Vol 4 (2023)

The Market

International Journal of Business

The Market: International Journal of Business is a scholarly, peer-reviewed research journal published annually by the Cyprus Centre for Business Research at CIM-Cyprus Business School.

We seek to promote new and productive interaction between various business disciplines and fields. We consider articles that express new and innovative ideas in Business, paying particular attention to developments in Cyprus and the broader Eastern Mediterranean area.

Published by:
Cyprus Centre for Business Research
25 Zannetos street, Ayios Andreas, Nicosia, Cyprus.
E: market@cim.ac.cy

Submitting to *The Market: International Journal of Business*
For more information about and guidance on how to submit, please see www.cim.ac.cy/market

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The Market is published by the Cyprus Centre for Business Research, which is part of CIM-Cyprus Business School

ISSN 2547-9202 (print) / ISSN 2547-9210 (online)

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EDITORIAL

Dear Readers,

We are delighted to welcome you to the fourth issue of *The Market: International Journal of Business.*

The Market is a scholarly, peer-reviewed, and open access research journal published annually by the Cyprus Centre for Business Research – CIM-Cyprus Business School. The journal considers articles that express new and innovative ideas in business, paying particular attention to developments in Cyprus and the broader Eastern Mediterranean region. It publishes the results of research endeavours that show strong future prospects and articles that address the betterment of human life, as well as business practices. The expert and dedicated editorial team solicits and welcomes articles from scholars at all career stages and on topics related to all fields of business, either with a domestic or an international outlook.

Thanks to the good work of our team, and thanks to the quality of submissions, *The Market* is hosted on the world's top platforms, ProQuest and EBSCO, two of the world's most-used databases for scientific journals.

The Market aims to provide opportunities for the promotion of new dynamic business ideas to enhance research in all business fields – from management, strategy, accounting and finance to HR, energy, marketing and shipping. *The Market* also welcomes contributions on emerging fields – for example, political marketing, a relatively new area that is continually gaining more traction worldwide. In fact, an article in this issue combines political marketing with geopolitics. The goal of *The Market* is to create an increased awareness of important scholarly achievements and to host break-through research.

In our fourth issue, we have once more ensured coverage of a range of contemporary and pressing issues and topics. These include articles linking business with law, sports and online gaming, as well as articles that offer valuable insights into strategic human resource management and HRM, security, defence and economics. There is also an article on understanding the connection between political advertising and law. Salient issues, including how British food manufacturers foster safe food cultures, are examined too.

In addition to these topics, and demonstrating its commitment to a new generation of scholarship, *The Market* continues to publish the top dissertations of CIM-Cyprus Business School Master's students. This issue features an article on Cypriot consumer perceptions of service failure and recovery, by a CIM alumnus, whose MBA dissertation received a distinction.

Deliberately broad in its appeal, *The Market* will continue to welcome articles in all fields related to business. In line with the successful 5th Annual Academic Conference that was organised last September by the Centre, the fifth issue of the journal will run under the umbrella theme *Towards Disruptive Sustainability: New Business Opportunities and Challenges.*

We hope that you will enjoy reading *The Market* as much as we have enjoyed putting it together. We thank you for being with us on this journey, and we look forward to reading your research paper and/or research note next time!

Dr Constantinos Constantinou
Editor-in-Chief

Jurisdiction in a Borderless Digital World – The Case for Cyprus

By

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Abstract

In the digital age where transactions are made between parties located in different jurisdictions around the world, sometimes without these parties even seeing or meeting each other, legal flexibility is needed in the interpretation of the question of whether a certain action was carried out in a certain territory, even if there is no physical presence of the party that carried out the action in that territory.

Keywords: Internet jurisdiction; GDPR; Internet law; EU; Cyprus; Scope of jurisdiction; E-commerce; Business; Digital.

Introduction

The modern business world is conducted in a dimension without time and boundaries. In the last decade and a half in general, and after the Covid-19 epidemic in particular, advanced technologies allow international companies and the individual at home to enter into transactions via the Internet. But what are the legal implications of such agreements? What happens when a Cypriot company contracts with an American company to provide cloud services, or when a Cypriot citizen claims that his rights have been violated by a social network located outside the European Union (EU)?

While technologies constantly race to advance, the law crawls slowly and cannot always provide immediate solutions. Due of the Internet's inherent lack of borders, digitisation exposes the flaws in a sovereignty paradigm centered on the concept of territory.[1] Therefore, and in order to keep the modern business world in motion, we must also provide it with legal-interpretive tools that are in line with technological challenges, such as the question of the appropriate location for conducting a legal proceeding where the parties are present in different countries.

In legal parlance, the question is when will a Cypriot court allow the services of a legal action to a defendant "outside the jurisdiction".[2] The basis for the answer lies in the Cypriot Civil Procedure Rules.

Legal Background

Civil procedure in Cyprus is governed by the Civil Procedure Rules. The rules were introduced in 1958 and enacted in 1960, the year the Republic of Cyprus was founded. As a result, they are now quite outdated, because the legal community relied on work based on English law before the Republic's civil procedure changes.

The Cypriot government began working on updating the Civil Procedure Rules in June 2019, with assistance from the EU and the Council of Europe. The project was approved by the Cyprus Supreme Court in May 2021 and is anticipated that it will come into effect in September 2023. As Supreme Court Justice Yiasemis put it in his own words, "The proposed Civil Procedure Rules were, in due course, considered by a Committee of judges of all levels, advocates and a senior registrar, who ensured that they will meet the requirements of modern day litigation."[3]

[1] Svantesson, D. J. B. 2017. Solving the Internet Jurisdiction Puzzle. Oxford University Press.

[2] Service outside the jurisdiction refers to the act of serving legal documents, such as summonses or subpoenas, to an individual or entity that is located in a different jurisdiction or country. In the context of the European Union (EU), this could refer to serving legal documents to a party that is located outside the EU.

[3] Justice Yiasemis, Y.N. (2021). The Philosophy Behind The New Civil Procedure Rules And The Main Changes. Modernizing the Civil Procedure Rules in Cyprus (Conference). Retrieved December 20, 2022, from http://www.supremecourt.gov.cy/judicial/sc.nsf/All/007465EBDC14AC41C22587AA0031E2C7/$file/ATTCK376.pdf.

Under Rule 6.1 of the Civil Procedure Rules, a claim form or other document may be served outside the jurisdiction, if the defendant is a natural person who is habitually resident in Cyprus, or if the claim is for a sum of money and the defendant has a place of business or assets in Cyprus.

In order to serve a claim form or other document outside the jurisdiction, the claimant must obtain permission from the court. This is done by making an application to the court, accompanied by an affidavit setting out the facts of the case and the grounds for seeking permission to serve the documents outside the jurisdiction.

If the court grants permission, the claimant may serve the documents on the defendant in accordance with the law of the country where the defendant is located. The defendant may then be required to acknowledge service of the documents and to file a defence or other pleading within the time prescribed by the court.

EU Law

Since Cyprus became a full member of the EU on May 1, 2004, European law has taken precedence over Cypriot law in the event of a conflict.

According to the EU's rules on service of judicial and extrajudicial documents in civil or commercial matters (the "Civil and Commercial Regulation"),[4] service of documents between EU member states must follow certain procedures. However, when one party is located outside the EU, the service of documents becomes more complex.

In these cases, the Civil and Commercial Regulation allows for service to be made through the judicial authorities of the member state where the document is being served. This is known as "service through the judicial authorities." The judicial authorities of the member state where the document is being served must then transmit the document to the judicial authorities of the non-EU state where the party is located.[5]

Alternatively, service can be made directly to the party being served, as long as it is done in accordance with the laws of the non-EU state where the party is located. This is known as "service by a method prescribed by the law of the non-EU state".[6]

In 2013, the European Court of Justice ruled that a court in France had jurisdiction over a copyright infringement caused by defendants in Austria and Great Britain, who uploaded the plaintiff's works to the Internet. The court ruled that if the infringement may also occur in the plaintiff's country of residence (i.e., that the uploaded files are accessible and visible from that country), then it is reasonable to claim that the courts in this country have jurisdiction over the dispute as this country can be considered the forum state.[7]

[4] Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast), available at: https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32012R1215&from=EN.

[5] Regulation (EC) No 1393/2007 of the European Parliament and of the Council of 13 November 2007 on the service in the Member States of judicial and extrajudicial documents in civil or commercial matters (service of documents), available at: https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32007R1393.

[6] It is important to note that the Civil and Commercial Regulation only applies to civil or commercial matters and does not cover criminal matters. In criminal matters, service of documents must be made in accordance with the laws of the non-EU state where the party is located.

[7] Case C-170/12, Pinckney v. Mediatech.

A Comparative Perspective: The United States of America.

As stated above, in the age of the Internet where rights violations can and actually do happen anywhere and at any time, there is a worldwide interest that dominates legal systems in general (and in particular in reformed Western countries), according to which one must try to prevent the violation of a person's rights by granting them a right of standing and authority for the courts wherever they are, provided that the violation also occurred in the place where the claim is filed.

In 1984, the Supreme Court of the United States discussed for the first time the matter of the jurisdiction of a court in the state of California over an allegedly fraudulent article published in a newspaper in the state of Florida. That was the case of Calder v. Jones. The plaintiff in that case claimed that due to the fact that the newspaper in which the article was published was also marketed in the state of California and many readers in the state of California were exposed to the article, therefore the wrongdoing also happened in California and the California court had authority to hear the dispute.[8]

The court ruled in that matter that three things must be determined in order to grant a court in a certain country personal jurisdiction:

1. Whether or not the tort was committed with the first intention;
2. Is the wrongdoing directed at the forum state;
3. Whether the plaintiff suffered damages in that country.

In this matter, the court ruled that because the editor of the newspaper was clear that the newspaper was also distributed in the state of California, that the plaintiff lived in California and that the article was intended to harm the plaintiff, that the plaintiff could then file the lawsuit in the state of California, and the court in the state of California had the authority to hear the lawsuit.

Over the years and with the development of the Internet and the incredible ease with which violations of essentially commercial rights, such as copyrights, can be committed, the court rulings have also evolved and applied the principles of the judgment in the Calder case, mutatis mutandis, and unequivocally stated that in cases where a copyright violation is committed on the Internet in a way that the violation is accessible anywhere in the world, the courts in the various countries have the authority to hear the claim. For example, in the case of Yahoo! v. LICRA, the California court adopted and upgraded the court's ruling in the Calder case and ruled that the California court had the authority to hear a lawsuit against defendants who resided in France, because it is a lawsuit for copyright infringement over the Internet, which has no borders.[9]

The California court applied the triple test established in the Calder case and determined that (1) the defendants knew that their actions would harm the plaintiff and intentionally committed the violation; (2) it was clear that the violation would also take place in the forum state; and (3) alleged damage was caused to the plaintiffs, which the defendants knew was likely to be caused in the forum state as well. In light of this, the California court determined that it had the authority to hear the lawsuit.

In the matter of Penguin Group, the defendant located in the state of Oregon uploaded to its website full copies of books and other works owned by the plaintiff and gave free access to these works to the users of its website without any consideration and without any authorisation from the plaintiff.

[8] Calder v. Jones, 465 U.S. 783 (1984).

[9] Yahoo! Inc. v. La Ligue Contre Le Racisme et l'antisemitisme, 433 F.3d 1199 (9th Ci. 2006).

The plaintiff, located in the state of New York, filed a lawsuit in the court of the state of New York, where a lively discussion developed regarding the jurisdiction of a court in the state of New York concerning a defendant who was not a resident of the state and was a resident of another state. This matter was discussed in several instances and finally the Court of Appeals ruled that in cases of copyright infringement over the Internet, the yardstick for examining the jurisdiction is the physical place from which the copyright owner conducts the majority of his affairs and businesses.[10]

Is It In Or Out?

As mentioned above, in this article I will focus on disputes based on online communication or transactions between parties from different jurisdictions.

Therefore, the main question is whether an action or transaction created on the Internet (such as purchasing a product, infringing an intellectual property right or publishing defamation) between parties from different jurisdictions can be considered as having been carried out "in Cyprus". Unfortunately, neither the Civil Procedure Rules nor Cypriot court rulings have a clear answer to this question.

The territorial state, which has asserted exclusive power or control over a certain area and has been a crucial component of modernity, is coming under growing pressure. Instead, the idea that the law is being deterritorialised in the context of globalisation has become popular, and thus multiple claims to legal power may exist within a single jurisdiction.[11]

It is not far-fetched to come to the conclusion that, for example, information and content posted on a website is ubiquitous and the extent of its distribution is essentially global.[12] Therefore, a legal Cypriot person who alleges that the posting of inaccurate information about them by a Chinese person on the Internet and the failure to remove comments about them has violated their rights, may file a lawsuit in Cyprus to have the material corrected, the comments removed, and compensation demanded for any harm incurred.[13]

Most of the e-commerce and social networks websites that provide services through the internet, state in their terms of use and service that, should disputes arise regarding the service between the users and themselves, the dispute will be clarified in accordance with the laws of the country where the service providers are located and in a forum convenient for them, usually also in the country where they are located. Generally, such terms of service are considered a binding agreement. However, because such an agreement is binary (take-it-or-leave-it), it cannot be negotiated, the party drafting the agreement usually has a stronger bargaining position than the other, and the wording of the agreement is fixed and uniform in relation to all end users, courts around the world have ruled that such online agreements should be considered a "standard form contract" and therefore, they should be interpreted to the detriment of the drafter.[14]

Cypriot consumers should be able to sue such e-commerce companies in a Cypriot court, even though the site's terms of use state that claims will be filed in the service provider's jurisdiction and will be determined according to local law. This is a restrictive clause in a standard uniform contract, and therefore it is entitled to be annulled, and its existence does not rule out legal litigation in Cyprus.[15]

10 Penguin Group (USA) Inc. v. American Buddha, 640 F.3d 497 (2d Cir. N.Y. 2011).

11 Koops, B. J., Goodwin, M. 2014. Cyberspace, the Cloud and Cross-border criminal investigation. The limits and possibilities of International Law. Tilburg University.

12 Cases C509/09 and C161/10, eDate Advertising and Others v. X and Société MGN LIMITED.

13 Case C194/16 Bolagsupplysningen OÜ Ingrid Ilsjan v. Svensk Handel AB.

14 See Parker v. South Eastern Railway (1877) 2 App Cas 665; Thorner v. Major [2009] UKHL 18.

15 In Weltimmo sro v Nemzeti Adatvedelmi es Informacioszabadsag Hatosag (Case C-230/14) [2016] 1 Wlr 863 (32-33) it was decided that "Factors considered in determining whether or not there was 'establishment' of an online-only business would include (a) the language of the website; (b) whether the website was otherwise 'targeted' at inhabitants of a member state; (c) whether it has a representative, or bank account, or letter box in that member state."

There is discomfort with a situation in which the Cypriot consumer is not able to be reimbursed by large international companies, which strengthens the conclusion that advertising done on the internet and aimed at the Cypriot consumer can be seen as an act done in Cyprus, for the purposes of granting a permit to serve the claim out of the jurisdiction of Cyprus. This is especially so when these websites target the Cypriot consumer, market products to them in the currency of the Euro and sometimes even advertise the products in Greek. This interpretation corresponds to the technological reality of our time and the transformation of the Internet into a central consumer tool in the virtual space.[16]

In the case where a company operates significantly in Cyprus and even enjoys the profits inherent in the Cypriot market, the interest in protecting the Cypriot consumer increases. International companies operating in the local market benefit from conducting their transactions with local consumers, and therefore must accept the 'rules of the game' designed to ensure fair competition and consumer protection in the local forum to which they seek to bring their services. Precisely because of fierce competition in the digital space and the increase in the volume of consumer transactions carried out in it, a situation in which the consumer is left without minimal protection in this space must not be allowed.

Publishing something on the Internet by its very nature breaks territorial boundaries. The act of violation was carried out and is being carried out every hour wherever there is a connection to the Internet, including in the country where the plaintiff is located.

Conclusion

In the global era, of which the Internet is one of the most prominent manifestations, there is no longer any room for an approach according to which 'the plaintiff follows the defendant'. The reasonable expectation of a party which is in a business or other relationship with a person living in a foreign country, is that it should take into account the possibility of being sued by that other, in the other's place of residence, especially when it comes to Internet use. Every Internet user should expect to be prosecuted in any of the countries of the world where there is access to the Internet, if it is used in a wrongful act.

However, and despite the previous points, one must proceed with caution, as the matter raises difficult challenges such as conflict of laws, violation of the sovereignty of foreign countries, manipulative exploitation by plaintiffs and defendants alike, and the encouragement of the phenomenon of forum shopping. Therefore, I believe that each case must be examined for its circumstances as there is no rule of thumb according to which it is possible to decide clearly in every case; and therefore, the court has to take into account the circumstances of each case, consider them and, in accordance with the international rulings on the matter and the considerations that are proposed in the article, rule.

[16] Google Spain SL v Agencia Espanola de Proteccion de Datos (AEPD) (Case C-131/12) [2014] QB 1022.

Sport as a Global Business: Esports, Crypto, NFT and Metaverse

By

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Note: This article is a summarised and translated (from Italian to English) version of the original Report published by the Research Center of the Rome Business School, entitled: *Il business dello sport in Italia. Il mondiale in Qatar e le nuove frontiere tra eSports, cripto, NFT e metaverso*.

Introduction

Over the last thirty years, the soccer industry has been characterised by continuous and constant growth, thanks particularly to the wide spread of the media and the increasing coverage, on a global scale of the soccer product. Indeed, television rights have gradually become increasingly important as a revenue line on club balance sheets and, together with capital gains, they have represented on average 80% of these clubs' turnover. However, the limited diversification of funding sources is a difficult position to sustain in the long term, as the pandemic has shown by exposing the limits of the entire structure of the soccer business.

Today this business is in the uncomfortable position of having to face both the effects, not yet absorbed, of the pandemic, in terms of revenues and losses, and, above all, the need to adopt a new business model that is able to keep football competitive and attractive for generations to come.

There are two fundamental aspects on which this new dimension of the soccer industry must be based; on the one hand, the globalisation of the market, with its increasingly difficult identification within narrow and anachronistic national boundaries; and on the other hand the growing disaffection of younger people, who are constantly looking for new stimuli and emotions, and exclusive experiences, often in omni-channel mode, that do not leave room for the physiological breaks that sometimes characterise even the most exciting matches of the season.

In the 2019-2020 and 2020-2021 seasons, those actually impacted by the consequences of the pandemic (more than 700 clubs participating in the 55 European top divisions) recorded a total loss, in terms of revenues, of about €7 billion. This aggregate figure is the sum of three categories:

- revenues from tenders (ticketing) of €4.4 billion
- sponsorships, commercial activities and other revenues of €1.7 billion
- TV rights and UEFA revenues of €0.9 billion

Among these, ticketing alone was 63% on the total revenue, demonstrating how the lack of diversification of revenues can be the real weakness of the entire system.

The origin of this forecast collapse derives from the measures adopted in order to preserve and avoid the spread of Covid-19, resulting in a significant reduction in the total attendance of spectators in the 55 European top divisions. This figure fell from 105.2 million spectators in 2018-2019 to 73.8 in 2019-2020, and only 6.8 million in 2020-2021. The aggregate loss between the seasons 2018-2019 and 2020-2021 for the top five leagues in European football alone amounted to 86 million potential spectators.

There is good news in the forecasts for the coming seasons, when the situation will return to close to normal. The average increase in the number of spectators is expected to be 8% yearly until 2025 and this figure rises to an increase of 37.7% if we consider the estimates by 2030.

Taking into account only the economic and financial profiles of professional soccer, the aggregate loss recorded in the period of the health emergency had literally doubled. In 2018-2019 losses were €412 million. These had reached €878 million by the end of 2019-2020 and were more than €1.3 billion by 2020-2021.

As already affirmed, the most evident impact of the pandemic involved the area of ticketing. Revenues derived from stadium entrance were almost zero in 2020-2021, compared to the €341 million produced in 2018-2019. Moreover, the value of production decreased by 9.3% when compared to the €3.897 billion of 2018-2019 with the average recorded in the following two seasons.

Soccer as a global business

The substantially uncontrollable growth of the aggregate loss has been the result not only of the decrease of revenues, but also, and above all, of the constant and continuous increase of both the cost of labour and the items related to amortisations and devaluations. If the first one saw a growth of 7.9% in the average salaries of the staff in the two seasons after the 2018-2019, the second marked an alarming +24.5% from €962 billion to €1.198 billion. The aggregate resulting in an increase of debt from €4.8 billion in 2018-2019 to €5.4 billion in 2020-2021.

The consequences of the health emergency were more evident in Italy than in other areas. In 2020 there was a decrease in GDP of 8.9% in Italy, while the European Union average was a 5.9% decline.

In general, the Covid-19 pandemic had significant repercussions on the soccer system. Considering Italy, in the 2020-2021 season there was a reduction in the value of the aggregate production of Series A, Series B and Series C, due to the dynamics produced by the health emergency. The aggregate production did not exceed €3.5 billion (-3.3% compared with 2019-2020). It was the result of the decrease in:

- ticketing
- revenue from capital gains from €817 million to €404 million (between 2019-2020 and 2020-2021), that meant a fall from 23% to 12% of the aggregate total of value from production.

It is interesting to analyse and consider the statistical correlation between the economic potential of the clubs and their ability to achieve sports results. In the Italian championship of Series A, since the 2011-2012 season, there has been only one season, 2020-2021, when the winning team was not at the same time first in the ranking of labour costs. The correlation between sports results and the availability of economic resources is a sort of constant, even in the other top European leagues, with the only exception being the English Premier League, that is characterised by greater variability.

Analysing the top European leagues, the English champions Manchester City have, for the first time, reached first position in the ranking of Deloitte's Football Money League 2022 for revenues in the 2020-21 season, with a turnover of €645 million.

Manchester City recorded growth of €90 million compared to their €550 million turnover in the 2019-20 season. But this is still less than the €714 million that Barcelona achieved in the 2019-20 season. The Deloitte report, as in the previous season, focused on the revenue performance of the main soccer clubs at a global level in an economic and social context strongly conditioned by the pandemic.

Real Madrid with €640.7 million and Bayern Munich with €611.4 million, came just behind Manchester City to complete the podium. Beyond the top three clubs in Europe, the composition of the Money League report is substantially the same for both Top 10 and Top 20 clubs; unchanged for 16 of the 20 teams in the 2019-20 season. In terms of the Italian Series A championship, Juventus were confirmed as first among the Italian teams, climbing to 9th place with €433.5 million in revenues (+9% compared to the 2019 to 2020 season). As always, for most Italian clubs it is crucial to underline the weakness of relying on the profitability of the revenues derived from match days alone. The Juventus share, for instance, is worth only 2% of its total revenue, with the rest divided between television rights (€237 million) and commercial revenues (€188.7 million). We can observe the identical situation for Inter, which reaches only 1% with matchday receipts. However, the club remained at 14th place ranking, with revenues of €330.9 million, up 14% from €291.5 million in 2019-20. This was made up of €216 million from TV rights and €112.7 million on the commercial front.

Among the clubs which have not been in the Top 20, only Naples had a bad result and recorded a turnover of €174.5 million, falling rapidly to 27th place. It was surpassed by two other Italian clubs, Rome with €190.4 million revenue, and Atalanta, which produced a good result of €187.6 million (compared to the market share of the club and its relative youth as a top club). Milan also stayed outside the Top 20, remaining in 30th place, with revenues of €161.1 million. They were passed by Lazio (29th), which had benefitted from participation in the Champions League during the previous season.

Once again, the supremacy of English football is impressive. Indeed, the four clubs that fell out of the first 20 places last season were Eintracht Frankfurt, Naples, Lyon and Schalke 04, and all of these were replaced by English Premier League clubs; Aston Villa, Wolverhampton, West Ham and Leicester.

This is a clear demonstration of the devastating power of the Premier League product and of the crucial impact of the television rights dividend. The Premier League is able to benefit from this substantial TV dividend which is shared across the entire League to the benefit of each club balance sheet. Their success is based not only on domestic revenues, but also on the real power of the opportunity to sell their TV rights abroad, in Asia and Africa particularly. This is a clear sign of the economic strength of the EPL, which is somehow like a real 'Super League' – a league that obviously already exists, if we consider that 11 of the Top 20 clubs in terms of the Money League Report play in the English Premier League.

Taking into account the media rights market, which is confirmed to be the main source of revenue in the sport business, in 2021 soccer alone accounted for 40% of the turnover produced worldwide, with a total of $20.88 billion revenue out of an overall total of $52.1 billion. This was an increase of 16.8% compared to 2020.

Nowadays, soccer represents the sport with the largest number of fans in the world, significantly more than other sports such as basketball and volleyball. European football still plays a leading role in generating the sport business revenue. However, it is a sector that has suffered greatly from the consequences of the health emergency. In 2020, the total revenue (€20.6 billion) of the 55 Top Divisions (711 clubs) fell by 10.3% (about €2.4 billion) compared to 2019, while the GDP produced by the EU overall decreased by only 5.9%. In contrast, total costs increased by about €0.2 billion, reaching €23.7 billion, and clubs from the top European divisions suffered an aggregate loss €3.1 billion. This is an alarming figure, especially considering that it is six times higher than the €0.5 billion loss recorded in 2019.

All these numbers must also be interpreted in the light of the impact of the pandemic which has also produced an increase in debts of 12.8%, from €29.5 to €33.3 billion, and a strong slowdown in investment programs in new facilities. Indeed, in the two-year period 2019-2021 only ten new stadiums were inaugurated in Europe, against 25 in the previous two-year period of 2017- 2019. It is interesting to note that in the period between 2007 and 2021 in Europe 187 new facilities were built, at a total investment of €21.7 billion.

The nations that built most stadiums (29) were Poland and Turkey, followed by Germany and Russia at 17 and 16 respectively. Russia is also the nation in which a greater total investment was recorded of more than €6.1 billion, three times the amount spent in England and France combined, at approximately €2.1 billion, both building or restructuring 12 stadiums. Undoubtedly, Poland and Russia benefited from the organisation of sporting events of considerable relevance, such as the 2012 European Championships and the 2018 World Championship. If we consider this data on a global scale, we could easily put countries like Brazil and South Africa at the top of the list for their building achievements.

The pandemic initially led to the interruption of sports competitions, and then the obligation to hold the matches without fans and eventually with a contingent number of spectators. The result was a positive trend in terms of a gradual increase in spectator numbers at stadiums.

The Women's soccer movement

In the soccer industry there has always been a significant gap between male and female competitions and, as a consequence, in the level of competitiveness, growth and revenue. This is a gap that over the coming years could narrow, especially in Europe. Women's soccer is gradually finding more and more space and recognition, as it should do, in terms not only of media and stadium visibility, but also and above all at an economic and financial level.

A striking example of this new course is certainly the UEFA Women's Champions League that, since the 2021-2022 season, has introduced a new format that establishes a higher number of matches and increased and guaranteed revenues for the teams involved in the event. 16 teams take part in the final phase of this League. 12 teams get access to the group stage through an innovative format of qualification where the best seven from the 'champions' path qualify and the remaining five are drawn from the national league rankings 'placed' path.

What matters is that this new format will guarantee €24 million annually to be redistributed in favour of European women's soccer from the trade and audio-visual agreements signed by UEFA. That is four times the previous figure. Moreover, an interesting and forward-looking initiative adopted by the governing body of UEFA is to redistribute 23% of this €24 million in the form of 'solidarity payments' to clubs that do not take part in the competition but that are registered in the Women's Champions League.

Furthermore, UEFA has defined and guaranteed a prize of €400,000 defined as an 'entry list' to all teams that qualify for the group stage. There are also bonuses related to sports performance of €50,000 for each win and €17,000 for each draw in the three matches that each team plays in its own group. The group winner then receives a further prize of €20,000. Participation in the quarterfinals guarantees a prize of €160,000, and the semi-final €320,000. Finally, winning the Women's Champions League guarantees a match prize of €350,000. In other words, triumphing within the games of the group would bring €1.4 million to the club. This is a very high figure that shows the growth of interest from broadcasting, OTT platforms and business partners in a competition that in the first ten years of the event did not even guarantee any prize money. Moreover, only access to the quarterfinals by clubs would represent a milestone of significant economic importance, considering that several of the clubs which compete in the Women's Champions League have an annual budget of less than €400,000.

As in men's soccer, women's competitions involving national teams are generally more profitable than club competitions. This is demonstrated by the last European Championship held in England in the summer of 2022. The event set new standards for women's competitions, not only by providing for a prize pool which was twice the size of the previous tournament (UEFA Women's Euro 2017 in the Netherlands a prize pool of €8 million), but also ensuring a benefit program for women's clubs for the first time in history.

This amount, non-existent in the world of male soccer for this purpose, consists of a total of €4.5 million to be divided among the 16 participating European clubs. The purpose of this program is to ensure the participation of the players who are called to play in the final phase of the European Championship. This money represents the costs for the days of release (at a minimum of €10,000 per player to each national team) in order to cover the expenses related to the days of preparation and the days of participation in the tournament.

There is also a prize pool of €16 million distributed as 60% equally among the participating clubs and 40% in relation to the performance in the tournament. In other words, each national team wins €600,000 (double that of the 2017 tournament) regardless of their performance in the final stages.

As for the remaining €6.4 million, the table below shows the prizes that a team receives by accessing the different stages of the tournament.

Champions League (male- female)	Victory of the round (from 1 to $) – games of the group phase	Access to round of eight - victory of the round of eight	Access to semi-finals – victory at semi-final	2nd ranked	Winner of the tournament
Volleyball	From €3,000 to €10,000	€12,000 – €5,000	€20,000 – €10,000	€250,000	€500,000
Female soccer	€50,000	€400,000	€320,000	-	€350,000

Data source: https://www.sporteconomy.it/calcio-femminile-nuova-uefa-champions-piu-ricavi/

The most relevant innovation is the introduction of performance bonuses in the group stage of €100,000 for each win and €50,000 for each draw. Overall, the Women's EURO 2022 winning team with a successful path through the championship (three wins out of three in the group stage) collected €2,085,000.

The 2022 Women's European Football Championship has thus had a significant impact in the development of the female soccer movement. It is the first step of a project that aims to attract and involve an increasing number of investments. The forecasts of growth of the movement are attractive and, on this basis, UEFA has drawn up for the first time in history a 'Business Case of Women's Football', analysing the potential and the all-round challenges of the women's soccer movement currently and for ten years' time.

The focus then immediately falls on the turnover produced by the transfer market, that reached the threshold of €2 million last season. It is an impressive figure if we consider that there has never been a market related to female footballers. It has emerged from the report of the Global Transfer Market 2022 written by FIFA that more than 95% of transfers in women's soccer took place without any actual movement of money. The reason is simple; the transfer of a footballer from one club to another takes place when the female player releases herself from the contract or terminates her previous contract.

As mentioned, however, the situation is changing and getting closer to the reality of male soccer. Indeed, in 2021 there were 1,304 transfers made in professional women's soccer. This is an increase of 26.2% compared to 2020, and an increase of 87% over 2018. Moreover, only 4.4% (58 transfers) of the 1,304 transfers of 2021 accepted the payment of a sum of money from a club to get the athlete's sports performance. This figure continues to grow, considering that only 22 transfers were made in 2018.

It is not only the transfer market, but also the number of fans that attended the tournament that demonstrates and underlines the real potential of the women's soccer movement. These figures are likely to interest investors and sponsors - the stakeholders of the sports industry. The Women's EURO 2022 tournament attracted 574,000 spectators, while the UEFA Women's Champions League final alone attracted 91,648 spectators and viewers.

The estimates predict 328 million fans of women's soccer by 2033, with the direct consequence that the revenues generated should rise from the current €116 million to a figure between €552 and €686 million, with about €295 million from sponsorship alone. This is an increase of 427.5% compared to the current €69 million. We are living in a period characterised by significant changes in this field and there will certainly be more to come. As already mentioned, the potential of women's soccer is enormous, even if uncertainties remain about sustainability as the costs gradually rise as a natural consequence of the increase in turnover. It will undoubtedly be necessary to ensure a certain standard of quality which meets the expectations of fans and stakeholders and, increasingly, the needs of professional clubs.

The European Super League (ELS project)

As we have seen, the soccer industry is experiencing a very special moment related to the revival of the European Super League project. This is despite the latest reforms approved by UEFA to make the Champions League and other international competitions increasingly profitable for clubs. The origins of the European Super League date back to April 2021 when 12 European clubs announced the creation of a new continental midweek competition which would overlap with the Champions League.

The project has not really been abandoned, but put on the back burner. Clubs of prestige and importance (media, social and political) on a global scale, such as Juventus, Real Madrid and Barcelona, have continued with the project despite the "no" of the Vice-President of the European Commission, Margaritis Schinas, who defined the project as 'against European values'.

Last, but not least, in October 2022, A22[1] appointed Bernd Reichart as its new CEO. This is the same company that sued UEFA, and is supporting the trial at the European Court of Justice on economic and legal grounds. Reichart will have the task of dialoguing with clubs, leagues, players and fans in order to lay a more solid foundation around the resurgent Super League project than its original assumptions of April 2021, when the tournament had just a short life, wrecked only 48 hours after its announcement.

As in the initial idea, the goal is to promote a new tournament and, more generally, a new vision of business in the world of soccer, in order to be able to reverse the negative trends and financial difficulties that are still afflicting clubs around the world, and particularly the enduring effects of the pandemic. The idea is to propose and produce a global product, with matches of the highest level being staged every week and growing prestige in evidence among the best teams with the most talented players in their squad. A kind of exclusive club, like the Euroleague tournament in the world of basketball, with no more than 16 participating clubs.

According to Reichart, the fundamental points from which to re-start are:

1. European soccer is losing its leadership;

2. European soccer is no longer sustainable;

3. Clubs should be able to determine their own future;

4. An open and constructive dialogue with all stakeholders is more necessary than ever.

This is an ambitious project, that clashes with the reality of national championships and small and medium-sized soccer clubs. However, we ought not to underestimate the basic idea that drives the founders; to move away from a situation where all the resources of the soccer product are concentrated in the Premier League alone. Indeed, the fact that English clubs have much greater revenues is making it almost unsustainable for European clubs to compete with them. Even with the new UEFA rules on Financial Fair Play, the English clubs still have an almost unattainable spending capacity as compared to other wealthy clubs like Real Madrid and Barcelona.

It will not be easy to convince any of the stakeholders of European football, especially the fans, of the merits of this initiative. Certainly, the trial at the Court of Justice will have a central role in the development of the story, in the matter of interference by UEFA in the process of competition within the football industry. The Advocate General gave their opinion on 15 December 2022, while the Court has not yet given its final pronouncement.

[1] A22 is a European sports development company that is currently working with a number of leading football clubs to develop new concepts and ideas for European club competitions.

A comparison between soccer and other sports

When we take into consideration sporting events and sports in general, public investment has such an important effect on the entire industry. Swimming is an example of this phenomenon. The Italian federation of swimming received €5 million from the Government at the end of 2021, in order to organise the European Swimming Championships in Rome in August 2022.

This event was held from 11 to 21 August. In total, it awarded 252 medals, divided into 231 for the races in the pool and 21 for the open water events, with a total prize fund for athletes who reached the podium of €427,500 for the pool race category and €36,000 for the open water events.

For the first category, the €427,500 was divided between €346,500 for individual podiums and €81,000 for relay podiums. For open water events, the division of the total amount of €36,000 was into €27,000 for individual podiums and €9,000 for relays. Moreover, there were additional prizes related to any records achieved in events: €10,000 for each world record and €5,000 for each European record. The table below summarises the prizes for athletes based on placements in individual races:

	Races in the pool		Open water events	
	Individual podium	Team podium	Individual podium	Team podium
First place	€2,000	€3,500	€2,000	€3,500
Second place	€1,500	€3,000	€1,500	€3,000
Third Place	€1,000	€2,500	€1,000	€2,500

These figures are not even remotely comparable to those of other sports, especially soccer, and they strongly highlight how even today a sport as popular as swimming is not yet professional in Italy and in many other countries.

The same applies in Italy to volleyball, which, has club teams and national teams for both female and male which have been for many years among the strongest in Europe and in the world. This may be demonstrated by the success of the 'Italvolley' male team in the last European Championships of 2021 and the World Cup in 2022. The International Volleyball Federation defined a prize of $400,000, divided only among the three ranked positions as follows: $200,000 for the World Champions, $125,000 for silver and $75,000 for bronze.

It also awarded prizes in relation to the progress made by the national teams, with access to the semi-final worth $125,000. So, Italy earned $325,000, a figure that we cannot compare with the almost $45 million that Argentina took home for winning the World Cup in Qatar, 2022.

All these figures reflect the 'more normal' dimension of volleyball compared to the exorbitant amount of money for soccer, since even today in Italy volleyball is an amateur sport. Indeed, if we observe the salaries of volleyball players in the Italian championship, we can note that in the season 2021-2022 the highest paid players, such as Earvin N'Gapeth (Modena), received annual salaries of around €800,000 per year, while the star of Perugia and the Italian National team, Francesco Giannelli, only received €350,000.

Moreover, it is important to say that, unlike soccer, in volleyball the contracts are usually annual or biennial, and the result is that no money is transferred when players decide to play in a different club. It is also relevant to note that the Italian volleyball championships (male and female) are among the richest in the world, as well as being the only ones with the TV rights acquired by Volleyball world, a joint venture formed by the International Federation of Volleyball and the CVC Capital Fund.

If we compare the contractual and wage situation in women's volleyball, we can observe that there is no gender gap. On the contrary, the star of the Italian national team Paola Egonu, a player at Vakifbank in Turkey since the summer of 2022, will receive a salary of one million euros, thus exceeding the highest registered salary in the male category.

