the markets of developed countries are getting closer to saturation and it is becoming increasingly difficult to operate in these markets, companies focus on alternative market searches and many companies turn to outsourcing strategy in this search.

When the production processes of the firms are examined, it is seen that some parts and subsystems, which constitute an important part of the final product and which have a direct effect on the customer satisfaction and quality perception of the product, are provided from external sources while some parts and systems which are not directly related to the competitive advantages of the company are persistently produced in the company.

In this case, the decisions of the middle and upper management which do not show consistency with the company's mission, vision and targets are effective. In part, it is possible to say that the traditional management approach and the desire to maintain control are decisive. Essentially, the effort to keep certain processes or business activities within the firm that are not directly related to the core competence area of the firm leads the firm to use its limited resources in areas where it is less efficient. This leads to low quality production at a higher cost level and may have negative repercussions on the firm's market performance over time. However, it should not be underestimated that outsourcing also involves certain risks, such as over-reliance on the supplier or service provider. Because, a possible strike, financial problem or decision to stop production in service provider companies may lead to serious problems of the customer company, which may lead to disruptions and long-term interruptions in the production process [Eğin 2009].

Other factors that are effective in applying the outsourcing of the company managers are predominantly the lack of internal resources. Nevertheless, the aim of effectively coping with the continuous and rapid changes occurring in the business environment has an important role in the companies choosing the outsourcing strategy. Qureshi et al. [2007] list these factors as follows: increase in the need for information technologies, continuous changes in the market and business environment, globalization, increase in production based on mass privatization, monitoring of product expansion strategy and efforts to provide control over operating costs.

RISKS FACED BY FIRMS IN OUTSOURCING PROCESS

When the relevant literature is examined, it is seen that the numerous benefits provided by outsourcing to companies are mentioned. With outsourcing, companies focus on their core competencies and can achieve significant cost savings. At the same time, financial and operational flexibility, increases in quality and performance, organizational restructuring and access to new markets constitute other significant gains in the process [Gül 2005]. However, due to insufficient effectiveness in process management, the mentioned benefits can become an important risk factor and this can lead to customer losses, damage to the company's reputation, and even the risk of the firm's existence [Kliem 1999, Barthelemy 2003, Tafti 2005, Jiang and Qureshi 2006]. For all these reasons, it is vital that the company managers plan the whole process in detail from the decision of outsourcing to strategic partner selection and exit strategies, and act within this plan as much as possible.

Throughout the process, it is possible to divide the risks faced by the firms into two groups, basically open and implicit risks. Some risk elements can be easily foreseen by company managers and simple risks can be prevented. Risk elements in this group, which can also be called open risks, generally arise before the contract or in the early stages of the outsourcing process. Concealed or hidden risks generally arise later in the outsourcing process after the contractual relationship between the parties has been established. While it is not possible to identify these risks easily by the company managers, the effects of the risks in this group on the outsourcing process are more destructive compared to the first group [Barthelemy 2003, Ölçer 2006].

Dolgui and Proth [2013] state that these risk factors, which lead to the failure of the outsourcing process, are usually caused by incompatibilities between theory and practice. According to the authors, the numerous benefits of the outsourcing process mentioned in the literature do not find much provision in practice and lead to the involvement of firms with very unrealistic expectations. The main factors that play a role in the failure of the outsourcing process are the unrealistic expectations and the lack of attention to process management.

Eğin [2009] points out the importance of a holistic approach adopted throughout the firm in the successful continuation of the outsourcing process. If the different departments and departments within the company have different perspectives on outsourcing or if there are some inconsistencies in the application, it will not be possible to fully meet the expectations of the company for the process. Such practices, which do not comply with company goals and visions, constitute a serious obstacle to the success of the outsourcing process. According to Barthelemy [2003], strategic partner selection is vital to process success. Because, if the necessary attention is not paid to the selection of the service provider, it is inevitable that the customer company will encounter some problems which are difficult to recover in the future. Once a strategic partnership relationship has been established, one of the parties' attitudes and approaches that are incompatible with business ethics or ethical principles can have devastating effects on other company reputation.

Although, outsourcing poses significant difficulties for firms due to the numerous risks and high levels of uncertainty, more and more companies are turning to this strategy. Increasing competition pressures and intense changes in the business environment make this strategy a necessity for companies. Firms take different approaches to combating these risks and uncertainties. While some firms adopt more sophisticated and complex approaches, some companies propose more detailed contract conditions [Saunders et al. 1997], while others focus on efforts to improve audit and customer relations [Wang and Regan 2003].

LOGISTICS OUTSOURCING

In recent years, companies have focused heavily on outsourcing strategy in logistics activities. The increasing need for companies for logistics activities and the goal of optimizing the quality-cost mix play a particularly important role in this case. Logistics sector has been one of the sectors where companies have applied heavily to outsourcing in recent years. In this case, the increase in the logistics requirements of the companies and the willingness to provide these activities with appropriate cost and quality conditions are effective [Srabotic and Ruzzier 2012]. The observed increase in logistics outsourcing demands of companies has led to a large number of companies from different sectors entering the sector under the name of third party logistics. Some of the new companies entering the sector are individual initiatives, while some have gone to the path of partnership with existing transport, storage and information technologies companies. All these developments have expanded logistics outsourcing in scope and volume, making it one of the most important sectors [Sink et al. 1996].

Although, logistics activities do not fall within the core competence of most companies, they are among the most important cost items and therefore have an important position in the business activities. On the other hand, the high initial investment and infrastructure costs of logistics activities and the insufficiency of internal resources and capacity make the transfer of these activities to external resources more attractive for the managers of the company [Batarliene and Jarasuniene 2017]. For these reasons, company managers prefer to use limited internal resources in their core competency areas and provide logistics activities through outsourcing. Increasing demands of firms for logistics outsourcing often lead to hasty decision-making, resulting in a lack of due diligence. However, logistics outsourcing is a complex process involving numerous risk factors as well as various returns, and it is essential that decision makers allocate sufficient time and resources. Because logistics outsourcing decision is a managerial decision that necessitates firm managers to evaluate internal and external factors together [Selviaridis and Spring 2007].

It is possible to say that the increasing interest in logistics outsourcing started in the 90s. Up to the present time, logistics outsourcing has made significant progress in both volume and scope [Srabotic and Ruzzier 2012]. These developments have made the service provider companies to provide more comprehensive and integrated services and become part of the structural transformation process observed with the outsourcing of customer firms [Eğin 2009]. On the basis of the intense increase observed in the use of logistics outsourcing is the rapid technological changes and intense competition pressures that enterprises are exposed to [Lee and Çavuşgil 2006]. In addition, the need for strategic partnerships in the conduct of supply chain activities has increased as the reduction of order cycle times and inventory levels is a difficult and specific task that the company cannot perform alone [Bolumole 2001]. Another important factor is that firms prefer to stay within the defined operational boundaries within certain criteria where they have a higher chance of success than investing heavily in different fields that require specific experience and skills [Sevim et al. 2008].

RESEARCH AND RESULTS

About 16% of the fresh vegetable and fruits trade in Turkey is carried out through Antalya fresh vegetable and fruit wholesale market. Due to its position and importance in the fresh fruit and vegetable sector, the research universe consists of brokerage and merchant enterprises operating in the Antalya Fresh Vegetable and Fruits Wholesaler Market. The sample was selected by random sampling. 400 companies that were found to be active in the research period were determined as samples. In the face-to-face surveys conducted with the owners or managers of the firms, only 270 firms were able to conduct surveys due to the intensity of their work and their reluctance to participate in the survey. 51 of the completed questionnaires were not included in the analysis due to inconsistencies and deficiencies in the answers given to the questions. Therefore, analyzes were conducted on a total of 219 questionnaires.

Demographic information about the firms and their opinions about the logistics outsourcing process were collected by questionnaire method and descriptive statistics were made with the obtained data. In the second part of the study, the importance levels of the criteria that are effective in the selection of logistic service provider firms of the companies operating in fresh vegetables and fruits sector were tried to be determined by Analytical Hierarchy Process (AHP) Method. Necessary data were collected through a survey conducted with 9 company managers. The selection criteria in the questionnaire were determined based on the survey data and related literature.

The first part of the survey is aimed at revealing the general profile of the company through the demographic information of the company. This section includes questions about the demographic information of the companies surveyed, such as employee numbers, sectoral experience and the number of logistics service provider companies they work with.

In the second part of the survey, logistics outsourcing process and firms expectations and evaluations regarding service provider companies and the criteria that they attach more importance to when choosing a logistics service provider company are determined.

The firm sizes were classified into micro (1–9 employees) and small enterprises (10––49 employees) based on the definition of SME's (Small and Medium Size Enterprises). While 53.4% (102) of the companies participating in the research consisted of micro enterprises; 46.6% (117) of them are small enterprises (Table 1).

It is considered that the number of employees (together with the uninsured employees) of the companies in the sample is higher as the number of the employees or managers who say about the number of employees only tells the number of insured employees and does not want to give detailed information about the number of employees. These attitudes of the firms about the number of employees are among the important limitations of the study and it is thought that they affect the data quality. However, this constraint can be observed in other studies conducted in the field of social sciences due to various reasons such as not wanting to share informal economy and firm information.

A significant portion (23.3%) of the surveyed firms had sectoral experience of 11–15 years, while only 11.9% of them stated that they had 1–5 years of experience. In general, it is seen that the companies included in the research are experienced firms with a sectoral background of more than 10 years (71.2%). The sectoral experience of firms and logistics outsourcing periods have a similar distribution. The logistic outsourcing periods of the majority of the companies in the sector (58.4%) are over 10 years. From this point of view, it is possible to say that logistics outsourcing in the fresh vegetables and fruits sector is not a new strategy but a strategy that has been used for a long time. This may be due to the insufficiency of internal resources and capacity of the firms or the lack of logistics activities within the main competence areas.

A significant portion of the surveyed firms (70.8%) stated that they are conducting their relations with the logistics service provider on a contract basis; 29.2% (64 firms)

TABLE 1. Demographic Information of the Firms

<table>
<tr><td colspan="12">Firm Size [number of employees]</td></tr>
<tr><td colspan="6">Micro</td><td colspan="6">Small</td></tr>
<tr><td colspan="3">102</td><td colspan="3">53.4%</td><td colspan="3">117</td><td colspan="3">46.6%</td></tr>
<tr><td colspan="12">Field of Activity</td></tr>
<tr><td colspan="3">National</td><td colspan="3">International</td><td colspan="6">National and International</td></tr>
<tr><td>171</td><td colspan="2">78.1%</td><td>17</td><td colspan="2">7.7%</td><td colspan="3">31</td><td colspan="3">14.2%</td></tr>
<tr><td colspan="12">Sectoral Experience [years]</td></tr>
<tr><td colspan="2">1–5</td><td colspan="2">6–10</td><td colspan="2">11–15</td><td colspan="2">16–20</td><td colspan="2">21–25</td><td colspan="2">26+</td></tr>
<tr><td>26</td><td>11.9%</td><td>37</td><td>16.9%</td><td>51</td><td>23.3%</td><td>45</td><td>20.5%</td><td>18</td><td>8.2%</td><td>42</td><td>19.2%</td></tr>
<tr><td colspan="12">Logistics Outsourcing Periods [years]</td></tr>
<tr><td colspan="2">1–5</td><td colspan="2">6–10</td><td colspan="2">11–15</td><td colspan="2">16–20</td><td colspan="2">21–25</td><td colspan="2">26+</td></tr>
<tr><td>41</td><td>18.7%</td><td>50</td><td>22.9%</td><td>55</td><td>25.1%</td><td>34</td><td>15.5%</td><td>17</td><td>7.8%</td><td>22</td><td>10%</td></tr>
<tr><td colspan="12">Number of Logistics Service Provider Companies</td></tr>
<tr><td colspan="3">1</td><td colspan="3">2–5</td><td colspan="3">6–9</td><td colspan="3">10+</td></tr>
<tr><td>21</td><td colspan="2">9.6%</td><td>14</td><td colspan="2">68%</td><td colspan="2">36</td><td>16.5%</td><td colspan="2">13</td><td>5.4%</td></tr>
<tr><td colspan="12">Logistics Outsourcing Contract</td></tr>
<tr><td colspan="6">Written contract</td><td colspan="6">No written contract</td></tr>
<tr><td colspan="3">155</td><td colspan="3">70.8%</td><td colspan="3">64</td><td colspan="3">29.2%</td></tr>
</table>

Source: the Authors.

TABLE 2. Benefits of Logistics Outsourcing Process

	Mean	Standard Deviation
Focus on core competencies	3.74	0.99467
Shortening the order cycle process	3.74	1.21566
Increase in competitiveness	3.73	1.09536
Entering new markets	3.54	1.26770
Reduction of product loss	3.42	1.31942
Increase in customer satisfaction	3.25	1.25743
Ease of working conditions	3.23	1.32914
Cost savings	2.86	1.37456

* 1 – absolutely disagree, 2 – disagree, 3 – undecided, 4 – agree, 5 – strictly agree.

**$n = 219$

Source: the Authors.

stated that they carried out in the framework of mutual trust and bilateral relations without a written contract. From this point of view, it is possible to comment that a significant part of the companies in the sector maintain business relations with a traditional understanding and carry out a partnership agreement with an oral agreement instead of a written contract text.

TABLE 3. Problems Faced in Logistics Outsourcing Process

	Mean	Standard Deviation
Cost increase	3.18	1.27914
Unskilled labor	2.94	1.12337
Delay in distribution and delivery	2.93	1.02901
Disruption in supply	2.89	1.06092
Low quality	2.73	1.08599
Increased customer complaints	2.56	0.97660
Failure to comply with the terms of the contract	2.43	1.06614

* 1 – absolutely disagree, 2 – disagree, 3 – undecided, 4 – agree, 5 – strictly agree.

**$n = 219$

Source: the Authors.

According to Table 2, the most important benefits of firms from the logistics outsourcing process are focused on core competencies and increased competitiveness, while order conversion processes are also shortened. Cost savings have the lowest average. From this point of view, it is possible to comment that logistics outsourcing in the fresh vegetable and fruits sector can lead to cost increases. Zelenika et al. [2008], some operational costs can be reduced with the logistics outsourcing, but when the overall cost levels are considered, there may be some increase.

The increase in costs may be due to a temporary transition-related situation, as well as to increase the prices of service providers after the agreement. However, price increases may also arise from unexpected costs that are caused by some issues that are ignored in the decision-making process [Barthelemy 2003]. On the other hand, these cost increases may result from various issues such as insufficient sectoral expertise levels of service provider companies or inefficient process management.

When the answers of the companies participating in the research regarding the problems they face during the logistics outsourcing process are examined, it is seen that the most common problem is "cost increase. This situation is parallel to the value in Table 2 and the results are consistent. The other problems that firms face most often are seen as "unskilled labor" and "delay in distribution and delivery". These problems lead to an increase in product quality and quantity losses. According to Table 3, the frequency with which firms encounter problems of "failure to comply with the terms of the contract" and "increase in customer complaints" is relatively lower.

TABLE 4. Logistics Service Provider Company Evaluations

	Mean	Standard Deviation
We have been working with the same companies for a long time	3.52	1.28273
We find that the performance of the service provider company we work with is sufficient	3.53	1.24261
We intend to work with the same companies in the future	4.21	0.58165

* 1 – absolutely disagree, 2 – disagree, 3 – undecided, 4 – agree, 5 – strictly agree.

**$n = 219$

Source: the Authors.