As for the prize money allocated by the Federation of International Volleyball (FIVB), there is also a situation that is diametrically opposed to that of soccer: the female universe is richer. Indeed, for the Nations League 2022 (from 1993 to 2017 known as the World Grand Prix) which was won by Italy in the final played in Ankara, the FIVB set a jackpot of one million dollars just for the winning nation.

If we also consider the prizes for each single match in the preliminary phase ($9,000 for each win and $4,000 for each defeat) we can conclude that Italy, with ten wins and only two defeats, collected a prize sum of $1,098,000. It is noteworthy that in volleyball's continental competitions the established prize money is identical for the female and male categories, unlike other sports. It is also important to analyse basketball, a sport that has a significant impact and a large number of fans. In the United States the NBA is the richest and best league in the world, while in Europe basketball has a much lower revenue turnover than soccer.

The Spanish Asociación de Clubs de Baloncesto (ACB) is the richest basketball tournament in the Old Continent, followed by the Greek and Israeli championship. The French Pro A and the Adriatic League (which includes the teams of the ex-Yugoslavian countries) do not provide for incentives for teams participating in these championships, or a bonus for the winning club. This situation is difficult to imagine, considering that even at EuroBasket 2022 France confirmed itself as one of the strongest teams in Europe, finishing in second place after defeat in the final game played against Spain. Indeed, all the players who make up the French national team play in other countries, since in recent years the transalpine tournament has lost its appeal and revenues, due to its inability to keep the excellent television contracts it had in the past.

In general, prizes and bonuses guaranteed to teams vary from country to country, depending on the revenue from television contracts and sponsorships. As already mentioned, currently the most exciting national championship in Europe - the second in the world behind the NBA - is the Spanish ACB. It has also been the driving force of the basketball movement in Europe for many years. In 2021, the ACB broke the threshold of €13 million from TV agreements, three times what it had received only seven years earlier. This amount of money is planned to be divided among the different participating teams, with the winner of the tournament earning about €900,000, a slightly higher bonus than other teams in the tournament.

Even in Greece, the most important source of income in basketball is represented by a rich television contract, whose revenues are distributed among the clubs in relation to their final ranking and ratings data. Finally, in terms of this sport, Germany and Italy share the same reward system in basketball. The revenues earned from television agreements are distributed equally among the participating teams. In the Bundesliga, each team receives about €250,000, while in the LBA Serie A the bonuses are around €125,000. However, unlike the other tournaments, there are no further awards for the winning team.

When we consider the most important international tournament played in Europe – the EuroLeague – there is a different situation. The EuroLeague is the highest European competition for men's basketball clubs, which consists of a semi-closed league whose participants are a total of eighteen clubs belonging to FIBA Europe (eleven are fixed, five gain access to them annually after achieving determinate objectives, and two participate by invitation).

In general, receipts from the EuroLeague are defined in relation to the final placements from first to fourteenth place, according to the following subdivision: 21% for the sports share (dependent on results) and 79% for the market share that depends on TV rights and marketing. Market share depends indirectly on the path of the club through the tournament, but more directly from the following of the team (both at the arena and on TV) and the importance of the brand. It is relevant to say that in the 2020-2021 season Barcelona (first in the regular season) earned €1.5 million, while ASVEL Villeurbane (last in the regular season ranking) collected precisely a tenth, or €150,000. Although the winner of the tournament was Anadolu Efes (earning €750,000), they came third in the regular season and then won in the final match played against Barcelona. The tournament works in this way: after the regular season, the first eight teams of the ranking play the playoffs and the four winners of this round (winning two out of three at least) play the famous Final Four (in single games) to win the tournament.

The sports component provides firstly match prizes: €40,000 for each win in the regular season (34 games at all) and €70,000 in the playoffs (maximum 3). Qualifying for the Final Four a team gets €650,000 while the winner of the tournament earns €850,000. This means that with a clean path of 34 wins in the regular season (which is almost impossible), 3 wins in the playoffs and success in the semi-finals and final matches, a club can earn the huge sum of €3,070,000. Just to give an example, Olimpia Milano in 2021 reached the Final Four - being defeated in the semi-finals - and cashed €1.05 million as the sports component (the result of victories in regular season and in the playoffs) and a market share of €650,000, for a total amount of €1.7 million. €1.5 million should also be added to this as the annual benefit that Milan receives as a result of a long-term license agreement for participation in the EuroLeague.

Crypto and Sport

After the dominance of the betting industry, especially in the world of soccer, today the crypto industry rules in terms of the sponsorship of clubs, leagues and sporting events. Just think that, according to Bankless Times estimates, the value of sports sponsorships by companies related to the cryptocurrency industry exceeded $1.5 billion in the period between January 2021 and June 2022.

The data is clear and in April 2022, 289 sponsorship and marketing agreements, with an estimated economic value of $570 million and involving sports clubs and companies operating in the crypto world, were signed. Among these agreements, 54% have as contractor a soccer club, a clear demonstration of both the need for this business to always find new resources of funding, especially after the health emergency, and the greater visibility, popularity and economic return that crypto companies exploit through this sport.

Among the tools of the crypto industry, the digital assets that are having the greater success and are currently the most exploited in the sports industry are fan tokens. 156 sports organisations have launched a fan token or tight agreements with companies in the industry, and among these 88 have soccer clubs as part of the agreement and 31 have basketball clubs. Actually, the fan token market is less productive when compared to other financial services, because of the strong decrease of its average quotation. These tokens are still considered by insiders as a first experiment that offers fans the limited possibility of interaction in the lives and decision-making processes of clubs, and they are also the subject of legal discussions about their regulation, due to the fact that fan tokens may be considered as real financial instruments.

In 2022 Crypto.com, the cryptocurrency trading platform founded in 2016 and now boasting more than 10 million users, was crowned as the new leader in the sports sponsor's sector. Moreover, and with the aim of marking its dominance in the industry, Crypto.com was also the official sponsor of the 2022 FIFA World Cup in Qatar. This agreement is not part of the aforementioned figure of $1.5 billion of sponsorships signed by companies in the crypto sector.

Crypto.com is the leader in the sponsorship industry in the sports scene and, just for the naming of the Staples Center - the famous and iconic arena of the city of Los Angeles - signed a $700 million deal with Anschutz Entertainment Group (AEG). This is one of the largest naming rights agreements in the history of the United States.

Other sponsorship agreements signed by the same company are also impressive. The partnership for $100 million to become principal partner of the Miami F1 Grand Prix, as well as that for $175 million in order to become the first global partner of the official UFC Fight Kit, the world's largest martial arts organisation mixed, with the creation and launch of the first Non-Fungible Token (NFT) authorized by UFC. Crypto.com also have sponsorship agreements with the NBA franchise of the Philadelphia 76ers, the Aston Martin Formula 1 team and the International Ice Hockey Federation league.

Starting from the 2021-2022 season, Crypto.com has been one of the official sponsors of the Italian football championship Series A, as well as the first Innovation & Technology Partner of Italian football. The Centre VAR of Lega Serie A, based in Lissone, is also entitled Centro VAR Crypto.com. Moreover, the cryptocurrency platform has also entered into the national cup, sponsoring the 2021 Italian Cup final and celebrating the occasion with the launch of a special collection of NFTs that included, among others, the official trophy and highlights of the match.

The Crypto.com agreement with Lega Serie A is not the only case, as the company has defined a similar agreement with the Spanish soccer championship LaLiga. Crypto.com has concluded an agreement with Formula 1. From July 2021 the logo of the platform has appeared in F1 events and on the track during the races. It is a five-year deal worth more than $100 million that made Crypto.com also the official provider of Formula 1-themed NFTs.

Another player in the field of sports sponsorship is undoubtedly FTX – the cryptocurrency exchange platform that, in 2021 alone, became a partner of the TSM Esports Team and the NBA Miami Heat team for $210 and $135 million respectively, as well as being added to the list of official Major League Baseball sponsors for an undisclosed sum.

If Crypto.com is currently the benchmark company in the sponsorship sector, a special mention also should go to Socios.com that, perhaps, can be considered the true pioneer in this new trend that characterises the world of sport. The company was born in December 2019 and, in a short time, it became a partner of some of the main European soccer clubs; Inter and Valencia, Juventus and PSG, as well as Roma, a total of 36 partner clubs.

We can therefore say that if in marketing the key to success is customer loyalty, in the current sports scene the secret is to tokenise fans, in the sense of inducing them to buy virtual tokens, accessible on cryptocurrency platforms, in order to have the right to participate actively in the life of the club.

The reason for the collaboration between the clubs and the crypto companies is therefore the natural consequence of a trend that has its roots in part in the economic crisis produced by the pandemic. Clubs have a strong need for liquidity and economic-financial resources, while on the other hand companies of the crypto industry must find a way to make themselves known, and the world of sport, in particular soccer, is a showcase that guarantees space and visibility on a planetary scale.

As often happens, the entry of digital realities into the sports sponsorship industry began in the US market, particularly involving the NFL and NBA leagues. A trend that in a very short time has spread into the soccer scene with the first approaches to this new reality dating back to 2018, with Juventus and Paris Saint-Germain in the role of avantgarde.

The year in which cryptocurrencies became an authentic reality in the world of soccer was 2021, the year after the health emergency began.

According to an analysis of the teams' kit sponsors attributable to companies active in the world of cryptocurrencies in 2021-2022, it can be stated that the revenue for Serie A clubs exceeds €180 million. This figure even exceeds €250 million if we consider the other forms of partnerships involving the crypto sector.

The companies of this market are increasingly monopolising the scenario of sponsorship of Italian soccer, having made the best use of the indications of the Dignity Decree issued in 2018 by the Conte government. Moreover, it is relevant to underline that for a few years clubs have been able to show sponsorships on the front of their kits and also on the back (under the number) and on one sleeve. In this latter area, the sponsorships of the crypto sector has spread like wildfire.

It is also interesting to point out that in the 2021-2022 season the sponsorship market on the teams' jerseys for the Series A matches reached the figure of €335 million. It is a market dominated by commercial sponsors, that account for 69% of the total figure (€230 million), and by technical sponsors with the remaining 31% worth (€105 million). The increase from the 2019-2020 season to the 2020-2021 season was €60 million, a 35.3% rise which led to a total of €170 million. In this situation, sponsorship provided by companies operating in the crypto sector played a fundamental role. In Serie A this is a very important development of the sector, giving the opportunity for teams to have more possibilities for sponsorship of their kit with different partners. In particular, it can be noted that the aforementioned €230 million worth of kit sponsorship was divided as follows:

- The main sponsor makes a €173 million investment;

- The reverse sponsor a €31 million investment;

- The sleeve sponsor €20.5 million;

- Second sponsors a €5.5 million investment.

The phenomenon of NFT and metaverse

The English Premier League has always been one of the most resourceful in launching into new projects and keeping up with technological innovation in order to be able to offer an attractive and satisfactory product to its target market. Indeed, it is by far the richest league in the world.

On 1 June 2022 the Premier League filed its three historic brands - the lion's head, the logo of the 'loving cup trophy' and the name of the Premier League championship - at the United States Patent and Trademark Office, in order to protect its intellectual property with a patent and then use them as NFT. The value attributed to the Premier League brand is remarkable, if we think that this championship is currently followed by more than a billion people. The EPL aims to enter the metaverse, chasing the dual objective that has always characterised its business strategy: monetise its value and offer fans new experiences.

The registration of trademarks, with explicit reference to their use in the metaverse, is an element of fundamental importance in the perspective of building a constantly growing virtual world and being able to intercept the target market represented by a new generation. The real question mark today remains the regulation of this universe, from a normative point of view.

The phenomenon of NFT and the metaverse progressively affects all types of industries, including sport. The first clubs to open the doors of English football to the NFT universe were Everton with Fancurve and Manchester United with Tezos. However, it is not only the British clubs which have smelled the opportunity to launch into the NFT business, with the reigning champions of France, Paris Saint-Germain also filing trademark applications related to content NFT-supported multimedia, concerning cryptographic wallets, cryptocurrency transaction management, virtual clothing, sports equipment and electronics.

In Portugal, FC Porto announced that it would build its own virtual stadium and a virtual city of Porto and also add collectible teams and players to the NFT format. An innovative project, which started during the 2022-2023 season, that is based on mapping the real world into the metaverse thanks to help of Upland, the company that works with FC Porto. This idea is aimed at involving fans of the club in the project. Porto will thus be the first club to have its own stadium in the metaverse, just ahead of Manchester City, and will also be the first European soccer team to launch NFT's of the football kit on the market.

In general, the NFT market is growing at an unprecedented pace and the demand for these virtual tokens has also withstood the market price drop that has strongly affected cryptocurrencies recently. In the world of sport, the case of the NBA platform 'Top Shot' demonstrates the profitability of this new marriage between technology and sport, with the first collection of NFTs by Top Shot dedicated to the NBA that, according to CryptoSlam, sold for over $1 billion. In general, the requests for brand applications are growing exponentially, with the number increasing more than 400 times in 2022 in the United States alone.

The "Sorare" case

Sorare is a company that appeared on the NFT market for the first time in 2019, by exploiting the passion of fans for fantasy football. It rewards the best fantasy-coaches in cryptocurrencies of the Ethereum circuit. The Blockchain technology is the guarantee that each figurine is unique, scarce, limited and certified. In practice, they are limited edition items that allow users to benefit from a gaming experience based on building connections in the real world.

This is a project that was immediately perceived as ambitious and it has attracted the interest of both private equity and venture capital investors, in such a way as to get an initial financing of €4 million. The expectations paid off and, as a consequence, Sorare got a second round of investment, the largest ever in Europe, with a record figure of €680 million. As a result, thanks to this financing and its incredible success, Sorare reached a valuation of $4.3 billion in 2021.

Sorare could count on an audience of over 600,000 registered users in 2021 and a market for virtual figurines that generated trading card activities of more than $150 million. The success of Sorare lies in its ability to operate at the intersection of three rising market segments, NFT, sports cards and fantasy global sports, for which the total turnover estimates are predicted to be $48 billion by 2027.

Meanwhile, Sorare has worked in parallel on another ambitious goal: to become a partner of all 20 soccer leagues globally and of the top 50 soccer teams in the world in competitions both or both men and women. Actually, Sorare has already obtained licenses from over 180 clubs, including Real Madrid, Liverpool and Juventus, as well as the French, German and Spanish football associations.

The idea behind this strategy is the fact that soccer is the most important sport in the world in terms of number of fans, estimated at 1.042 billion people, according to the data processed by the Federazione Italiana Giuoco Calcio (FIGC). Soccer is followed at some distance by basketball (especially the NBA) with 866 million fans. If we add other disciplines such as motorsport, baseball, ice hockey and American football (tenth by global interest and number of fans), we can state that the market value of media rights related to sports is close to $41 billion, of which $22 billion are produced from the soccer business alone. However, with regards to the above data, we should note that soccer audiences represent only 26% of the total user base of these nominated sports.

The increasingly frequent commercial agreements between sports clubs and crypto companies are seemingly the current 'prerogative' of the soccer world with 157 of them being soccer clubs out of a total of 289. This does not include the 245 licensing agreements signed by clubs with the NFT platform Sorare. Historically, soccer is a business that produces a higher level of debt than other sports, with the natural consequence that it is constantly searching for new financial resources and opportunities in order to ensure the sustainability of investments that are increasingly out of control.

Sport and technology are, and will be, more and more interdependent, as is shown by an initiative that involved the current 53 Italian volleyball clubs and the company Chainon for the sponsorship of volleyball on the blockchain. This was an innovative strategy that aimed to facilitate a faster connection and drafting of sponsorship contracts between clubs and sponsors through the use of smart contracts that, in addition to automating the process, guarantee total transparency thanks to a unique database. According to estimates by StageUp, this project would have allowed a three-fold increase in the global value of sponsorship within the next seven years.

In terms of numbers, in 2028 the turnover of all sport could reach $40.5 billion from the current $13.6 billion, thanks to the use of technology. Geographically, Europe would be the world leader with 42% of all turnover, followed closely by North America. At the same time, the Far East will be the area with the highest growth rate between now and 2028.

E-sports

Esports is a growing sector, as evidenced by the data published by the Italian Interactive Digital Entertainment Association, (IIDEA) on worldwide revenues in the electronic gaming sector, €947 million in 2020 and over €1 billion in 2021. This income was generated by competitions and tournaments, such as the Fédération Internationale de Football Association (FIFA) Nations Cup, but also from sponsorship, media rights, merchandising and ticketing.

This growth phenomenon has also affected Italy, as described by the Gaming Report. In 2021, every day 475,000 fans followed digital sports events, while weekly the threshold of 1,620,000 was reached, an increase of 15% compared to 2020.

A trend of global relevance, as evidenced by research conducted by YouGov in 2021, is that teenagers preferred electronic games to actual soccer. Examples of this incredible paradigm shift are those countries where it has already surpassed soccer: China, the Philippines and Turkey, with Indonesia and South Africa about to join the list. It is strange to think that such a phenomenon is even evident in a country like Brazil, the 'home' of soccer.

The situation in Europe is somewhat different and sport continues to prevail, for the moment. The range of electronic gaming enthusiasts varies from 2% of the population in the UK to 6% in Poland, with a number of countries consistently at 4%, such as Bulgaria, Austria, Switzerland, Ireland, Italy and Spain. But the USA and Canada also have similar levels of interest.

Soccer cannot let electronic games 'steal' professionals and fans, but the numbers of electronic games players recorded by Esports continues to break all records.

Pushed by the will to better understand the scale of the phenomenon, we analysed some data from the report of the EAE Business School, Informe Gaming, Esports and Streaming (2022), according to which the global videogame market generated revenues of about $156 billion in 2021, with electronic videogames accounting for 52.9% of that figure and boasting an expected annual growth rate of 9.3% until 2025. In terms of consumption, the mobile gaming segment is the best performing.

In terms of consumption, China, the United States and Europe account for 66.2% of the total market, with a turnover of $103.2 billion. China leads this ranking, with $49.3 billion of revenue, followed by the US at $30.4 billion and Europe at $23.5 billion. This situation is expected to consolidate further during this decade, with revenues expected to grow by 9.6% in China, just ahead of the United States (8.8%) and European countries (8.5%).

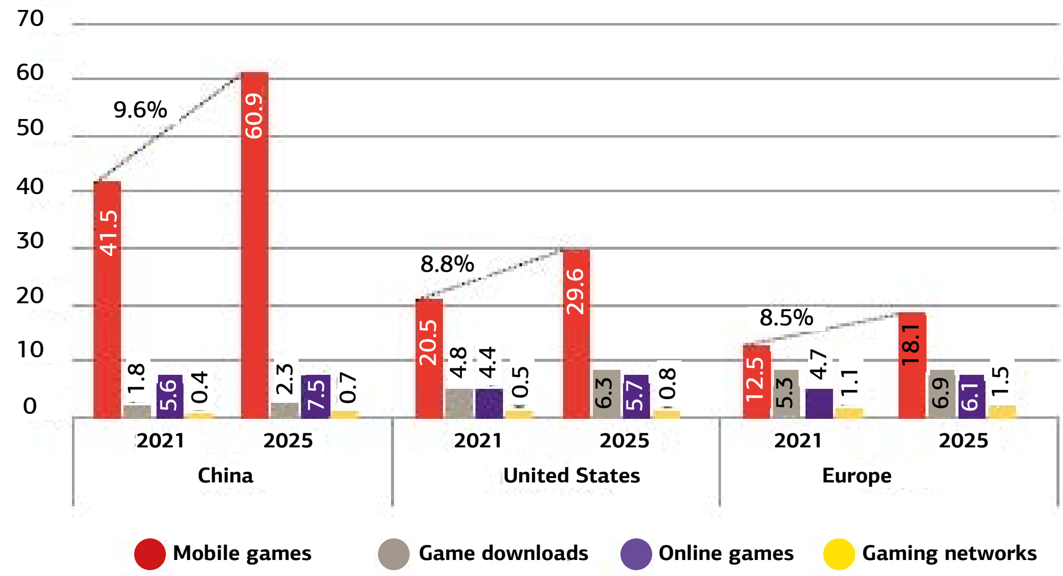


Figure 1: Comparison of the growth of the main gaming markets and predicted revenue in BUSD **Source:** Statista (2021)

Based on BUSD which is the value of Binance (cryptocurrency) in dollars.

Source: EAE Business School (2022), *Informe Gaming, eSports and Streaming*

Within the gaming world, in recent years esports have wisely been able to convert from a lively and super specific niche to a huge new form of entertainment that is now booming all over the world and, according to the estimates of some reports, the volume of the near-future turnover of this sector should easily exceed $1.5 billion.

Today, gaming tournaments are structured in every way just like the great international events of the world of sport. From the organisation of events (with shows and press conferences) to a real ticketing system, the sales of tickets, sponsorship and the processes of deification of athletes. A new layer of sports culture that has found in the ‘old mainstream television networks’ (ESPN, for example) the perfect space to give even more media coverage to the phenomenon.

The rapidly increasing number of viewers is connected to the explosion of live streaming, but also, thanks to the development of real platforms specific to videogames such as Twitch, YouTube Gaming and Facebook Gaming, these have given followers a ‘direct connection’ with players and teams.

People think that most of these activities are carried out online, but actually every year there are lot of live events related to gaming and esports. These events were dramatically reduced in 2021: 8% cancelled, 26% were postponed, 13% remained scheduled, and a considerable 53% were moved online, causing significant damage to the sale of tickets, events and all activities related to the traditional offline events.

In recent years, esports has established itself as one of the most promising sectors of entertainment. Currently, competitive videogame tournaments are considered by many as a sport (The Olympic Committee is also thinking about including them in the program of the upcoming Olympic Games in Paris 2024.). They gather around them millions of players and enthusiasts and have created an interesting professional movement. Moreover, and above all, they are constantly evolving.

Recent research by Insider Intelligence, a company specialising in the analysis of digital markets, states that the export market reached $2 billion in revenue by the end of 2022, of which the main role will be played by sponsorship contracts, media agreements and the transfer of broadcasting rights to major events.

Live gaming sites are increasingly focusing on the competitive component and are starting to open to the fans connected online. These are the two ingredients that have transformed esports into the phenomenon of global range that we all now know.

Furthermore, in the coming months mobile esports will give a further boost to the market. Smartphone videogame tournaments are living a real boom and the latest generation of mobile phones offer performances that do not need to envy those guaranteed by PCs and consoles. Probably, the next trend to follow is that of international mobile gaming competitions, with large audiences and rich cash prizes.

In the USA, esports are a consolidated reality, while China is the country where competitive esport has a longer and deeper history. Indeed, in China one of the most important agreements of all time was registered by Bilibili, the site specialising in gaming, for the exclusive broadcast of the next three years of League of Legends tournaments, one of the most popular games in the world.

The videogame industry had another year of record revenue in 2021 according to Newzoo, reaching $180.3 billion in revenue. The esports and live streaming industry also expanded during 2021. Revenues from esports grew by 14.5% in the year, while the audience of those who played live streaming videogames grew by 12.7% compared to 2020.

Twitch, the Amazon live broadcast platform, registered 23.3 billion hours of views alone in 2021, an absolute record. The cloud gaming market also experienced a significant growth in 2021, generating more than double the revenues of 2020.

The PC and console markets themselves did better than expected, despite the ongoing chip crisis, generating respectively $0.8 billion and $1.2 billion more revenue than previously estimated.

In 2021, the total number of gamers reached 3 billion. The current forecasts for 2024 paint an even brighter picture. Newzoo predicts that the videogame industry will generate $218.8 billion in revenue, with more than half ($116.4 billion) coming from mobile videogames alone. Exports will also grow to 1.6 billion, with public involvement (purchase of merchandise, customisations in games and tourism related to competitions) increasing across the board.

Despite the pandemic, 2020 was an excellent year for videogames, as evidenced by the $175 billion in revenue generated by over 2.7 billion gamers worldwide. With these values, the videogame industry surpasses television, cinema and music turnover by demonstrating its dominance in the market of entertainment. Asia has the largest number of gamers (1.5 billion), while Europe ranks second with 386 million players; Middle East and North Africa (MENA), Latin America and North America follow closely with 377,266, and 210 million respectively. According to Cross Border Growth Capital, market growth was driven primarily by the increase in subscriptions, with players available for premium use for free. In the USA, in 2019, 53% of Millennials and Gen Z users subscribed to videogames, surpassing Pay TV services (51%) and marking an increase of 9% over the previous year. Smartphone games such as Pokémon Go, Clash Royale, Clash of Clans and PUBG Mobile have accelerated the digital transition, with the online gaming experience reaching 13.3% between 2019 and 2020, with $74 billion in revenue worldwide.

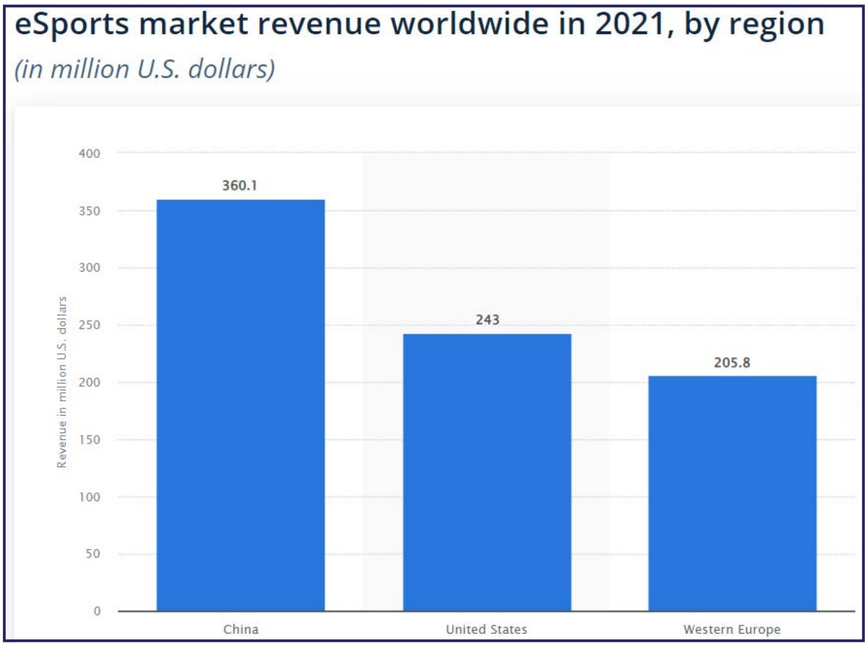
2020 was a profitable year also in terms of views. Among Us, League of Legends and Fortnite were the most-watched videogames streamed on Twitch in 2020, while YouTube recorded 100 billion hours of viewing on more than 40 million active gaming channels.

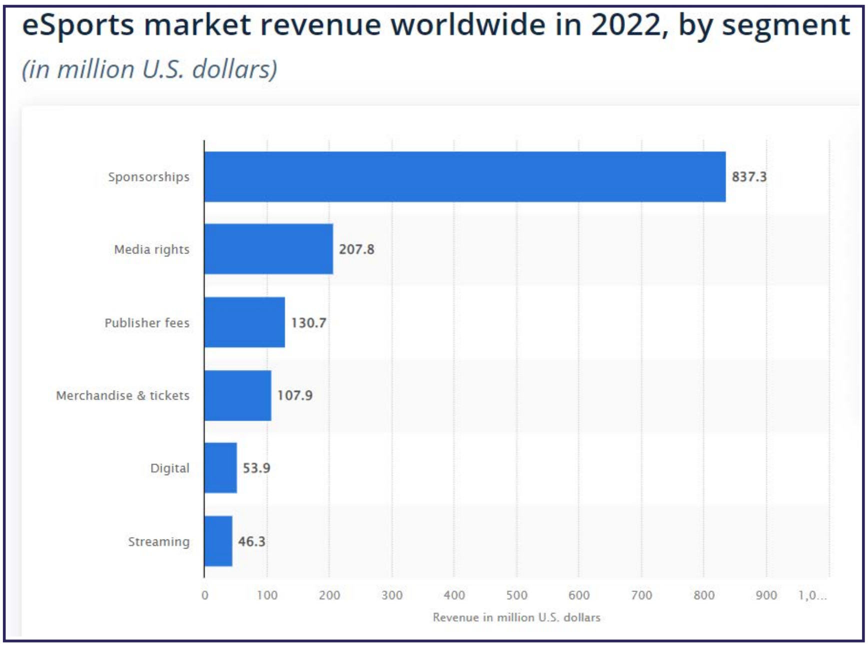
The result has been the birth of a real trend in community creation, with more than 140 million monthly users for Twitch and 100 million for Discord. Many companies are already offering their users a community where they can share their events, create, play and attend live events. In 2020, YouTube recorded 100 billion hours of viewing on more than 40 million active gaming channels.

As for competitive gaming, its revenues still represent a negligible fraction of the total for videogames, with only $1 billion in revenue in 2020, but this is expected to grow to $1.6 billion by 2024. With over 100 million live viewers, the tournament League of Legends surpassed the Super Bowl (98 million) in terms of audience. This success will inevitably be reflected in the growth of sponsored content, which is now the industry's largest source of revenue, reaching $584 million in 2020 and $641 million in 2021. The main market was Asia, but Europe peaked at €375 million in just one year. According to the forecasts of Cross Border Growth Capital, by the end of 2023 amounts will reach €670 million. The Italian market alone will reach €40 million in value in 2023, from €16 million in 2020.

These figures show that esports is currently the most promising market segment in terms of sponsorship opportunities and corporate promotion.

Table (p. 83 from Original Report)





Source: statista.com

The Qatar World Cup 2022:

The World Cup 2022 in Qatar was, above all a paradigmatic case of the role of soccer as a tool of soft power and of the fact that global soccer competitions are a tool to gain visibility. The little Gulf State, despite being unknown to most observers, is an important country from the geopolitical and economic point of view. It has used various soft power tools, including soccer, to climb the rankings of international standing. Today, as a new geopolitical power, it uses soccer in order to assert its new status, in a way that is not different from other countries before it, such as Uruguay.

Indeed, the FIFA World Cup 2022 was part of a wider government investment plan - the so-called "Qatar National Vision 2030" which aimed to promote the development of both local structures and industries and the education and health system, as stated by the Executive Communications Director of the Supreme Committee for Delivery and Legacy of the organising committee of the World Cup, Fatma Al Nuaimi.

The World Cup was awarded to Qatar in December 2010, despite the doubts immediately expressed about the adverse climatic conditions. (This was the first time in history that it would be played in the winter.) There was also concern about the inadequacy of the country to host such an event, first of all due to the absence of stadiums and other infrastructure.

Therefore, it took a workforce of unimaginable proportions to build the infrastructure needed to host an event such as the World Cup in a country that had not been historically equipped to do so before. The natural consequence of this was the rise of a number of issues reaching beyond the sporting field, such as low wages, poor working conditions and, above all, the significant number of accidents and deaths at work. The latter figure, updated in February 2021 by the Guardian, reached and exceeded 6,500 (in the period between 2010 and 2020) more than the sum of all other similar mega-sporting events since the Olympic Games in Sydney in 2000.

Total preliminary expenditure	Costs of construction (or renovation) of stadiums, facilities, team headquarters and the creation of other related services		Average weekly expenditure estimated by the Qatari Finance Minister	Workers injured or dead (2010-2020)
$ 200 billion	$ 6.4 billion		$ 500 milion	6500

Number of tickets sold by 17 August 2022	Change in ticket price of the first category of ticket - final match (compared to the World Cup of Russia 2018)	Price of the first category of ticket - final match	Figure that FIFA wants to get from hospitality rights and ticket sales from all eight stadiums in Qatar	Estimated revenues achieved by FIFA in the four-year period 2018-2022	FIFA Revenue Value in 2021
2.45 milion	+46%	€ 1400	$ 500 milion	$ 7 billion	$ 766 milion (+34,7% compared to 2020)

Source: https://www.calcioefinanza.it/2021/12/20/fifa-dai-mondiali-biennali-4-mld-di-ricavi-piu/

Coming to the issue of finance, as revealed by the Minister of Finance of the Qatari government in 2018, the expenses incurred weekly to prepare for the launch of the World Cup in November 2022 were estimated at €500 million. In order to meet this enormous demand, a decision was needed by the Qatari government to partially withdraw the subsidy on gasoline, postpone the implementation of some other projects and introduce a value added tax.

This is the most expensive World Cup ever by a vast amount, reaching a record $220 billion spent, more than the sum of all the World Cup events realised up to 2018 (and maybe of all the Olympic Games as well). A comparison with the Brazilian World Cup of 2014, second in the expenditure ranking (as seen below), is almost embarrassing. The expenses in Qatar are almost 15 times higher. The idea was that Qatar would not throw away the opportunity to host the World Cup, although the risk that at the end of the World Cup some stadiums would remain as 'white elephants' was also a possibility that could not to be ignored.

Table (p. 93 from Original Report)

Source: https://cncmedia.it/category/sport/calcio/

In order to support these costs, it is not surprising that the price of tickets was significantly higher than the previous 2018 World Cup, in Russia. Fortunately, despite the danger of Covid-19, much of the economic success of the event resulted from successful ticket sales.

In 2022 alone, once the pandemic had subsided, the demand for tickets grew significantly, as revealed by Qatar Airways, the official airline of the FIFA World Cup Qatar 2022. The airline had to launch a new campaign of all-inclusive packages (flight, accommodation and seat ticket) after the initial one of September 2021.

According to FIFA in an official note, less than 100 days before the beginning of the World Cup, the number of tickets sold was 2.45 million, with 520,532 tickets sold during the sales phase alone organised from July 5 to August 16, on the basis of the principle of 'first come, first served'.

As for the ranking of ticket sales by country of residence, fans from the United States, England, Saudi Arabia, Mexico, United Arab Emirates, France, Argentina, Brazil, Germany and especially Qatar held the most tickets. Qataris benefited from lower prices. Indeed, for group stage matches, Qatar residents could buy tickets for the modest amount of 40 Qatari Riyals (€10), the lowest price for local residents since the 1986 World Cup in Mexico.

If we now consider actually watching the matches of the 2022 FIFA World Cup, we must underline that there were significant differences compared to the 2018 World Cup in Russia. Attending the final on December 18 at the Lusail Stadium in the first category of the best tickets cost 46% more than the corresponding tickets for the 2018 final. Tickets for the second category were similarly 30% higher than in 2018. The cheapest tickets available for international fans were around €516 and therefore about €100 more than at the previous event. Finally, the tickets for local residents amounted to around €175, much higher than the €95 at the 2018 event.

Table (p. 95 from Original Report)

World Cup stages	Average ticket price Qatar 2022 (Euro)	Average ticket price Russia 2018 (Euro)
Opening Match	530	485
Group phase	190	185
Round of sixteen	235	215
Round of eight	365	320
Semifinals	815	650
Final 3rd /4th place	365	320
Final match	1.400	995

Source: FIFA and *Calcio e Finanza* https://www.calcioefinanza.it/2022/01/19/biglietti-mondiali-2022-costi-prezzi/

In general, FIFA aimed to generate $500 million from hospitality rights and ticket sales from all eight stadiums in Qatar. This goal would allow FIFA to reach the objective of $7 billion in revenue (€6.4 billion) in the four-year period ending with the 2022 World Cup. This target was established by President Gianni Infantino in his speech during the Annual Congress of the governing body held in Doha in March 2022. In other words, according to estimates and forecasts, FIFA could reach and exceed the goal of $6.4 billion set in 2018 for the following four years by almost 10%. The reason is that, according to announcements by FIFA, through the World Cup in Qatar a new record in terms of revenues from audio-visual broadcasting rights was set. In this regard, the impact of revenues from sponsorship and marketing should not be underestimated either.

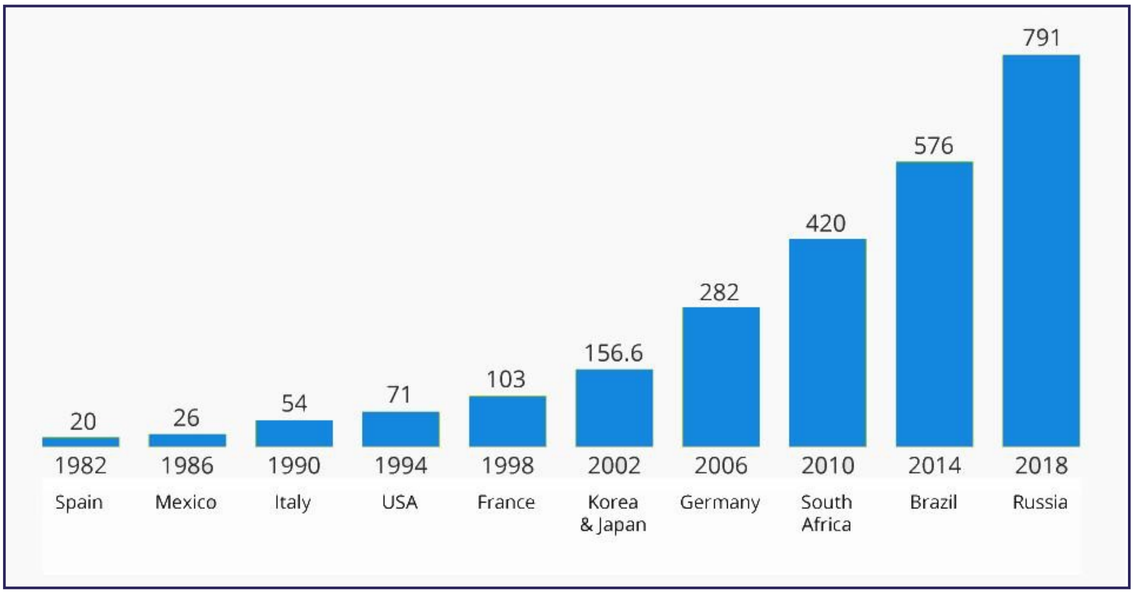
If FIFA could reach and exceed the targets set, it is thanks to the fact that the revenue had already returned to pre-pandemic levels in 2021, equal to $766 million, compared to $500 million in 2020, a rise of 34.7%. Further, by the end of 2021, FIFA had already reached the $6.11 billion mark.

Therefore, given that most of the revenue is generally recorded in the year in which the World Cup is held, the goal of $7 billion to be reached after the 2022 event did not seem so difficult to achieve.

FIFA's business model is based in a significant way on the success of the World Cup. It represents the main source of income, and is a substantial element in the budget and the four-year balance sheet, despite the fact that the World Cup tournament only takes place every four years.

Table (pp. 99–100)

FIFA prizes in the previous World Cups from 1982 to 2018 (millions USD)



Source: FIFA, Forbes (graph: https://mondoeconomico.eu/primo-piano/fuori-dai-mondiali-del-qatar-l-autogoal-economico-dell-italia-almeno-10-5-milioni-di-dollari-andati-persi)

Taking into consideration FIFA's official data on the prize money established for the World Cup in Qatar, it can be calculated that winning the World Cup can bring to the winning federation a total revenue of at least $45 million, an extraordinary figure that generally benefits the entire soccer movement of that country, as we have seen especially in Italy.

Qualification to the group stage alone brings €10 million. Each team participating is then paid a 'fee' (a token) of presence and revenue in relation to results achieved. Even being eliminated in the group stage leads to a guaranteed income amounting to €2.3 million as a participation bonus and €7.3 million for the group stage.

To these bonuses and fees, as for all UEFA competitions, should be added additional revenues in relation to the results achieved in the individual group matches where victories, of course, are rewarded more highly.

In this regard, it is difficult to have a clear idea of the impact that the failure to qualify for the World Cup in Qatar may have in the next four years for Italy, since there are several variables to consider. Anyway, it is certain that the absence of an important share of resources between prizes and bonuses not obtained and reduced commercial revenues had implications on the Italian economy.

Undoubtedly it will be a heavy cost to pay for the entire Italian soccer system that had under the president Gravina management, and despite the impact of Covid, seen its turnover increase from €160 million in 2018 to €230 million in 2021. Currently, the Italian national team has an estimated value of about €93 million per year, and from 2023 it will rise to €102 million. But it could have been even higher with qualification to the World Cup in Qatar. It is even worse because of the fact that the 2022 event was the richest in history.

Conclusion

The world of sport generally, and not only soccer, has suffered a socio-economic backlash without precedent as a result of the pandemic. Considering only the prolonged interruption of competitions and the obligation to play the matches without fans, or with a considerable reduction, is somewhat reductive when the goal is to analyse the economic and social consequences both direct and indirect that have affected all stakeholders in the sector to varying degrees.

Another important piece of data to highlight in terms of the unprecedented scale of the pandemic on sport as a business of global importance, concerns turnover. There was a contraction of 15.4% between 2019 and 2020 and an improvement of 13.5% in 2021, which reported a total value of up to €440.8 billion. This figure is not so far from that recorded at the end of 2019, €458.8 billion. The market for media sports rights is somewhat different. Here between 2019 and 2020 the contraction was extensive, equal to -37%, but in the first half of 2021 the value of sponsorships had already grown again beyond 2019 levels. After that it gradually returned to pre-pandemic levels again. At the core of this powerful growth, there was the rising trend of crypto assets with its fan tokens, cryptocurrency, and, later, NFTs that have played the role of absolute protagonists in colonising the jerseys of European clubs.

Analysing the four top sports leagues of North America (NFL, NBA, MLB and NHL), between 2020 and 2021 the aggregate loss in terms of revenues was almost $13 billion, compared to the $7 billion recorded from over 700 clubs participating in the 55 Top Divisions of European soccer, with a contraction of 32.8%. Comparing, instead, the reduction in the number of spectators in stadiums or arenas, this was about 127 million in the United States and almost 100 million for European soccer.

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A Hydrogen Economy:
The Role of a Sharing Economy and Energy Prices

By

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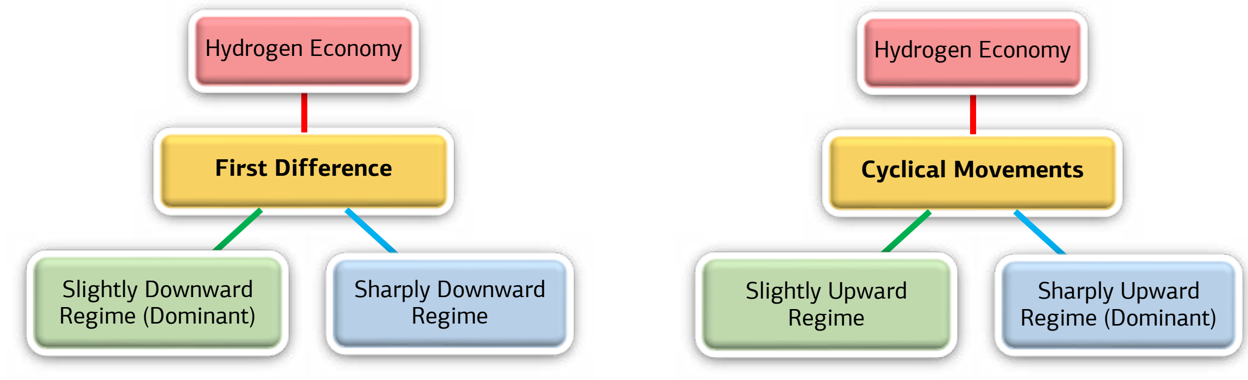
Graphical Abstract



Abstract

The world's energy system is sensitive to policies related to the new and renewable energy economy, and especially a hydrogen economy, which affects geopolitics and contributes to global sustainable economic development. Accordingly, this study applies the Markov-switching vector autoregressive technique to explore how a hydrogen economy is affected through (i) the sharing economy as a complexity-based policy, and (ii) energy prices as a resource-portfolio-decision policy. The overall findings support the asymmetric behaviour of both first difference and short-term fluctuations of a hydrogen economy. Notably, the opportunity cost of the sharing economy and energy prices is a delay in the development of the world's hydrogen economy. Findings reflect the short- and medium-term dynamic shock effects of the sharing economy and energy prices on the hydrogen economy, but provide no evidence for the long-term shock effects. Furthermore, the short-term fluctuations of the hydrogen economy are invulnerable to disruptions following policy application. Hence, a dynamic interaction between energy policies is suggested for transition towards a hydrogen economy when shocks occur in the world's energy system.

Keywords: Hydrogen Economy, Sharing Economy, Energy Prices, Regime Switching.

JEL Classification: (O2, Q42, E64, C24)

1. Introduction

The world's energy supply is predominantly reliant on fossil fuel production. The utilisation of fossil fuels doesn't only have a damaging affect on the environment, but it also causes the rapid depletion of these resources. The challenges of global energy systems have been tackled by an overutilisation of carbon-based fuels, which is concerning and needs to be addressed rapidly. If these energy sources continue to be exploited at the current rates, they will be exhausted within the next 100 years (Razi & Dincer, 2022). Accordingly, global energy consumption needs to be covered in a way which involves a much greater contribution from new and renewable energy sources (NRE), e.g., solar, wind, hydro, biomass, geothermal, and green hydrogen, to ensure that the fossil fuels available last significantly longer than currently anticipated. Necessarily, the importance and potential roles of energy-related policies in a new and renewable energy economy, especially a hydrogen economy, should be analysed in terms of the sustainability of the global energy system. To that end, this research aims to reveal how the world's hydrogen economy was affected through energy-related policies, e.g., (i) complexity-based policies, and (ii) resource-portfolio-decision policies (Shirazi, 2022) during the time-period Sep 2004-Nov 2022.

The sustainability of an energy system is assessed based on (i) energy security and (ii) environmental sustainability (Shirazi & Fuinhas, 2023; Shirazi, 2022). Energy security relates to the physical availability and price affordability of the resources within energy systems. A resource is available when it is available in a sustainable and timely manner and is priced at a level that will not adversely affect economic performance. The economic aspect of energy security is measured by the price affordability of the resource acquisition. The accessibility feature of energy security refers to transmission and transportation barriers, e.g., long-term sales contracts, large infrastructure investments, and geopolitical factors, among others. Environmental sustainability reflects the economy's success in switching from fossil fuels and nuclear energy towards an NRE portfolio, leading to lower potential environmental degradation (World Energy Council, 2022).

At a glance, it seems that energy consumption and emissions have returned to around pre-COVID-19 pandemic levels in 2021, inverting the pandemic-related interim reduction in 2020 (BP, 2022). The International Energy Agency (IEA) has predicted a 53% increase in the world's energy consumption by 2030, affecting energy security on a global scale (Razi & Dincer, 2022). Notably, primary energy consumption increased by 5.8% in 2021, running above 2019 values by 1.3%, as shown in Fig. 1.

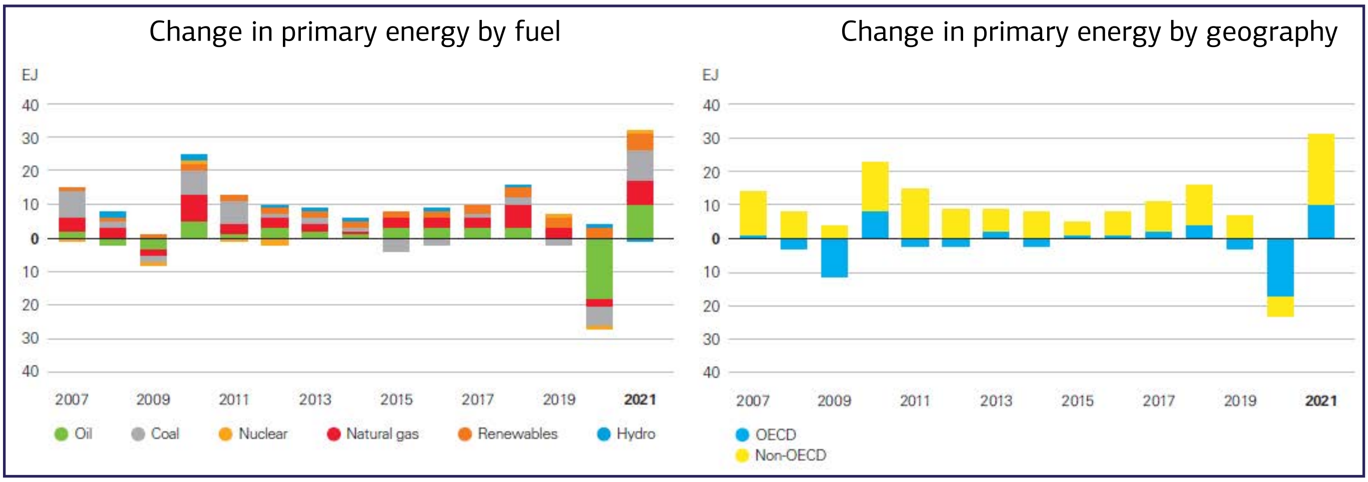


Fig. 1 Primary Energy Use. Source: BP Statistical Review of World Energy 2022.

The world's primary energy consumption in 2021 experienced a 1.3% increase over 2019 levels. Specifically, the world's renewable energy demands increased by more than 8 exajoules (EJ) from 2019 to 2021, while fossil fuel consumption was broadly unchanged (Fig. 1). Moreover, fossil fuel consumption accounted for around 82% of the primary energy demand last year, lower than the 83% in 2019 and 85% of five years ago. As a result, carbon dioxide (CO_2) emissions from industrial processes, energy consumption, flaring and methane (in CO_2 equivalent) increased by 5.7% in 2021, with CO_2 emissions from energy jumping up 5.9%, reaching close to 2019 values. CO_2 emissions from 'industrial processes and flaring' and 'methane' increased more modestly by 4.6% and 2.9% respectively (BP, 2022).

Due to concerns about energy security and environmental sustainability, NRE has received more interest from many countries over the past decade. Excluding hydro, NRE had an annual growth rate of 15%, higher than the previous year's 9% level, and stronger than any other primary energy sources in 2021. The capacity of solar and wind continued to grow quickly in 2021, whereas hydroelectricity generation fell by around 1.4% in 2021, the first drop since 2015. The clean energy systems needed to attain a targeted decarbonization to exist today. This goal can be achieved through clean energy sources (biofuels, solar and wind power, and green hydrogen), carbon capture, use and storage, and CO_2 removals. The challenge is how to use them at an unprecedented scale and pace (Dong et. al., 2022).

Green hydrogen has been recognized as a non-carbon-based fuel, but the worlds's energy systems experience considerable grey or brown hydrogen production, which is generated via fossil fuels, e.g., coal and natural gas combustion. Hydrogen is commercially produced through four main sources, three of which need fossil fuels: gasification, oxidation, and steam methane reformation. The fourth major source is electrolysis which decomposes water into its components using electricity (Zhang et al., 2015). The non-carbon-based hydrogen is produced when NRE are applied to supply electricity to the hydrogen production process. Major challenges in respect of delivery and storage of hydrogen may be summarised as (i) delivery/storage cost, (ii) storage efficiency and safety, and (iii) volume and weight of hydrogen storage systems. Currently, hydrogen transportation from the production site to the sites of utilisation is mainly made through pipelines, gaseous tube trailers, cryogenic liquid tanker trucks, rail, and barge (Dong et al., 2022). Hydrogen utilization can be categorised into (i) combustion, e.g., hydrogen for heating, power generation at a large scale, and blending hydrogen into the natural gas, (ii) fuel cells. Hydrogen fuel cells are much more efficient in energy conversion and up to 60% efficient in electricity production, compared with the internal combustion process that converts fuel into kinetic energy at an efficiency level of between 20% to 35%. Notably, various factors including the compression ratio, final drive ratio, the temperature of intake air, and air-fuel ratio, affect the efficiency level of internal combustion engines. Fuel cell transportation is considered the typical application of hydrogen, (iii) chemical processes, e.g., the Haber-Bosch process, the petroleum industry, the metallurgical industry, and methanol synthesis. Accordingly, hydrogen is considered significant in diverse chemical processes and hence, identified as an essential factor for material supplies and economic growth (Zhang et al., 2015).

In respect of complexity-based policy, the sharing economy is newly considered a policy instrument to develop energy security and environmental sustainability (Shirazi, 2022; Dabbous & Tarhini, 2021; Lombardi & Schwabe, 2017). This study assumes the sharing economy as a synergy between technological innovation, information, knowledge, entrepreneurship and marketing. It promotes a new culture where customers favour access over ownership enabling them to use resources more efficiently (Laukkanen & Tura, 2020; Curtis & Mont, 2020; Sutherland & Jarrahi, 2018; Hira & Reilly, 2017), causing increased competitiveness and economic growth (Piñeiro-Chousa et al., 2020). Accordingly, the sharing economy refers to an innovative market structure and can be a potential driver for energy efficiency and sustainable economic development (Liu et al., 2021; Hou et al., 2021; Dabbous & Tarhini, 2021; Plewnia, 2019) and, therefore, may delay switching to a hydrogen economy. On the other hand, the hydrogen economy effects of the sharing economy may contribute to the 'diversification of primary energy demand', balance the energy mix to cope with the market shocks of energy resources (Francés et al., 2013) and, hence, global sustainable economic development. Consequently, and due to the existence of two different affecting channels, it is necessary to empirically examine the impact of the sharing economy on a hydrogen economy. Notably, the sharing economy has altered the dominant economic paradigm, which has led to a need to study the advantages and disadvantages of this new energy-related policy instrument (Dabbous & Tarhini, 2021; Plepys & Singh, 2019; Bellin, 2017).

From the aspect of resource-portfolio-decision policy, higher energy prices may cause higher 'resource supply diversity' which refers to the issue of technological complexity, i.e., 'technological diversification', 'spare production capacities', 'diverse suppliers stockpiling', and 'emergency plans' (Shahzad et al., 2021; Mealy, 2020; Hidalgo & Hausmann, 2009). Specifically, the higher the energy prices, the higher the 'resource supply diversity' that entails harnessing new energy resources (Li et al., 2020), which may be conducive to the hydrogen economy (BP, 2022). Particularly, the major factors determining the benefits of 'resource supply diversity' and therefore, encouraging the hydrogen economy, are classified as (i) access to raw materials, (ii) environmental conditions, (iii) exploitation and production cost, (iv) technological improvement, and (v) political factors (EIA, 2021). Consequently, it is necessary to control for energy prices while studying the dynamics of the potential asymmetric behavioural characteristics of the hydrogen economy.

Accordingly, this article fills the knowledge gap found across the literature in the field of the hydrogen economy as follows:

First, two energy-related policies, classified into (i) sharing vs. ownership society as a complexity-based policy, and (ii) energy prices as a resource-portfolio-decision policy are utilised to study how the world's hydrogen economy is affected through energy related policies.

Second, this research adopts an innovative-quantitative technique to recognise the potential involvement that the sharing economy has in the hydrogen economy. Therefore, two proxy indicators are built to represent a monthly value for the world's usage of the hydrogen economy as well as sharing economy platforms.

Third, the interconnection of uncertainty, speed and expected duration, as well as the impulse-response of specified regimes through the Markov switching vector autoregressive method, is focused on in this research. It helps to explore potential asymmetric behavioral switching states of the hydrogen economy in response to (i) complexity-based and (ii) resource-portfolio-decision policies (Shirazi & Fuinhas, 2023; Shirazi, 2022; Shirazi & Šimurina, 2022; Shirazi et al., 2021; Geng et al., 2016).

Finally, the Hodrick-Prescott filter (1997) is applied in this paper to decompose the actual time-series of the hydrogen economy and the related policy instruments, e.g., the sharing economy and energy prices, to short-term fluctuations and long-term trends. Then, as suggested by Ewing and Thompson (2007), the interconnection of short-term fluctuations of the hydrogen economy and the policy indices through the Markov switching vector autoregressive method is studied to reveal potential acyclical, procyclical, or countercyclical behaviour (Larch et al., 2020) of the hydrogen economy in response to cyclical movements of both complexity-based and resource-portfolio-decision policy indicators.

Therefore, the following research questions are investigated:

- How are the behavioural features of the switching regimes, e.g., typical state, uncertainty, and speed of the regimes as well as impulse-response of hydrogen economy explained in response to (i) complexity-based and (ii) resource-portfolio-decision policies?

- How is the hydrogen economy affected by the interconnection of impulse-response, uncertainty, speed and expected duration of specified switching-regimes in response to (i) complexity-based and (ii) resource-portfolio-decision policies?

- How are the patterns of cyclical movements of the hydrogen economy formed in response to short-term fluctuations of (i) complexity-based and (ii) resource-portfolio-decision policy indicators? An acyclical, procyclical, or countercyclical pattern?

2. Literature Survey

Earlier studies haven't yet explicitly investigated driving forces and resistances in respect of the hydrogen economy, especially from the policy viewpoint. Specifically, most recent articles have analysed the key roles of hydrogen in the worldwide energy transition (Dong et. al., 2022). A summary of the recent studies related to the hydrogen economy is summarised in Table 1.

Author	Sample	Key Findings
Dong et al. (2022)	global context	Trading hydrogen credits contribute to the global uptake of green hydrogen financially
Razi & Dincer (2022)	MENA	The hydrogen economy can be achieved by a reduction in domestic utilisation of oil and gas sources, subsidisation of the renewable production sector, and financial support to hydrogen production and transportation infrastructure
Espegren et al. (2021)	Norway	Hydrogen has a potential role as a new income source and reach decarbonisation targets
Falcone et al. (2021)	EU	Hydrogen takes effect in attempting to achieve Goal 7, i.e. 'clean and affordable energy'
Caglayan et al. (2021)	EU	Norway is a major exporter of both green hydrogen and electricity. Also, hydrogen production mainly takes place in the EU with low electricity costs
Chapman et al. (2020)	global context	The overall production, export, and import of hydrogen are reduced due to modifying regional targets and equalising mitigation from both non-OECD and OECD economies that cause a shift towards domestic production and consumption
Bødal et al. (2020)	Texas	Hydrogen from electrolysis is favoured when prices increase, while hydrogen from natural gas is favoured in response to hydrogen demand
Ren et al. (2020); Gondal et al. (2018); Moliner et al. (2016)	China; Pakistan; global context	Hydrogen produced from renewable electricity has emerged as a promising fuel because of its cleanliness, potential for storage, and high-conversion efficiency and energy density
Capros et al. (2019)	EU	EU climate-neutrality by 2050 entails disruptive options, depending on policies to facilitate investment
Hanley et al. (2018)	global context	Hydrogen will be mainly applied after 2030, however some of its applications will emerge during the 2020s and the remaining hydrogen technologies by 2050
Garcia (2017)	EU	Lack of standards and information guidelines, complex legal-administrative procedures, domestic acceptance of infrastructure and hydrogen as a safe technology, lack of public awareness and knowledge, lack of government initiatives to improve the transmission and distribution networks, and lack of the use of hydrogen vehicles are the non-economic barriers for development of an EU hydrogen economy
McDowall (2016)	global context	Use of hydrogen alongside other energy sources in energy systems is complex, depending on appropriate policy interactions
McDowall (2014)	United Kingdom	Quantitative modelling and socio-technical scenarios of pathways for the hydrogen economy emphasise four main aspects of uncertainty; user practices, technology development, development of broad energy system, and strategies of large incumbents and governance

Table 1: Representative Works on the Hydrogen Economy

Notes: OECD: Organisation for Economic Co-operation and Development; MENA: Middle East and North Africa; EU: European Union

Consequently, hydrogen as a potentially sustainable, reliable and clean energy source has attracted growing attention for promoting sustainable economic development in respect of society and industry worldwide. Hydrogen is a growing force for a multisectorial switching toward a clean fuel portfolio based on NRE. However, there is a gap in here in the existing literature in terms of the implications of scientifically studying the relationship between the hydrogen economy and (i) complexity-based policy and (ii) resource-portfolio-decision policy. Accordingly, this article aims to argue that the role of the sharing economy as a complexity-based policy, and energy prices as a resource-portfolio-decision policy instrument take effect as the determinants of the hydrogen economy in respect of supporting Goal 7, i.e. "affordable and clean energy" (Falcone et al., 2021).

3. Methodology and Data

The Markov regime-switching vector autoregressive model (MSVARH) is applied in this paper to extract the interconnection of uncertainty, speed, and expected duration as well as the impulse-response (IR) of the specified regimes (Krolzig, 1997). It helps to capture potential asymmetric movement regimes of the hydrogen economy. This comprehensive technique facilitates the change in the hydrogen economy to switch between different states, considering any changes over the mentioned time-periods. Also, the model explores regimes of the hydrogen economy and then reveals whether (i) the sharing economy and (ii) energy prices have led to a change in the hydrogen economy, following their dominant state differences (Shirazi, 2022; Shirazi & Šimurina, 2022; Shirazi et al., 2021; Geng et al., 2016).

In this research, two proxy indicators are built using the Google Trends search engine, for the monthly value of the world's hydrogen economy and sharing economy from September 2004 – November 2022 (Shirazi, 2022; Dabbous & Tarhini, 2021; Rivares et al., 2019). Google Trends provide the normalised scale time-series data to each query, with the maximum value equal to 100. The measure for the hydrogen and sharing economy use indicators are made by summing for each month and within the world's ratio of Google engine searches related to the selected name of the hydrogen economy and sharing economy platforms. Further, the time-series data for the global price of energy index, as a proxy for energy prices, is retrieved from the Federal Reserve Economic Data (2022). Table 2 presents the acronyms, descriptions, and sources of utilised variables.

Acronyms	Description	Source
HE	Hydrogen Economy	Google Trends Search Engine
SE	Sharing Economy	Google Trends Search Engine
EP	Energy Prices	Federal Reserve Economic Data (2022)

Table 2: Acronyms, Description, and Source of Variables

4. Results and Discussion

4.1 Results

4.1.1 Descriptive Statistics and Correlations

During the first step, the descriptive statistics and correlations of the world's HE, SE, and EP are investigated to support the prerequisites of MSVARH. Following Table 3, all utilised variables through the HE model are identified as skewed and leptokurtic. Furthermore, the variables may show tail dependence or asymmetric behaviours and may follow different marginal distributions.

Descriptive Statistics	HE	SE	EP
Mean	6.12	5.37	5.06
Median	6.02	5.42	5.03
Maximum	7.19	6.31	5.93
Minimum	5.42	4.71	4.02
Std. Dev.	0.40	0.33	0.35
Skewness	0.62	0.11	-0.13
Kurtosis	2.56	2.52	2.55
Jarque-Bera	16.61	2.55	1.93
Probability	0.0002	0.27	0.37

Table 3: Descriptive Statistics

A very weak correlation between regressors is indicated by the results that hold no concern in respect of the potential multicollinearity issue (Table 4). Two different classifications are associated with MSVARH, e.g., the intercept and the switching mean, which lead to coefficient and variance variations. Consequently, this study focuses on the findings of the intercept-based method provided by MSVARH to capture reliable conclusions (Krolzig, 1997). Remarkably, and following Bai and Lam (2019), a nonlinear framework is applied to model the behaviour of first difference (V) and short-term fluctuations (STF) of HE in reaction to (i) SE and (ii) EP policies, referring to an appropriate fitting impact and support robustness for the regressors.

First Difference			
Variable	HE	SE	EP
	1.00	-	-
	0.02	1.00	-
	-0.03	-0.04	1.00
Cyclical Movements			
Variable	HE	SE	EP
	1.00	-	-
	0.03	1.00	-
	0.07	0.02	1.00

Table 4: Correlations

4.1.2 Markov-Switching Vector Autoregressive Model: First Difference (V)

4.1.2.1 Markov Switching Estimates of the Hydrogen Economy

Focusing on the effect of (i) complexity-based and (ii) resource-portfolio-decision policies on the HE, the model shows two regimes (Table 5). The two regimes are summarized as ‘slightly downward (-0.18)’ and ‘sharply downward (-0.7)’. All estimated parameters of both regimes are statistically significant[1]. The speed (magnitude) of the ‘sharply downward’ regime (-0.7) is considerably greater than the ‘slightly downward’ regime (-0.18). Moreover, the expected duration of HE in the ‘slightly downward’ regime (14.9 months) is considerably higher than in the ‘sharply downward’ regime (3.1 months). Furthermore, the transition probabilities show that the ‘slightly downward’ regime (90%) is more likely to persist than the ‘sharply downward’ regime (70%), which is consistent with the results of regime expected duration and transition matrix parameters. Therefore, the ‘slightly downward’ regime is the dominant or typical state of during the time-period under consideration (Krolzig, 1997).

<table>
<tr><th colspan="4">Markov Regime-Switching (2) - Vector Autoregressive Model (Lags: 4), Obs: 220</th></tr>
<tr><th colspan="2">Regime 1: ‘Slightly Downward’</th><th colspan="2">Regime 2: ‘Sharply Downward’</th></tr>
<tr><th>Variables</th><th>Coefficients</th><th>Variables</th><th>Coefficients</th></tr>
<tr><td>Intercept (C)</td><td>-0.18***</td><td>Intercept (C)</td><td>-0.7***</td></tr>
<tr><th colspan="4">Transition Probability</th></tr>
<tr><th>Regimes</th><th>‘Slightly Downward’</th><th colspan="2">‘Sharply Downward’</th></tr>
<tr><td>‘Slightly Downward’</td><td>0.9</td><td colspan="2">0.1</td></tr>
<tr><td>‘Sharply Downward’</td><td>0.3</td><td colspan="2">0.7</td></tr>
<tr><th colspan="4">Expected Duration</th></tr>
<tr><td colspan="2">‘Slightly Downward’ Regime: 14.9</td><td colspan="2">‘Sharply Downward’ Regime: 3.1</td></tr>
<tr><th colspan="4">Transition Matrix Parameters</th></tr>
<tr><td colspan="2">P11-C: 2.6 (0.00)</td><td colspan="2">P21-C: -0.8 (0.05)</td></tr>
</table>

Table 5: Markov Regime-Switching Model of the Hydrogen Economy: First Difference (V)

4.1.2.2 Impulse-Response of the Hydrogen Economy

Fig. 2 shows the response of the HE to the shocks themselves and a given impact of SE and EP under two regimes. Based on Fig. 2(a), under the ‘slightly downward’ regime, the HE responds positively to its shocks, with relatively the most significant immediate impact. The impact intensity weakens rapidly in the first time-period, then turns to a negative reaction, and finally after the fifth period converges. This is due to the ‘inertia’ of the HE shock (Gong et al., 2021). The response of the HE to EP shocks is positive but decreasing in the first period. The positive shock intensity takes the negative values from the second to fifth time-period, and then converges. The positive response of the HE to SE shocks takes place in the first two time-periods, then decreases and turns to a negative reaction during the third and fourth time-periods. The results show a changing reaction to the postive response in the fifth and sixth periods, and then converge. Consequently, the findings reflect

[1] Note: ***, **, * indicate 0.01, 0.05, 0.1 significance level, respectively.

the short-term and medium-term dynamic shock effects of SE and EP on the HE but there is no evidence for the long-term one. However, like the shocks of the HE itself, the response of the HE to the shocks of SE and EP related to (i) complexity-based and (ii) resource-portfolio-decision policies under the 'slightly downward' regime is relatively similar. It is the positive impact that weakens under regime 1 in the short-term, then turns to a negative reaction in the medium-term, and finally converges in the long-term.

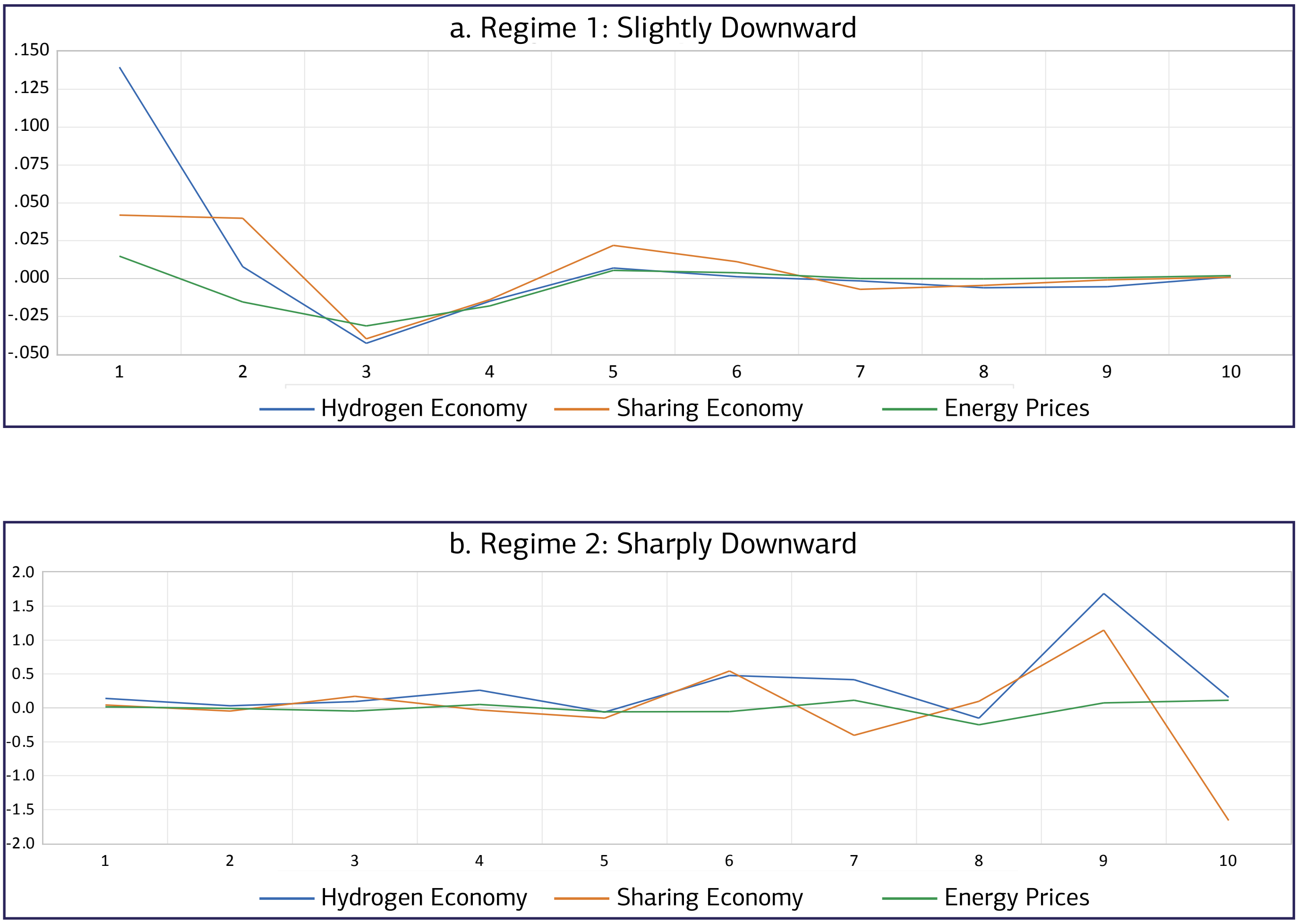


Fig. 2 Response of the Hydrogen Economy to Innovations: First Difference (V)

Under the 'sharply downward' regime, Fig. 2(b) shows that the response of the HE to the shocks of EP is negligible from the beginning to the end. In contrast, results indicate a positive response of the HE to its shocks during all periods, with the higher impact intensity values after the sixth period indicating considerable long-term dynamic shock effects. Further, during the 'sharply downward' regime, the V of SE shows a positive (negative) impact on the HE at the 1^{st}, 2^{nd}, 3^{rd}, 4^{th}, 6^{th}, 8^{th}, and 9^{th} (5^{th}, 7^{th}, and 10^{th}) periods with higher magnitudes in the long-term. Unlike the 'slightly downward' regime, the impact of the shocks related to the HE itself, SE (complexity-based policy), and EP (resource-portfolio-decision policy) under the 'sharply downward' regime is dissimilar.

4.1.3 Markov-Switching Vector Autoregressive Model: Cyclical Movements (STF)

4.1.3.1 Markov Regime-Switching Model of Hydrogen Economy

Focusing on the patterns of STF of the HE in response to STF of (i) complexity-based and (ii) resource-portfolio-decision policy instruments, the model shows two regimes (Table 6). The two regimes are summarised as 'slightly upward (0.02)' and 'sharply upward (0.65)'. All estimated parameters of both regimes are statistically significant. As the regime switches, the uncertainty (σ) faced by the HE is relatively stable. It indicates that STF of the HE are invulnerable to disruptions by the suggested policies when the regimes change. The magnitude of the 'sharply upward' regime (0.65) is significantly greater than the 'slightly upward' regime (0.02). Moreover, the expected duration of the HE in the 'sharply upward' regime (32.7 months) is higher than in the 'slightly upward' regime (15.2 months). Furthermore, the transition probabilities show that the 'sharply upward' regime (97%) is more likely to persist than the 'slightly upward' regime (90%), which is consistent with the results of regime expected duration and transition matrix parameters. Therefore, the 'sharply upward' regime is the typical regime of the HE during the time-period under consideration (Krolzig, 1997).

Markov Regime-Switching (2) - Vector Autoregressive Model (Lags: 3), Obs: 222			
Regime (1): 'Slightly Upward'		Regime (2): 'Sharply Upward'	
Variables	Coefficients	Variables	Coefficients
Intercept (C)	0.02***	Intercept (C)	0.65***
Uncertainty (σ)	1.03***	Uncertainty (σ)	1.01***
Transition Probability			
Regimes	'Slightly Upward'	'Sharply Upward'	
'Slightly Upward'	0.9	0.1	
'Sharply Upward'	0.03	0.97	
Expected Duration			
'Slightly Upward' Regime: 15.2		'Sharply Upward' Regime: 32.7	
Transition Matrix Parameters			
P11-C: 2.65 (0.00)		P21-C: -3.45 (0.00)	

Table 6: Markov Regime-Switching Model of Hydrogen Economy: Cyclical Movements (STF)

4.1.3.2 Impulse-Response of the Hydrogen Economy

Fig. 3 shows the response of STF of the HE to the shocks themselves and a given impact of STF of SE and EP under two regimes. Based on Fig. 3(a), under the 'slightly upward' regime, STF of the HE shows a procyclical (countercyclical) pattern in response to its shocks and SE shocks at the 1st, 2nd, 3rd, 4th, 6th, and 7th (5th) periods and then turns to an acyclical pattern after the 7th period. Notably, when the impact intensity value of STF of SE increases (decreases), the magnitude of STF of the HE shock itself decreases (increases). The results reveal a procyclical pattern for STF of the HE in the 1st and 2nd time period, then turns to a countercyclical pattern in the 3rd, 4th, and 5th periods, and finally an acyclical pattern is detected during the rest of the periods, when a positive shock happens in STF of EP. Under regime 2, the STF of the HE exhibit a procyclical (countercyclical) pattern when a positive shock takes place in STF of the HE shocks itself and SE at the 1st, 2nd, 5th, 6th, and 10th (3rd, 4th, 7th, 8th, and 9th) periods with higher impact intensity values from the beginning to the 5th time-period, which indicates more considerable short- and medium-term dynamic shock effects. Furthermore, the STF of the HE show a countercyclical (procyclical) pattern in the 1st, 2nd, 3rd, 6th, and 7th (4th and 5th) periods, in response to a positive shock in the STF of EP. After that, the STF of the E follows an acyclical pattern for the rest of the time-period. Therefore, more considerable dynamic shock effects are detected in the short and medium-term than the long-term under both 'slightly upward' and 'sharply upward' regimes. However, with the exception of EP, the STF of the HE shocks itself and SE may intensify risks and reduce the resilience of the HE under both states.