According to Table 4, it is observed that the answers given to the judgments "we have been working with the same firms for a long time" and "we find the firms we work with are sufficient" have taken a close value to the expression 4 – agree. "We intend to work with the same company in the future", on average, the responses to the judgment received a higher value (4.21) than the other two judgments. This may be due to the fact that company managers priorities bilateral relations more than professional business relations and the desire to maintain traditional business relations even if the service provider company does not have sufficient performance levels.

According to Table 5, it is observed that the criteria that firms give the most importance in selecting service provider firms are "quality", "sectoral expertise" and "relief of payment", while the criteria that have the lowest level of importance is "company reputa-

TABLE 5. Logistics Service Provider Firms Selection Criteria

	Mean	Standard Deviation
Quality	4.55	0.71081
Sectoral expertise	4.43	0.75314
Relief of payment	4.40	1.08923
Order cycle rate	4.32	1.05714
Bilateral relations	4.30	0.94749
Cost	4.11	1.24256
Firm reputation	3.76	1.14170

* 1 – absolutely disagree, 2 – disagree, 3 – undecided, 4 – agree, 5 – strictly agree.

**$n = 219$

Source: the Authors.

tion". The answers given by the company managers regarding the "quality" criteria are worth close to the expression 5 – absolutely agree while the answers related to the other criteria are worth close to the expression 4 – agree.

ANALYTICAL HIERARCHY PROCESS

AHP method, developed by Thomas L. Saaty in 1977 is a method for solving multi-criteria decision problems [Triantaphyllou and Mann 1995, Dağdeviren and Eren 2004, Yilmaz 2005]. This method allows decision-makers to model multi-criteria problems in the form of related criteria, sub-criteria and alternatives in a hierarchical structure [Chin et al. 1999]. The hierarchical structure used in formulating the AHP model makes the relevant criteria and sub-criteria more visible for all units involved in the decision-making process because it poses the problem systematically and thus improves the decision-making process [Tam and Tummala 2001].

In this method, a series of alternatives for solving a particular problem are often compared with a set of contradictory decision criteria [Triantaphyllou and Mann 1995]. It is also possible to include the experiences and opinions of more than one decision-maker in the decision-making process [Ecer and Küçük 2008]. One of the most important characteristics of AHP is the inclusion of both objective and subjective views and thoughts in the decision-making process. In other words, it is possible to include subjective judgment, intuition and experiences in the decision process as well as objective thoughts and opinions in this method [Kuruüzüm and Atsan 2001].

It is possible to list the basic steps used in AHP method as follows [Vaidya and Kumar 2006, Saaty 2008]:

1. Identification of the problem.
2. Determining the target in this direction by considering all the factors affecting the decision process.
3. Determination of criteria.
4. Establishing a hierarchical model from the top to the lowest level with the target, related criteria, sub-criteria and alternatives, respectively.
5. Comparisons of each item (criterion, sub-criterion and alternative) at the relevant level and calibrating these values using numerical scale. In order to do this, each item must be compared with each other item in the related column.
6. To make the necessary calculations for determination of maximum Eigen value, consistency index (CI), consistency ratio (CR) and normalized values for each criterion and alternative.
7. If the eigenvalue, internal consistency index and internal consistency ratio values are acceptable, the decision is made considering normalized values; if these values are not output as desired, the process is continued until the desired values are obtained.

When the priority values (*D*) are examined, it is seen that the criteria of bilateral relations (7.646), cost (7.631) and quality (7.502) have a relatively higher importance level. However, the criteria of sectoral expertise (7.150), ease of payment (7.132) and firm reputation (7.125) have a lower level of importance in the selection of logistic service providers for companies operating in the fresh vegetables and fruits sector (Table 6).

TABLE 6. Service Provider Selection Criterias

	Cost	Quality	Sectoral expertise	Ease of payment	Bilateral relations	Speed	Firm reputation	*W*	*A* × *W*	*D*
Cost	0.074	0.105	0.049	0.055	0.079	0.064	0.067	0.071	0.539	7.631
Quality	0.100	0.142	0.314	0.331	0.105	0.153	0.2977	0.206	1.547	7.502
Sectoral expertise	0.095	0.028	0.063	0.068	0.074	0.075	0.107	0.073	0.522	7.150
Ease of payment	0.104	0.033	0.072	0.078	0.120	0.087	0.065	0.080	0.571	7.132
Bilateral relations	0.335	0.481	0.302	0.230	0.355	0.365	0.237	0.329	2.519	7.646
Speed	0.237	0.188	0.171	0.183	0.198	0.204	0.180	0.194	1.442	7.419
Firm reputation	0.051	0.022	0.027	0.055	0.069	0.052	0.046	0.046	0.329	7.125
		λmax	7.372		TI	0.062		TO	0.046	

Source: the Authors.

CONCLUSIONS

Logistics outsourcing practices in the fresh vegetable and fruits sector have a long history. However, it is seen that logistics outsourcing is handled mostly at tactical level and is limited to operational processes and activities. Also, it is noteworthy that firms are far from a holistic view of logistics outsourcing and a general unity of practice. In the sector, a random structure is seen as an alternative to internal resource and capacity deficiencies that arises from seasonal supply and demand fluctuations rather than a planned logistics outsourcing process.

With the use of logistics outsourcing, the order cycle process is shortened and product quality and quantity losses can be controlled. At the same time, the limited resources of the companies are directed to the core competence where they are more efficient and effective, thus eliminating the many uncertainty and risk factors that may arise due to investment in an unknown area. However, due to the limited level of sectoral expertise of the logistics service providers customer firm expectations cannot be fully met.

The traditional management approach of the firm managers is also important in ensuring that the firm's expectations for the logistics outsourcing process are not fully met and that the gains from the process are achieved at relatively lower levels. In the traditional management approach, bilateral relations between firms are more prominent than business interests. The concept of self-sufficiency, another characteristic of this approach, significantly limits the potential benefits that firms can provide from the process. It will be possible for the firm managers to benefit from the logistics outsourcing process if they develop a more professional and holistic perspective by leaving aside the traditional management approach in process management and service provider selection.

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Summary. In this study, logistics outsourcing practices in fresh vegetables and fruits sector are discussed with the customer firm perspective. The benefits of the companies from the logistics outsourcing process, the problems they face in the process management and the expectations and evaluations for the process are tried to be put forward with an exploratory approach. The required data were collected through surveys carried out with companies operating in the fresh vegetable and fruits sector. The Analytical Hierarchy Process (AHP) method has also been used to determine the criteria that are effective in selecting the service provider company, which is considered to be directly effective on the success of the outsourcing process. The research findings show that the most important obstacles to maximizing the benefits of the companies from the process are the lack of a planned structure for logistics outsourcing and the traditional management understanding of the company managers. This situation makes the logistics outsourcing process of the companies in the sector not an effective competitive strategy but rather an alternative to deal with cyclical fluctuations. For all these reasons, the expectations of the companies for the process are not fully met and the benefits from the process are realized at more limited levels.

Key words: outsourcing, logistics outsourcing, third party logistics, analytical hierarchy process
JEL: Q13, Q18

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EFFECTIVENESS AND POSSIBILITIES OF DIGITAL MARKETING: A CASE STUDY OF BALTIC COUNTRIES

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INTRODUCTION

From last two decades, internet has opened a tremendous digital marketing opportunity for all businesses around the globe, digitalization made a big impact on both businesses and customers, over all the business environment has changed due to digitalization. In a competitive business environment, business tries to reach their customers in the best possible way and this requires these firms to develop strategies that will create customer satisfaction, value and loyalty. As for digital marketing, it is an essential tool for any organization to communicate with their customers easily and quickly, nowadays online customers are well informed about products and services needed, according to Kotler and Armstrong [2010]: "Marketing today relies more and more on maintaining the relationships with customers". Digital marketing is not only productive for big corporations but also for small and medium-sized companies too, it can be said that digital marketing plays an important role in marketing strategy. Today, Web 2.0 offers simple and user-friendly platforms for all in order to improve user experience and allow their activities. The new trends are set by bigger IT companies, for example, Google, LinkedIn, Facebook and Amazon [Baltes and Loredana 2016].

According to Chaffey [2011], social media as one of the digital marketing tool involves encouraging customer communications on company's own website or through its social presence. Social media is one of the key techniques in digital marketing to communicate, connect the business with existing and prospective customers. Over the past decade social media is playing an important role in different aspects of consumer's behavior, the internet and its related technologies [Dryer 2010].

By considering the above stated aspects, this study has objective to explore the effectiveness and possibilities of digital marketing in Baltics countries by analyzing selected cases of three Baltic countries – Lithuania, Latvia, Estonia.

LITERATURE REVIEW

Digital marketing is an open world for all consumers; traditional marketing channels are become clutter and ineffective as compare to social media platforms, thus digital marketing has several advantages over traditional marketing. There are many definitions of digital marketing. According to Chaffey [2013], digital marketing is the use of technologies to help marketing activities in order to improve customer knowledge by matching their needs. According to American marketing associations AMA definition [WWW 1], digital marketing may be seen as activities, institutions, and processes facilitated by digital technologies for creating, communicating and delivering value for customers and other stake-holders. All definitions of digital marketing can be seen in Table 1.

From the analysis of digital marketing definitions it can be seen, that internet and online communities have transformed prospective consumers, existing consumers, societies, and firms with wide spread of easy accessible information, that makes better social networking and enhanced communication abilities and no doubt this enhancement provide great importance and financial support for commercial activities.

In last one decade the usage and popularity of social media has grown up, social media and its massive popularity have revolutionized marketing practices such as advertising and promotion [Hanna et al. 2011]. It is important to analyze the differences between traditional and digital marketing, which can be find in Table 2.

After comparison of traditional and digital marketing, it can be stated that there are many advantages to use digital marketing in organization but the disadvantage of digital marketing is that if it is not done right, it can easily be lost the reputation of the company. People may not get a special bond to the companies online. Negative feedback can do real damage for the online presence of a company. Most importantly, digital marketing is dependent on technology and errors can be found and a company's landing page can break down [Bhargava 2015].

Digital marketing is a very important part of the overall marketing of the company, as the Internet has become a non-core tool for communicating with customers. For small and medium business it has become just vital. In order to compete successfully and be visible, online marketing is essential.

The Baltic Sea region is the leading area in digitalization as Denmark, Sweden and Finland form the top three followed by Estonia on the 9th place. DESI (Digital Economy and Society Index) aims to monitor Member States' actions in the area of digital communication, digital skills online, business digitalization and digital public services. It also helps EU countries discuss their economic and budgetary plans and monitor progress at certain times of the year.

The digital economy and society index is becoming more and more digital in the EU, but progress remains uneven across Member States, although the EU has made

TABLE 1. Digital marketing and digital advertising definition.

Authors	Definition	Higlight
Yasmin A., Tasneem S., Fatema K. [2015]	Digital marketing is one type of marketing that is widely used in the promotion of products or services users use digital channels.	Type of marketing, which users use digital channel
Khan F, Siddiqui K. [2019]	"Digital marketing is the use of technologies to help marketing activities in order to improve customer knowledge by matching their needs [Chaffey 2013]."	Improve customer knowledge by matching their needs
Narkiniemi J. [2013]	"Digital marketing could be defined as a sub-branch of traditional marketing that uses digital channels to achieve the same goal as traditional marketing, which is, to attract new customers and keep old ones by promising superior value."	Digital marketing uses digital channels to achieve the same goal as traditional marketing, which is, to attract new customers and keep old ones by promising superior value
Stephen A. T. [2015]	Digital advertising is the main topic of marketing literature and, in terms of consumer behavior, is considering how consumers respond to various aspects of digital advertising.	Considers how consumers respond to various aspects of digital ads
Khan F., Siddiqui K. [2019]	The concept of digital marketing stems from Internet and search engine ratings sites. The first search engine was launched in 1991. With Gopher Network Protocol query and search.	Digital marketing stems from Internet and search engine ratings sites
Atshaya S., Rungta S. [2016]	Digital marketing, as a positive term, means in digital technologies. Digital marketing uses all electronic or electrical devices or electronic channels media for the sale or promotion of goods, services or trademarks.	Means in digital technologies
Sathya P. [2015]	"Digital marketing is often referred to as 'online marketing', 'internet marketing' or 'web marketing'. The term digital marketing has grown in popularity over time, particularly in certain countries."	Often referred to as 'online marketing', 'internet marketing' or 'web marketing'
Cibro P. A. [2016]	Digital marketing is the development of future marketing. Digital channels are addressed by to enable marketing professionals to maintain a permanent, reciprocal personal dialogue with each user.	Company marketing uses digital channels
Unicef [2018]	'Digital advertising' or 'digital marketing' refer to the use of digital media to promote, communicate or praise commercial products, brands or services.	Refer to the use of digital media to promote, communicate or praise commercial products, brands or services

Source: the Authors.

TABLE 2. Comparison between traditional and digital marketing

Traditional Marketing	Digital Marketing
Traditional marketing includes print, broadcast, direct mail, and telephone	Digital marketing includes online advertising, email marketing, social media, text messaging, affiliate marketing, search engine optimization, pay per click
Reach out to limited audience	A maximum audience
Mass marketing	Individualized marketing
Results on marketing strategy cannot be easy measure	Results can be more extensive and easily measured
Time consuming and expensive	Real time and viral
Difficult for small brands to stand out traditional marketing	More productive for all business irrespective of industry or size
24/7 accessibility is not possible	All around the clock, 365 days available

Source: the Authors.

particular efforts to improve digital growth. Europe's development is inadequate and it is a great challenge to catch up with the world leader. This requires new investments in the digital economy and society and a rapid implementation of the Digital Single Market [WWW 3].

As mentioned Eteris [WWW 2] the EU Commissioner for the Digital Economy and Society stressed that the EU's Digital strategy is based on the progress made by Member States in implementing important reforms, such as: The European Electronic Code to increase investment in better communication. The current DESI-2018 demonstrates the efforts of EU Member States and the Baltic States to increase digital skills, integrate more in digital technologies and public administrations.

AIM AND METHOD

The objective of this paper is to investigate the effectiveness and possibilities of digital marketing in Baltic countries by conducting a case analysis of selected digital marketing firms. The objective can be achieved through the following set of tasks such as theoretical aspects of digital marketing analysis, presentation of digital marketing firms in Lithuania, Latvia and Estonia by conducting case analysis. Further statistical analysis, comparative empirical analysis, phenomenological, quantitative and qualitative analysis methods are used for the research presented in this paper.

Case study can be divided by selecting the scale or the size of the case and in accordance with the purpose of analysis: internal, when the study is unique or unusual situation or event in order to explain it in detail; instrumental, when examine has a broader problem, the case here is chosen as illustrating problem; collective – used to examine the broader issue, choosing several identical or vice versa, completely different cases [Savas 2005].

According to Ellet [2007] there are three most important aspects of the examination of the case: gather information, select the essential events, properly summarize them. Following those aspects, there had been gathered revenue and employment information of 9 digital marketing firms in Lithuania, Latvia, Estonia. For the additional analysis of the examples of analysed digital marketing firms regression analysis of the employment and revenue in the studied digital marketing firms were calculated and presented.

Based on empirical employment data, regression analysis was done in order to establish determination coefficient and non-parametric correlation coefficients was calculated based Kendall's tau-c. Use of Kendall's tau-*c* is justified due to small data sample. Regression analysis is justified since the coefficient is >0.25.