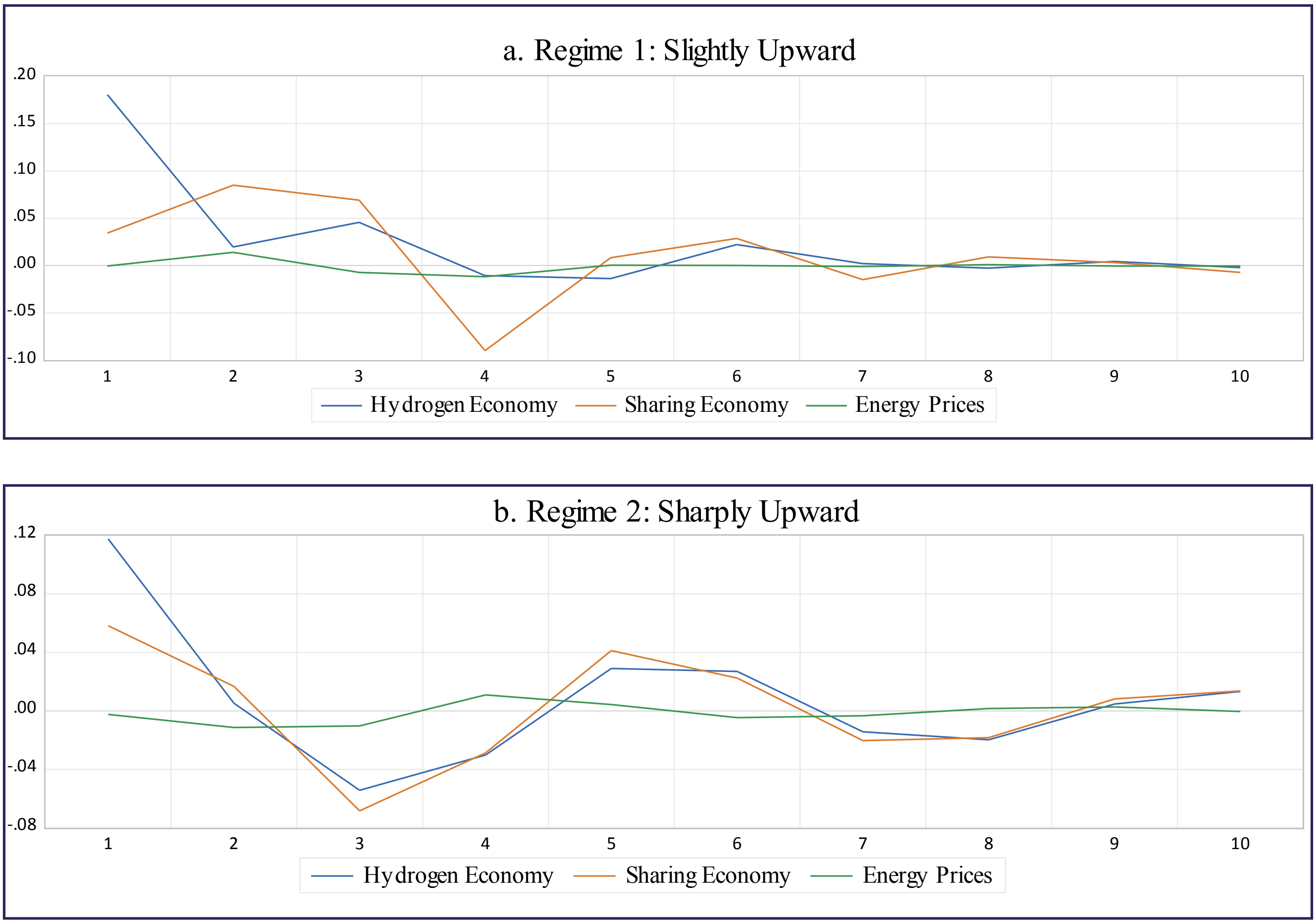


Fig. 3 Response of Hydrogen Economy to Innovations: Cyclical Movements (STF)

4.2 Discussion

The STF of the HE are invulnerable to disruptions following the decision-making in respect of (i) complexity-based and (ii) resource-portfolio-decision policy instruments, when the regime changes. Also, slight decreases in the logarithm of a growth rate increase the transition probability from the 'sharply downward' regime to the 'slightly downward' regime. Conversly, sharp increases in the STF are related to the higher probability values of being in the 'sharply upward' cyclical regime of the HE. It lowers the transition probability out of the 'slightly upward' regime and increases the transition probability from the 'slightly upward' regime to the 'sharply upward' regime. In respect of V, IR analysis indicates that the positive (negative) impact intensity of SE (EP) on the HE decreases immediately under the typical regime 1, while under regime 2 the response of the HE to a positive shock in SE doesn't follow a specific positive or negative pattern but is negligible for EP during the mentioned time-period. In terms of STF, the STF of the HE shows a mixture of pro, counter and acyclical patterns in response to the STF of SE and EP under both regimes, with the significant greater impact during the short- and medium-term. Accordingly, the sharing economy as a complexity-based policy refers to an innovative market structure and is a driver for energy efficiency (Liu et al., 2021; Hou et al., 2021; Dabbous & Tarhini, 2021; Plewnia, 2019), which contributes to the ability of the world's energy system to make a transition towards a new and renewable energy portfolio and sustainable energy resources, mainly solar, wind, and hydro and therefore, delays the world's hydrogen economy development. From the perspective of resource-portfolio-decision policy, higher energy prices cause greater 'resource supply diversity' (Shahzad et al., 2021; Mealy, 2020; Hidalgo & Hausmann, 2009) that entail harnessing new energy resources (Li et al., 2020), mainly solar, wind, and hydro, which are not conducive to the hydrogen economy.

The comprehensive application of (i) complexity-based and (ii) resource-portfolio-decision policies to the new and multidimensional concept of the hydrogen economy requires an interdisciplinary study, and this is considered the main constraint of this investigation. Also, the time-varying analysis helps to overcome drawbacks in respect of the hydrogen economy, which is mentioned as the other limitation of this research and hence we suggest further analysis through further investigations.

5. Conclusions and Policy Implications

Switching to a new and renewable energy portfolio is expected to affect world's energy security and environmental sustainability as the world's energy system is connected to energy efficiency, productivity and resource supply and demand diversity. Accordingly, this research aims to assess the impact of (i) the sharing economy as a complexity-based policy and (ii) energy prices as a resource-portfolio-decision policy on the performance of the world's hydrogen economy during the period of September 2004 to November 2022. The overall findings support the asymmetric behaviour of both first difference and short-term fluctuations of the world's hydrogen economy, using the Markov-switching vector autoregressive method. Results show two regimes, e.g., the slightly downward (slightly upward) regime and the sharply downward (sharply upward) regime, for the variation (short-term fluctuations) of the world's hydrogen economy. The estimates also show that the world's hydrogen economy is not developed by the interconnection between uncertainty, speed, and the expected duration of specified switching-regimes in response to the compound (i) complexity-based and (ii) resource-portfolio-decision policies. In terms of cyclical movements, the hydrogen economy shows a mixture of pro, counter, and acyclical patterns in response to the cyclical movements of the sharing economy and energy prices under both regimes, with the most significant impact during the short- and medium-term. The results presented in this paper propel the policy-makers to adopt specific short-term and long-term energy policy portfolios to facilitate transition towards the hydrogen economy and strengthen the world's energy systems, which require:

(i) Improved diversification of primary energy demand to balance the energy mix and cope with market shocks otoenergy resources. This interaction can lead to volatility reduction of fuel prices, contributes to energy-price stability, and promotes the physical availability and price affordability of the energy sources, based on the preferred objective priorities of energy systems.

(ii) Promotion of the diversification of primary energy supplies to enhance the hydrogen economy, obtained by (i) exploitation and production cost, (ii) accessing raw materials, (iii) political factors, (iv) technology improvement, and (v) environmental conditions.

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A Perfect Storm, Brexit, COVID-19 and Increased Cases of Food Contamination. A Case Study of how British Food Manufacturers Foster Safe Food cultures

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Abstract

The effects of the 2008 economic recession are continuing to add friction to the wheels of the UK economy. The situation is compounded by the effects of the uncharted waters of Brexit on a global scale and also further heightened by the International Monetary Fund's warning that the 'global economy is facing a deep recession with the ongoing impact of COVID-19'. The UK Food Standards Association indicates that the sector suffered an 89% drop in business in April 2020, resulting in 675,000 sector-specific job losses. It is also predicted that 23% of businesses may fail, equating to a further 10,000 job losses in 2021.

Unfolding events in real time have done little to support UK industry, and in particular, the food manufacturing sector, who are being constantly challenged with the threat of contamination. In this context, the statistics on food contamination are concerning, as globally up to 600 million people suffer food contamination each year, resulting in 420,000 deaths. In the UK, it is also estimated that annually 2.4 million people are affected by food contamination, costing the economy more than £1bn a year. Since 2015, there has been a continuous year-on-year increase in the number of such food incidents in the UK. Such failings clearly damage brand identity, reduce revenue and ultimately lead to the potential termination of operations.

This discussion paper charts the unfolding effects of the 2008 UK recession, which cost the UK economy approximately £7.4 trn, the events leading to the UK Brexit negotiations, at a cost of £32.9 bln, and the continuing devasting consequences of the global pandemic on the UK and the UK food manufacturing sector, as it strives to develop a progressive food safety culture. It further offers viable suggestions in their efforts to establish a positive food safety culture.

Keywords: UK Recession, Brexit, Pandemic, Food Safety Culture

Introduction

Regardless of its causes, the 2008 recessional output loss was estimated at between $60trn and $200trn for the world economy and between £1.8trn and £7.4trn for the UK. The Bank of England also suggested that the hidden cost to the UK taxpayer, in having to support the main UK banks, was more than £50bn. Thirteen years later, its effects still tarnish the UK economy through low consumer spending, reduced interest rates which failed to generate increased lending and investment, and the effects of austerity measures which damped down UK consumers' appetite to spend. This was further compounded by low UK productivity growth due to low wage growth, flexible labour markets, limited technological innovation and investment.

The level of economic instability was also tested in the UK Brexit vote to leave the UK. The cost to the UK economy and its tax payers of the divorce process is estimated by the UK Office for Budget Responsibility to be in the region of £32.9 billion. The UK government, then, had to navigate its way through uncharted waters, having left the EU, further heightening the nervousness of UK PLC. As the UK set its post Brexit course, the world was blindsided with a sudden and devastating global pandemic. Governments around the world were forced to go into economic lockdown to control the transmission rates. This paper charts the unfolding scenario and its impact on UK food manufacturers in their attempt to continue fostering a positive health and safety culture.

Having twice been prevented from membership, on January 1, 1973, the UK Prime Minister Edward Health brokered an invitation to join the European Community as their ninth member state, without seeking the support of UK voters. The first European referendum was, however, held in 1975 and resulted in a 67% vote to remain in the EU, but the murmurings of whether to remain, often fuelled by Eurosceptic, or leave have ebbed and flowed as part of the differing views of UK voters (Spiering, 2015). In 2013, David Cameron allegedly stated that if the Conservatives were to win the next election in 2015, the UK people would have their say on the UK's continued membership of the EU (Grice, 2013).

Preceding the Conservative election success, Cameron was forced by disgruntled eurosceptic cabinet ministers to commit this into the Conservative electoral manifesto and hold a referendum (Watson et al., 2018a). It is probably reasonable to say that both the 'Remain' and the 'Leave' referendum campaigns exhibited in hindsight what can best be described as untruths and created a national footprint of animosity. Cameron's strategists were confident that, although the result would be close, there would be a vote to remain, as the agenda had been instigated by Eurosceptics, rather than the UK citizens. On June 23, 2016, the electorate defied polling predictions and delivered a close 52% to 48% majority to leave. On June 24, David Cameron fell on his sword and resigned as British Prime Minister. He later stated that the vote to leave was born out of unhappiness driven by populism (Alexander, 2016). The Brexit process was clear in that there would be a four-year transitional period to negotiate a deal and the UK would formally leave the EU on January 31, 2020 (Edgington, 2020).

The vote to leave the EU through the signing of Article 50 of the Lisbon Treaty was greeted by insecurity (Watson et al., 2018a). The new Prime Minister Teresa May, who actually voted to stay, struggled to impose her leadership and unite her cabinet in a clear and focused departure plan, which further agitated a lack of confidence in the exit strategy. At the same time, her leadership also attracted criticism from the US President, Donald Trump (Macaskill, 2018). All of this was further exacerbated by political rumours of an impending UK/EU divorce bill, equating to £84 bln (Connolly, 2018), and arguments about just how the UK and the EU were going to divide assets, agree EU budgets and scope out the future rights of both UK and EU nationals (Peter, 2016).

Justin King, former Sainsburys CEO, stated that the consequences of Brexit would mean 'higher prices, less choice and poor quality' (Williams-Grut, 2017). The UK economy is still feeling the economic scars of the 2008 recession that were on a state of heightened alert. Hence, on June 24, 2016, the currency markets were quick to respond, and the British pound experienced its worst day, falling 10% while the UK FTSE 250 also fell 8%. The unprecedented fall in currency drove up the annual rate of inflation from 0.5% to 2.9% (Allen and Davies 2016). The consequences also supressed wage growth, consumer spending and positioned the UK as the weakest G7 economy (Cadman, 2016).

The nervousness surrounding the Brexit leave vote was not restricted to currency traders, but gained the attention of businesses as the economic future was uncertain (Watson et al., 2018b). The agri-food sector was concerned about the forecasted immigration controls, as they contributed £103 billion or 7.6% to the national Gross Value Added in 2013 and employed 3.8 million people, which consisted of 7% EU nationals (2.2 million +/- 0.1 million) and non-EU nationals 4% (1.2 million +/- 0.1 million) (O.F.N.S, 2016). Furthermore, the CEO of Dairy UK also raised concerns, that negotiation talks about the Brexit departure date needed to take place with haste (Bryans, 2018). In addition, the Food and Drink Federation's (FDF) Director General stressed, on behalf of their members, that time is of the essence in the need to provide clarity on the UK – EU trade relations and the need to reassure anxious businesses via a detailed and informed transition period (Maushagen and Macdonald, 2018).

When the country wanted strong leadership to navigate its way through the uncharted waters of Brexit, throughout her 34-month premiership, Teresa May was plagued with misfortune, from a disastrous party conference speech, being trapped inside her car whilst on a state visit to meet German Chancellor Angela Merkel, to Donald Trump questioning her capacity to negotiate a deal for the UK with the 27 EU members (Stewart, 2019). Her demise was attributable to her endeavours to unite a deeply divided leave and remain cabinet office behind her proposed Withdrawal Bill. This was rejected three times in parliament, as the Bill went too far for leavers and not far enough for remainers (Liz, 2019) and the subsequent resignations of two cabinet ministers led to Teresa May resigning on June 7, 2019 (Kuenssberg, 2019). She was replaced by Borris Johnson, who was handed the baton and took up a mantra of 'Get Brexit Done' (Adams, 2019).

Johnson inherited a negotiation forum with the EU which had repeatedly rebutted the former Prime Minister's proposals (Boffey, 2019). Fears were exhibited in the food sector and other sectors, and there was considerable nervousness that the UK might exit the EU with a 'no deal' and would then have to operate under World Trade Organization (WTO) terms, the basic trade rules for countries without trade deals (Sanford, 2019). The projected consequences would be far-reaching for food producers. The EU would introduce a tariff system, with certificates, licences and special labelling for some types of foods, plants and live animals required on UK exports, resulting in higher supply chain and ultimately consumer costs (King, 2020). Furthermore, without a trade agreement, UK food standards could prove problematic, as without the EU agreement to UK food quality standards, such goods would have to be checked at border crossings with the resultant delays affecting supply chains and the shelf life of food products, such as fish, dairy and poultry (Seferidi, 2018). The UK would also have to conduct full inspections on incoming freight and the anticipated delays may result in EU food producers seeking alternative markets, and, in doing so, may cause food shortages in UK supermarkets (Syal, 2019). A 'no deal' would also affect the fishing industry, as the UK would lose the rights to EU waters and this would be exacerbated by the additional EU tariffs on UK seafood exports (O'Carroll, 2019). It might also lead to numerous uneconomic scenarios from a hard border between Northern Ireland and Ireland, as Northern Ireland would be required to remain in the EU, something that would further foster an uncertain future for food producers (Campbell, 2019).

The Brexit Aftermath

A Trade Deal was finally agreed, having gone almost to the wire on December 31, 2020, some 1,500 days after the resignation of David Cameron. The Treaty became legally binding from January 2021, at an estimated administrative and legal cost of approximately £2bn (Owen and Lloyd, 2021). In terms of the food industry, the agreed deal will affect all sectors of the food industry, and the true impact of the Brexit agreement will not be fully appreciated for months, if not years (Grocer, 2021). The response from the food sector was one of insecurity as a 'no deal' would have been disastrous. Tesco chairman John Allan stated that a deal avoids punishing tariffs that could have pushed average food prices up by 5%. The British Retail Consortium's CEO Helen Dickinson said that the Brexit deal means UK firms and households can breathe 'a collective sigh of relief'. The reality is that the future is not fully transparent, and the food industry is moving cautiously ahead to comprehend just how the Brexit deal will impact the food sector.

Whilst on the surface, a 'zero-tariff, zero-quota' appears a good deal (Boffey and O'Carroll, 2020), this may prove problematic for manufactures and exporters of food. Under the rule of origin, UK businesses are required to demonstrate why they are entitled to a tariff free entry into the EU for each product, and, as part of the 'rules of origins', all contents must be produced in the UK (Reuben, 2021). Products with ingredients from other countries outside the UK/EU will be affected. As noted by Dominic Goudie, Head of International trade at the FDF, this will have a significant impact on supply chain operation.

In terms of food quality, negotiations failed to agree a process to diminish the duty of sanitary and phytosanitary (SPS) quality checks in relation to animal food, including plant origin, when crossing borders (Partridge, 2021). In consequence, UK exports of food products in areas such as dairy and meat will have to follow the full burden of requirements to demonstrate compliance in areas such as animal welfare and slaughter methods. Peter Hardwick, trade policy advisor at the British Meat Processors Association (BMPA), indicated that the additional administration compounded with the physical inspection would hinder approximately 30% of freight. Such a requirement has frustrated the UK food sector, as the EU had relaxed inspection processes with countries such as New Zealand, where only 1% of food products are required to follow SPS inspection checks. Emily Rees, senior fellow at the European Centre for International Political Economy, implied that such inspection audits may raise questions about trust between the UK and EU and are a direct consequence of both parties adopting separate costly bespoke procedures.

On a positive note, UK hauliers are still permitted to operate between the UK and EU without the anticipated need for permit approval (Gowans, 2020). However, when haulage drivers reach their initial country of destination, they are now restricted to two additional journeys within that country, of which a maximum of one cabotage operation for UK hauliers, thus limiting the risk of having to travel back without a load (Gowans, 2020). Concerns were also raised by the CEO of the Cold Chain Federation, Shane Brennan, who indicated that such an agreement between the UK and EU may influence the transport capacity within the UK and would need to be regulated by the UK government. UK hauliers are also reporting that the administrative and physical checks are causing significant delays (Davies, 2021), and without the required documentation, hauliers are being turned away for departure ports for the EU, thus adding to delays.

UK food exporters are now required as a 'third country' to ensure that all wooden pallets are heat treated prior to the export of goods to the EU, as a quality assurance process to reduce the likelihood of contamination and the uncontrolled dissemination of pests (Payne, 2020). The new requirement will also generate additional costs in the supply chain, procurement and distribution of pallets throughout the UK's transportation hubs. For instance, pallets dropped off in one location such as Northern Ireland may result in stock piles if goods are not required for the hauliers' return trips.

The UK fishing industry will incrementally acquire an increased share of its own water to fish (Edgington, 2020) over the next 25 years, though most of the quota will be transferred in 2021. The UK and EU further agreed that there would be annual negotiations to agree how the catch is divided (Morris and Barnes 2021). It is anticipated that in 2026, the UK fishing industry will absorb an extra £145m of fishing quotas year on year. The transition has been far from easy, as there is growing evidence to suggest UK fish exporters are struggling to export to the EU because of delays in completing the required Health Certificates for each catch of different species from each port (Helm and Savage, 2021). Such delays have resulted in lost sales, as the shelf life of the sea food in many cases has expired (Fraser, 2021). The situation is further compounded by disgruntled French fishing boats thwarting the now legitimate fishing rights of UK fishing boats (Harrison, 2021).

In respect of the 'Good Friday Agreement' which maintains peace in Northern Ireland, the EU conceded that there should be no hard border between Northern Ireland and Ireland. However, despite assurances from Boris Johnson that there would be frictionless trade between Ireland and Great Britain, the UK government stealthily conceded to a new regulatory border between Northern Ireland and Great Britain, (England, Scotland and Wales) referred to as the Northern Ireland Protocol (Campbell, 2021). As a consequence of Great Britain having left the EU, Northern Ireland is required to adopt EU 'regulatory' cross border checks in the form of customs documents and physical checks for food products such as dairy, meat and poultry. In essence, a board had been established in the Irish Sea (Edgington and Morris, 2021). UK food exporters to North Ireland have found the complexity in completing the necessary document challenging and this has resulted in export and import delays, a reduction in food exports and supermarket supply chain challenges (O'Carroll, 2020).

The Global Pandemic

With the UK still feeling the effects of the 2008 economic recession, and this amplified by the need to navigate its way through the unchartered waters of the Brexit deal, the UK, amongst other countries, was thrown a curve ball in the form of a global pandemic. On March 11, 2020, the World Health Organisation formally classified the outbreak of COVID-19 as a pandemic, indicating that the virus had spread on a global scale (World Health Organization, 2020). Its grip on the world economy and society was rapid and it was unforgiving in its trail of human and economic suffering. To date, the pandemic has taken globally approximately 3.5 million lives and seen 167 million cases (WHO, 2021). Governments around the world urgently locked down their economies for all but essential services such as food supply chains (Nicola et al., 2020; FAO and WHO, 2020). The UK Government, following scientific advice, issued a 'stay at home order', something echoed by over 160 countries worldwide (Habe et al., 2021).

The Office for National Statistics indicated that the pandemic has affected the food and drink sector more than any other sector of the UK economy (OFS, 2020), as it faces drastically reduced consumption. A situation unfolded in which home consumption was on the increase, whilst out-of-home consumption, which generates the largest revenue margins, was supressed due to the lock downs (Pieters, 2021). The Food Service and Hospitality Market Research Report (FSHMRR, 2020), the Organisation of Economic Co-operation and Development and the Food Standards Agency indicated that the sector suffered an 89% drop in business, resulting in 675,000 sector-specific job losses, many of these in the 16 – 24 age bracket. In 2020, the UK 'Positivity-Rate' of transmission was 5% and the transmission rates posed an unparalleled economic challenge, including within the food and drink sector. The Office for National Statistics identified that this sector was the most badly affected (OFS, 2020a). The ONS also indicated in April 2020 that 23% of businesses had suspended operations and approximately 60% of businesses who remained in operations indicated a fall in revenues (OFS, 2020b). Whilst COVID-19 has caused a significant reduction nationally in food sector jobs, overall the sector has seen significant growth, especially in supermarket delivery services and across their business operations (Goodley and Ambrose, 2020).

Whilst the UK operated under national lockdowns, food manufacturers and their supply chains had to continue essential operations. Even though many food manufacturers operated under quality assurance systems, the number of companies having to suspend their operations due to COVID-19 outbreaks was of concern. Such outbreaks of COVID-19 transmission cases were often associated with meat processing plants. Such cases were attributable to the cramped working conditions in the plants and also that much of the workforce on factory operations were low-paid, non-English-speaking foreign workers, who often struggled to understand quality procedures (McSweeney, 2020). Figures suggest that a mere 47 notifications of COVID-19 transmissions and no deaths were reported to the UK's Health and Safety Executive (HSE) by food manufacturers, who employee over 430,000 people (Davies, 2020). It is estimated the number of reported incidences could be more than 30 times higher (Halliday, 2020).

The Challenges in Adopting a Positive Food Safety Culture

The consequences of failing to adhere to food safety standards cannot be overstated. The WHO estimate that there are over 600 million cases of food contamination resulting in 420,000 deaths per year (WHO, 2020). Such failures are not confined to impoverished countries, but are clearly evident in affluent economies too. For instance, in the USA, approximately 48 million people suffer food poisoning, resulting in 3,000 deaths per year (Ruiz-Capillas and Herrero, 2019). The figure for the European region is 23 million incidents with just under 5,000 deaths a year (WHOE, 2019). In terms of the UK, the estimated number of food contaminations was thought to be around 1 million. However, this figure was more recently revised by the UK Food Standards

Agency to approximately 2.4 million incidents with 180 deaths per year (Whitworth, 2020), costing the UK economy annually over £1bln (Sustain, 2018). Furthermore, the UK has witnessed an increase in the number of 'zero-rated' food manufacturers who require prompt improvements to food hygiene standards (FSA, 2018). Reece (2017) reported that food and drink recalls had increased by 62% and allergen recalls by 78%. The number of foreign bodies has also increased by 350% according to Ridler (2018).

The main frustration here is that the vast majority of food contamination cases are avoidable. As with efforts to reduce COVID-19 transmissions, food safety is very much reliant on employee compliance with safe systems of work. Failures are often attributable to employee food safety behaviour (De Boeck et al., 2017). Griffith et al. (2010) also linked 97% of food contaminations to the noncompliance of food handlers. In consequence, failure to comply will significantly weaken food manufacturers' quality assurance systems and potentially make them ultimately redundant (Yiannas, 2009). However, the finger of blame cannot be pointed solely at the behaviour of employees. Such failures are very much reliant on the commitment of management. Food manufacturers cannot sit back, having simply invested in well-respected quality assurance systems. Management need to recognise that their action or inaction can affect food safety performance. They are indeed the thermostatic regulators of their organisation's food safety culture (Bennis, 2009).

The challenge that managers in the food sector face is that there is no one unifying definition of food safety culture, despite the growing breadth and depth of literature on the food safety culture (Watson et al., 2018b). The clarity and commercial recognition of food safety culture is also hindered, as there is also no agreed and validated approach to measuring it against performance (Dodsworth et al., 2007). In terms of a cultural definition, the work of Schein (2004) referred to culture as a network of formal and information assumptions influencing a group, such as values, beliefs and attitudes in their response to organisational situations (Nayak and Waterson, 2016). Culture, in essence, is manifested by the minority (i.e., the management), which influences the majority (i.e., the workforce) in terms of food safety cultural compliance (Watson et al., 2018a). As noted previously, the action or inaction of management can certainly influence the workforce culture. Sadly, in all too many cases, it takes a serious incident of non-compliance to capture the attention of senior management about the cost of a neglected food safety culture. It is what psychologists describe as 'change blindness' (Beanland et al., 2017).

The importance and potential benefits of embedding a food safety management system cannot be over-emphasised. If done correctly, it can provide a ***'control'*** framework to foster and sustain a positive food safety culture. However, a common error of many organisations is that they underestimate the level of resources required for this task, and overestimate the current support of existing staff (Watson et al., 2018a). It must be stressed that costly quality systems do not ensure compliance; to do so requires the intrinsic buy in of their staff. Employees should be included in the key steps of maintaining an effective quality control of operations such as their tangible and regular involvement in the strategic design and change processes. To do this effectively often requires an authentic leadership style of inclusivity. To do it otherwise, will only breed hearsay, rumours and a disconnect between management and employees. In essence, the organisation needs to ensure that employees become active participants of the control procedures within the organisation (Zin and Ismail, 2012).

The role of '***co-operation'*** is equally critical in the orchestration and development of a progressive food safety culture. Research indicates that there is a clear link between responsible behaviour and quality compliance (De Boeck, 2017). Again, the role of leadership in developing co-operative bonds between management and employees is vital and, if done effectively, will breed responsibility and accountability (Taylor, 2011). As with employee involvement in control, their cooperation, and the systems to support this, such as 360° communication, interactive and timely staff meetings are clear evidence that the organisations infrastructure drives and values such initiatives. Many organisations start off with the best intentions. However, incrementally, due to perceived work pressures, a culture of co-operation is starved of dialogue and this manifests in dysfunctional groups often shrouded in power struggles (Beauregard, 2010).

A key interdependent attribute in the formulation of a positive food safety culture is that of **'communication'**. Yiannas (2009) stated that: 'you can tell a lot about the food safety culture within an organisation by their communication or lack of communication on the topic'. If there is a perception within the workplace that employees feel rationed to formal communications, then the result will be that they will then often rely on informal grapevine communication driven by hearsay and will no doubt test employee loyalty and erode trust (Wright et al., 2012). It is equally important to note that the effectiveness of any communication system is very much dependent on quality rather than quantity (Hofmann and Morgeson, 1999). Furthermore, there is a clear correlation between 360° interactive functional communications and compliance (Vredenburgh, 2002). If management are committed to a positive food culture, the true litmus test is that it should result in recurring evidence of management attending and participating in such modes of communication.

The competence of a workforce is of equal importance in the pursuit of an effective food safety culture. Organisations often differentiate workforce training from management-targeted development plans (Yu, 2017). On closer inspection, it is often the case that whilst employees attend training sessions, management often defer from attending development sessions citing work commitments. If this is unregulated, it can become the norm. There is also a firm link between those organisations who implement and monitor the effectiveness of their training and development regimes and the evidence of positive compliance to functional food safety procedures (Da Cunha et al., 2014). An effective barometer to enhance the effectiveness of training and development procedures is through effective appraisal schemes (Cappelli, 2018), particularly one in which the appraisers are qualified and the appraisees are both informed and see value in the process (Ko, 2015).

Conclusion

Given the steep Brexit learning curve, all businesses and the UK government are finding the adjustment to a new way of working with the EU challenging, to say the least. Furthermore, whilst there are encouraging signs that the various Covid-19 vaccines are beginning to reduce the rates of transmissions and fatalities, the UK still needs to tread carefully. The UK food manufacturing sector is facing increased pressure to ensure that their supply chains are both free from COVID-19 transmission and also that food contaminations are factored out of their business operations. To achieve this, it is critical that food manufacturers do not just realise the importance of a food safety culture, but also fully commit to embedding and monitoring their food safety culture with the necessary control, co-operation, communications and competence measures. Such cultural drivers require senior management involvement and adequate resourcing. The importance of food safety cultures in the fight against food contamination, poisoning and deaths is now recognised by international regulators, who are embedding revised legislative principles, notably the updated EC regulation. 2021/382 (EC, 2021) designed to refine and enhance Food Safety Management System's through compulsory food safety cultural audits. The evidence is overwhelming; a positive food safety culture does not just reduce non-compliance but is correlated with enhanced employee morale and business sustainability and growth. To do otherwise, is folly and the potential lost opportunity could be catastrophic to their business operations.

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Work-Life Balance through a Diversity Lens: Implications for Research and Practice

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An outline of this paper was presented at the CIM 5th Academic Conference in September 2022.

Abstract

This discussion paper summarises current academic scholarship on work-life balance (WLB). It commences by setting out the context regarding changing a) lives, such as trends in life expectancy, birth rates and mental health, b) changing work, with a focus on changes in hybrid work and 'gig economies' and c) the wider context of the global pandemic, as well as increased focus at work and in the wider society on equality, diversity, inclusion and belonging. This provides the basis for a re-examination of extant definitions of WLB to argue that these insufficiently consider a diversity lens. Genderised norms of the 'ideal worker' and 'ideal work-life balancer' remain in research and practice which need challenging through an intersectional lens. Such an approach, which allows more nuanced understanding of the interplay between demography and personal experience, may provide insight into emergent topics, including the experience of migrants, dual carers, extreme workers and neurodiverse workforces. I conclude with a new context- and diversity-sensitive definition of WLB. This leads me to articulate implications for research, arguing for plurality in approaches. I finally outline implications for firms including WLB as part of corporate strategy and embedded into training and development.

Keywords: work-life balance, diversity, gender, hybrid working, equality, inclusion

Introduction

Work-life balance (WLB) continues to concern researchers, practitioners and organisations alike as an elusive concept. From 1950 to 1985, a Google Scholar search elicits about 77,500 results. In 1985, a landmark paper by Greenhaus and Beutell was published and cited over 13,000 times by the scholarly community, which summarised a theoretical framework for sources of conflict between work and family roles, offering a tri-partite classification. From then to the present day, a Google Scholar search elicits about 152,000 results, of which there are an astonishing 128,000 results from 2019 onwards. But has our understanding advanced to reflect changes in contemporary societies and workplaces? This question is at the heart of this discussion paper. I commence by setting out some of the pertinent demographic changes. This leads to a summary and critique of recent meta-analytic and systematic review research to outline how a largely positivist and quantitative perspective provides insufficient consideration of diversity. I turn to relevant research from an intersectional perspective to offer complementary insights to argue how deeply traditional and genderised norms prevail which are more readily addressed in qualitative or process-focused research drawing on a range of research exemplars. I conclude with a future research agenda, and preliminary implications for organisational practice.

Work-life balance and the changing context

Although average life expectancy had increased to about 73 years by 2019, healthy life expectancy (HALE) has not kept commensurate pace (WHO, 2019); considerable differences between countries and geographic regions remain. For example, Cyprus, where I originally presented this paper as an oral keynote, had an average HALE of 72.4 in 2019. Germany, my birth country, averaged at 70.9 and the United Kingdom, my current home country, at 70 years. In contrast, Ghana, where I undertake yearly academic examination duties, had an average of 58 years in 2019, the Central African Republic 46 years, and Azerbaijan, which is the birth country of a former PhD student (now a friend for life), 64 years. There are other demographic shifts worthy of attention. HALE is also on average two to three years longer for women than for men (WHO, 2019). In Europe, changes in life expectancy combine with falling birth rates (Eurostat) to create an ageing demographic in many countries. This means that the need for care for the elderly is a growing and prominent topic, as 80% of long-term care is provided by informal carers (Euro Carers, N.D.). Given that the average age of new parents at birth has also risen, an increasing proportion of society is more likely to undertake dual caring duties for both young and elderly dependents. Unpaid care work and other unpaid work remains largely undertaken by women (ONS, 2016) and is argued to be at the heart of gender inequality regarding labour force participation and promotion and development opportunities.

Regarding how people work, we have also witnessed fundamental changes. In the UK, The Taylor review (2017) of modern work practices identified the UK as one of the most flexible labour markets. The report also noted a rise in zero-hour contracts and a rise in the 'gig economy' where people use apps to solicit and undertake labour. Such trends are mirrored on a global scale (World Economic Forum, 2021). During the global pandemic, businesses implemented homeworking out of necessity. Hybrid working, where employees spend part or all of their time working from home or at least off-office-site is now becoming the new normal in countries such as the UK (ONS, 2022). Yet the pandemic has also resulted in a re-evaluation of life priorities and the 'great resignation', with people leaving established careers. This is being followed now by the 'great return' (iCIMS, 2022), because people have realised that they miss the community aspect of the office, and also not all employers have an appropriate IT infrastructure in place. Commuting costs have also soared, as also have heating bills for home offices.

Last, but not least, Equality, Diversity and Inclusion (EDI) is an increasingly focal topic at work, in policy and government strategy, putting focus on equality of opportunity and fairness of treatment, across biological sex and gender identification, sexual orientation, different ages, different abilities, people with caring responsibilities and part-time workers in numerous countries (e.g. UK Government Strategy 2019 to 2023). Yet, neither work and leadership opportunities nor domestic labour are equal across all groups in society. The percentage of women in boardrooms differs: for example, 30.5% in Germany compared to 39.10% in the UK and 43.8% in France, using 2022 data. Labour force participation remains bleak for disabled people, such as those with autism (Doyle, McDowall & Wazeem, 2022), and discrimination against older people, and particularly older women at work remains rife (see McDowall & Kinman, 2019, for an overview). Fuelled by geopolitical developments, we are also witnessing an increase in international migration which has more than tripled to 281 million people living in a country other than their country of birth since 1970 (IOM, 2020).

Alongside all of this, the world has witnessed the impact of geopolitical changes resulting in a cost-of-living crisis where basic costs such as food and fuel have risen by more than 8% (EIU, 2022).

So, what are the implications of these demographic shifts? We are now living in a world of work in flux, with a rise in hybrid working and more 'gig work' paired with increased flexibility and decreased security. Workforces and societies are continuing to become more diverse, and policy and law changes have gone some way to support equality of opportunity. Yet, genderised issues remain, as do other inequalities. Many of us are likely to undertake unpaid caring duties at some point as people live longer, but not necessarily healthily. These are complex issues which are likely to impact how people juggle different domains in the lives. We now turn to extant literature.

Conceptualising work-life balance – the missing pieces in the puzzle?

WLB as a construct has been the focus of research since the late 1960s, as this historic period witnessed greater calls for gender equality and emancipation, and an increased interest in work setups. Such interest has spurred on decades of research, initially prompted by the assumption that it was better for people to have clear demarcation between work and lives, and later by an increasing focus that a level of blending or integration is inevitable, and perhaps even desirable, in many contexts. While much research remains focused on what causes conflict or interference (see Caspar et al., 2018), researchers have become as interested in enrichment or facilitation which is concerned with mechanisms and roles that helps people reconcile different domains (Greenhaus & Powell, 2006). Kalliath and Brough (2008) reviewed the construct of work-life balance by synthesizing the (even then) large number of definitions and measures, in order to work towards conceptual clarity in research and inform human resource activities in practice. Broadly, they identified that the concept is defined by (a) people having multiple roles in life such as partner and worker, (b) the degree of equity and synergy between different roles and that this might differ across the lifespan, and (c) the level of conflict or interference between roles as well as the degree of facilitation or enrichment/ enhancement, and the degree of control or agency which an individual has over multiple roles. Based on this, they proposed the following definition (p.326):

> *"Work–life balance is the individual perception that work and non-work activities are compatible and promote growth in accordance with an individual's current life priorities."*

Some 15 years later, Casper and colleagues (2018) also concerned themselves with concept refinement through meta-analytic research on primary work-life balance studies. They examined the jingle fallacy – which is using a single word or construct to describe different things - and the jangle fallacy – which is using different words or constructs to describe the same thing. Although much research has been dominated by a work-life or work-family conflict paradigm and indeed used conflict and balance interchangeably, they found evidence that 'balance' is a unique concept and not interchangeable with conflict or enrichment. Their work elicited just over 230 different definitions which shared common defining features including the degree of one's satisfaction, the degree of effectiveness across different domains, the degree of involvement in different roles and the fit with one's values and priorities. Based on their substantial integrative work, they offered their own definition (p.16):

> *"Employees' evaluation of the favourability of their combination of work and nonwork roles, arising from the degree to which their affective experiences and their perceived involvement and effectiveness in work and nonwork roles are commensurate with the value they attach to these roles."*

Their rationale for this definition is clearly articulated. For instance, 'life' can mean many things which are not work and therefore 'nonwork' is potentially more appropriate. Yet I contend that some assumptions inherent in the definition, or rather the lack of consideration of context are potentially problematic. WLB is not solely an individual issue. As Clark (2000) outlined in her seminal paper framing work/life as border theory, the negotiation of the 'borderland' between different spheres in life is by definition never a solitary issue, but involves others. In our early research in a policing sample (McDowall & Lindsay, 2014), we found that two of the most salient aspects for individual experience was their active consideration, framing relevant issues as a challenge, rather than 'problem'. Such cognitive framing was more important in our data than any structural adjustments such as changing work schedules. Exchanges with our colleagues were not always in alignment with our approach, as I remember vividly being told at the time that 'surely you are individualising the responsibility and it's up to employers to support'. However, at the core of our contention is that one size never fits all. Surely, each individual knows their context best, and is best placed to negotiate their 'fit'?

Yet this fit cannot happen in a vacuum. Özbilgin and colleagues (2010) outlined how work-life is never a power-neutral topic. Their first proposition accords with Casper et al. (2018) and argues that life must be conceptualised beyond family, how we need to attend to demographics including gender in a nuanced way and that the wider society context is always an important consideration. Their argument for an intersectional and considered approach across both mainstream and critical research streams was as contemporary then as it is now.

Warren (2022) considered WLB from the perspective of industrial relations, critiquing how research has largely focused on myopic middle-class perspectives, missing a wider perspective which encompasses work and demographic shifts including gig work, an unpredictable future and potential financial hardship at scale. Her argument draws attention to the simultaneous and intertwined dimensions (which I would name *resources)* of time, regarding when work and life activities are scheduled and how they are aligned, as well as financial security.

Given the call for more context-sensitive and intersectional perspectives, I illustrate my argument for a more nuanced perspective to illuminate gaps in current understanding with exemplars from the relevant literature. I do not purport this to be a comprehensive review of the evidence base, but rather a reflection on distinct studies as an illustration of salient points.

Gaps in understanding of WLB

The following overview of relevant research in our understanding illuminating (a) the potential effects of the global pandemic in terms of return to gender stereotypical norms, (b) precarious working and caring, particularly in the performing arts, as an example of a non-traditional work context, (c) the work-life balance of carers and immigrants and (d) questioning flexible working as a panacea, and finally (e) the links between flexible working and WLB and mental health and neurodiversity. The concept of the "ideal worker" and nuclear families continues to permeate contemporary stereotypes, evoking images of a father coming home, greeted by an adoring wife and orderly children, ideally no more than two. This does not reflect the growth in patchwork and non-traditional family setups, more fluid contemporary gender identification (Diamond, 2020), or indeed growing inequalities in early childhood, certainly in the UK (Oppenheim & Rehill, 2020). Such demographic shifts might lead one to question who 'work-life balancers' are, their salient issues, and to what extent notions of ideal workers prevail. Regarding the addressing of entrenched gender roles, the Nordic countries have been considered beacons of equality and Iceland a particular 'frontrunner'. An illuminating qualitative study of 37 mothers in heteronormative relationships describes vividly how they retrenched into stereotypical roles with greater mental work but also emotional labour to keep everyone happy at home during the pandemic, leading to feelings of frustration and considerable stress, to the detriment of their wellbeing (Hjálmsdóttir & Bjarnadóttir, 2020). The very task of having to remind husbands that the domestic setup was not supposed to be like that added to their 'basket of duties'.

In our own research, we have been looking at the performing arts, namely theatre, dance and music, with a focus on carers. Working in the performance context necessitates non-traditional work setups and habitual evening and weekend work. Intense rehearsal periods and touring are the norm in many organisations, as are short-term contracts and the expectation that "you could count yourself lucky to be paid for doing something you love". We set out to document career experiences and work-life balance in the 'Balancing Act' study (McDowall et al., 2018), as these industries are notably absent from national employment surveys. With over 2,000 respondents, we found that 54% worked freelance (compared to only 15% self-employed in the general population); that working mothers earned significantly less; that carers were more likely to be overlooked for work opportunities, miss out on auditions and that flexible work was regarded with suspicion. Support comes from social capital – people rely on often complex networks of families and friends as out-of-hours childcare is hard to come by. While others (e.g. Chung et al., 2021) have argued for structural policy reforms to work, such as a four-day week or the right to disconnect (from work and emails), such mechanisms are simply not relevant in non-traditional industries. Different approaches are therefore needed to truly change hearts and minds for genuine inclusion.

Regarding the experience of migrant workers, Au and colleagues offer a rich, and sobering insight into the experiences of live-in migrant domestic workers in Malaysia (2018) from interview data with thirteen participants. Although the migrant work setup is a (monetary) enabler for gainful employment and as a support to families at home, any work-life balance needs are second to the need for income and to cater for the needs of the respective employer, making their WLB more possible. The findings underline the power and status inequalities inherent in this setup which remain neglected in mainstream WLB research.

Other research outlines genderised issues with regard to rural migrants in China. Migrant women with child-care responsibilities are more likely to be unemployed and earn less, whereas with migrant men living with children there is no impact on the likelihood of employment and it can be positively linked to income (Zhao & Hannum, 2019). It is tenable that many of these stark observations will also hold true in a European context, although as of yet we lack an evidence base.

Regarding the 'ideal work life balancer' and the professional organisational context, flexible working has often been held up as the panacea and solution of choice. But what is the evidence for flexible working - are such work structures good for businesses and individual wellbeing? A recent review identifies positive relationships between flexible work arrangements and health outcomes, finding evidence for better physical health, less absenteeism and fewer somatic symptoms (Shifrin & Michel, 2019). Another recent review (Shiri et al., 2022) found small but positive effects as, for example, working partly from home can decrease depressive symptoms, stress and emotional exhaustion. We were interested in these reviews because, in our research centre at Birkbeck, we consider the work experiences of a neurodiverse workforce (see Doyle & McDowall, 2021 for an overview of neurodiversity at work). It is our aim to gather the evidence base to make the world of work inclusive regarding structure, policy and practice for everyone. A recent study considered labour force participation and employment experiences for people who identify as autistic (Doyle, McDowall & Wazeem, 2022). Our findings show that provision of structural adjustments, such as schedule flexibility, was less important for people's perceptions of belonging than the fact that any adjustments were signposted as such.

Such observations underline my earlier argument– work-life balance is about context, individual needs and also negotiation and collaboration between various people. It never happens in a vacuum. Neurodiversity has become a big topic in organisational practice, where firms want to recruit diverse talents. Popular flexible work setups, such as remote working, can be good for neurodiverse workers by minimising social overwhelm, but can also create new problems, as people may find it difficult to adjust (Szulc & McGregor, 2021).

Of course, there are many ways in which workers differ. Cultural nuance is also important. Our colleague Sveta Rajan-Rankin (2016) investigated work-life balance discourse in Indian Call centres, finding that, on the one hand, work-life balance with a demarcation of personal and work life and clear boundaries is seen as an aspiration, yet in the call centre there is a prevailing paternalistic culture akin to an extended family, which is there to nurture workers. The contrast between 'ideal' and 'not messy 'Western WLB and the realities of enmeshed families and communities cannot be reconciled. Such findings have implications for an increasingly global and interconnected work context. The recruitment of diverse talent also necessitates a more holistic perspective on how to foster and sustain balanced working lives. Blanket policies and interventions are unlikely to reap the intended rewards in many contexts and for different groups of people. The last section of this paper outlines the future research agenda as well as possible solutions for contemporary work settings.

A new working definition of Work-life Balance

I propose the following conceptualisation of work-life balance, integrating the earlier definitions to also encompass notions of context and intersectionality. While Kalliath and Brough (2008) focused on employees, I define WLB as a concept that concerns all, regardless of gainful work.

> *"Subjective experience of work–life balance comprises individual active engagement with their alignment of different life and work domains, in their present context through active negotiation and communication with others in accordance with their values and current priorities. This experience is contingent on context and likely to be influenced by intersectional marginalisation as well as time and finance."*

This is a working definition, not an absolute standard, which is deliberately broad. It makes no assumptions about epistemology or methodology but encourages a plurality of approaches.

The implications – how can we develop WLB in research and practice?

Despite the exponential growth in WLB research, much still needs to be done. While I concur with the need for conceptual clarity and measurement accuracy, this needs to accompany a wide-reaching perspective to encourage plurality in research methods and questions. Co-created research will be important to reflect and embed the needs of diverse workforces. This is crucial to promote holistic understanding of intersectionality, with particular emphasis on people and communities which have hitherto been neglected. Organisations should put increasing emphasis on wellbeing and frame WLB as a strategic concern, not privilege for the few, as set out in Table 1.

The Priority	What do researchers need to focus on?
People who don't work in professional offices, virtual or real	Continue to prioritise hitherto under-researched populations and non-traditional work contexts. Conduct research on migrant workers and in general non-Western populations, given also the growth in outsourcing and off-shoring.
Case studies and Action Research	Consider questions and approaches which take a multi-stakeholder perspective as WLB is never 'just' about individual workers, groups and teams or organisations. Case studies could help us understand how, for example, relevant policies, say about hybrid working, can be negotiated as a point of reference and then implemented through genuine collaboration.
Wellbeing	More enquiry focused on the link between WLB and health in the aftermath of the global pandemic. For example, to what extent remote and flexible work setups affect different groups of workers, while ensuring productivity for the firm and business continuity.
WLB as a key pillar of inclusion not privilege	Investigate WLB as a central pillar for attracting and retaining a diverse workforce, to foster genuine inclusion as part of comprehensive people strategies. Evaluate impact attraction, talent management and retention.
Consider resources holistically	The concept of resources needs to be wide ranging, to include finance as well as time (which has been the focus of many policies and legislation). How does potential hardship influence WLB, and how can societies better support vulnerable groups?

Table 1: Priorities for research

In practice, and arguably policy, the 'triple agenda' has lost none of its urgency – healthy WLB is good for people, organisations and the society at large. Given this, I often encounter the wish for a panacea, the 'one stop shop' or 'tick list' which provides an accessible solution. However, as is frequently the case, the right and complex answer is 'it depends'! I draw the reader back to Kalliath and Brough (2008) and the working definition above. Both make the argument that WLB is a matter of perception and individual life priorities, never an absolute standard. That aside, contexts also change. The global pandemic has brought back gender stereotypical roles and we need to be sure to counteract such trends. Other demographic shifts mean that we are likely to be unpaid carers at some points in our lives, yet also be working longer – this is not a maybe but a stark reality. Proactivity rather than reactivity will stand organisations in good stead to address such challenges. What can organisations do? WLB cannot be facilitated without relevant policies and strategies to inform a range of activities. Priorities for practice are summarised in Table 2.

Priority	Suggested Activity/Intervention
Corporate strategy	Embed WLB into corporate strategy through co-created policies and frameworks to enable a flexible 'menu' of relevant activities and potential adjustments to focus on prevention rather than cure.
Focus on Fit	Organisational stakeholders should remain aware that WLB is not solely about effectiveness in different roles, but also about 'fit' and satisfaction. How people feel matters. Acknowledging this requires open and holistic conversations. Ensure that managers and leaders are trained to have such conversations, and that employees empowered to initiate them.
Flexible, remote, hybrid working is no panacea – consider the why and how, and what happens next	Approach hybrid and/or flexible working with care: ensure that an appropriate infrastructure is in place, that people have and retain a sense of connection and shared meaning and purpose. Engage in conversations about how people do their best work to mitigate unintended consequences, and where necessary adapt and flex setups. (Changes to) Work structures are no solution per se– it is how they are implemented and tailored which makes the difference.
Train and develop your workers and your leaders/ managers to change hearts and minds	Ensure shared understanding and bring everyone on board by emphasising holistic consideration of people, not just as 'workers'. Use case studies and real-life scenarios in training to signpost how unique circumstances, for example dual caring responsibilities or the concerns of marginalised communities, can best be supported.
Adequate resource for everyone	Policies need to address adequate resources regarding time and finance with an inclusive approach, particularly with regard to potentially marginalised populations. For example, could large organisations target corporate social responsibility activities towards enhancing WLB for all?

Table 2: Priorities for WLB practice and policy

Conclusion

To work towards a holistic understanding of WLB, we need to continue to develop conceptual clarity, multiple methods and the co-creation of research. Otherwise, we risk the replication of myopic understandings with WLB as a privilege for 'ideal work-life balancers'. The concept is complex, perpetually in motion and context dependent. Changing demographics make it a moral as well as operational imperative to consider workers holistically as people. The onus is on researchers and practitioners to collaborate to create robust and insightful research which integrates multiple perspectives. The challenge is clear – one size does not fit all, but this does not always sit easily with practice and policy communities. However, blanket imperatives such as a 'right to disconnect' might not be good for businesses or individual people in the long run, even though it can be seductive to be seen to have done something. Hidden voices deserve attention, as the geopolitical and organisational environments are likely to remain in flux – change is a constant in our global world. It is a helpful reference point that WLB is about the rich tapestry of life beyond work, that it is about involvement and effectiveness, but also how we feel about different experiences and what we value in life. But we also need to consider cultural nuance and diversity in equal measures.

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Cypriot Consumer Perceptions of Service Failure and Recovery: Qualitative Insights

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This Research Note is part of an MBA dissertation submitted at the Cyprus Institute of Marketing (CIM-Cyprus Business School). The dissertation received a Distinction.

Abstract

Purpose – The purpose of this study is to gain qualitative insights as to the experiences, perceptions, and expectations of Cypriot consumers regarding service recovery.

Design, methodology and approach – The study takes an interpretivist, cross-sectional approach, and utilises a qualitative group-interview. Data was collected through audio-recording from a single focus group session that was conducted with four participants. The data collected was thematically analysed.

Research Findings – The participants placed emphasis on the recurring theme of "dignity". In what they perceive as an effort to preserve their dignity, participants were known to "silently withdraw", that is, to forgo any repurchase intent without informing the service providers of failures. They also perceived "irreparable failure", wherein they would reject service recovery. Another identified recurring theme was the general lack of service recovery. Participants responded positively to service providers' recognition, apology explanation, and compensative recovery, and responded negatively to service providers' dismissive and sometimes condescending approach to service recovery, and promotional recovery.

Originality and Value – The study contributes to literature regarding the Cypriot service industry, understanding of the effect of cultural dimensions on consumer perceptions and service recovery, and the theory and practice of developing more effective service recovery strategies. This study particularly makes recommendations towards service recovery for customers who value their dignity and pride.

Keywords: Cypriot consumers, cultural dimensions, service failure, service recovery, service management, dimensions of justice.

Introduction

Service failure can be defined as what occurs when the service provider does not meet the customer's expectations, while service recovery is how the former responds to that failure (Fouroudi et al., 2020). Service failure can result in a wide variety of negative emotions for customers that in turn result in diminishing repurchase intent, and negative word-of-mouth recommendation (Harrison-Walker, 2019). It is thus in service providers' best interests to mitigate the effects of service failure.

Hofstede (2011) introduced the cultural-dimensions model to quantitatively measure national cultures, these dimensions being: short-term/long-term-orientation, masculinity/femininity, individualism/collectivism, power-distance, uncertainty-avoidance and restraint/indulgence. Cultural dimensions affect all aspects of human behaviour, which is why they can be applied to consumer behaviour, as customers with different cultural backgrounds respond to similar service recovery strategies differently (Sampaio et al., 2017). It is therefore worthwhile to study cultural contexts individually rather than developing blanket solutions. However, a general lack of literature on the topic can be observed regarding Cyprus.

Aims of the study

The study aims to gain qualitative insights into and understand the experiences, perceptions, and expectations of Cypriot consumers in the service recovery process in order to make recommendations towards developing more effective approaches. More generally, the study aims to deepen the understanding of behavioural outcomes as influenced by cultural dimensions.

Literature Review

A previous study was conducted on the topic of service recovery by the author for his Bachelor's thesis (Louca, 2020). The study utilised a quantitative questionnaire which gathered forty respondents. The study generally showed a somewhat frequent occurrence of service failures, and underperforming service recovery, as providers would often provide explanation and apology, though rarely offer compensation, and many customers did not feel strongly about being owed service recovery, while a few did not report issues at all. Customer respondents of said previous study mostly displayed diminished repurchase intent after experiencing service failures, regardless of the severity. Interestingly, a few respondents reported rejecting service recovery.

Studies have been conducted in the past that apply the cultural dimensions model to Cypriot consumers (DeAngeli and Kyriakoullis, 2006; Mitchell and Vassos, 1998; Stylianou et al., 2012), though due to the lack of a publicly available Hofstede survey for Cyprus at the time, these studies utilised the equivalent index for Greece, as a result of the two countries' shared cultural history, language and religion. However, a more recent study by Epaminonda (2021) fills this research gap, revealing Cyprus as possessing average individualism, medium-to-high power distance, masculinity, and long-term orientation, and exceptionally high uncertainty avoidance.

A direct link can be observed between cultural dimensions and the service recovery process. For example, highly individualistic cultures tend to emphasise compensation rather than explanation, while long-term oriented cultures tend to emphasise the professionalism and politeness of the staff (Kanousi, 2005). Customers from more collectivistic cultures also tend to perceive higher severity in service failures than those from more individualistic ones (Zourrig et al., 2014). Moreover, customers from power-distant cultures tend to expect a more formal approach from the service provider, while non-power-distant ones tend to prefer a casual tone (Fan et al., 2021).

In developing service recovery strategies/approaches, the dimensional justice model can be applied, these dimensions being informational/interactional, procedural, and distributive (Yadav and Yadav, 2016). All three dimensions individually and separately contribute to customer satisfaction (del Rio Lanza, 2013; Wen and Chi, 2013), where procedural justice most strongly affects customers' emotions (del Rio Lanza, 2013), whereas interactional justice can decrease negative word-of-mouth comments (Lin et al., 2011), while distributive justice can increase repurchase intent (Lin et al., 2011). This highlights the need for all dimensions of justice to be accounted for in a service recovery strategy.

Lastner et al. (2016) argue that service recovery can be most effective when designed to elicit positive emotions of gratitude and/or pride. In order to accomplish this, the service provider must show genuine concern and willingness to fix any problems, and to demonstrate this through offering compensation, of which the most effective seems to be refunding the customer. Co-creation in the determination of service recovery response has also been taken into consideration, as customers who experience co-creation can subsequently display increased customer satisfaction (Kim and Baker, 2020).

Methodology

The previous study conducted by the author adopted a quantitative positivist philosophy. However, the quantitative nature of the study limited the author's understanding of the context and perceptions behind the responses. In his subsequent Master's thesis, the author adopted a qualitative design so as to better understand the reason, context and the explanations behind these responses. For this reason, the current study adopts a qualitative interpretivist approach. Thus, focus groups were chosen as a data collection method, as they represent the collective insight of group dynamics while at the same time preserving individual preferences (Threlfall, 1999). This is essential as the study seeks to understand Cypriot perspectives as a whole, while still keeping individual perspectives in mind. Focus groups also allow for researchers to gauge the extent of consensus or homogeneity of a group (Morgan, 1996). Thematic analysis was subsequently used so as to gain insights into recurring themes and patterns of meaning (Braun and Clarke, 2012).

Data was collected from four volunteering Cypriot participants (two male, aged 25 and 62, and two female, aged 18 and 50). A single focus group session, which also included a discussion guide, was conducted and audio-recorded. The interview questions were semi-structured (the full list of questions is seen in Appendix A) and the author moderated the discussion and took field notes. Data collected was thematically analysed prior to translation, after which the themes were translated.

Presentation of results

All participants reported that they experienced some form of service failure, which seemed to be disproportionately higher than their reported experiences of service recovery. Themes that emerged through thematic analysis were "dignity" (of which the sub-themes "silent withdrawal" and "irreparable failure" are identified) and a general lack of service recovery.

- **Dignity**: The overarching theme of dignity was observed, in that participants often made reference to it. Generally, the participants seemed to value their dignity and agreed that they would not act in ways that they perceived would make them seem hostile or undignified to the service provider, and seemed to most negatively recall the service failure experiences which they felt most strongly insulted their dignity. Two subthemes emerged:
  - **Silent Withdrawal**: Participants would often silently withdraw, in that they would forgo service recovery altogether by choosing not to report service failures to a service provider and subsequently cut ties with said provider. They may sometimes feel that the service recovery process may not be worth the effort.
  - **Irreparable Failure**: In some cases, participants may experience a service failure that they perceive it as so severe, the negative behavioural outcomes cannot be mitigated by the service provider's efforts. Participants also expressed that they would reject service recovery if they felt so angry or disgusted at the service provider, or if they felt that the service recovery offered was disingenuous or dismissive; a "bribe" meant to silence the customer. This theme is also related to "silent withdrawal" since customers may be more inclined to withdraw when they perceive an irreparable failure.
- **Lack of Service Recovery**: A recurring observation from the author's previous study as well seems to be a generally underperforming service recovery strategies on part of the service providers. Participants reported instance of service providers not doing much beyond apologising.

Participants generally responded positively when the service provider apologised and gave a reasonable explanation, especially if it was outside of their control. Furthermore, the participants responded positively to the possibility of being allowed to choose what kind of service recovery they would be offered, and responded most positively to compensative recovery, such as refunds. Participants responded the most negatively to promotional recovery, such as coupons and loyalty discounts, as they report being offered such but never using them.

Discussion

The results of the current study generally aligned with both the literature and the author's past research. As participants demonstrated that they strongly value their dignity, the approach proposed by Lastner et al. (2016) may be the more appropriate approach in a Cypriot context. The participants seemed to have a particularly positive response to procedural justice, as they felt more respectful towards service providers if they perceived them as genuinely concerned by taking the time to listen to customers. The participants mentioned instances where the service provider was unable to resolve the issue, but still took the time to listen and explain to them, to an extent where they felt satisfied. This could be seen as appealing to their sense of dignity, as their concerns were taken seriously and addressed by the service provider. They also responded well to informational justice, in that they would be more forgiving if a sufficient explanation behind a failure had been given, even if the failure could not be fixed. Moreover, the participants responded well to distributional justice. Participants also responded well to co-creation, as they felt being able to choose between different service recovery options to be ideal, though they did express the point that they would never make unreasonable demands.

Conclusion, Recommendations, and Further Research

As Cypriot consumers strongly prefer to avoid uncertainty, service providers should strive to be perceived by them as reliable, genuine and benevolent. This should be reflected in their service recovery strategy. In practice, this could be accomplished by training staff to have an empathetic and polite tone, and empowering staff to provide the desired service recovery method. Service providers can also incorporate co-creation within their strategy, in order to directly address customers' concerns. A simple way to accomplish this would be for staff to ask "how can we fix this?", and then provide customers with choices, including the option of compensation. Though it could be said that service providers should also work to minimise service failures as a whole, service failures are inevitable for reasons such as human error or external factors. For these reasons, it is evident that service providers need to be prepared for service recovery.

The theme of "silent withdrawal" could prove dangerous for businesses, as they may be unaware of the customers that they lose due to service failure. Thus, future research could further investigate the reasoning behind withdrawals and develop ways to form incentives for customers to report service failures.

Generally, this study can be considered as a proof-of-concept, demonstrating the value of studying the Cypriot market rather than producing concrete results. A larger scale mixed-methods study would certainly yield more concrete and informative results. Another limitation of the study is that the focus group participants could have been closer to the ideal size. Further focus groups for example, may lead to the emergence of more themes that were not identified in the current study.

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Appendix A: Focus Group Questions

- Have you ever had any experiences of service failure? If so, please elaborate.
- How did you react to each said failure?
- What, if any, action did the service provider take?
- What could/should they have done?
- How would you/did you react if/when the service provider apologised and/or explained? (Interactional/ Informational Justice)
- How would you/did you react if/when the service provider fixed the issue and compensated you? (Distributional Justice)
- Was the service provider timely in responding (or not)?
- In either case, how did that make you feel? (Procedural Justice)
- Were you ever allowed to choose any form of service recovery?
- If you were given the opportunity, how would you feel? (Co-creation)
- Did you in any case feel like the service provider was attempting to “bribe” or “silence” you?
- Have you ever refused service recovery offered to you?
- If so, why?
- How inclined would you be to return to a service provider who performed any of the methods of service recovery discussed thus far?
- Do you think COVID-19 has changed your perceptions in any way?

Online Games, Celebrities and Licensing: Igniting a New World

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Abstract

This paper explores how celebrities are integrated into online games to gain a competitive edge for the game. It also examines the role of licensing in the gaming industry, using secondary research. Countless brands, such as clothing, employ a celebrity endorsement strategy and fall short of benefitting from this association, and videogame businesses may also run such a risk. In this article, however, the emphasis is on the advantages gaming companies can enjoy through celebrity promotion and integration. In view of the fact that people no longer trust cold calling, licensing may perhaps be part of the solution to this marketing problem. This is especially given the latter's popularity and how useful it may prove as a marketing tool during crises, including pandemic-induced economic downturns.

In this paper, the aim is to understand the current ever-changing situation with respect to online gaming prior to making any suggestions that could ignite a new world of online gaming. This might be a whole new world that would encourage individuals from various cultural backgrounds and time zones to become ever more interconnected through online gaming, thanks to an increasingly globalised network. Future research can quantitatively measure the effects derived from playing videogames that integrate specific A-List celebrities while, at the same time, critically analysing the pivotal role of ethics. For reasons pertaining to objectivity, salient limitations relating to the topic under study will also be investigated.

Keywords: celebrity, licensing, marketing, games, pandemic, pop culture, videogames.

Introduction

Following the previous articles published by the authors, 'Are our Battles in Online Games Enough to Attain Peace across the Globe?' (Terekhova and Constantinou, 2021) and the more recent paper 'Online Games: Exploring Future Possibilities' (Terekhova and Constantinou, 2022), the purpose of this piece is to shed light on how videogaming may incite a new world through celebrity promotion, integration and licensing.

Celebrities in games may well constitute one of the trends that will shape the future of gaming, with players potentially meeting or even taking on the persona of celebrities in the future. Besides celebrity-inspired merchandise, celebrity appearances are quite common in the present-day gaming segment, with franchises like Grand Theft Auto (GTA Online) and Call of Duty both having developed celebrity integrations; specifically, rappers Dr Dre and Snoop Dogg respectively (Byers, 2022).

For this reason, the authors will examine the role of celebrities in the gaming sector, especially given the 90-billion-dollar value of the international videogames industry (Marr, 2022), and the fact that online universes, such as Fortnite and Roblox, attracted in 2022 almost four hundred million users (Stackpole, 2022).

The focus (or main *research question*) of the present article is whether celebrity integration and promotion help ignite a new world of business for the gaming industry via a better offering to consumers (players), in particular given the ongoing pandemic. So, certain propositions will be stated here after reviewing the relevant literature to date, with the aim of providing insights that could be valuable in the future. A *secondary point* (or sub-concept) considers the role that licensing plays in the gaming industry and how the trust or attention of one brand may be transferred to another, particularly as cold calling does not successfully build strong (if any) relationships with people. Licensing is also becoming more popular (e.g., Converse and Pokémon, as will be seen later), given how useful a marketing tool it constitutes during times of economic crises (i.e., in the wake of the pandemic).

First, we delve into the topic of online games by discussing celebrity promotion and integration and the power of evoking nostalgia when examining tie-ins (including entertainment and sports) before looking at marketing in action and licensing. An overview of how specific videogames can successfully evoke nostalgia is presented, using an organisation as a case study example, and then considering how gaming companies can continue to integrate and partner with brands. Afterwards, the authors place the discussion mainly in the context of what is happening to date with the ongoing pandemic and, to a lesser degree, the recent heatwave, seeing how celebrities are adapting to the new normal and staying relevant. Further, as people were unable to physically attend concerts and theatrical shows during these unprecedented times, suggestions are provided to help brands stay ahead of change. Lastly, the study concludes with some final remarks whilst laying out pertinent limitations and recommendations for future research.

Celebrities in videogames: *Celebrity promotion and integration*

Even though the worlds of movies and games were once separate, they have become ever more intertwined, with film actors -including famous ones- voicing their characters in games as well (*The Economist*, 2004). Some actors who are joining videogames, include, for example, Hollywood star, Keanu Reeves, who plays Johnny Silverhand – an influential musician as well as the player's pseudo-guide (Shanley, 2019). Other Hollywood actors include Terry Crews, starring in Crackdown 3, Courtney Hope in Control (Ochami, 2021) and actor/producer Kevin Spacey in Call of Duty: Advanced Warfare (GameSpot, 2020). As a result of the pandemic, theatres were shut and TV/film production was paused. British actors therefore selected work they could do while in isolation, and the booming gaming industry filled the vacuum at that point with the rise in the demand for voice actors, offering relief for workers absent of any other revenue sources (Hern, 2021).

As far as celebrity promotion is concerned, Wargaming (specifically, World of Tanks) comprises an example that may help the reader gain practical insights. World of Tanks[1] (which includes 600+ armoured vehicles from more than 10 nations that are meticulously and precisely historically detailed), is the first team-based and enormously multiplayer online action game devoted to tank warfare. Specifically, it immerses gamers across the globe into the epic tank battles of WWII, while also making available to fans the trailer for a particular festive event at the point in time this article was drafted; Holiday Ops 2022, featuring Arnold Schwarzenegger,[2] a Hollywood action hero who is renowned the world over for his plethora of achievements (Wargaming.net, 2021). Finally, the ability to play games developed by Wargaming, which involve explosions that do not expose gamers to any bloody scenes, is of vital importance (Terekhova and Constantinou, 2021: p. 58).

Another example to illustrate the above point consists of World of Tanks and Action Heroes Season. With regard to celebrity cameos, World of Tanks engaged Chuck Norris for its Christmas event (Stanton, 2020). Furthermore, World of Tanks fans can now muscle through one hundred levels of explosive tank battles and earn rewards while they are at it – obtaining more thrilling game content thanks to a Season Pass. Additionally, they can receive exclusive rewards that are worthy of a true, legendary hero (Wargaming.net, 2022a).[3] Cases with respect to tie-ins and beyond are presented next.

[1] For more info, see official website: worldoftanks.com.

[2] For more info, see official website: schwarzenegger.com.

[3] Note (as found at: https://console.worldoftanks.com/en/action-heroes/): Colonel James Braddock character from "MISSING IN ACTION" is licensed from Metro-Goldwyn-Mayer Studios Inc. MISSING IN ACTION TM & © 1984 – 2020 Metro-Goldwyn-Mayer Studios Inc. All Rights Reserved. ESCAPE FROM NEW YORK™ is a trademark of STUDIOCANAL S.A.S. All Rights Reserved. © 2020 STUDIOCANAL S.A.S. ® All Rights Reserved. FIRST BLOOD™ & © 1982 STUDIOCANAL S.A.S. All Rights Reserved. © 2020 STUDIOCANAL S.A.S. ® All Rights Reserved. RAMBO™ is a Trademark owned by STUDIOCANAL S.A.S. © 2020 STUDIOCANAL S.A.S. ® All Rights Reserved.

Tie-ins and beyond

Successful brands can evoke nostalgic emotions by incorporating what their target audience grew up with, to gain consumers' trust, attention and engagement. In celebration of twenty-five years of Pokémon, fans can travel back in time, specifically to the 1990s, if they are feeling nostalgic, thanks to the designs for all ages that include icons from the Converse shoe brand (Converse, 2022). After all, if we look at our own Converse shoes, it is as if we look at our old passport full of stamps (Lindley, 2021). Though, to remain within the gaming milieu, other cases presented here will show how online games can, in fact, aid in going from zero to hero.

As well as tie-ins being a marketing tool, they can also help to develop trust in the product, through an emotional connection with the nostalgia of the past. Tie-ins, such as the ones described in this section, showcase how they can bring out emotions which reveal players' fantasies. To be sure, the power of fantasy manifests in how players can make their dreams come true. Childhood memories of playing with toys in a fantasy realm allow players to transform into their own favourite action hero. Afterall, it is fun seeing adults play World of Tanks and become their favourite heroes, which, of course, brings nostalgia. Specific examples are provided next to elaborate further.

Childhood nostalgia through hobbies: G.I. Joe toys and Warhammer miniatures

From 1982 to 1994, G.I. Joe introduced a wide-ranging line of action figures, comic books and various TV series in addition to a full-length film which looked into the lives of children across the globe. G.I. Joe toys, comics and cartoons meant that a plethora of people maintained a lot of memories surrounding everything related to the brand, especially as these 1980s toys had dominated their lives (KnockBack, 2022).

To illustrate, one may take the case of World of Tanks and G.I. Joe Season. The vibrant battle between the heroic G.I. JOE mission force and the brutal Cobra organisation is now available to all gamers in the latest season of World of Tanks Modern Armor (Wargaming.net, 2022b).[4]

Other individuals may feel nostalgic for, as an example, Warhammer miniatures, as the latter is a brand they have also grown up with. This is especially given how the *Warhammer* series has now developed into videogames in addition to books, over its decades-long presence, developing from its origins in table-top games (Eyles, 2022). Furthermore, Warhammer can be played by parents and children, especially as this fantasy board game was initially developed in the late 1970s and will be nostalgic for the adult. It will also benefit the child by improving their ability to solve problems and focus (Eley, 2019).

Entertainment and Sports: Evoking nostalgia through WWE

Since the beginning of WWE in the 1950s, it has become an international sports entertainment powerhouse, with the network being broadcast in over 150 nations, attaining an audience of millions of viewers the world over (Murphy, 2019). Thus, any individual around the globe who might have grown up with WWE may now feel nostalgic for it. Particularly, since a love for WWE frequently begins for fans during their childhood (Dilbert, 2014).

[4] Note (as found at: https://console.worldoftanks.com/en/gi-joe/): G.I. JOE and all related characters are trademarks of Hasbro and are used with permission. © 2021 Hasbro. All Rights Reserved. Licensed by Hasbro.

Entertainment and Politics: Online gaming and stress relief as portrayed in TV series

Frank Underwood from the Netflix TV series 'House of Cards', who is portrayed by actor Kevin Spacey, happens to be a gamer. His love for videogames is so passionate that one can precisely judge his state of mind by observing the game he is playing at any point in time. For instance, in the indie puzzle game Monument Valley, which is absent of any killings, the mood is quite meditative, precisely the kind of thing one finds comfort in when faced with the many pressures of the real world (Heritage, 2020). Thus, it becomes evident through entertainment and fictional characters such as the President, that videogames can be a great outlet for stress.

Besides the above examples, doing effective videogame public relations (PR) is certainly noteworthy too, with PR defined as the management of communications/relationships to establish goodwill as well as mutual understanding between an organisation and its public (Jobber and Ellis-Chadwick, 2020: p. 785). To give an example, despite being beyond the scope of the present article, an online newsroom is particularly useful for videogame PR (Prowly, 2022). Thus, more attention could be placed on videogame PR in future research. To remain within the scope of our study, however, we will explore next marketing in action.

Marketing in Action

Marketing comprises a dynamic process (Palmer, 2012: p. 229). Within the context of leveraging secondary brand associations and brand equity measurement, a way to build brand equity is, in effect, to 'borrow' it. It is possible to create brand equity by tying the brand to other information in the memory which communicates meaning to consumers. These 'secondary' brand associations can connect the brand to sources. This may be to the company itself (via branding strategies), to countries or other geographical regions (via identification of product origin) to channels of distribution (via channel strategy), to other brands (via ingredient or co-branding), to characters (via licensing), to spokespeople (through endorsements), and to sporting or cultural events (via sponsorship) (Kotler and Keller, 2009: p. 290).

Within the context of co-branding, ingredient brands are not confined to products and/or services. For instance, over the years, Chevy Camaro has been featured in the movie *Transformers* as the character Bumblebee. In this case, Chevy Camaro can be viewed as an ingredient in the *Transformers* movie. That is to say, the alliance between Chevy and *Transformers* lets the brand earn status as a popular (or pop) culture icon and boosts its visibility with younger audiences. In other words, the highly successful Transformer movies featured a yellow Chevy Camaro and this has helped the firm to obtain status and build brand awareness (Graser, 2014 cited in Keller and Swaminathan, 2020: pp. 307–308). A brand may co-brand by discovering a strong ingredient brand for its materials. Wilson have done this by incorporating Goodyear tire rubber on the soles of its ProStaff Classic tennis shoes (Kotler and Keller, 2009: p. 291).

To return to online gaming, Terekhova and Constantinou (2021: p. 57) mention that Wargaming's collaborations attempt to be close to the everyday hobbies and interests of their players. Hence, Wargaming games collaborate with lifestyle related brands, such as football celebrities or hockey's Stanley Cup winners. Further, in an article in *The Washington Post*, the author, who had decided to contact Alexander Ovechkin to be the face of the online naval warfare game 'World of Warships' stated that surveys revealed that sport was among the main interests of Wargaming's users. Previously in that year the organisation had collaborated with legendary Italian soccer goalkeeper Gianluigi Buffon, making him a playable captain in one of its other free-to-play titles, "World of Tanks." (Allen, 2018).