RESEARCH RESULTS

For the case analysis there had been selected Lithuanian, Latvian and Estonian digital marketing firms publicly available employment data that was analyzed in the context of publicly available revenue data. Data about Lithuanian enterprises (“YNOT Media”, “Adell reklama” (Adell Taivas Ogilvy), “Big Idea LT”) employment and revenue was taken from Public register of Lithuanian companies, data about Latvian (“Infinitum”, “Yoursite Group Latvia”, “Mailigen”) and Estonian enterprises (“Blu Mint Digital”, “Carat Estonia”, “ClickFactory”) was taken from official presentations about companies. In total for the analysis there had been selected 9 Digital marketing agencies in Baltic countries, which data can be seen in Table 3.

TABLE 3. Data of Digital marketing firms in Baltic countries

Brand name of Digital marketing agency	Country	Number of employees in 2015–2019 period	Generated income in 2015–2019 period [EUR]
“YNOT Media”	Lithuania	15	5–10 million
“Adell reklama” (Adell Taivas Ogilvy)	Lithuania	44	5–10 million
“Big Idea LT”	Lithuania	17	1–2 million
“Infinitum”	Latvia	10–49	2.3 million
“Yoursite Group Latvia”	Latvia	2–9	1–3 million
“Mailigen”	Latvia	10–49	3 million
“Blu Mint Digital”	Estonia	11	2 million
“Carat Estonia”	Estonia	9	30 thousand
“ClickFactory”	Estonia	9	100 thousand

Source: the Authors based on WWW 4, WWW 5, WWW 6, WWW 7.

For the additional analysis of the examples of analysed Lithuanian digital marketing firms regression analysis of the employment and revenue in the studied firms are presented in Figure 1. Regression analysis is justified since the coefficient is >0.25. Regression analysis results shows that there is no correlation between employment and revenue in the Lithuanian digital marketing firms. It means that firms revenue does not depend on the number of employees.

In the second part of analysis, there had been analyzed the data of Latvian digital marketing firms. Results of analyzed data, which are summarized in Figure 2 demonstrate that there is a strong positive correlation between employment and revenue in Latvian digital marketing firms, which means that the more employee enterprise has, the more revenue it generates.

Final analysis was conducted by analyzing Estonian digital marketing firms. It shows the strongest evaluation of regression analysis of the employment and revenue in the studied firms, because regression coefficient is much higher than 0.25 (Fig. 3). It can be stated, that in Estonian digital marketing firms revenue especially depends on the number of employees.

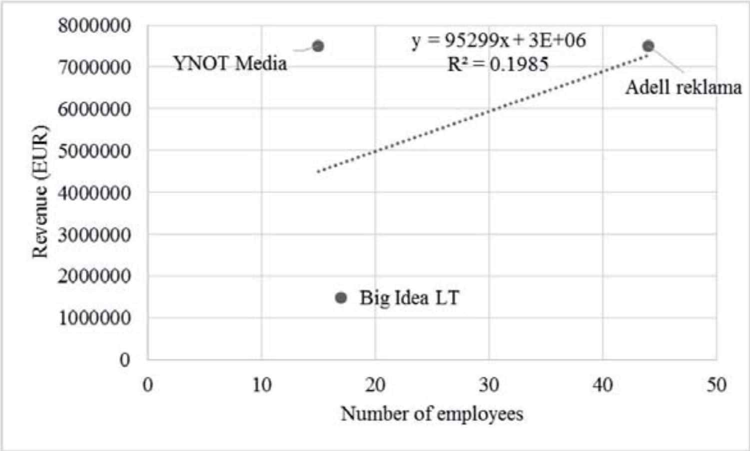

FIG. 1. Regression analysis of digital marketing firms in Lithuania
Source: the Authors.

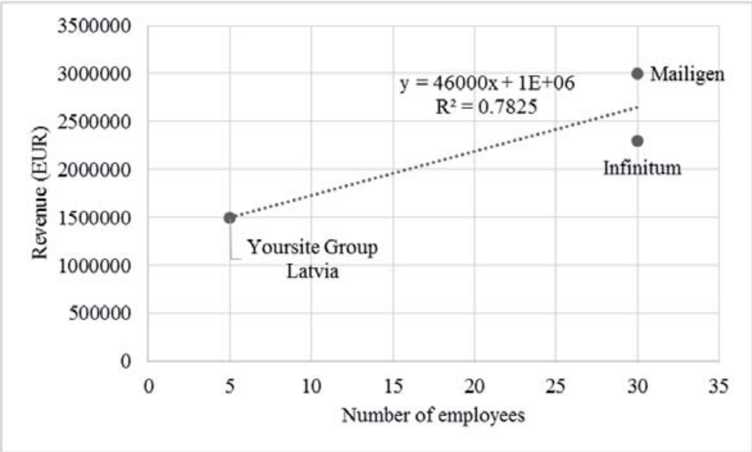

FIG. 2. Regression analysis of digital marketing firms in Latvia
Source: the Authors.

After analysis of 9 digital marketing firms in Baltic countries, regression analysis results showed different equations and significantly different correlation coefficients (R^2), what substantiates different models of employment in digital marketing sector. In selected Lithuanian digital marketing firms there is no correlation between employment and revenue, but in Latvian and Estonian selected firms there can be defined strong connection between analyzed metrics.

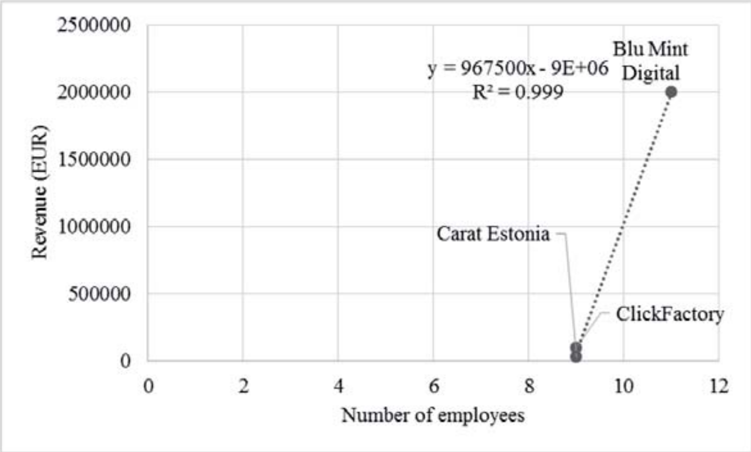

FIG. 3. Regression analysis of digital marketing firms in Estonia
Source: the Authors.

CONCLUSIONS

Effectiveness and possibilities of digital marketing differs across Baltic countries. European Union encourages the digitalization in all areas and Lithuania, Latvia, Estonia are trying to emerge as a successful examples of usage of digital marketing. Digital industries are a priority industries in Europe. In Baltic countries there are a lot of successful digital marketing firms, which efficiency shows growing contribution to the economy.

This study explored the effectiveness and possibilities of digital marketing in Baltics States by analyzing selected cases of three Baltic countries – Lithuania, Latvia, Estonia. After conducting statistical analysis, comparative empirical analysis, phenomenological, quantitative and qualitative analysis methods, there can be stated that different equations and significantly different correlation coefficients (R^2) appeared in the analysis of Lithuania, Latvia and Estonia digital marketing firms, what substantiates different models of employment and revenue in digital marketing sector. If in Lithuanian digital marketing firms there is no correlation between revenue and number of employees, in Latvian and Estonian firms the correlation is extremely strong and for digital marketing firms effectiveness and possibilities can be reached by increasing the number of employees. Employee labor seems to be the source of revenue in the Latvian and Estonian digital marketing firms, based on the results of the analysis.

The provided analysis is sufficient to establish the differences between 9 digital marketing firms in Baltic countries analyzed in this article, although it may also justify gathering of additional data (data on more enterprises) and further correlation analysis in the future research. Further research with larger data samples may be needed to fully validate these findings, however the analysis clearly enough demonstrates the differences of revenue, employment Baltic countries.

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Summary. This study has objective to explore the effectiveness and possibilities of digital marketing in Baltics States by analyzing selected cases of three Baltic countries – Lithuania, Latvia, Estonia. Conducted literature review presents the definition of digital marketing, main differences of traditional and digital marketing and the situation of this area in Baltic countries. For case analysis there had been selected Lithuanian, Latvian and Estonian digital marketing firms publicly available employment data that was analyzed in the context of publicly available revenue data. Based on empirical employment data, regression analysis was done in order to establish determination coefficient and non-parametric correlation coefficients. In Lithuanian digital marketing firms there is no correlation between revenue and number of employees, in Latvian and Estonian firms the correlation is extremely strong and for digital marketing firms effectiveness and possibilities can be reached by increasing the number of employees.

Key words: digital marketing, effectiveness, case study, analysis of Baltic countries

JEL: M31, M37, D83, L86

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ANALYSIS OF THEORIES OF PHILANTHROPY FOR UNIVERSITY DEVELOPMENT

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INTRODUCTION

The influence of philanthropy on promoting university development is becoming increasingly relevant. In order to attract funding, universities must develop fundraising strategies. The key to these strategies is to be aware of the importance of interaction between internal and external forces. The traditions of university philanthropy date back over centuries and it is important to modernize these traditions according to the spirit of the era and the contemporary needs of universities. Donors must be satisfied and proud of their donation, while universities need to build a relationship of trust and friendship with all supporters, be their donation modest or great.

AIM AND METHODS

The goal of the current research is to compare the existing theories of fundraising. The researchers have put forward three hypotheses: (I) Successful fundraising strategies must be based on the study of the external and internal environment and the interaction quality thereof. (II) The portfolio of universities' needs must be structured, and complemented by university success stories and descriptions of the use of existing support. (III) Existing donors must feel permanent but unobtrusive communication of appreciation from university leadership and management.

The research would use a qualitative research approach: logical constructive method, monographic method, method of analysis and synthesis.

RESEARCH RESULTS

Fundraising strategies of universities should be based on the study of the external and internal environment and require the mobilization and permanent cooperation of the external and internal environment. A crucial factor is university leadership's comprehension of assuring the quality of fundraising strategy and the need for investment to promote cooperation with existing and future donors. Universities need to focus on selecting three areas of support, namely, support for students and researchers in the form of scholarships, support for the quality of the study environment and support for infrastructure projects. Creating and developing university fundraising traditions is an important part of the process, so that existing and potential donors are ensured a constant comfort zone, which ensures the willingness to donate. Spending processes of the donations must be clear and transparent. Donors should be given the opportunity, as appropriate, to familiarize themselves with documentation and reports confirming the use. Universities' public relations and marketing departments need to work with leadership of their universities and foundations thereof to raise awareness of universities' achievements in science and research. Success stories motivate donors to join and multiply these success stories. The needs of universities must be clearly defined and individuals, as well as businesses should be given opportunities to support the cause both with small donations, as well as offering projects for large donations. Although, donations must be selfless and without anticipating a service in return, communication plays an important role, both before and after donation. The donation must create satisfaction in its donor, and the universities must express their gratitude for the donation in unobtrusive manner, which is appropriate to the donor's expectation.

DISCUSSION

The need for diversification of philanthropic methods and the importance of philanthropy is recognized throughout the world [Hsien 2009]. At present, university funding is predominantly sourced from government grants, tuition fees, research grants from various European Union support programmes. Donation is a very important part of support for universities, constituting an increase in external revenue streams [Prince and File 1994]. In order to ensure long-term competitiveness and development, universities need to increase their forms of external financing [Chung-Hoon et al. 2007]. Universities must develop diverse networks of external funding with a more strategic approach [Chung-Hoon et al. 2007]. The increase in the importance of philanthropy in higher education has been studied and confirmed in studies throughout the world, and it is a testimony to the need for universities to work towards defining their philanthropic goals and objectives [Johnstone 2004, Jacobs 2007].

Expectancy theory suggests that graduates build their expectations for future events and therefore their involvement in university activities is based on this condition. Usually, graduates work on three dimensions:

1. Valence – the predictable added value of a graduate is directly dependent on university volunteer policy;
2. Instrumentality – belief that volunteering will one day create new added value for its alma mater;
3. Expectancy – Graduate's self-assessment as to whether she will be capable to successfully complete the work she has undertaken [Vroom 1964].

Expectancy theory recommends to take into account that graduates will choose their type of support, which will seem more appropriate to them and will correspond to the expected outcome. Researchers point out, for example, that a group of graduates might want to contribute to lobbying for changes in higher education legislation, while others could be more focused on collaborating in order to support students in finding a place in the labour market, mentoring young graduates, or contributing to events: costs and organizational work [Vroom 1964].

And finally, the motivation of graduates to donate their time will also be determined by their previous experience in supporting their universities. The investment model states that motivation and types of graduate volunteering activities depend on the level of satisfaction that is balanced with input and cost in this relationship, provided that graduates have already invested in university development [Rusbult 1980]. This theory states that the development of relationship models can only be based on the quality of existing collaboration with a particular university department or faculty division. For instance, if graduates who have been athletes have a positive experience with university sports departments, these graduates are more likely to want to support their universities as volunteers to organize a sporting event. In this case, graduates have specific skills to organize such events [Rusbult 1980].

An important role in fundraising is played by a fundraising team that only works for fundraising. The most correct approach is to form such a team, when forced by circumstances to raise funds [Hall 1992]. The culture of philanthropy must be developed advisedly and gradually, involving more and more full-time employees. Building relationships is a crucial factor in the fundraising process to ensure that potential and existing donors are well informed about current projects and prospective needs. That is why fundraising teams must organize various activities for potential and existing donors [Hall 1992]. First of all, ambitious goals must be set and, in order to realize them, the following three basic principles of building relationships must be observed:

- the donor is always the number one person;
- the work must be implemented in such a manner that for each dollar spent on fundraising, including personnel, administrative and representation costs, at least two dollars are raised [Hall 1992];
- one must never forget to express gratitude to donors and volunteers, they should always be made feel that they are important to the CEO personally [Hall 1992]. Existing and potential donors must be offered projects that outperform existing achievements [Fransen 2007].

The theoretical part is a combination of three theories of philanthropy. The first is the "open systems theory for fundraising", which includes factors that influence successful fundraising [Tempel 2010]. The second of the three theories is a “social exchange theory” for successful fundraising [Mixer 1993], and the third is “motivation theory for successful fundraising” [Van Slyke and Brooks 2005].

The open systems theory for fundraising suggests that, to achieve successful fundraising, organizations, in this case universities, should be prepared to cooperate with the external environment. This also means that the university management should cooperate and understand the university mission and its role in the daily routine of every employee [Tempel 2010]. This theory is in line with the aim of the current research to test institutional readiness and aspirations for successful fundraising and universities’ institutional development in longer perspective.

This theoretical approach poses the question: “What should universities take into account and do to gain attention and support of donors?” The answer to this question must take into account the interaction of two components: the first is the open systems theory for fundraising and the factors that influence it, and the second component is the combination of “social exchange theory” for successful fundraising [Mixer 1993]. The competence of university administrative staff must meet certain criteria and the actions must be in line with the short- and long-term goals of universities. Administrative staff need to understand the nature of the existing and potential donors, their wishes, and their motivation to support one or another project. An important role is played by the fundraising manager, her competence and the ability to monitor not only the attraction of finance, but also the flow of communication with the internal and external environment (Fig. 1).