Comics also form an integral part of pop culture. For example, the first issue of the *World of Tanks: Roll Out* comic series by Wargaming and Dark Horse Comics. It consisted of the first ever comic book founded on the "Wargaming Battle Universe", with a story written by comic icon Garth Ennis (*Preacher*, *War Stories*, *The Punisher*). It is a historically-based war tale, adeptly illustrated by the well-known Carlos Ezquerra (*Judge Dredd*, *Strontium Dog*, *War Stories Vol. 2*). In fact, every issue has the epic cover art of Isaac Hannaford (*HALO: Reach*, *The Punisher*), replete with the explosive action found in the panels of *World of Tanks: Roll Out* (Dark Horse, 2016).[5]

Licensing

Ample evidence clearly suggests that cold calling no longer works, given that a prospective customer is not exactly prone to listen to a sales pitch when somebody randomly calls them up. Consumers such as 'millennials' value trust and building a relationship with someone (besides carrying out their own research), prior to even considering making any purchase (Cook, 2017). Thus, the aspect of trust and building customer relationships, especially with certain generational cohorts as highlighted earlier, is of paramount importance. Beyond the opportunities that, for example, inbound marketing may offer to one's brand (Miller, 2015), in a wider context, it is worthwhile examining the increased level of trust your brand can realise through licensing. To be sure, licensing comprises an effective means of reinforcing relationships with demographic groups targeted by the brand, whilst being the ideal marketing instrument during the current difficult times (Stone, 2022). Definitions and a summary of the common gains related to brand licensing are explored next.

Licensing entails entering foreign markets through the development of an agreement with a licensee in a foreign market (Kotler and Armstrong, 2021: p. 654). Put differently, licensing consists of a contractual arrangement wherein a licensor provides a licensee with certain rights, for instance, to technology access or production rights (Jobber and Ellis-Chadwick, 2020: p. 782). As for the general benefits that brand licensing enjoys, these may be summarised as follows. Licensing can:

(1) allow an interested party to step into a business which has strategic value, yet falls outside of the firm's core business.

(2) create brand awareness while strengthening brand values.

(3) improve the relationship with present customers, while raising consumer touchpoints.

(4) help attain new consumers and educate them about the brand.

(5) extend through new channels of distribution (Stone, 2022).

These benefits are illustrated in the following examples: Blackmilk and The Legend of Zelda (Jazwares, 2022a); Next Games and Stranger Things (Jazwares, 2022b); Angry Birds and GEICO (Jazwares, 2022c); Big W and Minecraft (Jazwares, 2022d); and, Minecraft and Microsoft (Jazwares, 2022e), to name but a few.

The role of online games during times of uncertainty

According to the World Health Organization (2021), online games encourage players to stay both mentally and physically healthy at home. Given the daily disruptions brought about by the COVID-19 pandemic, and its subsequent lockdowns, remaining active and connected to our close ones is progressively more vital for our physical and mental health.

[5] For more info: https://wargaming.com/en/news/wot-comic-book-issue-1/.

Although gamers spend a lot of time alone in front of their screen, it does not necessarily mean that that they are isolated. On the contrary, following the growth of social media, most of the time gamers, and especially Gen Zers, have mastered the art of making online communities. Essentially, gamers don't just compete with strangers over the internet but instead they often build true and lasting friendships (Lufkin, 2020).

Considering pandemic-induced social distancing and mental-health stresses, gamers possess a tool that can bring relief to anyone regardless of whether they are an experienced gamer. In other words, the massive growth of gaming during the pandemic shows that people have discovered a new channel for much-desired connection during isolation (Lufkin, 2020). Actually, videogame friendships helped in getting individuals through a year of loneliness (Kelly, 2021). Next, we demonstrate with the use of specific instances how significant the role of online games is during such unprecedent times.

Virtual performances by famous music bands amidst the COVID-19 pandemic

The pandemic has influenced the lives of people in different ways, including how they decide to spend their time when faced with such challenging circumstances. Evidence confirms that plenty of individuals have turned to playing videogames during the pandemic. This is particularly because of the sociocultural importance of videogames and possibly the positive nature of the effect of games on well-being (Barr and Copeland-Stewart, 2022).

In-game gigs by music bands like Easy Life appear inside the Fortnite universe. Previously performed shows, which attracted big audiences in the massively successful franchise, comprise American artists, such as Travis Scott and Marshmello. The April 2020 gig by Travis Scott, for instance, attracted 12.3 million players who logged in at the same time and watched the American rapper transform into various avatars (Powell, 2021). Due to the pandemic, the virtual performance comprised the sole show that his fans were able to enjoy (France and Spary, 2020).[6]

The role of online games amidst the heatwave

Along with the number of people who turned to online games during the Covid-induced quarantine, some also did the same through last summer's heatwave. For instance, Henry Cavill, the famous movie star, PC Gaming Global Goodwill Ambassador and Warhammer enthusiast,[7] played his personal computer games during the heatwave in Britain (Litchfield, 2022). Additionally, gamers kept indoors during the heatwave could receive advice from online lists suggesting, besides drinking a lot of liquids, frosty videogames to help them stay safe and cool down (Eurogamer, 2022; King, 2022).

Conclusion

In synopsis, the present study attempted to provide an overview of online games and celebrity involvement, while also looking at the role of licensing. Further research could investigate the subject of online games in the metaverse, while considering the importance of videogames amidst the ongoing pandemic. Additional recommendations for future research will follow immediately after some key limitations of the present study have been presented.

[6] The casino gaming industry, albeit transcending the videogame discussion, has also benefited from the Covid-induced measures in 2020. For more info: https://www.globalgamingexpo.com/en-us/education/education-topics.html.

[7] For more info on Warhammer, see: https://www.youtube.com/watch?v=M042ksjqwuY.

Limitations of study and recommendations for future research

Limitations of the current study

Certain limitations of this study could have been avoided by, for instance, covering a broader geographic perspective when mentioning videogame examples from various parts of the world. At the same time the significant role of ethics in online gaming as well as the hostility that may sometimes characterise the online gaming communities could be examined.

Recommendations for future research

Major console as well as PC gaming titles like Fortnite (Epic Games) have normalised playing and socialising with individuals in virtual settings (Balis, 2022), with artificial intelligence continuing to ameliorate the general gaming experience (Mahna, 2021). Besides the aforesaid developments and the latest retail trends, such as the growth of augmented/virtual reality as a feature of retail showrooms (Keller and Swaminathan, 2020: p. 199), we must also place emphasis on crypto gaming, particularly since new games are now emerging specifically to back blockchain technology, whilst traditional game developers have also welcomed blockchains, such as in the recent launch of Ubisoft's own crypto gaming platform named Quartz (Egliston, 2022). Within a broader context, it is worth adding here that within only a few months during the pandemic, a rise in the value of digital currencies was noted (Neofytou, 2021).

Further, mobile-based celebrity games, the result of a recent and more feminised videogame industry where the players can engage with celebrity culture in different ways and frequently be transformed into their own brand of celebrity, could be the focus of future research (Chess and Maddox, 2018). Undoubtedly, the development of new constructs (e.g., "Celebrity Avatar") means that consumers constantly spend money to purchase in-game features to ensure a good performance during their gameplay (Wang et al., 2021), therefore, constituting an area worth investigating in more detail. Analogous to the study of Lee (2018), research in the future could also examine the intellectual property implications of using celebrity likenesses in videogames and, in so doing, producing new chances for celebrities to capitalise on the use of their likeness via licensing (Dimita et al., 2020) in different parts of the world.

According to Powell (2022), the nexus between the gaming industry and the military is becoming stronger. This link includes the technology employed to train officers, through to the tactics employed to shift public perception. The military's use of games for training, mission preparation, and systems/tactics analysis is a centuries-old tradition (Smith, 2010: p. 6). Thus, future research could also turn attention to online gaming and its link to defense training. Having said that, however, any future IR-incorporated work on videogames could also overcome its hitherto narrow focus on war-themed blockbuster games (Ciută, 2016: pp. 199-200). Adding to this, analogous to the study of Nannini et al. (2013), future research could also show how a modeling/simulation approach may improve the efficacy of training/education efforts for peace support operations. Or, similarly, it could examine how simulations/games may provide valuable insights regarding the management of conflict and the achievement of peace, as in the study of Brynen and Milante (2012).

With regards to videogames and philanthropy, firms profiting from military-themed videogames fundraise for, as well as support, military charities. For instance, the Call of Duty Endowment (Code) was created in 2009 with the aim of getting veterans back to work following the end of their service (Powell, 2022).[8] Hence, another future study could focus on the philanthropic output arising from the gaming industry.

[8] For more info, see: callofdutyendowment.org.

Authors' declaratory note:

Any opinions that may have been expressed in the present paper are entirely those of the authors.

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Digitalisation, Data Protection, and a Fragmenting Internal Market in Political Advertising

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Abstract

The digital revolution has led to a paradigm shift in the realm of political advertising. Traditional offline methods of disseminating political advertisements have ceded to modern online technologies. The pre-eminence of digitalisation means that political advertising can be propagated via diversified platforms to an expanding audience by an increasing number of service providers. This proliferation of digital activity has created its own ecosystem, which encompasses ad-tech platforms, communication agencies, data brokers, analytics firms, social media platforms, and PR companies[1]. Yet, in the realm of the European Union (EU), nascent digitalisation has given rise to regulatory problems, which impinge upon the fields of business, politics and fundamental rights. The purpose of this paper will be to unpack each of these problems and critically evaluate the efficacy of the EU's proposed response to these problems.

Keywords: Political Advertising Services, Transparency, Harmonisation, Micro-targeting, EU Charter of Fundamental Rights, Regulation, European Union.

Introduction

According to a recent European Commission report, the EU market for online political advertising is expanding rapidly.[2] Statistical data collated by the European Audio-visual Media Observatory illustrates growth in online political advertising, in and of itself, and relative to offline political adverting, though growth in the market is distributed unevenly across the EU. In several Member States, such as Sweden and Denmark, online political advertising constitutes in excess of 50 per cent of the total expenditure in advertising, whereas in other Member States, such as Cyprus and Luxembourg, only 16 per cent of the total share of expenditure pertains to online political advertising.[3] Data further demonstrates that political parties across Europe are increasingly having recourse to online political advertising, particularly in the run up to elections, due to high-cost effectiveness and the capability to target messages to segments of the electorate.[4] The fiscal potency of online political advertising also means that the competitive advantage hitherto enjoyed by well-heeled political parties over relatively impecunious competitors during the offline era is being negated as large-scale TV advertisements are being displaced by less expensive social media campaigns.[5]

1 Information Commissioner's Office, 'Democracy Disrupted? Personal Information and Political Influence' (ICO, 11 July 2018) <https://ico.org.uk/media/action-weve-taken/2259369/democracy-disrupted-110718.pdf> accessed 01 January 2023.

2 VVA, LE Europe, Asterisk Research & Analysis, 'Study to Support the Preparation of an EU Instrument to Facilitate the Provision of Cross-Border Advertising and Related Services in the Internal Market while Supporting Fair Democratic Processes based on High Transparency Standards' (European Commission, 13 July 2021) <https://commission.europa.eu/select-language?destination=/node/9> accessed 01 January 2023.

3 ibid 16.

4 ibid 21.

5 European Partnership for Democracy, 'Virtual Insanity? The Need to Guarantee Transparency in Digital Political Advertising' (Civitates, March 2020) <https://epd.eu/wp-content/uploads/2020/04/Virtual-Insanity-synthesis-of-findings-on-digital-political-advertising-EPD-03-2020.pdf> accessed 01 January 2023; Frederik J. Zuiderveen Borgesius, Judith Möller, Sanne Kruikemeier, Ronan Ó Fathaigh, Kristina Irion, Tom Dobber, Balazs Bodo, Claes de Vreese, 'Online Political Microtargeting: Promises and Threats for Democracy' (2018) 14 Utrecht Law Review 82.

At a granular level, communicating political campaigns in the digital era is a complex web encompassing a growing number of economic operators and service providers relating to the 'financing, preparation, placement, and dissemination of political advertisements'.[6] At a glance, a political advertisement might be financed by a loan company, prepared by a marketing agency, based on information from a data analytics firm, and placed on an online platform which stores and disseminates the advertisement.[7] As a consequence, political actors and service providers of political advertising can now deploy diverse communication tactics in a plural online environment which, in principle, enables greater electoral engagement in democratic processes.

The existence of a digital ecosystem, allied with the growth of the market in online advertising, has been hailed as a form of 'technological liberation'[8] insofar as antiquated methods of conveying political messages have yielded to contemporary techniques. In the aftermath of the Cambridge Analytica scandal, however, in which the data of 87 million users[9] was harvested by a political consulting firm without consent for the alleged purpose of targeting political messages in the run up to elections, a 'global techlash'[10] against digital services began to brew within the populace, governments, and regional organisations.[11]

In the UK, a report on Disinformation and Fake News[12] concluded that the growth of Big Tech companies could not continue unabated in the absence of proper regulatory oversight. In a bid to ensure greater digital transparency, the report advocated the adoption of full-scale legislative measures, such as privacy and data protection legislation and antitrust laws to break Big Tech monopolies. The imposition of a legal framework would, according to the report, ensure that citizens are cognisant of the source, financing, and purpose of content being published online, and that the processing of personal data would be adequately monitored.[13]

6 Committee on the Internal Market and Consumer Protection, 'Transparency and Targeting of Political Advertising' (European Parliament, 11 July 2022) <https://www.europarl.europa.eu/committees/en/transparency-and-targeting-of-political-/product-details/20220628CHE10401> accessed 01 January 2022.

7 To ensure political messages have maximum reach, political actors are increasingly utilizing advertising services from notable social media and digital companies: See: Davide Beraldo, 'Political Advertising Exposed: Tracking Facebook Ads in the 2021 Dutch Elections' (Internet Policy Review, 11 March 2021) <https://policyreview.info/articles/news/political-advertising-exposed-tracking-facebook-ads-2021-dutch-elections/1543> accessed 01 January 2023.

8 See for example: Nathaniel Persily, 'The Internet's Challenge to Democracy: Framing the Problem and Assessing Reforms' (Kofi Anan Foundation, 25 November 2019) and Larry Diamond, 'Liberation Technology' (2010) 21 Journal of Democracy 69, 70.

9 Commission, 'Proposal for a Regulation of the European Parliament and of the Council on the Transparency and Targeting of Political Advertising Brussels, (Impact Assessment Report)' COM (2021) 731 final. See cf: Alexis Ward, 'The Oldest Trick in the Facebook: Would the General Data Protection Regulation Have Stopped the Cambridge Analytica Scandal?' (2022) 25 Trinity College Law Review 221-242; Bethany Shiner, 'Big Data, Small Law: How Gaps in Regulation are Affecting Political Campaigning Methods and the Need for Fundamental Reform' (2019) Public Law 362, 366.

10 See: Barrie Sander, 'Democratic Disruption in the Age of Social Media: Between Marketized and Structural Conceptions of Human Rights Law' (2021) 32(1) E.J.I.L. 159-193.

11 See: Josévan Dijck, 'Governing Digital Societies: Private Platforms, Public Values' (2020) 36 Computer Law & Security Review + Daniel Susser, 'Technology, Autonomy, and Manipulation, Internet Policy Review' (Journal on Internet Regulation, 30 June 2019) <https://policyreview.info/articles/analysis/technology-autonomy-and-manipulation> accessed 01 January 2023; Mark Scott, 'In 2020, Global 'Techlash' will move from words to Action (Politico, 31 December 2019) <https://www.politico.eu/article/tech-policy-competition-privacy-facebook-europe-techlash/> accessed 01 January 2023.

12 Digital, Culture, Media and Sport Committee, Disinformation and 'fake news' (HL 2017-19) <https://publications.parliament.uk/pa/cm201719/cmselect/cmcumeds/1791/1791.pdf> accessed 01 January 2023.

13 ibid.

In tandem, an EU Commission report on elections to the European Parliament found that the Cambridge Analytica scandal brought into sharp focus malign external interference in electoral processes, including the 'exploitation of online social networks to mislead citizens and manipulate voter choices by concealing or misrepresenting key information, such as the origin and political intent of communications, their sources, and funding'.[14]

Regulatory Tripartite

At the EU level, two intertwined concerns that have materialised are the perceived lack of transparency of political advertising – the political problem - and the misuse of algorithmic data-driven technologies – the fundamental rights problem. According to the European Commission, a deficit in transparency equates to 'an increased risk of interference in, and manipulation of, democracy in the EU'.[15] The European Commission further notes that the use of data-driven practices, such as micro-targeting and amplification techniques, pose a threat to the privacy rights of EU citizens. In response, Member States have enacted, and continue to enact, administrative measures and legislative provisions in the field of online political advertising in a bid to enhance transparency obligations and reduce the use of targeting techniques. Yet, the reflex response of Member States, driven in large part on the grounds of public interest, has resulted in divergent regulation of political advertising across the EU, which potentially impacts the operation of the internal market – the business problem.

A. The Business Problem

At present, there is no precise definition or concept of political advertising enshrined in binding EU legislation, nor is there a harmonised approach to rules governing the transparency of paid online political advertisements. According to research by the European Partnership for Democracy,[16] the absence of a harmonised-EU approach has meant that numerous Member States have enacted administrative rules and legislative measures, which in turn has resulted in a heterogeneous regulatory approach to political advertising, insofar as these rules differ in scale, substance, and enforcement.[17] Large online platforms such as Google and Twitter have also engaged in self-regulatory practices, with diverse rules and regulations. Moreover, despite the onset of online political advertising, the majority of Member States regulate this area based on provisions enacted for offline advertising.[18] As such, a patchwork of divergent national rules exists, which has the effect of fragmenting the internal market for political advertising services. Fragmentation poses two problems for economic operators in the sector, namely, reduced legal certainty and increased compliance costs.

The lack of uniformity across Member States and platforms, in terms of definitions as to what equates to political advertising and how it should be regulated, means that service providers have to trawl through the legal frameworks of Member States in order to discern the applicable rules, which makes the provision of their services legally uncertain. Moreover, as Member States continue to legislate unilaterally, the issue of legal

14 Commission, 'Report on the 2019 Elections to the European Parliament Brussels' (Communication from the Commission to the European Parliament, the Council, and the European Economic and Social Committee)' COM (2020) 252 final, 2.

15 Commission, 'Proposal for a Regulation of the European Parliament and of the Council on the Transparency and Targeting of Political Advertising Brussels, (Impact Assessment Report)' COM (2021) 731 final, 5.

16 European Partnership for Democracy, 'The Necessity and Legal Basis for an EU Regulation on Online Political Advertising' (EPD) <opa-policy-brief-3.pdf (epd.eu)> accessed 01 January 2023.

17 Jean-François Furnémont and Deirdre Kevin, 'Regulation of Political Advertising: A Comparative Study with Reflections on the Situation in South-East Europe' (Council of Europe, 2020) <https://rm.coe.int/study-on-political-advertising-eng-final/1680a0c6e0> accessed 01 January 2023.

18 (n2) Final Report 13 July (2021), 58.

certainty becomes more acute, as divergencies in the precise nature of transparency requirements regarding political advertising become correspondingly magnified.[19]

Legal certainty dovetails with increased compliance costs, such as extra administration and staffing for economic operators, as they have to absorb the expense of navigating a European landscape of disparate regulations on political advertising. Evidence suggests that as a consequence of legal uncertainty and high compliance costs, SMEs are increasingly opting not to provide their services in cross-border scenarios.[20]

Disparate regulation of transparency requirements further discourages trade, insofar as spiralling costs limit the likelihood of service providers, particularly SMEs, entering the market, which in turn diminishes available choices, existing and potential, for recipients of cross-border services.[21] The impact of fragmentation is brought home by the fact that cross-border political advertising occurs in 26 Member States[22] and that economic operators who provide cross-border services for renumeration are protected by EU treaty freedoms, namely, the freedom to provide services and freedom of establishment.[23] According to the Internal Market Committee (IMCO), if the EU does not intercede, divergent national rules will hinder the operation of these treaty freedoms.[24]

B. The Political Problem

Businesses must be aware of the political landscape within which online political advertising operates. Following the Cambridge Analytica scandal, the EU has ramped up its rhetoric by pledging to stridently protect EU democracy and electoral processes.

According to the Vice-President of the EU, 'digital advertising for political purposes is becoming an unchecked race of dirty and opaque methods.'[25] Elsewhere, the EU Data Protection Supervisor opined that 'existing business models behind many online services have contributed to increased political and ideological polarisation, disinformation and manipulation'.[26] The European Commission President also stated that EU citizens must be able to make choices 'free from malign interference'.[27]

These oracular pronouncements by EU officials appear to be borne out by data, at least in terms of perceptions held by EU citizens, insofar as a Eurobarometer survey on elections, the Internet, and online social networks[28]

19 (n17).

20 (n2) Final Report 13 July (2021) 62; Commission, 'Proposal for a Regulation of the European Parliament and of the Council on the transparency and targeting of political advertising Brussels, (Impact Assessment Report)' COM (2021) 731 final, 7.

21 Commission, 'Proposal for a Regulation of the European Parliament and of the Council on the transparency and targeting of political advertising' COM (2021) 731 final, 3.

22 (n2) Final Report (2021), 19.

23 Article 49 TFEU (Freedom of Establishment) and Article 56 TFEU (Freedom to Provide Services).

24 European Parliament, 'Initial Appraisal of a European Commission Impact Assessment - Transparency and Targeting of Political Advertising' COM(2021) 731, 2 <https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/730305/EPRS_BRI(2022)730305_EN.pdf> accessed 01 January 2023.

25 Vice President Věra Jourová, 'Proposals to Reinforce Democracy and the Integrity of Elections' (European Commission, 25 November 2021) <https://ec.europa.eu/commission/presscorner/detail/%5Beuropa_tokens:europa_interface_language%5D/speech_21_6309> accessed 01 January 2023.

26 Wojciech Rafal Wiewiórowski, 'Opinion 2/2022 on the Proposal for Regulation on the Transparency and Targeting of Political Advertising' (EDPS, 20 January 2022) <https://edps.europa.eu/system/files/2022-01/edps_opinion_political_ads_en.pdf> accessed 01 January 2022.

27 ibid.

28 Commission, 'Survey Requested by the European Commission, Directorate-General for Justice and Consumers and Co-ordinated by the Directorate-General for Communication: Democracy in the EU' (Special Eurobarometer 507) COM (2021) <https://www.sipotra.it/wp-content/uploads/2021/04/Democracy-in-the-EU.pdf> accessed 01 January 2023.

produced several key findings. Firstly, 37 per cent of Europeans polled stated that they felt unable to differentiate between organic political content and paid political advertisements. Secondly, in some Member States, such as Estonia and Malta, over 70 per cent of respondents felt that they had been exposed to political disinformation on the Internet. Thirdly, 55 per cent felt concern regarding foreign actors and criminal factions exercising covert influence over European elections. Lastly, 80 per cent expressed a desire for online social networks and platforms to be regulated to the same standard as traditional media.[29]

Ultimately, the pace and opacity of the digital landscape entails that the scale of malign interference is difficult to discern. For instance, the Commission has stated that social media platforms are one of the primary forums used by foreign actors to distort public opinion, dissuade electoral engagement, and undermine confidence in European electoral integrity.[30] Equally, the Commission has conceded that 'instead of conducting large-scale operations on digital platforms, foreign actors now appeared to be opting for smaller-scale, localised operations that are harder to detect and expose'.[31] What is clear, is that whilst offline political advertising is well regulated, online political advertising is more amorphous, in that advertisements can penetrate social media platforms *ad nauseum* to targeted audiences irrespective of accuracy or fidelity to truth, to the exclusion of specific segments of the populace, thus evading public scrutiny, as evidenced by the Vote Leave campaign in the run up to the British exit from the EU[32].

C. The Fundamental Rights Problem

Taking centre stage in this developing narrative is the relationship between digitalisation and fundamental rights, most notably, the right to privacy and the protection of personal data.

One of the core concerns *vis-à-vis* online political advertising is the use of so-called microtargeting and amplification techniques. Stripped to its core, microtargeting and amplification operate on the basis that personal data is obtained pursuant to online behaviour, with the intention of planting targeted political advertisements, either aimed at a particular person or group of people, to amplify reach and therefore overall impact.[33]

Prima facie, microtargeting and amplification could be construed as innocuous. Research conducted by the Electoral Commission indicates that respondents have a healthy dose of scepticism towards political actors and, as a corollary, political advertisements. In addition, whilst respondents found online advertisements of a political bent to be more engaging than traditional political advertisements, participants highlighted 'their own capacity to employ common sense, seek out credible news brands and check facts by looking at other sources'.[34] Moreover, despite reservations about usurpation of personal data, respondents felt that microtargeting was an 'effective' and 'normalised marketing process'[35] employed to convey political messages.

29 ibid.

30 Commission, Report on the Implementation of the Action Plan Against Disinformation JOIN (2019) 12 final <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019JC0012&from=EN> accessed 01 January 2023.

31 ibid 3.

32 BBC, 'Vote Leave's targeted Brexit ads released by Facebook' (BBC, 26 July 2018) <https://www.bbc.com/news/uk-politics-44966969> accessed 01 January 2023.

33 See Further: Bethany Shiner, 'Big Data, Small Law: How Gaps in Regulation are Affecting Political Campaigning Methods and the Need for Fundamental Reform' (2019) Public Law 362, 366; EPD, 'Targeting and Amplification in Online Political Advertising' <https://epd.eu/wp-content/uploads/2022/03/opa-2nd-publication-last.pdf> accessed 01 January 2023; Tom Dobber, Ronan Ó Fathaigh and Frederik J. Zuiderveen Borgesius, 'The Regulation of Online Political Micro-Targeting in Europe' (Internet Policy Review, 31 December 2019) <https://policyreview.info/articles/analysis/regulation-online-political-micro-targeting-europe> accessed 01 January 2023.

34 Amrita Sood and Polly Hollings, 'Political Finance Regulation and Digital Campaigning: A Public Perspective (The Electoral Commission, 24 April 2018) <https://www.electoralcommission.org.uk/sites/default/files/pdf_file/Electoral-Commission-political-finance-regulation-and-digital-campaigning-a-public-perspective.pdf> accessed 01 January 2023, 5.

35 ibid, 5.

Nevertheless, the paternal concern that has arisen within the EU is that the processing of personal data for such purposes is susceptible to potential misuse and liable to adversely affect the concomitant fundamental rights of EU citizens, namely 'freedoms of opinion and of information, to make political decisions and exercise voting rights.'[36]

Yet, the protection of fundamental rights problem cuts both ways, in that political actors and economic operators who participate in the preparation and publication of political advertisements – even if included via the use of targeting techniques to segments of society - are also beneficiaries of rights, such as freedom of expression. As such, any encroachment of these rights must, under EU law, be 'necessary and proportionate'.[37] Moreover, regulating freedom of speech in this context should necessitate that a delicate balance be struck between enhanced transparency obligations on the one hand and the preservation of the substantive content of political advertisements. If the EU circumscribes the substance of political advertising, then it risks validating pre-existing concerns that the EU constitutes an ever-expanding organisation that encroaches upon the intrinsic autonomy of its constituent Member States.

EU Legal and Political context

Leaving aside the legal basis for adopting EU legislation in this area, which is beyond the scope of this enquiry, it is prudent to delineate the lay of the land regarding relevant EU provisions which could be activated in terms of regulating online political advertising.

In terms of non-legislative measures, a Code of Practice against Disinformation[38] was introduced in 2018, and updated in 2022, pitched at large platforms with the intention of enhancing transparency in the digital environment. However, the Code was only partially implemented by some online platforms and not applicable to other notable platforms.[39] Flaws in the Code and its implementation have been delineated by the ERGA. These include the absence of a clear definition of political advertising, political ads not being properly labelled, a lack of uniformity[40] in terms of procedures aimed at ensuring transparency across platforms, and the Code being based on self-reporting by signatories without a concomitant mechanism of independent verification or oversight.

Legislative provisions

There are several provisions which fortify EU action in the domain of political advertising. Firstly, Article 2 of the Treaty on European Union (TEU) states that the EU is "founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights".[41]

36 (n18) 3.

37 Takis Tridimas, The General Principles of EU Law (2nd edn, OUP 2006) 337.

38 European Commission, 'EU Code of Practice on Disinformation' (2018) and 'Strengthened Code of Practice on Disinformation' (*Commission*, 2022) <https://digital-strategy.ec.europa.eu/en/library/2022-strengthened-code-practice-disinformation> accessed 01 January 2023; (n29) EPD, The Necessity and Legal Basis for an EU regulation on Online Political Advertising.

39 The Code of Practice is inapplicable to online platforms that are non-signatories. See: ERGA, 'Report on Disinformation: Assessment of the Implementation of the Code of Practice' (12 May 2020) <https://erga-online.eu/wp-content/uploads/2020/05/ERGA-2019-report-published-2020-LQ.pdf> accessed 01 January 2023; See more generally: Giovanni De Gregorio and Catalina Goanta, 'The Influencer Republic: Monetizing Political Speech on Social Media' (2022) 23 German Law Journal 204.

40 ibid ERGA, Report on Disinformation: Assessment of the Implementation of the Code of Practice (12 May 2020) 43.

41 Consolidated Version of The Treaty on European Union [2012] OJ C 326/13.

From a constitutional perspective, the preservation of democracy and protection of human rights are now enshrined in the Treaties. Secondly, Article 8 of the EU Charter of Fundamental Rights ringfences the right to protection of personal data; Article 11 ensures the right to freedom of expression and freedom of information; and Article 39(2) protects freedom of elections. As is well known, the EU Charter is the EU's own Bill of Rights and, in the hierarchy of norms, constitutes a primary source of law with the same legal value as the Treaties. Thirdly, prior to the codification and subsequent binding legal force of the EU Charter, fundamental rights were – and continue to be - judicially protected as part of the general principles of EU law by the Court of Justice of the EU.[42]

These sources, i.e., the Treaty, the EU Charter, and the general principles, constitute primary EU law, and serve as a basis for protecting democracy and fundamental rights.

Cue the recent European Democracy Action Plan (EDAP),[43] adopted by the European Commission, which proceeds on the basis that democracy and fundamental rights are foundational concepts upon which the Union was built. Strictly speaking, this is revisionist rhetoric, insofar as the founding treaties made no express provision for the protection of human rights. Nevertheless, the EDAP addresses the impact of digitalisation on democracy in general and the transparency of political advertising in particular. According to the EDAP, 'the rapid growth of online campaigning and online platforms has opened up new vulnerabilities and made it more difficult to maintain the integrity of elections, ensure a free and plural media, and protect the democratic process from disinformation and other manipulation'.[44] In addition, 'existing safeguards to ensure transparency are not designed for the digital environment'.[45]

To redress these concerns, the EDAP recommended the adoption of legislation on the transparency of paid political advertisements to complement existing EU legislation on data protection, such as the Digital Services Act (DSA)[46] and the General Data Protection Regulation (GDPR),[47] applicable to sponsors of paid content, online platforms and political consultancies.[48] The EDAP recommendation led to the proposed Regulation on the Transparency and Targeting of Political Advertising ("Regulation").

The EU solution

The proposed Regulation[49] makes clear that its primary purpose is to ensure the smooth functioning of the internal market by establishing harmonised rules regarding the transparency of political advertising across the EU.[50] The secondary purpose of the Regulation is to safeguard the fundamental rights of natural persons *vis-à-vis* the processing of personal data by establishing rules pertaining to micro-targeting techniques.[51]

42 Takis Tridimas, *The General Principles of EU Law* (2nd end OUP 2006); Louis Karaolis, 'Fundamental Rights Adjudication in the European Union: Exploring the Jurisprudence of the Court of Justice' (DPhil thesis, University of Oxford 2015).

43 Commission, 'Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the European Democracy Action Plan COM (2020) 790 final <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0790&from=EN> accessed 01 January 2023.

44 ibid.

45 (n43) European Democracy Action Plan (2020) 3.

46 Commission, 'Proposal for a Regulation of the European Parliament and of the Council on a Single Market for Digital Services (Digital Services Act) and amending Directive 2000/31/EC' COM (2020) 825 final.

47 Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the Protection of Natural Persons with regard to the Processing of Personal Data and on the Free Movement of Such Data, and Repealing Directive 95/46/EC [2016] OJ L 119/1 (General Data Protection Regulation).

48 (n43) EDAP, 6.

49 Commission, 'Proposal for a Regulation of the European Parliament and of the Council on the Transparency and Targeting of Political Advertising' COM (2021) 731 final.

50 ibid.

51 ibid.

In addition, pursuant to the principle of subsidiarity, established in Article 5(3) of the Treaty of the European Union (TEU), the Regulation makes clear that EU action is warranted and necessary insofar as unilateral regulation by Member States regarding transparency obligations has begun to fragment the internal market. Put differently, in the absence of EU intervention this fragmentation is liable to increase.

The proposed Regulation

The adoption of an EU regulation, as the proposed choice of legal instrument, is not surprising. In the EU legal order, regulations are *directly applicable* in Member States.[52] This means that, in contrast to directives, national implementing measures are not required or permitted, thus ensuring the uniform application of new EU transparency rules.

According to its textual recital, the Regulation establishes a common definition of political advertising[53] as well as high transparency obligations applicable to 'service providers involved in the preparation, placement and dissemination' process.[54] Based on Articles 5 to 11 and 15 of the Regulation, a political advertisement must disclose, *inter alia*, that it is in fact 'a political advertisement'; 'the identity of the sponsor of the advertisement'; and contain 'a transparency notice'[55] delineating the contact details of the sponsor and the duration during which the political advertisement will be publicised.

Moreover, to ensure full harmonisation of EU transparency obligations, Article 3 of the Regulation affirms that Member States are not permitted to maintain or enact national rules, be they more stringent or lenient, that deviate from those enshrined in the Regulation. In addition, Article 12 of the Regulation prohibits, subject to specific exemptions, 'targeting and amplification techniques in the context of political adverts'[56] based on the processing of special categories of personal data, that is, 'sensitive data'.

Critique

The approximation of national rules to harmonise transparency obligations is the Regulation's method of mitigating the business problem of a fragmenting internal market on political advertising and related services. The rationale put forward by the Regulation is that market harmonisation will serve as an antidote to legal uncertainty and rising compliance costs. This will be achieved via the displacement of divergent national rules with a single set of EU rules. In addition, the Regulation is predicated on the supposition that if Member States continue to legislate unilaterally and adopt *ad hoc* administrative measures, fragmentation is liable to increase, thereby creating future obstacles to trade for service providers, which countervails the aim of market integration.[57]

52 Article 288 of the Treaty on the Functioning of the European Union (TFEU).

53 According to Article 2 of the Regulation, political advertising is defined as "the preparation, placement, promotion, publication or dissemination, by any means, of a message: (a) by, for or on behalf of a political actor, unless it is of a purely private or a purely commercial nature; or (b) which is liable to influence the outcome of an election or referendum, a legislative or regulatory process or voting behaviour".

54 ibid, Recital 26, 19.

55 (n49); See also: European Commission, 'European Democracy: New Transparency Rules on Political Advertising and Targeting' (25 November 2021) <https://ec.europa.eu/commission/presscorner/detail/en/fs_21_6214> accessed 01 January 2023.

56 (n49).

57 EPD, 'Targeting and Amplification in Online Political Advertising' <https://epd.eu/wp-content/uploads/2022/03/opa-2nd-publication-last.pdf> accessed 01 January 2023.

Yet, despite the noble intentions of the Regulation i.e., to harmonise transparency obligations, reduce barriers to trade, and protect EU citizens, it is debatable whether sufficient evidence relating to *existing* market fragmentation has been adduced to warrant full harmonisation. The evidentiary basis for the proposed Regulation is instead on *future* fragmentation, based on the legislative activities of several Member States, namely, Czechia, France, Germany, and Ireland.[58] Moreover, it has been suggested that the Commission has not established a 'compelling' argument for enacting a Regulation that fully harmonises rules on political advertising when viewed in the light of the EU principles of proportionality and subsidiary, in that harmonisation may curtail EU fundamental rights, such as freedom of expression in relation to the publication of commercial advertisements with politicized undertones.[59]

To be certain, the Achilles' heel of the Regulation, perhaps unsurprisingly given the EU's economic heritage, is its secondary purpose of protecting fundamental rights. The Regulation purports to ringfence the rights of EU citizens against the use of microtargeting whilst also preserving commercial freedom of expression for the dissemination of political advertisements. On both fronts, the Regulation misses the mark.

Firstly, whilst Article 12 of the Regulation prohibits targeting techniques that use specific categories of personal data i.e., sensitive data, such as ethnic origin or biometric data, this prohibition is based on, and therefore commensurate to, existing EU legislation, namely Article 9 of the GDPR.[60] It has been argued, therefore, that the Regulation compliments, rather than enhances, protection.[61] Moreover, in line with existing law, the Regulation contains an exception to the ban on targeting and amplification techniques based on explicit consent. As noted by the EU Data Protection Supervisor, the phenomenon of consent fatigue[62] in today's digital environment renders the notion of meaningful and informed consent somewhat dubious.