According to this theory, effective fundraising is based on the strengths of universities, while their weaknesses can significantly slow down the efforts dedicated to

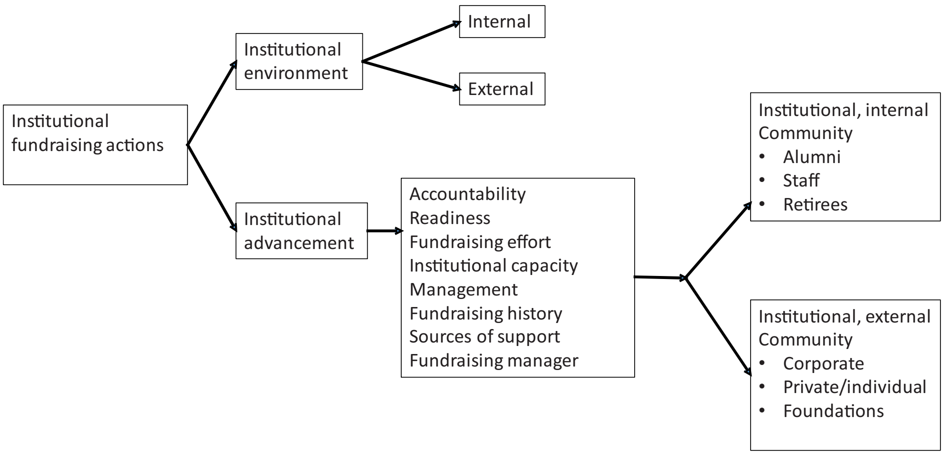

FIG. 1. Open systems theory for fundraising

Source: Tempel [2010].

fundraising [Tempel 2010]. Creation of effective fundraising management is the key to achievement. The social exchange theory indicates that establishment and maintenance of social relations is the basis for successful fundraising [Mixer 1993]. The university must be able to define its own needs to be able to propose them for support to existing and potential donors. University needs are divided into 2 large groups: student scholarships and support for research and reconstruction projects. Another important part of this theory is the ability and capability of universities to show their gratitude to donors to create a sense of satisfaction with their donation (Mixer 1993). One of the cornerstones of social exchange theory is the collaboration between universities and their graduates. “What is it like? How big and what are the investments in maintaining the dialogue and what is the return in the form of donations?” – these are the substantial questions in the context of this theory (Fig. 2).

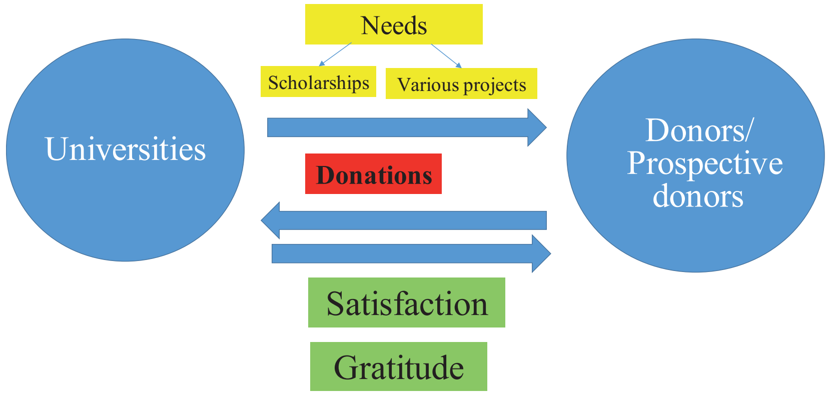

FIG 2. Social exchange theory for fundraising

Source: Mixer [1993].

Motivation theory for successful fundraising [Van Slyke and Brooks 2005], in turn, has been chosen to study the factors that influence donors in making a decision to donate. The authors of the theory categorize the factors determining donating in two ways: demographic variables and motivational (internal and external). This theory is appropriate because it aims to investigate what factors are decisive for the average donor to donate to universities (Fig. 3).

Donor profile is composed on the basis of two criteria: demographic and socio-economic. The demographic factor includes two sets of sub-criteria:

- gender, age, relationship status, race, religion and number of children;
- the business type of the donor and its location.

The socio-economic criteria consist of the following sub-criteria: income, employment status, education, access to educational support mechanisms and the nature of the company’s business (Fig. 4).

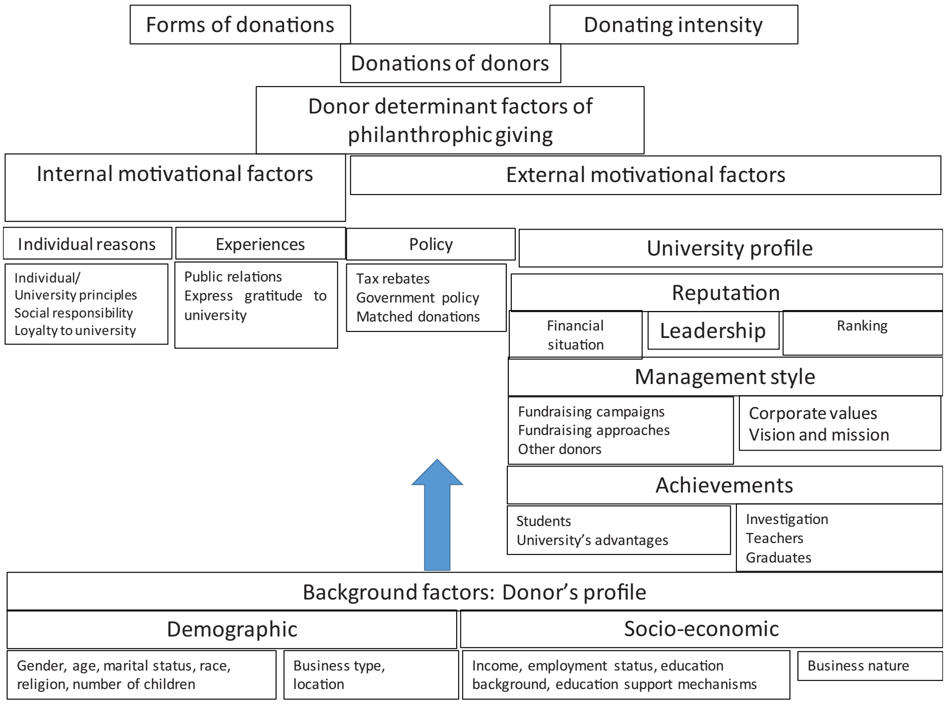

FIG 3. Motivation theory for successful fundraising

Source: Van Slyke and Brooks [2005].

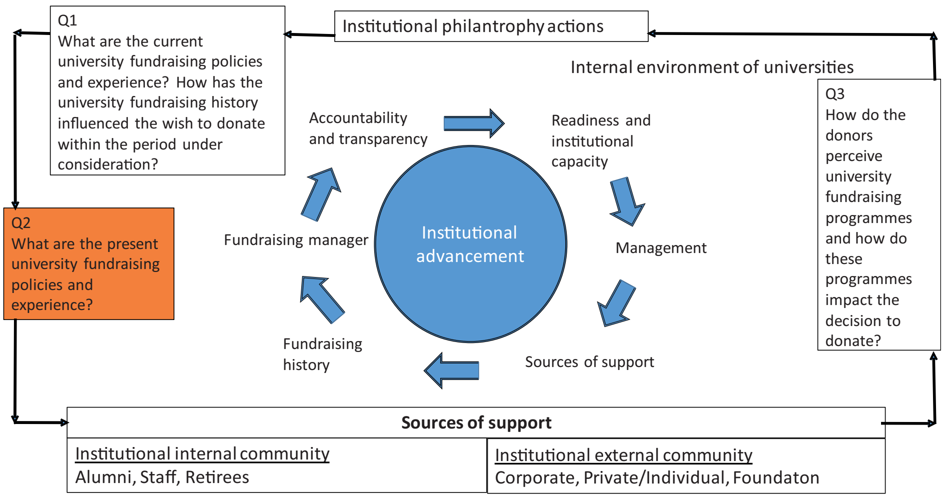

FIG. 4. Institutional philanthropy and donor profile

Source: Isa [2014].

CONCLUSIONS

The hypotheses put forward by the researchers have been confirmed.

(I) Successful fundraising strategies must be based on the study of the external and internal environment and the interaction quality thereof. (II) The portfolio of universities' needs must be structured, and complemented by university success stories and descriptions of the use of existing support. (III) Existing donors must feel permanent but unobtrusive communication of appreciation from university leadership and management.

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Summary: Donations play an important role in ensuring the university development and quality of work. Based on the existing analysis of theories for fundraising, the researcher advances and evaluates three hypotheses: Successful fundraising strategies must be based on the study of the external and internal environment and the interaction quality thereof; The portfolio of universities' needs must be structured, and complemented by university success stories and descriptions of the use of existing support; Existing donors must feel permanent but unobtrusive communication of appreciation from university leadership and management. All three hypotheses are confirmed.

Key words: philanthropy, university, fundraising, donations, strategy

JEL: A10, A20, B10

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ADMINISTRATIVE AND FINANCIAL DECENTRALIZATION AS A FACTOR OF STRATEGIC DEVELOPMENT OF TERRITORIAL COMMUNITIES IN UKRAINE

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INTRODUCTION

The development of Ukraine at the present stage is characterized by an emphasis shift in the field of state regulation of territorial development towards administrative and financial decentralization, which is accompanied by the formation of capable communities with the transfer of powers and resources to the local level for efficient use of their financial and economic potential. Transformation processes in the economic progress of Ukraine nowadays are being built in terms of European integration, so the key aspect of the national system development of the state formation is the chosen course for decentralization and isolation of the territorial community as a basic subject of local self-government, ensuring its formation as a self-sufficient, efficient and effective branch of government.

The importance of this problem, at the present stage of development, requires from all branches of power to resolve the issue of the need to improve the legislative fundamentals, development of scientific and practical implementation of modern state-building aimed at transforming the political system of society, conducting administrative-territorial and regional reforms, implementing a constructive social partnership between the center and the areas.

AIMS AND METHODS

Nowadays the investigation of the current state of formation and development of decentralization processes in Ukraine, revealing the essence of carrying out administrative – financial decentralization in the framework of reforming local self – government in

Ukraine is very important. The present research has been conducted using the following methods: the method of dialectical knowledge of the economic nature of territorial communities as subjects of managing the socio-economic development of the territory; systematic and comparative analysis in order to determine the components of development of territorial communities financial and economic potential; graphic visualization for visual presentation of calculation results and analysis; statistical methods.

RESULTS AND DISCUSSION

Nowadays, European trends in economic and social development are characterized by a focus on globalization and democratization. Globalization, the social consequence of which is the destruction of stable societies and communities, may foresee the exclusion of society development democratization, since there is a gradual loss of one of the basic elements of democracy – the right of citizens to participate in the management of public affairs. Instead, there is a reverse effect – upholding the interests of civil society and the development of the state based on the involvement of local territorial communities into the territory management, and therefore the direct influence of the latter on the development of regions and the state as a whole. Accordingly, one of the main issues that need to be reviewed, is determining the place and role of territorial communities in the context of domestic realities of economic development and taking into account the orientation towards reforming the system of local self-government.

The Strategy for Sustainable Development of Ukraine until 2020, approved by Presidential Decree No. 5 of 12.01.2015, defines that in order to ensure European standards of living in Ukraine and to reach the leading positions in the world, state policy is directed to the implementation of structural reforms according to the four main movement vectors, and namely: development, security, responsibility, dignity. Within these strategic vectors of movement, 62 reforms and state development programs are planned to be implemented. One of the primary reforms and programs in public policy implementation are administrative and financial decentralization and public administration reform.

By definition, decentralization is the process of expanding and strengthening the rights and powers of administrative-territorial units or lower bodies and institutions while narrowing the rights and powers of the corresponding center in order to optimize and improve the management of socially important affairs, the fullest implementation of regional and local territories. That is, it is a system of division of functions and powers between state and local levels of government with the empowerment of the latter.

Administrative-financial decentralization is considered first and foremost as a process of transferring powers and financial resources of the public sector from the national to the local level, while assessing the amount of powers and financial resources delegated to lower administrative levels consequently to their total volume in the public sector. The state policy of Ukraine is aimed at building self-sufficient territorial communities, which should become effective branches of governance, basic subjects of local self-government. The development of society is connected with the issues of the administrative-territorial structure as an internal territorial organization of the state, and its division into corresponding parts – administrative-territorial units.

The constitution of Ukraine clearly defines the concept of "territorial structure" in the state. It is based on the principles of unity and integrity of the state territory, the combination of centralization and decentralization in the exercise of state power, balance and socio-economic development of regions, taking into account their historical, economic, environmental and geographical demographic characteristics, ethnic and cultural traditions.

According to the main Law of Ukraine – the Constitution, the system of administrative and territorial structure of Ukraine consists of: regions, districts, cities, districts in cities, settlements, and villages. The existing administrative and territorial structure in Ukraine, which was formed during the time of the command-administrative model of management, is not effective today because it does not fully takes into account the interests of local self-government, which is considered as a component of state administration vertically subordinated to higher level authorities. The question of the need to build a new model of territorial organization of power and administrative-territorial structure has been repeatedly raised in the political and expert environment. However, most of these attempts have been stopped at the stage of conceptual justifications or bills. Instead, the problems related to the imperfection of the administrative-territorial structure and management of the territories did not decrease, but increased over the years. In particular, they are exacerbated at the lowest basic level – in villages, towns and small towns, where local self-government is mostly incapable of activating economic activity and providing a favorable environment for people's functioning.

The European Charter of Local Self-Government stipulates that "within the limits of the law, local authorities have every right to freely resolve any matter which is not within their competence and which is not entrusted to any other body. Municipal functions, as a rule, are exercised mainly by those authorities which have the closest contact with the citizen" [Beiko and Pukhtynskyi 2003]. That is, the charter declared the principle of subsidiarity as the key to local self-government and should be the guaranty of local development, especially in rural areas. The state should abandon the functions not inherent to it and delegate the right to resolve the most crucial issues at the level of territorial communities, providing adequate resources under its own responsibility.

The experience of European countries shows that effective local self-government can only be built on the principles of public authority of territorial communities, based on which the realization of the right of the community to resolve issues of local importance is ensured. The key issue in addressing certain problems is the issue of adequate resource provision for the relevant solutions, so any territorial community must consider the resource potential, both domestic and regional.

Reforming the territorial organization of power on the basis of decentralization is one of the key areas of system social transformation in Ukraine. The basic component of this reform is the optimization of the spatial basis of the authorities functioning, which is the administrative-territorial structure. The task of decentralization reform in Ukraine is to create an effective system of public authority in administrative and territorial units, capable of providing favorable living conditions for people and opportunities for sustainable socio-economic development of all regions through the rational use of their potential.

Ukraine, as a country that has outlined a European vector for development and a country that seeks to meet the requirements of a candidate country for EU membership, must take all appropriate organizational and legal measures to build an effective, transparent public administration structure that is capable of implementing a coherent state policy aimed at sustainable social development and adequate response to internal and external challenges. The events in the East of Ukraine has become the urgent need to accelerate the processes of decentralization in Ukraine

Activation of the decentralization process in Ukraine started in 2014 with the adoption of the Concept of reforming local self-government and territorial organization of power in Ukraine, approved by the Cabinet of Ministers of Ukraine on April 1, 2014 No. 333-r [WWW 1]. The Concept has identified the main tasks that need to be addressed in the process of local government reform, namely:

– ensuring the accessibility and quality of public services;
– achieving optimal distribution of powers between local self-government bodies and executive authorities;
– defining a sound territorial basis for the activities of local self-government bodies and executive authorities in order to ensure the accessibility and proper quality of public services provided by such bodies;
– creation of corresponding material, financial and organizational conditions to ensure the implementation of local authorities' own and delegated powers.

Establishing an effective system of territorial organization of power is impossible without effective administrative-territorial reform, so the key step in this reform was the adoption of the Law of Ukraine "On Voluntary Association of Territorial Communities" of February, 5, 2015, according to which neighboring city, town or village councils can be united into one community with a single center of local self-government. The conditions for such association are:

– the absence of another territorial community with an existing representative body of local self-government within the united one;
– the continuity of the territory of the united territorial community; the boundaries of a united territorial community are determined by the external jurisdiction of the united territorial community councils;
– location of the united territorial community within one region;
– taking into account the decision to unite historical, cultural, ethnic and other factors of community evolution that have a direct impact on the socio-economic development of the united territorial community;
– improving the quality and accessibility of public services provided within a unitied territorial community.

On April 8, 2015, the Cabinet of Ministers of Ukraine [WWW 2] approved the Methodology for Forming Capable Territorial Communities, which defines the mechanism and conditions for the formation of capable territorial communities and the procedure for developing and approving a prospective plan for the formation of such communities. This normative act introduces the notion of a capable territorial community, which is defined as territorial communities of villages (settlements, cities), and which, as a result of voluntary association, are able to ensure, on their own or through the relevant local self-government bodies, an adequate level of provision of services, in particular in the field of education, culture, health protection, social protection, housing services, taking into account the human resources, financial support and infrastructure development of the corresponding administrative and territorial unit. Adopting these regulations and taking into account the positions of the European Charter of Local Self-Government have allowed Ukraine to begin the formation of a significant efficient and capable local government institution, which became known as United Territorial Communities (UTCs).

The process of forming a UTCs can be called dynamic: as of 2015, 159 UTC were formed in Ukraine; as of 2016 – 366; as for 2017 – 665; as of January, 1, 2019, the total number of united communities was 876, resulting from the unification of 4010 territorial communities (Fig. 1). The total area of the united communities is 37.6% of the country, with more than 8.4 million inhabitants, which is almost 24% of the total population of Ukraine.

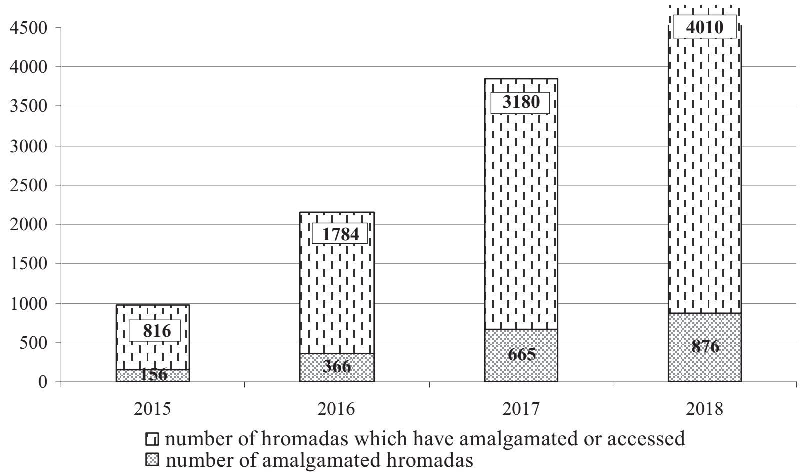

FIG. 1. Number of territorial communities that formed the united territorial communities

Source: Author's research.

Most UTCs are established in rural areas, the average number of territorial communities united into one UTC is 4.6, and the average population of one UTC is 10,289 people (Fig. 2).

Since 2014, implementing the state regional policy, the Government of Ukraine has been increasing the amount of state support for the development of regions and communities annually. The conducted analysis of the state budget showed that in 2019 the Government has been implementing 79 programs of state support for the development of territories for which 84.1 billion UAH is foreseen. In 2018, this support amounted to over UAH 66 billion. UTCs created from the state budget are provided with financial support for regional development of road and transport infrastructure, rural development, energy efficiency, environmental security, development of sports infrastructure, development in the field of education, culture, health care, infrastructure development (social security).

In addition to providing state financial support for regional development, the state has identified the sources of formation of UTCs financial resource in the Budget Code of Ukraine in order to encourage communities to unite. The main of them are: 60% tax on

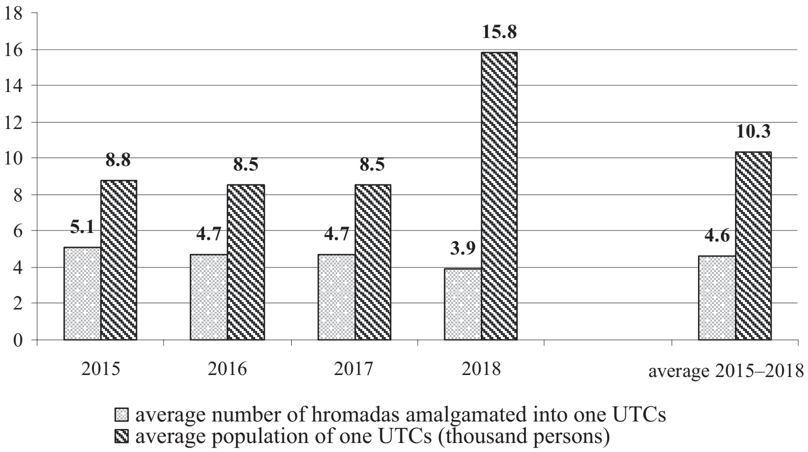

FIG. 2. Dynamics of the average number of communities and population that are combined into one community

Source: Author's research.

personal income, 25% environmental tax, 5% excise tax on sales of excisable goods (tobacco, alcohol, fuel at gas stations), 100% single tax, 100% tax on profits of enterprises and financial institutions of municipal property, 100% property tax (real estate, land, transport).

The most significant result of fiscal decentralization is the increase in the share of local taxes and levies in local budget revenues from 2.5% in 2012–2014 to 30% in 2018, mainly due to the transfer of individual taxes and levies to local budgets. The share of local budget revenues in the consolidated budget is more than 50%, compared to 42% in 2014. The standard of income ratio of the state and local budgets of most EU countries – 50 : 50 – can be considered achieved. Over 15% of GDP is redistributed through local budgets in Ukraine. The share of own revenues of local budgets (general fund) in GDP in 2018 has been 7.1% (in 2014 – 5.1%), and own revenues of local budgets increased from 68.6 billion UAH in 2015 to 189.4 billion UAH in 2018. The share of local budgets (including transfers) in the consolidated budget of Ukraine increased from 45.6% in 2015 to 51.5% in 2018. During 2016–2018, the own revenues of the general fund of local budgets per capita increased by 21.5% or from 3762.6 UAH up to 6032.9 UAH (Fig. 3).

As a result of the decentralization of management powers to the level of the united territorial communities, additional financial resources, expanded powers and direct intergovernmental budgetary relations have been provided. The exercise of these powers through the use of appropriate resources is the foundation on which the integral potential of the territory is formed and its use is ensured to achieve the development of the territory. The main component of the integral potential of a territorial community is its financial and economic potential.

The reform of the administrative and territorial structure and the introduction in Ukraine of the basics of financial decentralization imply a certain financial, organizational and administrative independence of the territorial community from the central

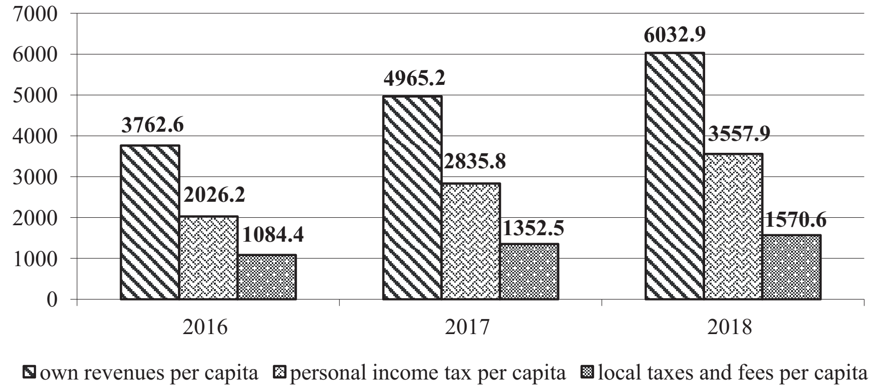

FIG. 3. Dynamics of own revenues of the general fund of local budgets per 1 resident of UTC in 2016–2018, UAH.

Source: Author's research.

authorities and their decisions. Such autonomy is only possible with the full and effective use of all the opportunities and resources available to the maximum extent possible. That is, "balanced economic, social and environmental development through sustainable use of resources" is meant.

Financial and economic potential of the territorial community is characterized by the presence of public relations, objects, connections, phenomena and resources, as well as the probable possibilities of their use, management and organization in order to ensure the complex development of the administrative and territorial unit. It is defined as the cumulative sum of the budgetary potential of a territorial community, the financial and economic potential of economic entities (located or operating in its territory), households, extra-budgetary funds and the level of their interaction. Financial and economic potential is characterized by dynamism, constant change and renewal of interconnections within the system and functional dependence of its constituents, which, due to the change of one element, leads to change of other and "shift of proportions of functional and territorial character" [Ganushhak 2013].

Most economists argue for the existence of the financial potential of the territory as a component of economic potential. However, taking into account the importance of financial capacity to meet material needs allows us to argue the existence of financial potential as a basis for the development of economic capacity of the territory, i.e. its economic potential. On the other hand, it is as a result of production activity and management that the consequences of such activities gain value and provide value creation. Accordingly, the components of economic capacity are the basis for the formation of financial potential. And each element-component of financial and economic capacity is a reflection of the system within which financial resources are formed (Fig. 4).

Analyzing the structure and sources of formation of financial and economic capacity of a territorial community, it is possible to distinguish the presence of its two components – real and potential. Taking into account the potential component makes the indicators of formation of financial and economic capacity of the territorial community much higher

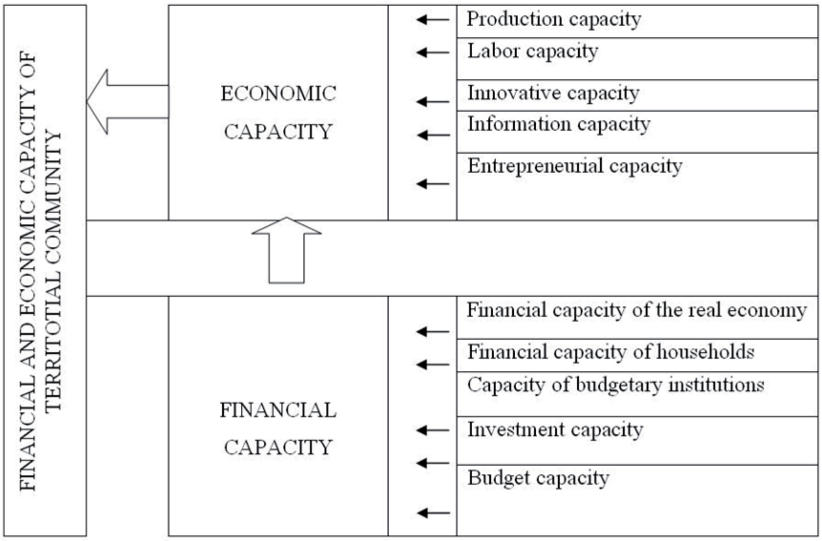

FIG. 4. Structure of financial and economic capacity of the territorial community

Source: Author's development.

than in determining only the real component, which can be analyzed by means of estimation statistical indicators. The main reason for such situation is the consideration of the level and capabilities of the economy in determining the potential component.

The main quantitative indicators of decentralization are the revenue part, which is at the disposal of local authorities, as well as the share of expenditures made at subregional and local levels of government in the consolidated budget of the state. However, only these quantitative parameters do not reflect the real state of decentralization of government in the state, since the redistribution of resources between levels of management is accompanied by a redistribution and "areas of responsibility", i.e. management functions. Along with financial decentralization, the state transfers directly the implementation of the public function to the regions, the provision of relevant public services to the population at their own expense or through higher-level transfers, regulatory adjustment of the corresponding function in ensuring the quality and accessibility of public services, natural and financial regulations, level and cost structure.

The analysis and research of the features of the territorial community development, in particular the efficiency of using its financial and economic capacity in the context of allocating actual indicators and reserves of growth, allow to evaluate comprehensively the ability of the community to ensure sustainable development in the long term and to determine its level of capability. This task is especially urgent in the current context, since at the legislative level the main issue of administrative-territorial reform is the formation of capable territorial communities through unification. Therefore, capacity should be seen as the ability to provide extended self-improvement to meet the needs of the territorial community, its socio-economic development and maintain an appropriate level of

competitiveness. Capability includes internal and external components or manifestation forms. The internal components include:
– level of use of the territorial community financial and economic capacity;
– the level of availability of financial resources to satisfy the provision of public services;
– the tax capacity of the territorial community and the level of use of its tax capacity.

An external form of the territorial community capacity manifestation is the level of its involvement into regional or country-wide distribution relations and indicators of community competitiveness.

On April 8, 2015, the Cabinet of Ministers of Ukraine [WWW 2] approved the Methodology of formation of capable territorial communities in which the term "capable territorial community" is defined. They are territorial communities of villages (settlements, cities) which, as a result of voluntary association, are able to provide independently or through the relevant local self-government bodies level of provision of services, in particular in the field of education, culture, health care, social protection, housing services, taking into account human resources, financial support and infrastructure development of the relevant administrative unit.

The main goal of local self-government reforming in Ukraine is to stimulate economic growth in the country on a bottom-up basis through the effective use of its own socio-economic resources by newly created united territorial communities. The main directions of intensification of the territorial community financial and economic capacity formation in the conditions of implementation of the decentralization reform are shown in Figure 5.

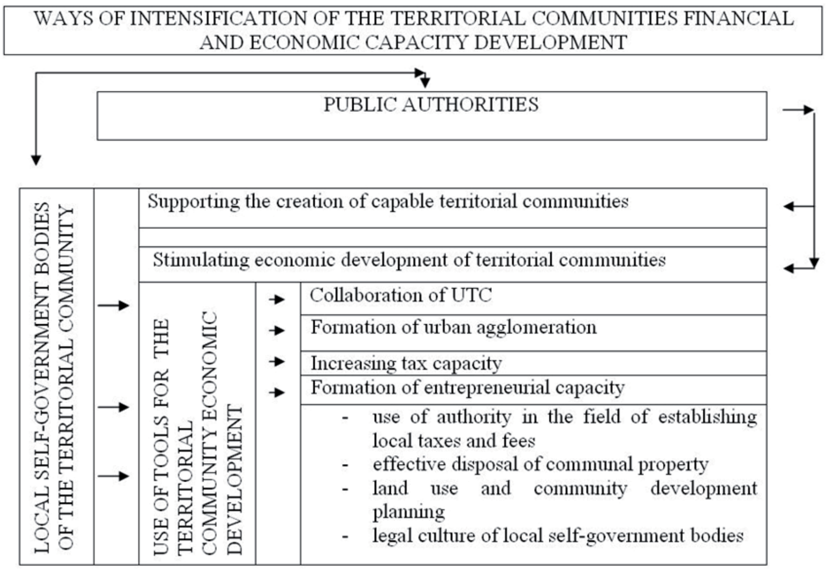

FIG. 5. Ways of intensification of the united territorial community financial and economic capacity development

Source: Author's development.

Nowadays, there are many unresolved issues that affect the formation and development of UTCs in Ukraine, the main of which are:

– development of communities that do not meet the criteria of capacity (according to the population size, financial and economic capacity, etc.), although some of them currently have a high level of taxability;
– leaving cities of regional importance, as well as subsidized rural communities, outside the process of unification;
– low level of support to the process of UTCs creation by district administrations and local elites, who are not interested in changing the leadership of settlement councils and principles of their functioning.