Secondly, whilst the Regulation crystalises a common definition of political advertising, thereby ensuring uniformity across the EU and mitigating market fragmentation (the business problem), the scope of the definition seems overly broad. Pursuant to Article 2(2)(b) of the Regulation, advertisements are deemed to be political and thus subject to transparency obligations, if they are 'liable to influence the outcome of an election or referendum, a legislative or regulatory process or voting behaviour'.[63] The wording of Article 2(2)(b) thus entails the imposition of transparency rules, and related compliance costs, on advertisements that touch on politically charged topics, even in a tenuous or oblique fashion, if they are capable of galvanising voting behaviour. Whilst Article 2(2)(a) excludes 'purely commercial' advertisements from the scope of the Regulation, there are many advertisements that are *primarily* commercial in nature but which market apparel with political content i.e., contain a political slant. For instance, the advent of consumer conscious attitudes means that commercial brands increasingly use politically imbued themes in their marketing campaigns.[64] These advertisements, which have the potential to influence elections, could get caught by the proposed Regulation's transparency obligations and related costs. A by-product of the above burdens is a negative impact on the freedom of expression.

58 ibid.

59 Susanna Lindroos-Hovinheimo, 'The Proposed EU Regulation on Political Advertising Has Good Intentions, But Too Wide a Scope' (European Law Blog 23 February 2022) <https://europeanlawblog.eu/2022/02/23/the-proposed-eu-regulation-on-political-advertising-has-good-intentions-but-too-wide-a-scope/> accessed 01 January 2023.

60 cf: Paul Quinn and Gianclaudio Malgieri, 'The Difficulty of Defining Sensitive Data—The Concept of Sensitive Data in the EU Data Protection Framework' (2021) 22 German Law Journal 1583, 1585.

61 Wojciech Rafal Wiewiórowski, 'Opinion 2/2022 on the Proposal for Regulation on the Transparency and Targeting of Political Advertising' (EDPS, 20 January 2022) <https://edps.europa.eu/system/files/2022-01/edps_opinion_political_ads_en.pdf> accessed 01 January 2022.

62 ibid.

63 (n49).

64 Benjamin Mueller, 'The EU's Proposed Online Political Advertising Law is a Good Start, But Needs Revising' (Centre for Data Innovation, 20 June 2022) <https://datainnovation.org/2022/06/the-eus-proposed-online-political-advertising-law-is-a-good-start-but-needs-revising/> accessed 01 January 2023.

The proposed Regulation does hit the mark, however, in addressing the political problem, namely, the deficit in transparency regarding online political advertising. At a microlevel, the imposition of labelling, i.e., a transparency notice, accompanying each political advertisement means that individuals can more adequately appraise the origin, purpose, funding, duration, and validity of political advertisements. At a macro-level, the net result of increased transparency obligations is a purified digital environment, whereby citizens can make more informed decisions pertaining to elections. Public scrutiny is also enhanced by the proposed Regulation, as it places an obligation on publishers to retain and convey (upon request) to relevant interested entities, who serve a statutory public interest with no commercial intention (such as civil society organisations and electoral auditors), information such as the quantum received for services rendered by service providers of political advertisements. This information may also be requested and scrutinised by vetted researchers and political actors.[65]

Conclusion

Against the backdrop of political polarisation, tribalised public discourse, disinformation, misinformation, microtargeting, distrust of Big Tech, and escalating costs for economic operators in the sector, the proposed Regulation has many targets to hit. It remains to be seen whether heightened transparency obligations can clear the murky waters of online political advertising and reduce barriers to trade whilst simultaneously preserving freedom of expression for economic operators in the sector. Moreover, despite the harmonisation of transparency obligations and the crystallisation of an all-encompassing EU concept of political advertising, the proposed Regulation does not reduce microtargeting and amplification techniques which utilise personal data obtained via the collection and processing of online activity. To properly move the needle on this issue and offer more fundamental rights protection than contained in existing EU legislation, the proposed Regulation would need to implement a full-scale ban on the use of microtargeting and amplification techniques.

65 Article 11(2) of the Proposal for a Regulation of the European Parliament and of the Council on the Transparency and Targeting of Political Advertising COM (2021) 731 final.

The Marketing of Geopolitics through Cartoons: The Case of the Republic of Cyprus

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Abstract

This paper comprises a summary of the research that is currently in progress regarding the marketing of geopolitics through cartoons in Cyprus; that is, a preliminary contextualisation of in-depth research that has begun and will be published after setting the context, the theoretical foundations and purpose of study. This study's focus revolves around the political cartoonist Pin's work, since his contribution to this medium in the local press in Cyprus has been over a period of multiple decades.

The research aims to showcase how geopolitics can be marketed through discourse to shape public opinion, while assessing the impact of the geopolitical imagination via the researchers' lens. To that end, the use of cartoons and caricatures is employed (in print and electronic media) to both communicate to and also influence public opinion at a local level. The political view, or intended message, of the cartoonist is conveyed to the public via his cartoons in a way that indirectly influences public opinion, whether adopted positively or negatively. After all, humour aids in the development of trust as well as creating an emotional connection with a target audience.

Pin's cartoons are even used by politicians in Cyprus, who agree with him and circulate his work with a comment to pass on a message and, by extension, a policy. Pin's opinions have become an integral part of the political culture, since personal views shape the readers' geopolitical imaginations. Therefore, the researchers examine how Pin promotes his ideas using cartoons through both traditional media (newspapers and magazines) and digital media channels (social media sites). At the same time, the researchers also investigate how Pin constructs the geopolitical imagination of his audience. Finally, the study's limitations and suggestions for future research are also provided.

Keywords: Cartoons, Geopolitical Imagination, Critical Geopolitics, Cyprus, (Political) Marketing, Pin, Popular Culture/ Geopolitics.

Introduction

Critical geopolitics involves the geographical assumptions and designations that lie behind the making of global politics (Kuus, 2017). According to Dodds (1996, p. 571), cartoons comprise a form of popular geopolitics, with popular (or pop) culture consisting of a salient element in practical geopolitical articulations. Presidents and political leaders rely on the popular media to communicate to the public, not only domestically, but also beyond national boundaries (Dodds, 2010, pp. 114–115). Based on what Bal et al. (2009, p. 230) have suggested, political cartoons try to exploit the most noticeable or bizarre features of a leader, thereby instantly highlighting and/or attacking their political image. Hence, political cartoons contribute to the formation of the political perception of the electorate, thereby playing a part in shaping the geopolitical imagination of a particular region. Additionally, one can maintain that the political cartoonist has a responsibility to give an opinion, incorporating humour with culture, and by taking into consideration the political environment that it refers to (Donnelly, 2013). The ensuing paragraph provides theoretical support for the cultural element of political cartoons. Before moving further, however, it is important to note that the way in which political ideas and views are promoted, in aiming to influence public opinion and contribute to the formation of the geopolitical imagination, resembles the business approach of product marketing. Thus, political cartoonists could be considered and characterised as the marketeers of politics.

In business, wise executives understand that leadership also entails leading by example and attracting others to do what they want (Nye, 2004). Business seems to be ahead of politics in terms of realising the need for "soft power", a term coined by Joseph S. Nye, Jr., a professor at Harvard University's John F. Kennedy School of

Government, in his 1990 book *Bound to Lead*. This is particularly the case when considering nations, where soft power is embodied in their culture and values as well as in legitimate policies (Coutu, 2008). Adding to this, according to Joseph Nye, soft power, which is also termed 'co-optive power', comprises the ability to structure a situation so that nations develop preferences or define their interests to influence other nations' perceptions of them in ways consistent with their own interests (Jackson & Sørensen, 2013, p. 313). According to Nye, a state's soft power depends on three resources, culture being one of them (political values and foreign policies are the other two). Specifically, culture involves a nation's power to influence others via its cultural resources, like art or even popular culture (MasterClass, 2022). This study is focused on political cartoons, as part of this culture.

Cartoons comprise a popular geopolitical source (Dodds, 1996, p. 589) that form a powerful body of materials contributing vastly to popular geopolitical representation (Dodds, 2010, p. 114). Moreover, cartoons constitute an under-utilised focus for research in the sense of exploring and interrogating political representations (Dodds, 2010, p. 115). For this reason, and in the absence of a similar study conducted hitherto, the researchers have opted to particularly note Pin's work in filling this present gap.

Newspaper cartoons reflect the present mood (RD, 2020), with the cartoons of Pin targeting the local public *en masse* through the main medium of print media (e.g. local newspaper *O Phileleftheros*) to convey their intended message. However, the content of Pin's creations transcends domestic political and economic affairs, as themes in his published books also encompass, for instance, international organisations.

Political marketing constitutes a significant sub-field of the marketing discipline which should be further examined, according to Lees-Marshment (2019). In a business context, marketing an idea consists of an effort to communicate a brand, product or concept to the public, via the creation of a compelling message. This is where marketing identifies and satisfies customer needs, and political marketing finds and meets voter and citizen needs (Antoniades, 2020a, p. 59). Media, and particularly social media, comprise two of the four main political communication tools, with the other two being public relations and advertising (Antoniades, 2020b; 2020c). This research mainly focuses on the way the former two communication means are employed by Pin to effectively convey his intended messages to the target audience. Specifically, in this new age of technology, a growing professional digital marketing activity in political campaigns has become evident (Antoniades et al., 2021, p. 79). A case in point is the study of Antoniades and Mohr (2019), which reveals that the use of social media has a statistically significant strong positive effect on a presidential candidate's popularity and citizen loyalty.

The authors first introduce the readers to the cartoonist under study by providing an overview of his work on the primary subject matter. They then look more deeply into the role of discourse, specifically how Pin's cartoons significantly affect the opinion of the local public, the impact of which is amplified through (social) media. They also display some examples of his published work. Following this, the researchers move on to a brief background of the history of Cyprus before focusing on the theoretical background, particularly on what constitutes popular geopolitics. Further, the methodological approach to be followed is briefly summarised, before looking at the way that business and geopolitics can be related. Finally, the authors conclude with some final remarks and also mention the limitations of this study whilst offering recommendations for future research.

Pin's portrait

Pin (*Πίν*) is a Greek-Cypriot cartoonist who has explored a plethora of topics to date, always related to Cyprus' political milieu. Pin's oeuvre has been strongly and deeply influenced by the political developments on the island. He draws his inspiration from the internal political, economic and social environment prevailing in Cyprus, mainly as affected by the 1974 events of the Turkish invasion and its affects. Over time, he has created some classic, well-recognised characters by ascribing specific physical features to them. This fact contributes to the indirect, subconscious though effective transmission of political messages to the public. His themes range from the British Bases, situated on the island, to the United Nations, the economy, political elections, the 'Cyprus Question', and US policy vis-à-vis Cyprus, to name but a few. Pin, via his cartoons, regularly creates an image of militarisation with regard to Cyprus, referring to the various external actors' attempts to territorialise the island.

Pin's first cartoons appeared in newspapers/magazines in Cyprus in 1974.[1] Since 1987, Pin has been a permanent contributor to a leading newspaper, *Phileleftheros*, creating a daily front-page cartoon of political or social content.[2] Occasionally, he publishes his cartoon collections in books; the book "Bananas and other fruits", an edited edition of two hundred and sixty pages, contains seven hundred and forty cartoons by Pin published in the newspaper *O Phileleftheros* and the magazine *Pages* between 1987 and 2003.[3]

War is a weighty and traumatic issue (Harari, 2017, p. 283), because of its devastation (Walzer, 2015, p. 109) and it leaves deep physical and psychological scars, as evident during and since the events of 1974. It is crucial to realise the whole island's extant situation,[4] and see the pivotal role of art in this 'conflict', since pictures bring words into focus (Navasky, 2013, p. 7). During Pin's book launch presentation, entitled "Πράσινη Γραμμή – Green Line", people who delivered speeches mentioned, among other things, how the cartoonist gets inspiration from living in Cyprus, an occupied country (Mavros, 2022).

Cyprus' geopolitical context is aptly evident in Pin's cartoons. Through his cartoons, Pin achieves a continuous discourse that revolves around critical issues concerning Cypriots, related to questions of power, ideology and identity (Dodds, 2010). Space and time are inextricable constituents of the sketches as Pin's characters, as, while dealing with contemporary matters troubling the Cypriot society, they also bring to light relevant essential aspects of the island's history. In this way, the cartoons' figures fuse Cyprus' political past with the present, thereby forming and conveying a rich geopolitical imagination. Pin's cartoons are concurrently diachronic and synchronic. These significant features of Pin's cartoons constitute cogent, adequate and sufficient reasons for classifying them as geopolitical sketches, firmly in the category of popular geopolitics, according to Dodds (1996; 2010) and O'Tuathail and Dalby (1998).

[1] For more info: http://www.pincartoons.com.cy/index.html.

[2] Pin's cartoons are described daily in morning news radio and television emissions. Radio Proto's (private radio station) early morning radio emission explains Pin's cartoons verbally using only words (language). The CyBC (Cyprus Broadcasting Corporation - Public Radio and TV Station) morning news emission journalists illustrate Pin's daily cartoon, expounding orally the figures' acts and dialogues in an attempt to convey Pin's message to the public.

[3] For more info: http://www.pincartoons.com.cy/bananes/index.html.

[4] In other words, the Turkish invasion, which took place on July 20th, 1974, along with the military occupation of 36.2% of the territory of the Republic of Cyprus (Christodoulides, 2021, p. 284).

The power of cartoons: Social networking sites

Politicians, alongside ambitious political candidates, have been the targets of cartoons for centuries. Because of the mass media and the ease with which information can be transmitted today, political cartoons can now reach many people (Bal et al., 2009, pp. 229–230). In accordance with Dodds (2010, p. 128), new media sources, such as social networking sites, must also be investigated when researching cartoons, instead of simply focusing only on newspapers/magazines. Hence, the researchers of the present study emphasise social networking sites like Facebook (now Meta) when discussing the work of Pin.

During Pin's above-mentioned book presentation, people also mentioned that Pin has many fans. However, there are also some who get annoyed by his cartoons and go on to comment or write complaints over the Internet (e.g. using social media) and elsewhere. It is of course encouraging that people with strongly differing viewpoints are able freely to express their views within a peaceful and democratic framework (Mavros, 2022).

Examples of Pin's work

The following images are just a few examples of Pin's work ranging from commentating on the Republic of Cyprus' internal politics and economy to the international environment always related to the Cyprus problem.

Figure 1: A man is sitting in an armchair, with his baby on his knees, both watching the TV. The entire scene conveys a picture of an ordinary middle class Cypriot family man. The baby on his knees, with a dummy in its mouth and the feeding bottle on the side of the armchair, communicates the sense of innocence and naivety that prevails among the Cypriot community as regards the internal politics of the country. On the TV, a voice claims that "this government is not responsible for everything", to which the baby spontaneously, with childlikeness and ingenuousness, responds that "it is an irresponsible government". The message from the TV, in conjunction with a newspaper on the floor, communicate several messages to the receiver, the Cypriots' concern to read the news and understand the political environment. On the other hand, Pin attempts to show the superficiality, shallowness, neutrality and possible complacency of Cyprus' media vis-à-vis the country's internal politics. Pin's cartoon also conveys the apathy of Cypriots towards governmental acts, albeit the compelling evidence of its wrongful acts.

Note: The above cartoon was published in the newspaper "*Ο Φιλελεύθερος*" (Phileleftheros) on 23.12.2012 by cartoonist Petros Papapetrou (© Πίν).

Figure 2: This is an interesting cartoon as it provides an idea of some stereotypical figures used constantly by Pin in aiming to pass his opinion on to the public. Turkey is presented as a wicked, immoral, macho male wearing a fez on top of his head, characteristically bearing the crescent and star of the Turkish flag. The man has his face covered with a black, full-face beanie, referring to the executioner. Cyprus is again portrayed as a weak woman, with pigtail braids that amplify the sense of innocence. She is handcuffed, seemingly captured by and imprisoned by the Turk. For his part, the Turk is calling someone, most probably the international community or its patrons, demanding "confederation, half of the Aegean Sea, the Thrace and 300 million euros", stating that he will call again after an hour. Thus, the Turk is seen as threatening and blackmailing the international community, including the European Union and the United States, by holding Cyprus hostage while calling for ransoms that will impact the future of the island and Greece as well.

Pin expresses his view on the aggressive, coercive, belligerent and illegal way Turkey conducts its foreign policy. Turkey's territorial claims against Cyprus and Greece take place while it holds the island as a hostage, meaning its occupation of the northern part and heavy military presence. Turkey's claims are irrational against international law and the United Nations Security Council's Resolutions, as Pin insinuates by referring to confederation. In contrast, Cyprus' "woman", feeble and fragile as she is, cannot react to the virile male, so she rests all her hopes and fate on the reply of the international community at the other end of the telephone line. This is how Pin visualises the political situation in Cyprus. Pin, through his stereotyped figures, renders a form of sexism as regards the relations between Turkey and Cyprus while he faces this political issue with a nuance of feminism.

Note: The above cartoon was published in the newspaper "Ο Φιλελεύθερος" (Phileleftheros) 28.12.2000 by cartoonist Petros Papapetrou (© Πίν).

Cyprus: A historical background

Hailing from this Eastern Mediterranean island, Pin appears to be profoundly touched by its modern turbulent political history. At the same time, these complex events have contributed to the formation of the specific cartoons' political imagery. Strategically located at the crossroads of three continents – Europa, Asia, and Africa – during its long history, Cyprus has been both the bone of contention and the cat's paw for the major empires and colonial powers envisioning domination of the entire Middle East region (Defay, 2013; Mallinson, 2010; Parisis, 2013; Rahmouni & Slaoui, 2013).

In spite of the fact that the island became an independent state following the decolonisation wave after the Second World War, by decoupling itself from the waning British Empire, it could not escape from its looming historical fate. In 1974, following a coup organised and supported by the Greek junta, Turkey invaded the island and has occupied its northern part since then. Apart from playing a significant role in its history, Cyprus' geographical location has also contributed to the formation of the life of its people. Here it is sufficient to mention the more recent historical developments and the tragic circumstances shaped by the Turkish invasion (Hadjidemetriou, 2002, pp. 5–6). Pin's mental model, emotional life and geopolitical imaginations seem to be sharply affected by these events and this has been reflected eloquently in his cartoons ever since.

Theoretical background: Popular Geopolitics

Cartoons constitute an essential element of popular geopolitics, a sub-field of the recently developed critical geopolitics theory standing in contrast to classical geopolitics. As opposed to constant, timeless, simplistic, ahistorical and deterministic world models, mainly developed and used by the proponents of classical geopolitics, critical geopolitics supports the notion that the geopolitical spaces are formed and transformed through time, based on the political events that transpire and affect the specific region. Instead of taking geography for granted, fixed, and invariable, mainly referring to natural geography, critical geopolitics maintains that geographical space is constructed through the acts of various agents according to their geopolitical imagination.

This continuous process is achieved through discursive practices that reflect the actors' understandings, interpretations, representations and mental models of the world. Power–knowledge relations are centred at the core of this discursive process. The agents involved base their acts upon their geopolitical knowledge that "is realised as a social and cultural construction and a political resource" (Livingstone, 1992, p. 3). Hence, apart from the formal geopolitical theories propounded by academics, critical geopolitics takes into consideration the acts per se by the practitioners of geopolitics, e.g., political leaders and state officials, namely, the practical geopolitics. In addition, popular geopolitics goes hand in hand with practical geopolitics as it refers to everyday subjective representations of geopolitical situations constructed and circulated via mass media and vastly contested. These geopolitical understandings and renditions are conveyed indirectly through films, television series, videogames, popular magazines and newspapers, thereby contributing to the formation of the people's geopolitical knowledge. Emotions and affections are also present in these types of representations that influence citizens' everyday lives. Discourse comprises practices apart from language and text, including photos, movies, sketches maps, but also acts on elements which constitute inextricable parts of the construction of geopolitical knowledge (Muller, 2008).

Cartoons are definitely included in the above-mentioned category. They constitute another significant element of popular culture that impacts upon the existing political situation. By the use of the enormous power of vision, these sketches illustrate in an elegant but acute way the relations between power, representation and audience. The cartoons illustrate subjective representations of the existing political situation and, contributing to the formation of geopolitical perceptions, refer to and are like the well-known marketing motto "perception is reality" (Duggal, 2018). By considering cartoons as a means of transferring and promoting political messages, the authors attempt to show the relationship and similarities between political marketing and popular geopolitics.

Cartoons are currently an under-researched topic as regards political representations and their impact on the formation of geopolitical knowledge (Dodds, 2010). Hence, the authors, through the analysis of Pin's cartoons, attempt to contribute and add their own point of view to this limited research whilst also relating these types of cartoons to the broad concept of political marketing.

Methodological Synopsis

Discourse analysis includes insights from the work of, for instance, Michel Foucault (1926–1984) (Bryman, 2004, pp. 369–370; Chaput, 2018), inviting inquiry into how discourses, texts in addition to acts of communication, are continuously linked with relationships of power that act upon potential actions (Crick, 2016). Discourse analysts view the world as formed by actors whose identities are constituted via intersubjective understandings (Lamont, 2015, p. 91).

Concerning the data collection method, the researchers will conduct qualitative face-to-face (semi-structured) interviews with key persons of all political parties (or relevant members of Parliament) of the Republic of Cyprus. The research material includes an audio tape recorder and an interview guide. Furthermore, comments on social media sites (e.g. Meta) will be examined using thematic analysis during the information analysis stage.

Specifically, primary and secondary data will be employed to carry out the proposed research, basing the study of the complete paper on a single cartoonist. It will further provide insights on social media posts and the comments made by people in a subjective manner (i.e. examining the homogeneity of the discourse – if it is homogenous and if the cartoonist passes on his message/-s in an ambivalent or vague way, that is, whether the conveyance of an idea -political imagination- leads to different interpretations). Cartoons are part of discourse analysis (i.e. language is taken in its broader sense to also consist of images -including cartoons as a more generic mechanism- besides text). Additionally, primary research involves face-to-face, semi-structured in-depth interviews that may include Pin in the future and other key persons such as political or opinion leaders. It would be valuable to compare his work with another cartoonist in the future, George Mitidis,[5] for example.

Authors' Reflexivity

The researchers of this study are both Greek Cypriots who experience the deplorable conditions emanating from the Turkish invasion of 1974 in their everyday life. This means living in Nicosia, the last divided capital in the world (Smith, 2017). To this extent, they may carry an element of subjectivity given the impact the status quo has on them. However, every effort has been made to avoid any research bias arising in the analysis.

According to Thucydides, war is a violent teacher (Kagan, 2005, p. 484). In the case of Cyprus, after the above-mentioned 1974 events and the status quo, the co-author, upon reaching adulthood, felt a sense of duty to strive to aid in finding a solution to the actual problem for the betterment of future generations. This fact has played a pivotal role in many aspects of his life, such as combining his studies in business with politics to gain a deeper understanding of the situation.

[5] For more info: https://www.facebook.com/people/George-Mitidis/100010415407784/.

Marketing has borrowed a lot from other discipline areas, with its roots in industrial economics it has, in the process of growth, turned to, for instance, psychology. More specifically it could be said that psychology has been fundamental to numerous studies of buyer behaviour, with marketers applying psychological theory in the fields of human motivation and perception (Palmer, 2012, p. 31). In view of the way political marketing entails a marriage between political science and marketing (Lees-Marshment, 2001), it is necessary to elucidate how political marketing and communication works, the psychology of people, and the forming of opinions via political advertising and particularly how cartoons can influence the psychology of individuals (i.e. affecting the latter's feelings and sentiments). Political cartoons are utilised for political communication in various parts of the world. South Africa constitutes a prominent example (Kotzé, 1988).

The origins of caricature can be traced back to satire in ancient Greece, with cartoons becoming dominant in the printed media during the 19th and early 20th centuries. Caricature uses visual exaggeration, and in this sense, it is incredibly emotive (Bal et al., 2009, p. 231). According to Brader (2005), political ads may alter how citizens get involved and make choices by employing images to invoke emotions. Evidence supports this, in that products in supermarkets feature popular children's cartoon characters, with food promotions, utilising licensed characters (*The Guardian*, 2007). The creator of Marketoonist, Tom Fishburne, has been able to aid companies in conveying marketing stories via his humorous cartoons (*Marketing Week*, 2022). Analogous to products and services, a politician becomes a brand, and, just like a branded good, a political brand stands for something in the public's perceptions (Bal et al., 2009, p. 229). The voter (customer) (O'Cass, 1996) comprises an actor in the political sphere, with the electorate playing a central role in the political marketing literature as well as in political practice (O'Shaughnessy et al., 2012). Politicians regularly appeal to the emotions of voters, with evidence suggesting that campaigns partially attain their goals by appealing to emotions, while emotional appeals may promote democratically desirable behaviour (Brader, 2005).

According to Kotler and Keller (2009, p. 787), marketing is a method of planning and executing the conception, pricing and promotion, in addition to the distribution of ideas, goods and services to create exchanges that satisfy individual as well as organisational goals. To remain in a business context, it is worth noting the integrated marketing programmes and the Four P Components of the *Marketing Mix* toolkit, specifically, *promotion* (Kotler & Keller, 2009, pp. 62–63).[6] In the words of Palmer (2012, p. 515), promotion is about communicating messages to customers and potential customers to augment product purchases. There are various media channels that may be chosen to carry the message, employing the selected communication tool, to the target audience. For instance, broadcast media channel entails TV and radio, whereas print media comprises newspapers and magazines, and there is digital media that consist of social networks, among other forms of digital media (Jobber & Ellis-Chadwick, 2020, p. 423). Within a political marketing context, the goal, as it is with marketing, is to (1) build solid relationships, (2) identify individuals' needs, and (3) satisfy people's needs by giving value to these persons (Antoniades, 2021, p. 64).

Marketing, additionally, identifies and meets human and social needs (Kotler & Keller, 2009, p. 45).[7] A marketeer markets ten sorts of entities: goods, services, events, experiences, persons, places, properties, organisations,

[6] Based on Jobber and Ellis-Chadwick (2020, p. 783), the *marketing mix* consists of a framework for the tactical management of the customer relationship, including product, price, place and promotion (i.e. the Four Ps); in the case of services, three other elements that must be considered entail people, process and physical evidence.

[7] When a person buys a product/service, they are seeking to meet an array of physical and psychological needs alike; meeting the said needs comprises the 'benefit' that customers are looking for and not the features that encompass one's product or service (Burns, 2018, p. 176).

information and ideas. Regarding the latter, each market offering contains a basic idea (Kotler & Keller, 2009, pp. 46–47). In the case of Pin's comic books, and as per the latter statement, information is the pertinent entity. Specifically, the information comprises fundamentally what books, schools and universities produce, market and distribute at a price to parents, students and communities (Shapiro & Varian, 1998, cited in Kotler & Keller, 2009, p. 47). Therefore, it is of paramount significance to always aim at the intended target market for effective marketing (Lautenslager, 2014). Considering how a picture paints a thousand words, if one sells a product (or service), an image comprises a crucial part of the online/offline marketing presence (Clarke, 2021).

Social media channels like Facebook provide unmatched access to communities of users with similar demographic, geographic and psychographic characteristics. Admittedly, social media plays numerous roles, that include: (1) forming a public voice as well as online presence; (2) strengthening marketing messages; (3) aiding the monitoring and gaining of feedback from consumers; and (4) promoting customer engagement (Keller & Swaminathan, 2020, p. 272). Cartoons can carry a multiplicity of meanings and, therefore, form different engagements with audiences, including political elites (Dodds, 2010, p. 120). In other words, cartoons transmit a complexity of meanings in that they both paradoxically reify and subvert the workings and expressions of power (Dodds, 2010, p. 127). It is worth noting that social media, and particularly Facebook (Meta), also engages with the audience, and with Pin's followers.

Conclusion

To conclude, the current paper has illustrated the salience of cartoons in affecting public opinion, using both traditional (print media) and digital marketing channels (social media). Throughout this paper, the authors have set a foundation in this preliminary work in their research on Pin's political cartoons and the relationship between popular geopolitics and political marketing. Next, limitations of the current study are provided, whilst suggestions for future research are discussed.

Limitations of study and suggestions for future research

Limitations of the current study

In our study, some limitations need to be explained. We must first and foremost stress how the work of the political cartoonist under examination could be compared with other local (or even renowned international) cartoonists to offer the reader a broader perspective. This could include the comparison of the work of several cartoonists, consisting not just of their sketches, but also, their impact, i.e., how they develop acceptance (including what elements make one politician prefer Pin over let us say, George Mitidis or vice versa).[8] This being said, due to time constraints, the latter did not materialise in this current research. Despite this, it would have been useful to obtain insights on what makes one cartoon more captivating and attractive to read and thus for its message to be accepted. This might include how it affects the feelings of the audience and how it evokes emotions either of liking or hatred. In the latter case here could include investigating why some people react after seeing a cartoon, i.e. checking if they find it radical - besides searching for any potential controversy.[9] Furthermore, given that specific public figures were situated in another geographical region abroad at the time of writing, the researchers decided to commence with the qualitative interviews at a later stage. Lastly, analysing big data - such as all the comments posted on social media about Pin's cartoons - is quite challenging.

[8] Marketing is about identifying and satisfying customer needs, as mentioned earlier, so finding those elements in the work of Pin that enable him to relish the long-standing success is worthwhile.

[9] Pertinent to this discussion are Information and Psychological Operations (Info and Psy Ops) practices, also known as influence operations, as these are used extensively by adversaries to spread their messages and influence their target audiences. For more info: https://www.rand.org/topics/information-operations.html.

This paper, due to word limitations, fell short of drawing on the literature of satire and caricature to discuss the identified three essential characteristics (sympathy, gap and differentiation) for a person or thing to be possibly cartooned, as in the study of Bal et al. (2009, p. 232). In other words, a theoretical framework of caricature could have been used to show how a powerful brand (e.g. a politician) can be parodied or why the brand may be caricatured in a certain way. Although one may argue that the focal point of the paper would then be a specific political character, the same theory would also be applied to grasping character and satirising in any marketing field (Bal et al., 2009, p. 236). Finally, emphasis could have also been placed on critical discourse analysis and political communication.

Suggestions for future research

Considering research's vital role in the international business sphere (Usaha et al., 2022, p. 62), future studies could concentrate on opening a new channel by connecting further political marketing and popular geopolitics, thereby aiding in laying out the stepping stones for breakthrough research. For instance, future quantitative research could rely on a more extensive study sample size by selecting the most prominent local cartoonists with their fan base, i.e., the primary data could be assembled from an online questionnaire on an anonymous or voluntary basis (data collection) and, via regression analysis (data analysis), test the hypothesis/-es.

Research in the future could also examine the role of Strategic Communications (StratCom) in the case of Turkey, Ukraine and Africa and how, for instance, the European Union can successfully deal with issues pertaining to StratCom within the context of its foreign policy and the European External Action Service.

Further studies could also use The CIS Model[10] –that is, the ability to create, inform, and support (Antoniades, 2022, p. 21), and to test whether the greater the use of the CIS Model, the lower the controversy would be. Alternatively, future research could check the influence of each determinant of the KARe model (i.e., knowledge, awareness, and reinforcement) to encourage political change (Antoniades et al., 2022).

Additionally, analogous to the way in which the study of Dodds (2010, p. 127) mentions the way in which future research could consider more thoroughly the way cartoons, in conjunction with other popular media and performances like comedy, may be interpreted in distinct and, sometimes, unanticipated ways in various places, further research could investigate Pin's cartoons alongside with local stand-up comedy material. Further research could also examine how, recently, newspapers around the globe have stopped publishing daily political cartoons in their international edition, e.g. *The New York Times* (Lohr, 2019), and unearth any convergences or divergences with the local situation.[11]

Finally, the study of Constantinou and Tziarras (2018) examined the ways in which pop culture may fall within the context of foreign policy and, specifically, situating their analysis against such a backdrop by delving into the way in which Turkey effectively exports pop culture, propaganda, and positive images of itself via the use of TV shows - with notable Turkish soap operas marketing its ancient glorious past.[12]

10 The CIS Model is an Award-Winning Model developed by Dr Nicos Antoniades and presented at the 7th International Conference on Management and Education Innovation, University of Greenwich, London, UK (April 2019). Title: "Packaging Government Ideas to Achieve Citizen Satisfaction and Loyalty: Creating, Informing, and Supporting".

11 For instance, further research could also examine the legal aspect (i.e. freedom of expression) pertinent to cartoonists' specific published work. Read for additional details (in this case, at a local level): https://simerini.sigmalive.com/article/2016/4/20/o-pin-amp-e-epitrope-dethen-deontologias/.

12 For more details on Turkey's information warfare against Cyprus and Greece, see Chapter VII [GR]: Constantinou, C. (2021, pp. 189–225) "Οι Τουρκικές Πληροφοριακές Επιχειρήσεις κατά της Κύπρου και της Ελλάδας και ο Ρόλος των Μέσων Μαζικής Ενημέρωσης στην Κυπριακή Άμυνα". In: Savvides, P. (ed.) *Άμυνα και Ασφάλεια Μικρών Κρατών: Η περίπτωση της Κύπρου* (Lefkosia: Armatolos).

Thus, analogous to the said study and the one by O'Shaughnessy and Baines (2014), which encourages more research into the political marketing and propaganda interface, research in the future could be based on specific (Pin's) cartoons pertinent to Turkish propaganda. Moreover, besides television and film, cartoons also form a robust site and source of popular geopolitical representations mentioned earlier (Dodds, 2010, p. 114).

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Acknowledgements

The authors owe special thanks to cartoonist Petros Papapetrou (Πίν) who kindly granted permission to the authors to publish his work. The authors are also grateful for the time devoted by the reviewers to read this paper and add comments to improve the quality of the published work. Special thanks also go to Dr Christos Hadjiyiannis, Dean of CIM-Cyprus Business School, for supporting this endeavor as well as Dr Tommaso Marazzi from the Rome Business School.

European Security, Defence Expenditure and Global Order after 2/24

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Abstract

The Russian invasion of Ukraine, beginning on the 24th of February (2/24) 2022, is emerging as a consequential landmark in international order, signaling the potential beginning of an era dominated by acute geopolitical antagonism, economic ambiguity and global uncertainty. This introductory research note focuses on the political and economic dimensions of the ongoing war in Ukraine and interprets their impact on European security and international order. It initially examines post-Cold War security perceptions, which were characterised by significant European reductions in defence expenditure, and then explores the financial dynamics of the conflict that has presented the urgent need for the immediate reconsideration of defence investments and security perceptions. The latter part of this note focuses on the dilemmas arising from this high-intensity proxy war of attrition, in reality between Russia and the West. Beyond the ethical, political, and financial questions regarding the European role in the war, pivotal questions about the potential outcomes of the conflict are addressed. These include the potential use of tactical nuclear weapons to save Russian pride from embarrassing compromises, and the further escalation of the conflict, through the provision of strategic support to Moscow by Asian powers, that may consequently threaten a schism between the East and the West.

Keywords: Russian-Ukrainian conflict, European security, economy, defence, global order.

Introduction

While the Russian invasion of Georgia in 2008 and the annexation of Crimea in 2014 should have sent a clear strategic warning to the West over Moscow's understanding of its post-Cold War space of 'Near Abroad' (Toal, 2017), five years later French president Macron, identifying the 'the brain death of NATO', was still struggling for a European 'wake up' (The Economist, 2019). The end of the Cold War thirty years earlier had been celebrated as a victory of western liberal democracies over obsolete Soviet communism, and was accompanied by the gradual reduction of defence expenditure in Europe that, consequently, brought the shrinking of active forces and military capabilities. The European members of the North Atlantic Alliance considered that their military contribution to collective defence could be reduced and significant funds, previously consumed for defence, could be diverted in favour of European integration and national economic growth (Bergmann *et al.*, 2022, pp. 2-4).

The strong reminder to member states for a minimum 2% commitment of national Gross Domestic Product (GDP) for defence at the Wales North Atlantic Treaty Organization (NATO) Summit in 2014, after the Russian annexation of Crimea (NATO, 2014, art. 14), proved inadequate to convince the European security partners, who, arbitrarily, considered that massive US defence spending as well as Washington's conventional and nuclear umbrella would also provide for European security in the case of a crisis. In 2014, only three member states (the United States, Greece, and the United Kingdom) met the 2% criterion, while by 2021, the number had only increased to eight out of 29 member states.