The problems related to the socio-economic differentiation of the development of individual territories of Ukraine are largely caused by the model of relations between the center and the regions, which was based on the exclusive role of the center in solving the issues of regional development and the redistribution of resources, as well as the total lack of authority and finances in the regions for implementation of regulatory influence at the internal regional level. This situation did not lead to effective management of the internal socio-economic capacity, since the additional financial resources obtained as a result of economic activity could not be used by the authorities and local self-government at their own discretion and to meet the immediate needs of the development of local territories. Therefore, the implementation of reforms in the field of local self-government and administrative-territorial structure of the state, is meant to shift the weight of responsibility and the resource base of development to the regional and local level, which can be a catalyst for leveling excessive disproportions of socio-economic development of territories by launching mechanisms local self-government bodies promoting to endogenous capacity creation.

The Concept of reforming local self-government and territorial organization of government in Ukraine has identified two stages of the reform realization and timeframes for their implementation: preparatory stage (2014) and the second stage (2015–2017). Analyzing the peculiarities of the UTCs development in Ukraine, it should be emphasized that a large number of communities with a population of less than 5,000 people, the vast majority of whom are rural inhabitants, have been created. At the same time, while in 2015 their share was 31.4% of the formed UTCs, in 2016 it was 35.8%, and in 2017 it comprised 35.0%. A significant increase in the number of UTCs created in 2018, along with the decrease in the number of communities that were included into UTCs, was caused by the increased involvement of regional cities and even regional centers into the integration process. Taking into account the larger size and population of urban UTCs, as well as the much higher economic capacity (including tax capacity), we might foresee further differentiation of opportunities and levels of urban and rural UTCs in the future.

Therefore, the Government has introduced a new timetable for reform implementation nowadays. The development of capable territorial communities should be formed by the middle 2020, which would correspond the already adopted law on the administrative and territorial structure in Ukraine. The principle of voluntariness, however, remains fundamental. Along with this, the reorganization of districts and the formation of administrative districts as a temporary territorial basis for the organizational construction of territorial units of central executive bodies, taking into account the configuration of hospital districts, as well as the reformation of the network of territorial bodies of central executive bodies and state administrations, begins.

CONCLUSIONS

Ukraine is only making the first steps on the way to decentralization and economic growth, however there are tangible shifts in the direction of decentralization. Continuation of the policy of decentralization of governance should become an effective factor in stabilizing the socio-economic situation, overcoming contradictions between different levels of government, and contributing to improving the efficiency of budgetary funds use at all levels. The main tasks of decentralization for the medium term perspective are completing the formation of capable territorial communities throughout the country, strengthening the communities institutional and resource capacity, introducing strategic planning for the UTCs development, building community infrastructures, improving the quality of provision of the entire range of public services to the population.

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Summary. The current state of decentralization reform implementation in Ukraine has been highlighted. The necessary assurance of the decentralization process based on the principles of administrative and financial decentralization has been identified. The key aspects of the reform are the creation of conditions for socioeconomic development of the administrative--territorial structure of the state. The main ways of development of territorial communities, their economic and financial status strengthening have been determined on the basis of the conducted research. The complex of tasks which are dependent on territorial community capacity functioning has been analyzed. It has been established that the efficiency of forming and utilizing the financial and economic potential of a territorial community is a prerequisite for ensuring its capacity. Conclusions have been made on the necessity of further implementation of decentralization in Ukraine in order to ensure the strengthening of the institutional and resource capacity of territorial communities, and to introduce strategic planning for their development.

Key words: decentralization, administrative-territorial structure, capable territorial community, financial decentralization, resources

JEL: H73, O18, R11

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INTERGENERATIONAL PRIVATE TRANSFERS IN THE SYSTEM OF FACTORS OF POPULATION'S MIGRATION ACTIVITY

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INTRODUCTION

Interaction between generations is one of the most important preconditions of successful society development, the mean to secure sustainability of demographic processes and an essential factor of migration activity of a country's population. Accord and level of harmony in intergenerational links serve as the major indicators of social relations' humanization [Postnikova 2011]. The urgency of intergenerational relations' problems is strengthened by international organizations' increasing attention to them. Thus, in 1999 UNESCO initiated the range of international programs related to large-scale research of intergenerational relations [Hatton-Yeo and Ohsako 2000]. The United Nations Organization elaborated the concept of building the society of all ages. Solidarity between generations is among its founding principles. Therefore, strengthening of solidarity between generations based on the principle of justice and mutual assistance is an important aspect of UN policy on ageing [UN 2017]. Intergenerational transfers are one of the major ways of interactions between generations.

The problem of intergenerational transfers is deeply studied by Western scientists. In particular, Canadian scientist D. Cheal researched what transfers prevail, money or transfer of goods and services, and what it depends on. The works of American scientists K. Coach, M. Dali, D. Wolf are devoted to the problem of children's caring for their parents. Foreign scientists pay increased attention to the factors and reasons of private transfers, including the place the altruistic motives take in intergenerational transfers [Cox 1987, Halvorsen and Thoresen 2007]. In this context, the two models of transfers' motives are the most widespread: exchange (J. Andreoni, B. Bernheim, D. Cox) and altruism (G. Becker, P. Menchik, O. Stark).

Moreover, Russian researchers have been studying the intensity, nature and directions of private (including intergenerational) transfers since the beginning of 90th, mostly through network, descriptive and qualitative analysis [Gradosel'skaya 2004, Kozachenko 2010]. The results of empirical studies devoted to intergenerational transfers are outlined by S. Yu. Barsukova , Ye. V. Gladnikova, M. B. Denysenko, O. Ye. Krasnova, O. V. Lylova, etc. Thus, based on the data of the research Parents and children, men and women in family and society conducted under the international program "Generation and Gender Survey",Ye. V. Gladhikova concluded that the system of intergenerational assistance is peculiar to Russia, when mostly older generation transfers financial assistance to the younger one. This assistance is of selective nature: it is most often provided to most needing recipients, who live in a city, have no partner, etc. The reverse connection from children to parents is much rarer and hardly depends on financial needs of accepting party [Gladnikova 2012]. It is worth mentioning an interesting approach of H. V. Hradoselska, who has applied the theory of social networks to analyze the intergenerational relations. Social networks in the approach are seen as the aggregate of links, by which various resources are transferred. The following transfers by the type of resources are usually defined: money, labor, food and items, information and connections [Gradosel'skaya 2004].

The problems that are the part of intergenerational transfers or are related to them rather than the very intergenerational transfers are the subject of research in Ukraine. For example, the works of A. P. Haidutskyi, O. A. Malynovska, Ya. M. Pylynskyi, V. O. Shevchuk are devoted to the issues of migrants' money transfers. Peculiarities of multigenerational families and intergenerational relations in the context of structural approach are examined by T. M. Yablonska. The group of scientists of the Institute of Demography and Social Research of the NAS of Ukraine led by E. M. Libanova carries out studies in the field of urgent issues of family and family relations development in Ukraine. In particular, they pay substantial attention to family values and modern forms of family relations of parents and grandparents generations. Therefore, the Ukrainian scientists' research of intergenerational private transfers is of sporadic and fragmented nature.

AIM AND METHOD

The paper aims to develop certain theoretical and methodological aspects of research of intergenerational private transfers, to reveal the specifics of their functioning in Ukraine and to assess possible impact on migration activity of population. For this purpose a wide range of theoretical basis and background research papers were analyzed. The general scientific methods were used: generalization, systematic and integrated approach, logical analysis and modeling. We also tried to study the problem of intergenerational private transfers in the process of monitoring survey of unemployed in Lviv, Ukraine (2013–2016). The survey was carried out among unemployed job seekers addressing the Lviv City Employment Center in autumn 2013, 2014, 2015, 2016 and 2018. On the basis of stratified sample 500 questionnaires were distributed annually. Major features of stratification were the socio-demographic features of population, which considerably influence its migration potential, namely: age, gender and education. Taking into consideration the level of questionnaires' return and their screening by completion correctness, 360 questionnaires were analyzed in 2013, 400 – in 2014, 350 – in 2015, 345 – in 2016 and 338 – in 2018. Socio-demographic features of respondents didn't differ much in the examined years and remained to be approximately in the following ratio: 38% – males, 62% – females. Majority of unemployed had basic or completed higher education (81%), 13% – technical and vocational and only 6% – complete secondary education. More than the half of respondents are young people up to 35 years old (54%), the rest are mostly persons aged 36–60. Thus, the respondents were asked: which of the following types of assistance do you regularly receive from your relatives?. The question had 8 response options.

RESEARCH RESULTS

Intergenerational private transfers are understood as the transfers of benefits and services from one generation to another on a voluntary non-reimbursable basis. If the transfer process takes place from the representatives of older generation to the representatives of the younger one, we can talk about downward transfers. The upwards transfers are from the younger generation to the older. Each participant of transfer relations can be both the entity (donor) and the object (acceptor) of transfers [Mironova 2012]. Therefore, the households, where individuals provide transfers, are the donors and those accepting them – the acceptors. It is worth mentioning that we use benefit in its extended meaning in order to encompass all the variety of resources, services, information and even liabilities transferred between the representatives of different generations.

The model of human living cycle largely defines the intensity, specifics and direction of transfers between the generations. During one's life an individual accumulates resources, therefore, one's capacities as a donor also increase and the resources are distributed in such a way that each previous generation assists the next one, excluding certain cases (disability, bad health, etc), when the transfers' direction can change [Gladnikova 2012]. Empirical scientific research shows that financial transfers are often transmitted from older to younger generations regardless the income of the older, which serves as a partial confirmation of the model. It is obvious that young and single-parent families as well as families consisting of elder of ill persons require assistance the most.

Multigenerational family plays an important role in preserving of intergenerational relations, including the intergenerational transfers. In concerns both real and nominal (poly-local) extended family, which is the community of relatives belonging to different generations, living in different places and managing different households, but providing each other with social and economic assistance and feeling psychological affection to each other, i.e. they are included in the system of intra-family solidarity [Kozachenko 2010].

In Ukraine, a family and intergenerational intra-family assistance remain to be the major and in many cases the only way for people to survive. International research shows that Ukrainians provide assistance and support in everyday life to grown children and grandchildren more often than Europeans do. At the same time, they receive more support from children and grandchildren [Holovakha and Horbachyk 2009]. It can be partially explained by difficult social and economic condition of population, on one hand, and inefficiency of state social policy and underdeveloped system of family support, on the other hand. Moreover, the situation can serve as an indicator of preserving of moral values and long-lasting traditions of family relations, peculiar to Ukrainian society. Sociological surveys confirm this statement and show that modernization of value orientations of Ukrainian population does not weaken the importance of family values [Ministry of Ukraine…, 2010].

In general, co-residence of parents and grown children (or grown children with elderly parents, grandparents) can be seen as special type of assistance to children (parents). If several generations live together in one family, they have a very close emotional, financial and labor intergenerational exchange. Therefore, multigenerational family can be seen as special type of intergenerational transfers and should be researched in more detail in this context.

It is well known that it is customary that grown children live apart from their parents, even if children haven't created their families. For example, in neighboring Poland almost 17% of adults live with their parents [Piotrowska and Kośny 2017]. Unfortunately, in Ukraine information about the structure of households includes only the children under 18 years old. However, sociological surveys confirm that the share of co-residence of parents and children is much higher than in average in Europe.

It is obvious that co-residence of grown children and parents or living apart mostly depends on housing and level of family income. Among the reasons of separate residence of grown children and parents, the scientists of the M. V. Ptuha Institute of Demography and Social Research of the NAS of Ukraine mention the availability of children in their own families as the major one [Libanova and Aks'onova 2009]. The second reason of separate residence of grown children and parents by importance is education. In our point of view, the reasons of co-residence and separate residence of families of various generations require more profound examination. In particular, it is worth studying what place the traditions, cultural peculiarities and family values take in the structure of the motives of joint (separate) residence of parents, grandparents and their grown children.

Analysis of the most recent publications on the problems of intergenerational private transfers shows that by the type of transferred resources the transfers are most often divided into material and non-material. Money and food transfers are examined as the material transfers and non-material transfers are divided into labor and informational. We suggest the expanded and more detailed classification of intergenerational private transfers (Table 1), which contributes to their more complete and multidimensional research in further empirical studies of this problem.

The first block of material transfers consists of money, bank accounts, financial commitments, securities transferred from older generation to the younger or vice versa. We deem that unpaid utility bills or debts the children must pay for their parents or vice versa should also be included here. The second block includes transfer of food and medicine from representatives of one generation to the other. Empirical research conducted in Russia testifies to the fact that most often the parents residing in villages help their children, who reside in cities, with food. Instead, children help parents mostly with labor, and rarely – with money [Gladnikova 2012]. The next subtype of material transfers comprises clothes, furniture and other items, which can be transferred between generations as the form of permanent assistance or as holiday gifts. Exchange of gifts between the representatives of various generations is rather common but completely understudied type of material transfers not only in Ukraine, but also abroad. Transfer of property rights to land, housing or other assets, most often by inheritance, is another significant type of material transfers.

TABLE 1. Classification of intergenerational private transfers by the type of provided/received benefits (resources – products – services)*

Intergenerational transfers	Types of transfers
Material	money, money commitments food, medicine clothes, furniture, other items real estate
Non-material	Instrumental – domestic issues – work in the backyard, repair works – care for family members – care for domestic animals, pets Socio-humanitarian – communication, psychological and moral support – information, social connections – upbringing, translation of values, norms, traditions – socio-economic status

Source: the Author.

Representative sociological surveys in Ukraine show that almost half of population, who have adult children, constantly provide them with material assistance (55.6% of respondents). Almost, fifth part of respondents helps their children sometimes and the same part does not help at all. Regarding the material assistance to parents from their grown children and the need for such assistance, 46% of respondents constantly receiving material assistance from children do need such help and 48.7% don't [Libanova and Aks'onova 2009]. The results of this research do not contribute to further analysis of what types of material assistance parents of grown children provide and receive.

It is worth mentioning that currently neither statistical yearbooks nor random sociological surveys provide necessary information on what part of household income is formed by intergenerational material transfers. However, random surveys of statistical offices on labor migration in Ukraine have the data on the sources of material assistance to households from abroad. It provides at least an approximate idea about the structure of this type of intergenerational material transfers (Table 2).

As we have mentioned earlier, material transfers both in Ukraine and in many other countries mostly are of downward nature: benefits are transferred from older generation to the younger. However, in case if the material assistance comes from abroad, situation looks somewhat different. Thus, the results of surveys carried out by State Statistical Service of Ukraine show that almost third part of material assistance received by Ukrainian households from abroad comes from children and another third part – from one of

TABLE 2. Households by the source of material assistance from abroad (%)

Financial assistance from:	Year		
	2007	2011	2016
Husband, wife	30.6	28.4	33.7
Children	21.9	31.4	30.7
Parents	17.5	14.0	15.1
Other relatives	25.5	28.2	20.1
Friends and others	4.5	5.4	5.7

Several options were allowed.

Sources: [State Committee of Statistics of Ukraine 2009. International Labor Organization 2013, State Statistics Service of Ukraine 2017].

the spouses. Instead, the share of material benefits transferred from parents to children ranges from 17.5% (in 2007) to 15% (2016) of all revenues. It is in fact twice less than the amounts the children transfer to parents.

The results of this survey also revealed that households receive substantial assistance from other relatives. Thus, in 2007 the share of this assistance amounted to the quarter of all revenues, in 2011 – almost 30%, and in 2016 – the fifth part. However, from the survey it is impossible to find out what share of these transfers belongs to relatives that represent different generations (grandmothers, nephews, aunts, etc.). Despite the limited available information, still there are reasons to conclude that most of material assistance received by households from abroad belongs to intergenerational private transfers. Therefore, almost 40% of assistance is provided by representatives of one generation.

Regarding the non-material intergenerational private transfers, we suggest distinguishing instrumental and socio-humanitarian ones (see Table 1). Instrumental transfers are the assistance of representatives of older (younger) generation to younger (older) in everyday domestic issues, work in the backyard, care for children, elders or pets. The structure of socio-humanitarian transfers consists of communication between the representatives of different generations, their psychological or moral support; transfer of information, translation of values, norms and ethnical traditions that is the integral element of spiritual-informational mobility. Due to intergenerational transfers the knowledge, experience of past and contemporary become an important and necessary foundation for creation of future socio-economic development. Fundamental trinity "past-contemporary-future" creates ground for uninterrupted historical process, preserving of national identity of Ukrainian culture.

Non-material transfers, in particular the transfer of social information, knowledge, experience, cultural heritage, norms, spiritual values and traditions, play the key role in forming and upbringing of young generation and create spiritual-informational and national space favorable for comprehensive development of new generations. Moreover, transfer of information and spiritual values between generations boosts the forming of national conscience and patriotism, diminishing emigration attitudes of young generation and serving as the necessary motivating foundation for hard work on the native land.

In our point of view, socio-humanitarian type of transfers should comprise also the socio-economic status, the transfer of which is of both downward and upward nature. It means that not only children can inherit it from parents and grandparents, but also parents of famous and bright personalities also gain the new status thanks to their children. Although, sometimes it happens that a person from intelligent, rich family can degrade and lower one's status, or vice versa – a person from poorly educated, poor and sometimes troubled families gets a college degree and improves one's socio-economic status. However, the problems of the change of status inherited from parents are a subject of separate research that lies in the field of intergenerational mobility.

The problem of intergenerational private transfers was also rises up in the process of monitoring survey of unemployed in Lviv (2013–2016). Thus, the respondents were asked: which of the following types of assistance do you regularly receive from your relatives?. In this case, the participants of survey were the acceptors of transfers and the donors were parents, adult children, grandparents or grandchildren. As far as the latter groups of donors received insignificant number of choices (which is mostly explained by age structure of majority of respondents), the Table 3 shows only the structure of transfers from parents. The results of survey show that in average almost quarter of respondents resides with parents, therefore accepts all types of assistance from them (Table 3). In 2013, as much as 40% of respondents received financial transfers and 32% – spiritual. In 2014–2016, financial and spiritual assistance substantially reduced and was distributed almost equally (from 22 to 25%). In general, in 2018 the financial transfers reduced by half in comparison with 2013.Transfers in the form of services also reduced: if in 2013, 17% of respondents received them, in 2018 it was only 10%. It is significant that only the tiny share of respondents (within 1–4%) chose the option "I do not receive assistance because it doesn't work like that in our family (everyone is on one's own)".

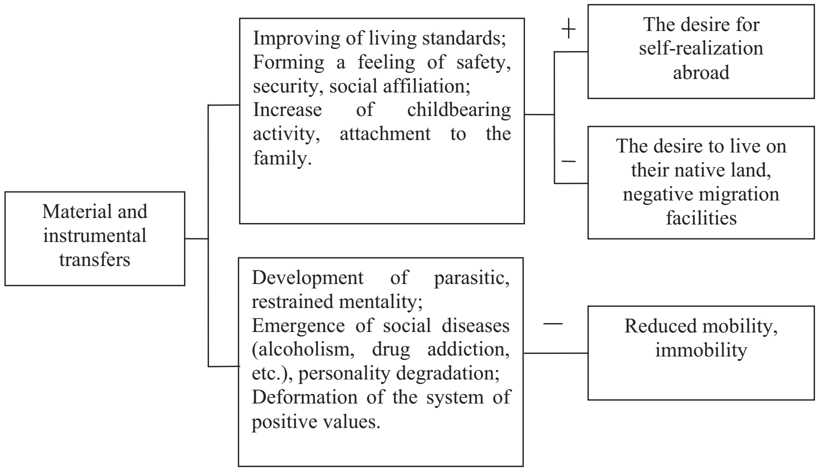
Currently the problem of intergenerational private transfers' impact on migration activity of certain person or group of persons is almost unexamined. In our point of view,

TABLE 3. Assistance regularly received by unemployed from their parents (including from the parents of wife/husband), overall number of respondents each year under research (%)

Types of assistance and other answers	2013	2014	2015	2016	2018
Financial	40.3	26.8	25.4	21.5	17.5
Services (care for family members, work in the garden, housework)	17.2	12.5	9.4	9.3	10.1
Spiritual, informational, moral	32.2	24.3	21.4	27.5	28.7
All kinds of help because we live together	29.2	23.0	23.7	22.3	15.1
I don't get any help because don't have such need	6.4	3.0	3.7	3.2	4.4
I don't get help because the specified family members do not have such possibilities	7.8	17.3	12.9	12.5	26.9
I don't receive assistance because it doesn't work like that in our family (everyone is on one's own)	1.1	4.3	3.1	3.2	5.9
I don't get help from these family members because of their absence	2.8	3.5	3.1	1.7	11.5

Source: the Author.

it is very hard to predict the nature of this impact, because it depends on the very content of transfers. We mean that not only material assistance, but also debts and poverty can be transferred; not only positive norms and values, but also destructive ones, etc. In this regard, we should differentiate positive and negative transfers. However, the same type of transfer can have different socio-economic impact and can both stimulate and restrain migration activity. In case of stimulation, the transfer is the positive catalyst of migration activity and boosts its growth. In the other case, it is the negative catalyst (inhibitor) and therefore leads to migration activity reduction. For example, we suggest the scheme of possible impact of material and instrumental transfers on their acceptors and forming of their migration attitudes (Fig.1).



+ shows that transfer strengthens the migration activity, – shows that transfer weakens the migration activity.

FIG. 1. The scheme of possible influence of positive material and instrumental transfers on migration activity of their acceptors

Source: The Author.

The figure shows that by its nature the transfer can have both positive and negative impact on its acceptors, leading to growth or reduction of their migration activity. Thus, material intergenerational assistance provides the redistribution of resources on voluntary basis, reducing the level of poverty, social tension and resentment. We can assume that receiving of money assistance by young family from their parents can positively influence the reproductive activity of this family. Therefore, it is logical to expect that a young family will more likely choose to give birth to the second and the third child if they have both material and work assistance from parents and grandparents rather than if there is no such assistance. In general, we can assume that material transfers cause the reduction of migration activity of acceptors. However, frequently the needs of the highest order (for example, personal professional and creative fulfillment) and obstacles on the way to their addressing within the residing country can push certain individuals towards leaving abroad, even if these individuals receive material and spiritual transfers. Therefore, in our point of view, it is a mistake to insist that positive material and instrumental transfers clearly reduce the migration activity of population.

Moreover, it is important to take into account that even positive transfers by nature sometimes can have negative consequences. For example, constant substantial support of adult children by their parents can promote the development of dependent, parasitic attitudes and even degradation of personality. It mostly concerns adult children, whose parents have been living abroad for a long time and have been regularly sending them significant amounts of money. Presence of influential parents with broad social connections sometimes leads to deformation of their children's system of values (for example, lack of desire to study, work, or achieve something independently). And vice versa, negative transfers by their nature (debts, poverty, low socio-economic status) can positively influence the social capacity of a personality (mobilization of personal resources, activation of labor activity, etc.) and then his/her direct surrounding. However, mostly the need to pay debts or the lack of financial assistance from parents if it is needed urges young family to search for additional earnings abroad.

CONCLUSIONS

In general, in domestic economic science the problem of intergenerational private transfers is rather new and almost underdeveloped both in theoretical and practical aspects. The classification of transfers by the type of provided or received benefits, which we suggest, can serve as theoretical and methodological basis for further scientific research in this direction. Relying on information basis available to us, we can conclude that intensive flows of intergenerational private transfers are peculiar to Ukraine. Moreover, the downward transfers prevail, both material and non-material. Co-residence of grown children and parents is the feature of such transfers' translation in Ukraine. At the same time, the results of sociological research show that material transfers from abroad come to households from children twice more often than from parents.

The suggested scheme of possible influence of material and instrumental transfers on migration activity of their acceptors shows the complexity and ambiguity of this relation. After all, positive transfers by their nature can have both positive and negative influence on the personality receiving them and one's migration activity. Therefore, we find it reasonable to introduce the system of monitoring research of households receiving certain type of transfers and migration attitudes of their acceptors. Comparative analysis of migration attitudes and level of activity of persons receiving transfers with those, who do not receive any assistance, would contribute to evaluation of prevailing nature of the impact of intergenerational private transfers on forming of migration capacity of population and intensity of migratory movements.

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Summary. The paper develops certain theoretical and methodological foundations of the research of intergenerational private transfers. In particular, it provides extended and more complex classification of transfers, dividing transfers into instrumental and socio-humanitarian and outlining the content details for each group. Moreover, not only positive (e.g. money, material assets), but also negative transfers (e.g. debts) that can be transmitted from one generation to the other are suggested to be taken into account. The author has developed the scheme of possible impact of material and instrumental transfers on the acceptors, their situation and migration activities, which shows the ambiguity of such links. Conducting of representative sociological surveys will contribute to more distinct establishment of dominating impact of intergenerational private transfers on migration activity of population.

Key words: generation, family, parents, children, intergenerational links, intergenerational private transfers, migration activity, migration attitudes

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CONSUMER SATISFACTION IN THE PLACE MARKETING

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INTRODUCTION

We can approach the satisfaction of the local residents from two sides. One of those can be identified as the peak of the regional competitiveness pyramid model [Lengyel 2006], the enhancement of the local residents' quality of life and living standards, which is also the aim of the place marketing. The other one comes from the marketing communication side, under the notion that local residents are the ambassadors of settlements and their image will also form that of the settlement, ultimately what appears in the heads of consumers about the place. As the communication of the local residents formally cannot be regulated, the managers of the settlements have to strive for more satisfied local residents, since the satisfied residents will not damage the reputation of the settlement for others (e.g. for tourists). Last but not least it is important to mention that satisfied local residents will not have the desire to move to other settlements, thus the settlement could hold on to these residents as a "loyal consumers".

The aim of the study is to highlight to the importance of consumer satisfaction in the place marketing, and to explore models belonging to the basic models of consumer satisfaction that focus on examining the residents' satisfaction.

CONSUMER SATISFACTION

According to the literature there are three main fields that are dealing with satisfaction: sociology and human ecology, psychology, and marketing. The human ecology focuses on the natural and physical environment where the consumer lives, while psychology examines the overall life satisfaction [Insch and Florek 2008]. In the field of marketing, consumer satisfaction often appears in the literature of consumer behavior. According to Peter and Olson [1987] consumer satisfaction is when the consumers are satisfied with a product or brand, which they would like to buy on another occasion as well, and would like to share their positive experiences regarding the product or the brand. Its opposite is dissatisfaction, which comes into existence when the consumers' expectations before the purchase are confuted afterwards. Namely, if there disparity between the real and the expected product, the consumer will not want to purchase again, he or she will have complaints against the product or service and would like to replace it [Peter and Olson 1987]. According to Kenesei and Kolos [2014] we can talk about satisfied consumers when the experience exceeded the expectations. This judgement is subjective, namely the consumer satisfaction or dissatisfaction is determined according to the attitudes, which may further evolve within the consumers after the purchasing of the product [Solomon et al. 2006]. We can speak about consumer satisfaction in the place marketing as well, although settlements have many more complex and unique features that differentiate them from products. The present study is focusing on the local residents which is one of place marketing's three main target groups (namely local residents, tourists and entrepreneurs). The satisfaction of the local residents with the settlement is partly depending on the perceived quality of different, interrelated environments. Such environments are the social, cultural, economic and natural [Insch and Florek 2008].

CONSUMER SATISFACTION AND THE CONNECTED MODELS' EXAMINATION IN THE PLACE MARKETING

Basic models in connection with satisfaction

On the apropos of consumer satisfaction we may find models in connection with that topic in the literature. Hereinafter the basic models in connection with satisfaction and the satisfaction models which are connected to the place marketing will be presented. Among the basic models in connection with satisfaction the European and American customer satisfaction examinations will be under scrutiny as well. In their word usage the phrase of customer satisfaction is in the majority, but at the same time, in the course of examination of the models it will be clear that this is actually a synonym with the phrase of consumer satisfaction. This means that the customer who is purchasing is also the consumer of the product. Thus henceforth the study will not make a distinction between the phrase of customer and consumer in the case of examination of satisfaction models.

To examine the consumer satisfaction the American Customer Satisfaction Index (ACSI) was established in 1994 which was developed under the leadership of Claes Fornell in the American Michigan University as an improvement of the Swedish Customer Satisfaction Barometer (SCSB), created in 1989. Six variables were examined in the multivariable model: customer expectation, perceived quality, perceived value, customer satisfaction, customer complaints, and customer loyalty. The model is considered a "cause-effect" model where the causes, namely the customer expectations, the perceived quality and the perceived value induce customer satisfaction, which is located in the middle of the model, the outcome appears on the right side of the model, as the element of customer complaints and customer loyalty. The latter includes the customer behavior and price tolerance. The customer expectations include prior consumer experiences and other non--experience based information, such as advertisement, word-of-mouth, and company forecast; which serve as a basis for the consumer to judge the quality of the offered product//service. After consuming the product/service, the consumer could evaluate the perceived quality according to how fitting it was to his/her needs. A key difference from the Swedish model is that the perceived value appears in the ACSI. This perceived value is relative for the consumer, not necessarily related to the paid cash value, in other words the price will not be the determinant for the customer in the course of a following purchase decision, rather the extra benefit which the product could generate for him/her. The perceived value serves as the scale of quality which could change depending on how important the given good is for the customer. These all could generate satisfaction, which leads to customer loyalty, namely the customer will be loyal to the product/service and will purchase in the future as well, even with different prices (price tolerance). In case the consumer is not satisfied, he/she will have complaints in connection with the product/service [WWW 2, WWW 3]. In the methodology description of creating the index, the primary goal to estimate the effect of the ACSI to the customer loyalty was mentioned, which plays an important role in the course of the companies' present and future business performance. The index is adaptable in several fields, like in the private sector, in the industrial sector (considering the product and the service quality as input factor), government agencies (including governmental services), and nonprofit organizations (in their case the aim is to gain the consumer trust) [American…, 2005].

After the creation of the American Customer Satisfaction Index, an index was established in Europe that measures the consumer satisfaction as well. The aim of the European Customer Satisfaction Index (ECSI) is to describe the consumer behavior, the measure and description of the satisfaction, which could help to companies to correct their performance. The index could be used in different sectors, moreover it is appropriate to compare sectors and countries as well [Cassel and Eklöf 2001]. The index was later renamed to European Performance Satisfaction Index (EPSI), the change referring to this performance-based examination as well. Compared to the ACSI, certain changes were implemented into the model: On one hand image got into the model as a latent variable which influences the customer expectations and the loyalty. On the other hand the occurrence frequency of complaints as the effect of the satisfaction was evicted from the model [WWW 5].

The Norwegian Customer Satisfaction Barometer (NCSB) took the former satisfaction models into consideration, but at the same time it carried out significant innovations creating the new model. Instead of the previously appearing value, they included price, while instead of the customer expectations, the corporate image got inserted into the model as a consequence of satisfaction. The latter means they measured of the corporate and brand image related customer perception. The corporate image and the loyalty represents the relationship commitment. The model includes the direct effects of the price on loyalty, furthermore includes complaint handling, which has an effect to the loyalty and the satisfaction as well [Johnson et al. 2001].