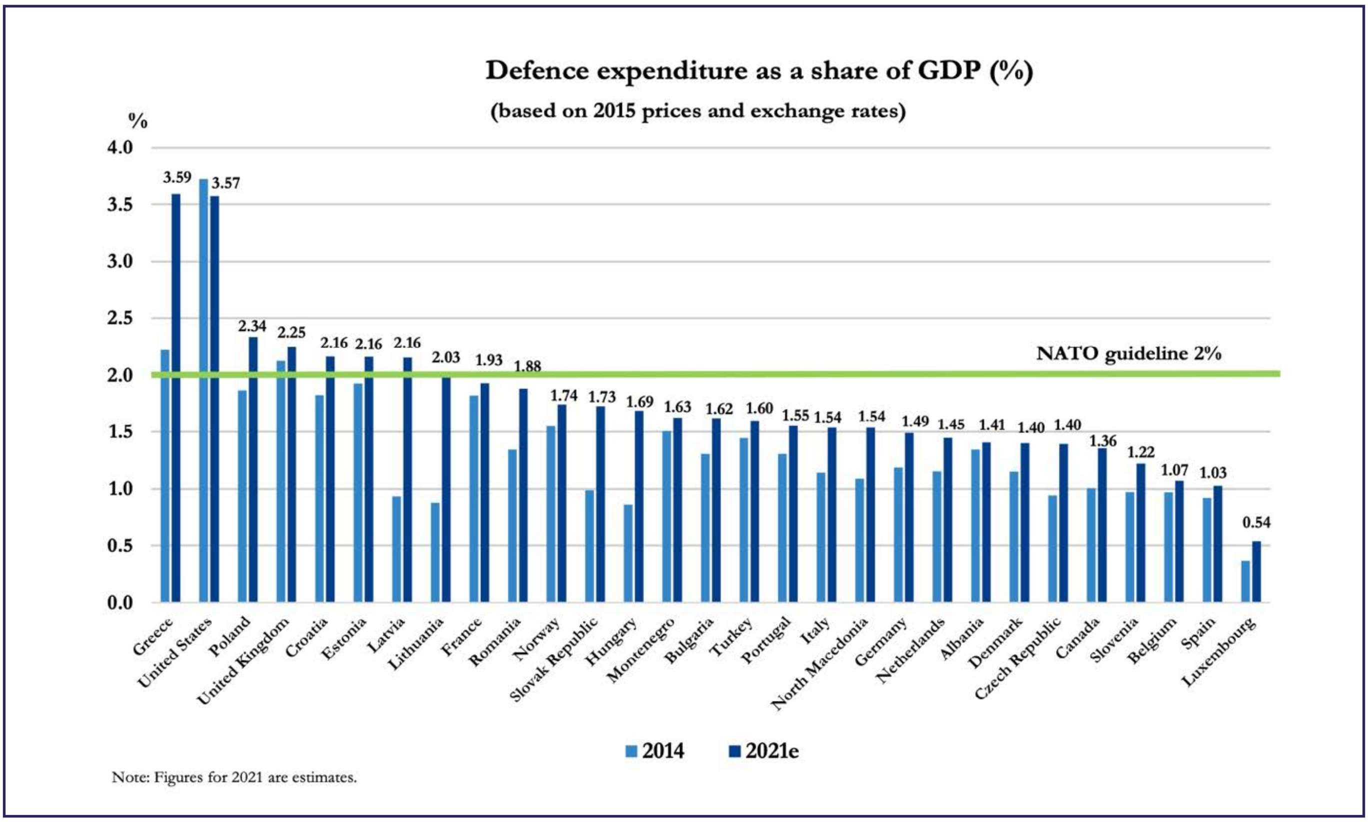

Figure 1. Defence expenditure of NATO members as a share of GDP in 2014 and 2021 (source: NATO, 2022)

Uncoincidentally, the new contributors, apart from Croatia, were the eastern member states, Poland, Estonia, Latvia, and Lithuania, which felt the Russian threat on their borders intensely (Cohen and Radin, 2019). Ironically, Germany (Europe's powerhouse), Italy, Spain and other members with significant GDPs remained below the 1.54% level. Indicatively, in 2021, US defence expenditure (in 2015 values) equaled $726 billion while the total expenditure of all other members amounted to just $324 billion, only 44.6% of the US defence budget (NATO, 2022).

The Russian invasion of Ukraine

Although the Russian invasion of Ukraine was foreseen by Western intelligence (New York Times, 2022), its eruption sent shock waves through the international community. Russian military failure to achieve the Kremlin's strategic objectives and the unanticipated resilience of Ukrainian resistance against the invading forces, sparked Western reaction on all fronts. The imposition of severe economic and political sanctions against Moscow, was complemented by political and economic support for Kiev, which pleaded desperately for international military support. The mobilisation of the North Atlantic Alliance, after three decades of inactivity and role searching, and the deployment of allied air and land forces in the eastern flank of the NATO area (Pszczel, 2022), combined, surprisingly, with the appearance of Brussels as a security provider (European Union Council, 2022), sent clear messages to Moscow about western intentions.

Ukrainian successes in the battlefield, despite severe losses in personnel and equipment, soon initiated an unprecedented flow of military equipment to Ukraine from NATO and EU members that turned the Russian invasion into a high-intensity proxy war with the West (Pfaff, 2022). The leading contributor of military and economic support to Kiev has been Washington, which by 3 March 2023 had provided security assistance and delivered, from US Department of Defence (DoD) inventories, massive quantities of defensive arms, ammunition and equipment amounting in value to $32.2 billion. The continuing weapon and ammunition shipments have included, among other things, over 1.600 Stinger anti-aircraft missiles, 8.500 Javelin anti-tank missiles, more than 54.000 anti-armour systems, 160 155 mm howitzers and one million artillery rounds, 38 High Mobility Artillery Rocket Systems (HIMARS), and eight National Advanced Surface-to-Air Missile Systems (NASAMS) (US DoD, 2023). Since January 2023, the allies have also committed offensive weapons to Kiev, for the first time. This has included western tanks, such as Leopard 1 and 2, Challenger 2 and M1A2 Abrams, while the possibility of providing western fighter jets is still being discussed in the background (DW, 2023).

The Kiel Institute for the World Economy 75-page 'Ukraine Support Tracker' estimates that the overall military, humanitarian and financial support to Ukraine between 24 January 2022 and 15 January 2023 has amounted to €143.6 billion: United States €73.2 billion (50.9%), EU institutions and member states €54.9 billion (38.2%), other institutions and donor countries €29.92 billion (10.8%). The European Union contribution is made up as follows: EU Commission and Council €29.9 billion, EU member states €19.9 billion, European Peace Facility €3.1 billion, European Investment Bank €2 billion. In terms of overall commitments, the US has been the greatest by a significant margin, followed by EU institutions with €35.02 billion, the UK with €8.31 billion, Germany with €6.15 billion, Canada with €4.02 billion, and Poland with €3.56 billion. If the Ukrainian refugee contribution is added to the previously-mentioned commitments, then Germany is the second highest with €12.96 billion and Poland third with €11.92 billion. As we might expect, the top providers of bilateral commitments and refugee support, as a percentage of national GDP, are Poland (2.1%), Estonia (1.64%), Latvia (1.31%), the Czech Republic, Lithuania, Slovakia, and Bulgaria, which were former Soviet republics or satellites (Ukraine Support Tracker, 2023).

Beyond the devastating effects on the infrastructure of the country, estimated at $138 billion (Kiev School of Economics, 2023) and its people – 8,108,448 of whom are recorded as refugees across Europe (UNHCR, 2023), the continuing war in Ukraine has turned into a bloodbath for both sides. On 30 November 2022, Ukrainian casualties were reported as 100,000 servicemen and 20.000 civilians dead (Newsweek, 2022) while, on 10 March 2023, Russian casualties were estimated by Kiev to have reached 156,990 servicemen dead (Ukraine MoD, 2023), although another source on 17 February 2023 reported Russian casualties were 175-200,000, with approximately 40-60,000 killed (UK MoD, 2023).

Alarming dilemmas

Considering the commitment of the two opponents to fight to the bitter end –Kiev, acting in lawful self defence, is fighting for the liberation of her motherland, while Moscow, after embarrassing military failures in its unlawful invasion, is struggling to save its shattered national pride– critical dilemmas arise regarding the outcome of the conflict.

The war has already brought severe implications for the global economy and affected various critical sectors, such as energy and food security, with direct consequences on inflation, and falls in national GDP and economic growth (Wiseman and McHugh, 2023; Caldara *et al.*, 2022). Although the direct economic cost for Europe from the financial and military aid to Ukraine is relatively limited, the indirect economic impact, created by the dramatic rise of energy prices, growing inflation and the decline of the Euro (The Economist, 2022a), as well as the geopolitical uncertainty induced by the Russian invasion, raises severe doubts regarding the long-term role of Europe in the conflict, the fate of the war itself, and post-conflict stability.

Western military aid to Ukraine has already affected allied weapon and ammunition stockpiles, especially for some systems such as Javelin, Stinger and NLAW, which need urgent replenishment (The Economist, 2022b). Furthermore, the Russian threat has created significant defence needs for many EU member states (The Economist, 2022c), which have realised that the reduction of defence expenditure during the previous decades, and the security dependence on Washington, have had severe implications for European defence and EU strategic autonomy. Indicatively, three days after the Russian invasion, chancellor Scholtz announced a rapid increase in the German defence budget from €47 billion in 2021 to €100 billion for 2022 (Reuters, 2022). Similarly, Washington is trying to increase production of critical weapon systems and ammunition, but it will take years to replenish the massive quantities offered to Ukraine (CSIS, 2023).

Considering that the geographic unfolding of the war is not in the Middle East or the Pacific, but in Europe's back yard, and the extraordinary fact that the United Nations and the international community – with the recent exception of the questionable 12-point proposal from Beijing (China Foreign Ministry, 2023) – have not yet intervened to end the Ukrainian bloodbath in this high-intensity proxy war of attrition, the ongoing situation creates alarming dilemmas.

The first dilemma pertains to ethical and political-financial questions regarding the strategic support of Kiev by the West. Ukrainians are able to sustain their fighting capability against the Russians thanks to the critical supply of high-tech weapons, ammunition and military training, mostly provided by the Americans and, to a lesser extent, by the Europeans. Undoubtedly, Washington's military and financial contribution to the war effort – amounting to $76.8 billion by 15 January 2023 (Masters and Merrow, 2023) – could continue for many years, without severely affecting the American economy. Western leaders, on both sides of the Atlantic, have reiterated their determination to continue the strategic support of Ukraine in order to achieve the defeat of Russian aggression, thus containing its potential spread to eastern Europe. From an ethical perspective, how long are the liberal democracies in Europe willing – in the name of Ukrainian liberty and lawful defence against an illegitimate invasion – to support the military defeat and the economic punishment of Moscow, instead of seeking an urgent end to the Ukrainian bloodbath? From the political-economic point of view, how long are the Europeans willing to pay the price for the ongoing war and the strategic antagonism between Washington and Moscow, that one day may turn extremely threatening to European security and global stability?

A second dilemma regards the potential escalation and ending of this catastrophic conflict. While the West continues its strategic support of Ukraine, politically and financially isolated Russia, experiencing shortages in critical weapon systems and ammunitions, has already turned to Iran for the acquisition of weapons, such as Shahed-129 armed drones and Shahed-136/Shahed-131 loitering munitions (Forbes, 2023; The Guardian, 2023). It also appears to be deepening its military cooperation with Tehran, since the latest reports refer to reverse engineering and the reproduction of western high-tech weapon systems provided by Moscow (CNN, 2023). The recent US warnings to China to avoid any involvement in the Russian-Ukrainian conflict and to consider the consequences of providing military support to Moscow, are indicative of the growing complexity of the war. Beijing has responded strongly to this, accusing Washington of being an 'invisible hand' that is driving the war in Ukraine (Reuters, 2023). In an unpredicted further move, it has also brokered a surprise agreement between arch-enemies Iran and Saudi Arabia to the detriment of US strategic interests.

The continuation of the war for Moscow, without external strategic support from Asian powers, like China, Iran, and North Korea, is difficult, if not impossible to see. This significantly increases the risk of the use of tactical nuclear weapons (New York Times, 2023) as a shocking means of freezing the conflict and avoiding an embarrassing compromise. From another perspective, a potential strategic alignment between Russia and China in the Ukrainian conflict, would lead to the strengthening of the BRICS group, with Iran, Saudi Arabia, UAE, Turkey and Mexico already showing interest in joining. Beijing's leading role in the emerging post-2/24 global order would increase, directly challenging the current western hegemony in global affairs.

Concluding remarks

As 9/11 2001 has turned into a historic landmark for global security and the war against terrorism, likewise 2/24 2022 signifies a dramatic shift in the global order, endangering international peace and potentially risking the use of tactical nuclear weapons and a dramatic schism between East and West. Fallacious European security perceptions after the end of the Cold War, accompanied by the eastward expansion of NATO and a significant decrease of defence expenditure, created conditions that encouraged Russian ambitions for its 'Near Abroad'. The high-intensity Russian-Ukrainian war has had extremely detrimental consequences for Ukraine and its people, and the growing strategic support of the West for Kiev has created a strategic deadlock for Moscow. Strangely, the international community has not yet shown any real interest in ending this catastrophic conflict in the European neighborhood, while the monolithic perception of the West, under the US, for the defeat of Russian aggression (Atlantic Council, 2022) may prove consequential to international peace and stability.

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Strategic Human Resource Management and Diversity Management in Cyprus: Focusing on Multicultural Employees' Probation Period

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Abstract

Due to the increased recruitment of multicultural employees in Cyprus over the last few years, there is a necessity for a more fundamental organisational structure within multinational firms. The main aim of this study is to investigate the linkage between strategic human resource management (SHRM) and diversity management (DM) within multinational working environments, and to identify successful human resource management (HRM) approaches, as well as areas for improvement. Such areas are reflected in employees' probation periods (PP) in relation to various practices such as talent management (TM), knowledge management (KM), learning, training and development (L,T&D) performance appraisal reviews (PARs), and employees' engagement and productivity (EP). Throughout the semi-structured, qualitative research, gaps have emerged in regards to the HRM structure, practices, strategies and tools within organisational environments, having the author of this paper arguing for more strategic and inclusive planning. However, the research findings revealed that even though the majority of the participating multinational organisations (MOs) do not pay the necessary attention to the development and promotion of inclusive and innovative HRM approaches, there are high levels of engagement and productivity within the workplace.

Keywords: Strategic human resource management, diversity management, multinational employees, probation period, HRM practices and strategies, Cyprus

Introduction

This study aims at identifying successful HRM practices and strategies within multicultural organisations (MOs), while focusing the scope on multicultural employees' (MEs) PP in Cyprus. Muhtar Kent, the CEO of Coca-Cola once stated, "We need leaders with a different set of skills…That's why we look for people with diverse backgrounds and points of view. We need people who can move seamlessly across borders and cultures" (Kent, 2009, cited in Fitzsimmons, 2011, p.14). As has been stated by Jansen, Otten, and van der Zee (2015), organisations have begun more globalised over the years as they have felt the necessity of coping with the needs and demands of the market. This phenomenon makes people understand that there is an increased need for managers to search for and hire employees with multicultural backgrounds and different sets of competencies. Henceforth, managers must think proactively in regard to the induction of their MEs and integrate diversity-training programs such as diversity awareness training in order to be able to set the stage for more inclusive working environments.

Proactive thinking and planning prepare MEs to start their work smoothly and thus, can have a positive impact on their performance and well-being. In addition, organisations fostering a working environment which enables MEs to feel welcomed and valuable can lead to safety, satisfaction and motivation. When managers shape integration processes within the workplace, they must bear in mind the cultural complexities of their employees and reform their practices accordingly to boost employees' job commitment, satisfaction, and consequently, enhance corporate success. With this in mind, SHRM approaches, practices and tools concerning learning, development, appraisals, etc., prepare the ground for more effective diversity policies and procedures within diverse working environments.

According to desk research, it has been identified that some authors (Allen, David, Lee and Reiche, 2015; Christofides, 2007; Fitzsimmons, 2011; Georgiadou, 2015; Sun, 2020; etc.) acknowledge that foreign employees can bring great benefits into multicultural working environments. In contrast, others (Hall and Ren, 2020) understand that top management does not always appreciate the core value of those employees, as well as how their knowledge, skills and expertise can further enhance organisational success. Hence, the authors Hall and Ren (2020) spoke about organisational gaps, supporting the idea that organisations tend to hire foreign skilled employees but lack the practices and tools to successfully integrate them into their organisational environment.

Literature Review

According to Kaufman (2010), since the mid-1990s, the field of SHRM has started to grow rapidly and has become the centre of attention for many researchers who want to study the linkage between organisational strategy and supporting HRM systems. The idea behind this is to view employees as strategic assets, and focus on the social and psychological characteristics that can negatively or positively affect employees' behaviours within organisational environments (Becker and Huselid, 2010). Andersen, Cooper, and Zhu (2018) included in their analysis Baer, Jiang, Hu, and Lepak (2012) who found that there is a direct linkage between financial and human capital. Kaufman also stated that there is a shift "from management practice to management science" (Wright, Nyberg, and Ployhart, 2018, p.145). Blake and Cox (1991) supported the idea that foreign employees could generate great benefits for institutions, especially when it comes to organisational efficiency and therefore, effectiveness.

Allen, David, Lee, and Sebastian Reiche (2015, cited in Hall and Ren, 2020), stated that it is essential for global organisations to search for the most talented employees from around the world. For Sun (2020, p.1), these employees are also known as "bridge employees", as they experience their induction successfully and are able to manage communication with their peers and managers. Moreover, Boerner, Linjihr, and Kiefer (2011, cited in Georgiadou, 2015) explained that employees with multicultural backgrounds allow a flow of new ideas, knowledge, and information within organisational environments, and strengthen group thinking.

Christofides, Hadjiyiannis, and Michael (2007) examined the Cyprus labour market and specifically, the growth of production that was mainly based on the increased numbers of educated, foreign skilled employees. Based on the Cyprus Immigration Statistics on foreigners entering the country between 1960 and 2021 (Macrotrends.net, 2021), a great increase in demographic data was reported. More specifically, the demographics in 2000 indicated 80,076 foreigners, an increase of 29.28% from 1995, 117,165 in 2005, an increase of 46.32% from 2000, 187,923 in 2010, an increase of 60.39% from 2005, and 196,167 in 2015 with numbers increasing by 4.39% from 2010. Moreover, the Republic of Cyprus Statistical Service (CyStat, 2020) collected demographic data on the employment rates by economic activity, nationality, and gender in 2019, focusing on EU nationals and non-EU nationals' employment in various sectors such as information and communication, human health and social work activities, technical activities, etc. Based on the above-mentioned, even though it is observed that the number of foreign employees in Cyprus is growing over the years, having foreign people working in various positions, Georgiadou (2015) supported the idea that even though Cyprus is a multicultural society, it does not comply with the required standards when it comes to the induction of foreign employees.

Research Methodology

The researcher conducted seven semi-structured interviews in the Greek and English languages, including one focus group, with MEs, HR, and other professionals, physically and online. This research method is considered a more reliable data-collection measurement, as the qualitative research reflects participants' "voices", experiences, and needs. As defined by Rabionet (2011, p.563), "There is no doubt that qualitative interviewing is a flexible and powerful tool to capture the voices and the ways people make meaning of their experiences. I am always fascinated when I… make use of the interviews to convey findings, messages, and the views of participants regarding research topics and everyday situations". Hence, the author of this paper supports the idea that this approach provides readers with a wide range of explanatory evidence that illuminates in a "crystallizing" and "reflective" way the opinions, as well as the challenges that MEs experience within MOs. With this in mind, for Taylor, DiCicco-Bloom, and Crabtree (2005, 2006; cited in Kallio, Pietila, Johnson and Kangasniemi, 2016), the semi-structured approach has been characterised as the "most common data collection method… proven to be both versatile and flexible" (p.4 and 5).

To proceed with the analysis of the semi-qualitative interview, the people who were interviewed were working for (i) a Big4 (B4), (ii) a telecommunications and marketing organisation (TMO) and, (iii) a real estate and consultancy organisation (REC). The research topics were dedicated to strategic human resource management (SHRM) aspects such as knowledge management (KM), talent management (TM), learning, training and development (L,T&D), performance appraisal reviews (PARs), and employees' engagement and productivity (EP). Therefore, the author of this study addressed the following research questions:

(1) What are the effective HRM practices and strategies that MOs perform?

(2) What are the participants' expectations?

(3) What are the challenges, needs and/or gaps that participants experience?

(4) What is the employees' responsiveness towards organisational standards and ethical requirements?

(5) Are there any areas for improvement?

Research Findings

In the following paragraphs, the author presents a variety of findings concluded from the semi-structured interviews. Briefly explained, most of the participating organisations seemed to focus on their MEs' well-being by integrating and supporting their MEs financially and psychologically upon their arrival in the country. As concluded, organisations recruit ACCA graduates, as well as foreigners with digital skills, market, and linguistic knowledge, and they offer high salaries, various bonuses, and gifts to retain their employees. They focus their attention on their personalities, skills, and competencies, as well as their weaknesses for future improvement and development. Despite these, the researcher identified some gaps concerning SHRM aspects, such as KM, training and evaluation tools and practices, and acknowledged discriminatory behaviours towards MEs.

Probation Period: Experiences and Challenges

The interviewees (Table 1) were first asked to provide detailed information about their experiences from the beginning of their induction until the end of their PP within their organisations. It was stated by the interviewees of this research that there is enough time for employees to adapt and officially take over their positions:

"The PP depends on the experience, skills, competencies, and knowledge of the new employee. We try to understand why a new ME experiences certain challenges and what the role of the manager is in such a case. Is it due to an employee's weakness, or the manager's?" (E2, B4).

PARTICIPATING ORGANISATIONS	INTERVIEWEES	NUMBERS GIVEN BY THE RESEARCHER
B4	Top management employee 1	E1
	Top management employee 2	E2
TMO	Top management employee 3	E3
	ME 1	ME1
	ME 2	ME2
	ME 3	ME3
REC	ME 4	ME4

Table 1: *Participating organisations and MEs*

In Table 2, detailed information is provided about the PP defined by the three organisations as well as the duration of PP completed by the MEs. The PP was officially completed by most of the interviewees within the expected timeframe, except for ME4 who quit one month before the PP was officially over, due to discriminatory behaviours she experienced from her manager. According to this, ME4 stated that her sales manager's attitude was very unprofessional. More specifically, the interviewee was told by her sales manager that as half-Greek, she should be more approachable and social in the workplace. According to this, the interviewees commented:

> *"When you spend 9 hours per day, 5 days per week in an environment, the least you expect is to be respected by others" (ME4, REC).*

> *"Maybe foreign employees face a lot of stress upon their arrival to Cyprus because, let's be honest, they experience discrimination" (E2, B4).*

In addition, the MEs of the TMO also said that even though they did not come across any discriminatory attitudes in the workplace, on their journey to Cyprus they did experience some discriminatory incidents. To elaborate on the interviewees' PP, ME1 said that their manager, who is based in Malta, forgot about the completion of their PP and had to be reminded about it by ME1 during the seventh month of his employment, via a web call. Also, speaking of organisational gaps, there is a lack of organisational structure in the TMO, as there is no HRM Department and top management employees who have no expertise and knowledge in the field are responsible for dealing with the personnel and assisting them with HRM aspects. Moreover, there is no clear picture of who reports to whom within the organisation and employees are not aware of their peers' roles and responsibilities.

"The Operations Department is the one dealing with HRM-related issues (laugh...). The organisational structure is very confusing. Imagine I see people every day and I don't even know what they do in the organisation" (ME1, TMO).

On the other hand, the respective organisation is very supportive during the ME's transition process to Cyprus. For instance, ME2 was offered a one-month free-of-charge stay in one of the organisation's apartments until she had settled down and found her place. Moreover, B4 covers MEs' relocation expenses, provides free-of-charge hotel accommodation until they find a permanent place, and offers free transportation and extra money for their food. Even though MEs bring from abroad a variety of cultural and educational characteristics, the focus of organisations is on their personality and attitude. As stated:

"They try to make us feel like a team, a family" (ME3, TMO).

"When a new employee joins the firm, we try to support in any ways we can" (E2, B4).

ORGANISATION	DURATION OF PP	COMPLETED DURATION OF INTERVIEWEES' PP	REMAINING DURATION OF INTERVIEWEES' PP
B4	Up to 2 years	N/A	N/A
TMO	6 months	1. ME1 = 7 months 2. ME2 = 6 months	3. ME3 = 1 more month until the completion of her PP
REC	6 months	4. ME4 = 5 months	4. ME4 = 0 months *Quit 1 month before end of PP

***Table 2:** Interviewees' PP within the MOs*

Talent Management (TM)

Speaking of educational characteristics, the knowledge and expertise of MEs working for the participating organisations rely on HRM, migration, telecommunications, marketing and digital culture, business, management, international relations, and customer service. Further, linguistic characteristics also play a major role in the employability of MEs, as they have to speak foreign languages in order to operate and communicate with foreign stakeholders and respond to their needs. One of the interviewees commented that 70% of the employability requirements rely on foreign languages. For B4, it is important that local employees learn from their foreign peers, receive market knowledge and advice on audit and taxation in order to be able to get new clients to invest in Cyprus and expand their businesses. Communicating in the mother language makes investors feel more comfortable cooperating with the firm and builds trust. For this reason, the interviewees of the research study are employees coming from different cultural and educational backgrounds, who were hired and relocated from abroad, or were already working in Cyprus. According to the research outcomes, their nationalities vary as they come from various countries such as Russia, Belarus, Lebanon, Germany, Greece, Mexico, France, Venezuela, Spain, Italy, Poland, Romania, Estonia, USA, UK, Ireland, Malta, Belgium, Austria, Serbia, Bulgaria, Turkey, Ukraine, Kazakhstan, and Switzerland. Because of their social, cultural, and educational characteristics, they are attractive to organisations that integrate various HRM practices and strategies to ensure suitable working environments for their personnel. However, it was concluded that the most common and useful languages are English, Russian, and Greek, while the main communication and operation languages within the participating organisations are English and Greek. As stated:

"English is the universal language of Economy and Commerce" (E1, B4).

"We all come from different countries. We need English as the key language to communication" (ME1, B4).

To elaborate more on MEs' characteristics, to have accounting and finance knowledge, and understand how taxation and legislation work in other countries are described as basic weapons. With this intention, many local and foreign university students studying ACCA and business are offered a job in B4 for a maximum period of three years after their graduation. In TMO, it is significant that employees, apart from linguistic skills, also have marketing and IT skills, though, the challenge here is that due to high market demand, foreign employees with such a background require higher salaries and more flexible working conditions. More specifically:

"As the technology sector is evolving very fast, and due to the high demand of hiring developers, we often experience difficulties in finding experienced people in Cyprus. This is why experienced developers request higher salaries than the average" (E3, TMO).

Another interviewee also explained that it is costly for foreign employees to travel from Cyprus to their home countries:

"Most foreign employees usually get higher salaries because they come from abroad" (E2, B4).

Knowledge Management (KM)

To elaborate concerning the above, KM is described by interviewees as the basis of an organisation's efficiency. For instance, when knowledge is shared among employees through different practices, channels, and tools, their work improves. To give some examples, Table 3 reflects those approaches and tools that enable knowledge in the participating organisations, such as a knowledge academy, training seminars, morning meetings with teams, as well as audit and migration trainings and workshops. Experienced peers and counsellors are assigned to assist MEs from their first day at work, mentor, and support them until their PP is over. New MEs are assigned with eight to ten tasks in order to become familiar with organisational procedures, tools, and practices. Also, online questionnaires and real-life scenarios are disseminated amongst the employees, giving the correct answers to customers' queries. In addition, various seminars on sales, and sales techniques are also promoted, as well as PowerPoint presentations and corporate forums. Employees also exchange knowledge and information via corporate emails, as well as by attending corporate parties and gatherings where they can socialise and discuss corporate ideas. However, even though it was stated by one of the interviewees that TMO provides the staff with organisational guidelines and manuals in regard to the company's practices and policies, the rest of the employees disagree with this statement. One of the interviewees mentioned:

"There is no manual or guidebook to guide us on basic organisational procedures. However, we work very independently, as there is a lot of trust in the organisation. Our Manager tells us what to do and we decide the way we do it" (ME1, TMO).

Concerning corporate meetings and trainings within the TMO:

"We barely have meetings or gather together in the organisation. Also, trainings are very informal. We express our opinion on something that we want to work on or improve, but we don't have meetings regularly" (ME3, TMO).

Learning, Training and Development (L,T&D)

KM practices and tools vary from organisation to organisation, and are essential for individual and organisational effectiveness. They reflect the standards and culture of the workplace, and they prepare the employees to learn and develop within their working environment. Employees experiencing gaps in KM are likely to also experience gaps in their development. L,T&D plays a very important role in organisational success, and therefore, organisations must dedicate effort and time to developing learning, training strategies, and practices for their employees. From this perspective, the interviewees of B4 stated that training and education within the organisation are proven to be very good practices. For example, employees can learn additional languages at work and attend training programs based on their interests and needs. Also, trainees completing their undergraduate studies in accounting and finance, or other relevant degrees, are offered the opportunity to attend various trainings implemented by external trainers and peers. It was commented that those employees receive training more often compared to the highly-trained staff who have transited from Russia and Kazakhstan, as they experience more challenges in learning:

"Employees who have transferred to Cyprus from our offices in Russia and Kazakhstan are already familiar with the nature of the job and its requirements, and therefore, they need only minor training" (E1, B4).

On the other hand, MEs of the TMO commented that they lacked training, and that the only way to learn was with the help of their peers:

"I have a feeling that we won't come nice with this report. We need three days to speak about the organisation... (pause). We barely have catch-up or team meetings so I basically learned from my mistakes. I was told that there is no training material available because it is very hard to put everything in a piece of paper" (ME2, TMO).

"We lack training. For me, they don't spend much time on training people as they take it for granted that you already know everything and that you would learn on the job" (ME3, TMO).

Additionally, ME4 mentioned that even though the REC is very experienced in training, and animated scenarios are an interesting and easy learning method, it can easily become boring as the employees have to watch those videos for two weeks straight. Table 3 illustrates all the L,T&D practices promoted by each organisation, aiming to highlight the differences and similarities in training.

ORGANISATION	PRACTICES/TOOLS FOR PROMOTING KM	BRIEF DESCRIPTION
B4	Knowledge academy	In-house seminars focusing on the staff and customers as success factors of Training and Development
	HRM seminars and workshops	Common seminars and workshops between all the employees
	Audit and migration trainings	All employees get updates on the legislation and procedures
	Short internal meeting	A daily procedure organised by the Migration Department for regular updates on changes or upcoming issues, and an opportunity for the exchange of ideas among the staff
	Buddy system	A peer is assigned to support the new employee during their induction/PP and answer questions
	Counsellor	Responsible for providing mentoring to the new employee
TMO	Trainings through PowerPoint documentation	Trainings in their language and in English about the company's procedures and policies
	Online Questionnaires	Available filled questionnaires, answering the most frequent questions with the corresponding answers
	Guidelines and Manuals	Written documentation, providing all the procedures and policies
	Corporate parties and gatherings	During such gatherings, employees have after work drinks, socialise and exchange information about the organisation
	Corporate Forums	Available on a corporate website, the academy page, where employees can find useful information
	Operations email	Employees can exchange ideas and information through their corporate email
	Peer support	Peer-to-peer support
REC	Seminars	Seminars on sales and sales techniques
	Real-life animated scenarios	Various scenarios replying to customers' queries

Table 3: *KM practices and tools within the MOs*

To verify the impact of organisational practices on MEs' engagement and performance, it is essential to investigate the different processes they follow to evaluate these factors, as indicated in Table 4. Some of these are a "sign-out" process, oral examinations that follow after the completion of animated videos, and a gift system that engages employees monthly to gather 120 evaluation points and win gifts from a gift catalogue. Also, whenever employees complete "budgets", meaning different types of certifications, they gain the opportunity to do free-of-charge virtual MBA courses from the USA. The bonus system, as well as the maternity scheme, work also as engaging factors for employees to improve their performance and engage more with the organisation. In the TMO, employees completing their first nine months in the firm have access to individual and organisational bonuses (profit shares), depending on the goals they have achieved throughout the year. They also have free food and access to the firm's swimming pool and gym. Concerning the B4, pregnant employees, who are delayed in receiving their maternity scheme provided by the government, are offered by the organisation 40% of the scheme as a gift for their personal expenses, and since the firm promotes flexible working conditions for mothers when they return to the office, they get to decide their work schedule. In addition to the above-mentioned, as the organisation focuses a lot on the well-being of their employees, after the first lockdown of the COVID-19 pandemic, they offered them a "Summer Vacation Bonus" to enjoy their summer holidays and reduce their stress levels. They also organised an "Away Day" where employees could spend a day outside the organisation and participate in team-building activities. This is because:

"We are trying to exchange good practices with our offices abroad, to get some new ideas and adapt new practices to engage employees and make them more productive and happier" (E1, B4).

"I have worked in many organisations and I can assure you that the main priority in our organisation is the employee. I noticed that the pandemic negatively affected the psychology of employees. We decided to offer free sessions with a psychologist to improve employees' stress levels and well-being" (E2, B4).

In addition, anonymous 360 appraisals and self-evaluations are performed by everyone within the B4 every three months, and when the yearly evaluation is completed, the directors of all departments gather to discuss employees' future expectations. This is to understand that:

"The most important and useful evaluation is the one I receive from my staff" (E1, B4).

"All employees get to anonymously evaluate their managers every three months to help us identify not only strengths but also weaknesses" (E2, B4).

Based on that, depending on the evaluation outcomes, every four years employees have the opportunity to get promotions and raises. Also, every year, clients provide anonymous feedback for random employees, aimed at improving their skills and competencies. This is because clients' opinions matter to the top management, which wants to improve the organisation's services and develop employees' performance. In contrast, MEs from the TMO looked very confused when they had to explain their PARs, stating that:

"Being evaluated once per year is not enough to self-improve, and top management should also be open to evaluation" (ME2, TMO).

"Most of the employees have their evaluation every six months. I think this is better" (ME3, TMO).

For ME4, she couldn't provide information on PARs, since she had quit her job one month before her PP was over.

ORGANISATION	PARs TIME FRAMEWORK	PARs PRACTICES/ TOOLS	REWARD MANAGEMENT
B4	Every 3 months (3 circles of appraisals per year and 1 final appraisal at the end of the fiscal year: June-July)	1. 360 anonymous evaluations 2. Random evaluation from customers to employees 3. Self-evaluation completed by everyone 4. Teamwork evaluation	1. Variable pay twice per year – Productivity bonuses at organisational levels 2. Performance bonuses at the end of the fiscal year 3. Gift system (i.e., points collected by helping a peer, for example) 4. B4 budgets 5. Financial support 6. Afternoon off on Fridays 7. Flexible working hours for mothers 8. 40% maternity scheme given to employees who are mothers 9. Summer holidays scheme 10. Away day
TMO	First evaluation taking place when the PP is completed, and then, once per year	The practices and tools vary, based on the departments and employees' roles	1. Profit share 2. Food at work 3. Corporate launch/dinner/ parties 4. Swimming pool 5. Gym
REC	Weekly until end of PP, and then, once per year	Sign-out evaluation	N/A

***Table 4**: MEs' Engagement and PARs*

Conclusion

Through this study, it was identified that employees with multilingual skills and different socio-cultural backgrounds play a strategic goal in organisational competitiveness. Due to their previous educational and professional experience and knowledge, they earn higher salaries and receive more flexible working conditions. This is because employers acknowledge that MEs' engagement creates a positive impact on organisational performance, and therefore, success. As MOs focus on their MEs' well-being, they tend to support them financially and psychologically. As soon as MEs complete their PP, they have access to various scheme systems and benefits. This leads to employees' increased levels of productivity, motivation, job engagement, and satisfaction. Successful practical tools and methodologies are practiced within B4, referring to TM, KM, L,T&D, PARs, and employees' EP.

However, MOs lack organisational structure, as there are no HRM departments integrated within two of the participating organisations. For example, managers monitoring and evaluating employees have no HRM knowledge and expertise, and it seems, they lack the necessary skills in managing employee-manager and employee-employee relationships. As a result, the lack of SHRM and DM policies can lead to discriminatory behaviours that end in conflicts and increased turnover. An interviewee stated that this is due to the Cypriots' mentality.

Henceforth, as the aim of the research was to explore effective HRM practices and strategies, as well as gaps within MOs in Cyprus, the researcher acknowledged that no focus has been previously given to MEs' PP and the implementation of SHRM in MOs in Cyprus. For these reasons, further research must be carried out, such as:

(i) Extension of the Study: Continuation of the study, focusing on additional business sectors and a bigger sample of participants;

(ii) Relative Study: Comparison of other countries' research on the topic is essential. This will allow more focus on the similarities and differences in the research study.

In other words, the qualitative methodology provided a full understanding of the extent of multiculturalism and met in an effective and evidential way the aims of this study. Hence, the research study provides further knowledge on the topic, as professionals, researchers and academics can use the research outcomes to support their future studies. The readers of this study can better understand and see examples of good SHRM practices, as well as look more deeply into improving what is already implemented within their workplace. The study helps professionals reflecting on their employees' needs and improves existing gaps in the competitiveness and effectiveness of their firms. This valuable information can be used by HR specialists at national levels, as an opportunity to better conceive and embrace multiculturalism. As food for thought, the researcher proposes that MOs adopt good practices implemented by other MOs internationally and integrate them into their working environments. Organisations must also be open to 360 evaluations and self-evaluations, to allow improvements concerning employees' well-being and organisational effectiveness.

Acknowledgements

I would like to start by thanking my supervisor Dr. Maria Socratous for her support and guidance throughout this academic journey. I would also like to thank my family, and especially my grandmothers for all their support, without which this achievement would not have been possible.

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Derek Watson is an Associate Professor and Senior Fellow of the Higher Education Academy, founder of the Faculty 'Business Clinic' and the Doctoral lead for the University's 'Research Fridays' programme. Dr Watson has extensive links and networks as a result of sourcing and embedding external engagement opportunities across the curriculum, with an international portfolio of clients and contacts, such as the British Cabinet Office, Indian Government Council of Scientific and Industrial Research, Dubai Police and Canon International. His research focuses on Food Safety Cultural Compliance and Academic-Industry collaboration, investigating the impact of knowledge exchange on practice in both the classroom and the workplace. He actively documents his consultancy experience via international academic journals and has delivered lectures and seminars at universities and symposiums on a global scale. He has been appointed on the editorial board for the 'International Journal of Academic Research in Management'. Dr Watson is also a Doctoral External Examiner, academic reviewer of several international journals and currently employed as 'External Examiner' for Staffordshire and Chester University DBA programmes. In addition, he is also a Visiting Professor at the University of Panama in Food Culture and a Senior Research Fellow at the Cyprus Business School while also serving on the editorial board of *The Market: International Journal of Business*.

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Yuan Zhai joined the higher education sector in the UK since 2021 as a lecturer in business. Throughout his career, he has been involved in several social science research activities across a number of countries, including Singapore, Malaysia, China, France, Brazil, India, and Russia. His research interests include, but are not limited to, enterprise strategy, operation and supply chain management, and enterprise internationalization. Dr Zhai has considerable experience conducting social science research outside the university setting. In addition to doing social science research, his role as a consultant for enterprises and social organizations helped him facilitate a few projects for Chinese enterprises and universities, as well as educational and training projects for UK universities.

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International Journal of Business

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Cyprus Centre
for Business
Research

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A publication of the Cyprus Centre for Business Research