Kano [1984] created a model, which was completely different from the previous models to examine consumer satisfaction. The multi-dimensional model shows the single factors, depending on satisfaction and execution, altogether sorted into five categories. The model highlights that not every factor, product characteristic means the same satisfaction for the consumer [WWW 1]. The single factors contribute in a different way to consumer satisfaction, namely they could have asymmetrical effects [Marien 2016]. One of them is the basic requirements factor which contains "must be" functions that are evident for the consumers [WWW 4]. If this element has positive performance, in that case consumers are neutral, meaning solely they are not dissatisfied, but at the same time if it is poor, its performance is negative, they will be dissatisfied. These "must be" factors are important because if the product/service does not satisfy the consumer expectations, he/she will not interested to at all [Matzler and Hinterhuber 1998]. In the case of "one-dimensional" factor the higher the performance is, the bigger the consumer satisfaction will be, and vice versa. The name of the factor points at the linear, direct proportion connection. The "attractive" factor evokes excitement, gives unexpected performance to the consumer which could generate positive reaction. The more function the product has, the more satisfied the consumer will be, at the same time having no further functions, will not make the consumer dissatisfied. Bigger satisfaction may only be generated once the product performs all the basic requirements. The "indifferent" factors (in which case is unimportant how much energy we invest in their performance) will not interest the consumers, they will be neutral towards them. These lay in the middle of the satisfaction dimension, in the break-even point of the horizontal axis. Regarding the "reverse" factors the consumers are dismissive. The best practice is to not have these factors turn up, as their presence is undesired [Walden et al. 1993, Sauerwein et al. 1996, Matzler and Hinterhuber 1998, WWW 4].

All in all, a linear connection may be found with satisfaction in the case of "one--dimensional" factors, and reversely, nonlinear connection in the case of "must be" and "attractive" factors.

MODELS IN CONNECTION WITH SATISFACTION IN THE PLACE MARKETING

In the following, the major satisfaction models from the perspective of the place marketing will be presented. The aim is to collect models which try to present the satisfaction from multiple aspects, from the point of view of local residents.

Speare [1974] approached the local residents' satisfaction from the aspect of mobility. During the examination he found that the individual and household characteristics, the location characteristics (housing, job, neighborhood, region), and social bonds all have effect on the relative satisfaction, ultimately being responsible on resident's consideration whether to stay or move.

Insch and Florek [2008] started out from the American Customer Satisfaction Index to delineate their own model. In the marketing literature we can distinguish between two type of satisfactions: transaction-specific and cumulative satisfaction [Bitner and Hubbert 1994]. The transaction-specific satisfaction stands for the evaluation concerning any given transaction situation [Horváth 2001]. The cumulative satisfaction means the evaluation of overall different transactions, where the entirety of the purchasing and consuming process gets evaluated, taking the time of purchasing and consuming into consideration [Mittal et al. 1998, Horváth 2001]. The ACSI starts out from the cumulative satisfaction conception which accompanies the whole empirical process from the idea to the decision-making [Lervik-Olsen and Johnson 2003, American…, 2005, Insch and Florek 2008]. In the case of place marketing, the Insch and Florek [2008] model is important because the place attachment appears in the process as the result of the satisfaction with the place. Essentially, this is fitting to the customer loyalty appearing in the ACSI model, since anyone who is satisfied with his or her residence, will stay and the urge to migrate will not appear.

Zenker et al. [2009] examined the residents' satisfaction according to four factors: urbanity and diversity, nature and recreation, job chances and cost-efficiency. They established the Citizen Satisfaction Index (CSI) which was formed by the 21 elements that influenced the aforementioned four factors. The urbanity and diversity covers the size and range of the offered services (e.g.: city image, wide range of cultural activities and shopping opportunities), the general atmosphere, the different cultures, the openness and tolerance of a city. The nature and recreation includes the environmental elements (rivers', watersides' pollution, tranquility of the place, parks, open areas and other areas for recreation and for outdoor activities. The cost-efficiency refers to the cost of living, the general price level, the availability of apartments and houses and the rental costs. Furthermore the model shows that there is connection between the satisfaction and the commitment. The reason why this is important is that if the individual is committed to the settlement, it could generate attachment which could largely increase the will to stay in the place.

Yuksel et al. [2010] approached the satisfaction from a psychological viewpoint, which was influenced by such factors like place identity, affective attachment, and place dependence. The satisfaction also influenced loyalty and its affective, cognitive, and conative aspects.

Though Sarker et al. [2012] did not create their own model but they approached the consumer satisfaction from the viewpoint of the marketing mix. The service marketing's 7P was in their examination: product, price, place, promotion, people, process, physical evidences. In the course of the survey they examined the satisfaction of tourists, and among them local university students, towards East Lake found in the city of Wuhan, China.

Lee et al. [2012] examined the connection between festival satisfaction and destination loyalty where not only the local residents were under examination. All the while their model should also be highlighted because of their analysis on the elements. The model starts from the festival satisfaction which could influence the place attachment (place identity, social bonding, place dependence) and the destination loyalty (destination preference). The place attachment (attitudinal loyalty) is an affective element in the process, which could generate word-of-mouth, revisit intentions and destination preference, which appear as the factors of destination loyalty as conative elements. The model is important because of several reasons. On the one hand, elements, like place attachment and place identity appear in the model, which are important factors in the case of a potential resident staying process. The importance of the place identity is further enhanced by examination of other place identity models [Uzzell et al. 2002, Zenker and Petersen 2010, Marien

2016] where satisfaction is mentioned as an important factor of place identity [Urbánné Treutz 2019]. On the other hand, the model also includes word-of-mouth as an important element in the place marketing's marketing communication. Thirdly, it is a contradiction to the notion of some authors [Mesch and Menor 1998, Lee et al. 2012] that there is no connection between satisfaction and place attachment.

Unlike the foregoing, Adewale et al. [2018] started out from the local resident's direct residential area in the course of the examination of their satisfaction. Their environmental psychology approach focused on the residence and its direct environment, they proceeded from the residential area's objective factors during the research. These are the housing units' characteristics (e.g.: housing type, number and size of bedrooms), the services in the housing units (electricity and water supplies), physical neighborhood environment (e.g.: layout of the neighborhood, communal facilities, size of open spaces, recreational facilities, general cleanliness of the environment), and social neighborhood environment (relationship with neighbors, social characteristics of neighbors, social networks in neighborhood). The socio-economic characteristics of the residents are added to these (sex, age, marital status, religious affiliations, length of stay in the residence). These all evoke subjective assessment in the individual in the case of the characteristics of the residential environment, which could generate the residential satisfaction in connection with the housing and the neighborhood environment.

Helgesen et al. [2013] examined the students' loyalty to the town where they were studying. The satisfaction with the student town, the student town reputation, the university's reputation and the switching costs all directly influence the loyalty towards the student town. Indirect influencing factors are the university-related antecedent, the town-related information, the town-related offerings and the town-related facility. These indirect factors are cognitive elements which influence the loyalty through intermediary variables (direct variables). The model examines the satisfaction from a different aspect than the previously discussed models. It targets the potential local residents who could ensure the future of the settlement, but all the while the model also emphasizes the loyalty towards the settlement as an effect of satisfaction, defining it as a final target aim. The presence of the reputation is an interesting factor to compare with the previous examinations. It is important, that the reputation should not only attract the students but also maintain them. The study showed that while the university's reputation influenced the student loyalty in a positive way, the student town's reputation, in turn, had an effect on the university's reputation itself. These all show the importance of the reputation's influence on loyalty. The results pointed out, that there is no direct connection between the student town reputation and the student loyalty, at the same time the student town reputation influences the loyalty in an indirect way through the university reputation. The student town satisfaction also influences the loyalty in positive way.

MEASURING CONSUMER SATISFACTION

The leaders of the settlements measure the satisfaction of local residents in connection with the place, the available services, and their expectations in many cases. To create an overall analysis we need to take the occurring aspects in the case of consumer satisfaction's measuring into consideration. In accordance to the aggregation level, the measurement could be differentiated and undifferentiated. The factors will be measured independently in the case of the differentiated, while in the case of undifferentiated, it will be done according to a global criteria. Depending on whether a company or a consumer are asked during the measuring, we can differentiate between company oriented and consumer oriented measurements. The examination could happen in both objective and subjective manner as well. The objective measurements determine the quality of the product, which are unequivocally examinable indicators. These are such simply measurable data, that could be found from secondary research (e.g. migration rate). In the case of subjective evaluation the quality is determined by the consumer's perception and need. In this case we can measure deficiencies which are perceived by the consumer. It has three types: feature oriented, event oriented and problem oriented measurement. During the feature oriented measurement the characteristics of a product/service are under evaluation. Through this process we can distinguish between implicit and explicit methods. The implicit feature oriented method does not directly and consistently examine the consumer satisfaction, while the explicit method does it in a straight forward manner. The latter is based on the disconfirmation paradigm, where the consumer compares his/her expectation with a standard, which could be an idea, an expectation, or a norm. The explicit method could be conducted in a previous (*ex ante*) and post (*ex post*) manner. The multifactor measuring method, the punishment – award analysis, the conjoint analysis, the decomposition method, and the reservation price method are feature oriented methods. In the case of the event oriented method the contact points between the consumer and the company, such as the experiences and the situations are in the focus, while in the case of problem oriented method focuses on the difficulties. Event oriented methods are the sequential event method, the critical event technic, and the story based method. Problem oriented methods are the problem solving method, the frequency – importance analysis and the complaint handling [Bruhn and Murmann 1998, Hofmeister Tóth et al. 2003, Bohnné Keleti 2005] (Table 1).

TABLE 1. The systematization criterions to the quality and satisfaction measurement

<table>
<tr><td>Criteria</td><td colspan="4">The base of the measurement</td></tr>
<tr><td>Aggregation level</td><td colspan="2">differentiated</td><td colspan="2">undifferentiated</td></tr>
<tr><td>Perspective</td><td colspan="2">customer oriented</td><td colspan="2">company oriented</td></tr>
<tr><td>Evaluation</td><td colspan="2">objective</td><td colspan="2">subjective</td></tr>
<tr><td>Method</td><td>feature oriented</td><td colspan="2">event oriented</td><td>problem oriented</td></tr>
<tr><td>Dimension</td><td colspan="2">one-dimensional</td><td colspan="2">multi-dimensional</td></tr>
</table>

Source: Bruhn and Murmann [1998].

The satisfaction models in connection with place marketing were examined according to the criteria in the Table 2.

TABLE 2. Summary table

Author(s)	Name of the model	Elements of the model	Previous models, studies	Main orientation	Perspective	Evaluation	Method	Dimension
Speare [1974]	Model for the First Stage of Mobility Decision-Making: The Determinants of Who Considers Moving	– the individual and household characteristics – the location characteristics (housing, job, neighbourhood, region) – social bonds – relative satisfaction – considering moving		moving	customer	subjective	event oriented	multidimensional
Kano [1984]	Kano-model	– “must be” – “one-dimensional” – “attractive” – “indifferent” – „reverse”		satisfaction execution	customer	subjective	event oriented	multidimensional
Fornell [1992]	Swedish Customer Satisfaction Barometer (SCSB)	– customer expectations – perceived quality – customer satisfaction – customer complaints – customer loyalty		loyalty	customer	subjective	event oriented	multidimensional
Andersen [1994]	American Customer Satisfaction Index (ACSI)	– customer expectations – perceived quality – perceived value – customer satisfaction – customer complaints – customer loyalty	Swedish Customer Satisfaction Barometer (SCSB)	loyalty	customer	subjective	event oriented	multidimensional
ECSI Technical Committee [1998]	European Customer Satisfaction Index (ECSI)	– image – customer expectations – product quality – service quality – perceived value – customer satisfaction – customer loyalty	American Customer Satisfaction Index (ACSI)	loyalty	customer	subjective	event oriented	multidimensional
Insch and Florek [2008]	Model of resident place satisfaction	– residents’ expectations – perceived quality – perceived value – place satisfaction – place attachment	American Customer Satisfaction Index (ACSI)	consumer’s experiences, expectations	customer	subjective	event oriented	multidimensional

Zenker et al. [2009]	Citizen Satisfaction Index (CSI)	– urbanitiy and diversity – nature and recreation – job chances – cost-efficiency – satisfaction – commitment		local resident	customer	subjective	event oriented	multidimensional
Yuksel et al. [2010]	Relationships among attachment, satisfaction and loyalty	– place identity – affective attachment – place dependence – satisfaction – cognitive loyalty – conative loyalty – affective loyalty		psychological factors	customer	subjective	event oriented	multidimensional
Lee et al. [2012]	The festival satisfaction final structural model	– festival satisfaction – place attachment – place identity – place dependence – destination loyalty – word-of-mouth – revisit intensions – destination preference	Jorgensen – Stedman [2001]	festival visitors	customer	subjective	event oriented	multidimensional
Sarker et al. [2012]	No own model	product, price, place, promotion, people, process, physical evidence	marketing mix, service marketing's 7P	marketing mix	customer	subjective	event oriented	multidimensional
Helgesen et al. [2013]	Student town loyalty	– university college reputation – student town reputation – student town satisfaction – switching costs	National Consumer Satisfaction Indexes (NCSI models)	potential local residents	customer	subjective	event oriented	multidimensional
Adewale et al. [2018]	Residential satisfaction	– housing units' characteristics – services in the housing units – physical neighbourhood environment – social neighbourhood environment		environmental psychology, residential environment	customer	objective	-	multidimensional

Source: the Author.

CONCLUSIONS

All in all, we can state, that the satisfaction plays an important role in the examination of settlements. We may find the basis of the general satisfaction models in the models which examined the local residents. Such was the concept of the Insch and Florek [2008] model, which was based on the American Customer Satisfaction Index, or the European Customer Satisfaction Index which mentioned image as an influencing factor, which returned in the form of reputation in the model outlined by Helgesen et al. [2013]. Different viewpoints revealed themselves in the models, and as a result of their examination we can state, that these models conduct their processes mostly through subjective methodology, where the analysis of consumer expectations and the received service (satisfaction with the place) appears in almost every occasion. We may examine the satisfaction from multiple aspects (e.g.: physical environment, social bonds, settlement's facilities, offerings), that make an appearance in most models, but at the same time we can find such cases where unique factors may also appear, like reputation or the elements of the 7P. Multiple models show that satisfaction may be interconnected with place attachment [Insch and Florek 2008, Yuksel et al. 2010, Lee et al. 2012], place identity [Yuksel et al. 2010, Lee et al. 2012] or with loyalty [Yuksel et al. 2010, Helgesen et al. 2012, Lee et al. 2012] which is also linked to place attachment. Collecting these factors could generate a basis to design a resident-satisfaction model in the future.

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Summary. The consumer satisfaction is under perspicacious examination, where the basic models will be presented in connection with consumer satisfaction. The study will also touch on the satisfaction models in the place marketing. One important target group of the place marketing is the local residents, and it is becoming more and more important to maintain them, and gain new potential residents. In case satisfaction emerges in the residents, we can maintain them locally, creating a loyal consumer group. Reputation or having personal experiences towards local events or tuition institutions could be extremely important for potential local residents, which may further build the positive image towards the settlement. These expectations and obtained values will also be compared by the consumer, ultimately making him/her satisfied or dissatisfied. The measurement criteria of these models will be assessed, which will be used to summarize all examined models in a table accordingly.

Key words: consumer satisfaction, place marketing, models

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