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Athens Journal of Business & Economics

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The current issue is the second of the tenth volume of the *Athens Journal of Business & Economics (AJBE)*, published by the [Business & Law Division](#) and the [Economics Unit](#) of ATINER.

Gregory T. Papanikos
President
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- Submission of Paper: **13 June 2024**

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Details can be found at: <https://www.atiner.gr/fees>



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The Future of Globalization

By Gregory T. Papanikos *

The future of globalization has been debated ever since the term was introduced. The recent shocks of the Great Recession and the pandemic seem to herald a new epoch in the trajectory of globalization. Moving away from the hyperglobalization of the 1990s and 2000s, the world appears to be transitioning into a phase of deglobalization. The concept of globalization is intricate and multifaceted. This paper delves into four aspects of globalization: economic, political, social, and cultural. Poverty alleviation should stand as the paramount objective of globalization, closely intertwined with economic growth and democracy. The latter is essential for implementing policies that channel the benefits of economic growth to those striving to break free from poverty. In conclusion, it's asserted that globalization, when coupled with democracy, can continue to foster poverty reduction. The end of this process is the total eradication of poverty.

Keywords: globalization, hyperglobalization, poverty, growth, democracy, openness, international trade, exports, education, illiteracy, life expectancy

Introduction

Globalization appears to be the panacea for numerous economic challenges faced by citizens worldwide¹, echoing Socrates' self-identification. Its effectiveness becomes evident only when collective action by all nations yields superior outcomes compared to individual actions in isolation. Challenges such as poverty, climate change, peaceful coexistence, migration, among others, often necessitate unified global efforts. In this study, I delve into the future of globalization by scrutinizing past achievements, especially in addressing poverty.

The term "globalization" was coined in the mid-20th century, but the concept itself dates back to ancient times. In Papanikos (2016), I explored insights about globalization by examining Ancient Athens. Phrases such as "ecumenical world" and "cosmopolitan city" captured concepts analogous to today's understanding of globalization. These terms encapsulated more than just the free trade of goods; they signified that people and investors were drawn to Athens for both work and leisure, which encompassed aspects like education and culture. Even in contemporary times, the term "globalization" has evolved beyond merely free trade, as elucidated in the subsequent sections of this paper (see also James and Steger 2014).

*President, Athens Institute for Education and Research (ATINER), Greece.

¹Socrates considered himself a citizen of the world, neither Greek nor Athenian as explained in Papanikos (2024). If citizens today adopted such a global perspective, many of the world's problems would be easier to solve.

It is well-known for Pericles' famous speech, "The Funeral Oration," delivered in 431 BCE, as referenced in Thucydides' "Peloponnesian War." Pericles proclaimed of Athens, "... it is open to the world; we never expel a foreigner from learning or seeing." The Greek term "κοινήν παρέχομεν" is translated as "openness," though its meaning extends beyond mere openness. Literally, it conveys the idea that the city is made common or available to everyone. This concept transcended mere free trade. As elucidated in Papanikos (2016), Athens was an open city because it offered:

1. An eclectic culture that synthesized the finest elements from both Greek and barbarian cultures.
2. A comprehensive open-border policy that explicitly encompassed the importation of goods (e.g., wheat), services (like educators and artists), and the attraction of investors.
3. Democracy, intricately linked with openness.
4. Peace, fostering an environment of openness.

These issues were extensively discussed in my paper (Papanikos 2016), with some arguments from that discussion incorporated into this paper. Williamson (2002) examines the openness of global economies spanning the past two centuries, pinpointing four distinct epochs of globalization waves:

- (a) Anti-Global Mercantilist Restriction (1492-1820).
- (b) The First Global Century (1820-1913).
- (c) Retreating from Globalism (1913-1950).
- (d) The Second Global Century (1950-2002).

To expand upon this, two additional phases can be delineated:

- (e) Hyperglobalization (1990-2008).
- (f) Deglobalization (2008-2022).

The primary focus of this paper centers on the achievements of globalization in alleviating poverty. The paper is structured as follows:

The next section (Section Two) examines the impact of the Great Recession and COVID-19 on global economic growth. Section Three delves into the multifaceted concept of globalization, encompassing economic, political, social, and cultural dimensions that are intricately interconnected. A prime example of such interconnectedness is the relationship between politics (specifically democracy) and global economic growth, elaborated upon in Section Four. The overarching goal of globalization should prioritize enhancing the welfare of the world's less privileged citizens, aiming to diminish the number living in poverty. This objective is scrutinized in Section Five, demonstrating globalization's notable track record in poverty reduction. The question arises: can this positive trajectory persist? Section Six delves into the sustainability and future prospects of globalization. The paper concludes with final remarks in the concluding section.

The Impact of Great Recession and the Pandemic on World Economic Growth

This section delves into the historical trajectory of global economic growth, emphasizing its pivotal role in the success of globalization. Indeed, the future trajectory of globalization hinges significantly on economic growth, which elucidates why globalization has often been synonymous with free trade. Economic theory posits that free trade is a catalyst for economic growth.

While sound government policies can bolster economic growth prospects, unforeseen events can introduce vulnerabilities to the economy. In the introduction, I referenced Williamson (2002), who meticulously examined globalization processes dating back to 1492, categorizing them into four distinct epochs. Building upon his framework, I've incorporated two additional epochs, recognizing the pivotal developments and challenges that have surfaced since the 1990s, significantly shaping the globalization landscape.

In 2003, Stanley Fischer delivered the Richard Ely lecture at the Annual Meeting of the American Economic Association, delving into the intricacies of "Globalization and Its Challenges." Two decades hence, it's pertinent to reassess the evolution of these challenges. Fischer highlighted poverty eradication as a paramount challenge. This paper underscores this very challenge.

The past two decades have been punctuated by events that have profoundly shaped the global economy. I will concentrate on two pivotal events that presented formidable challenges to the globalization process, listed chronologically with their onset years in parentheses: The Great Recession (2007) and the COVID-19 pandemic (2020).

While numerous events have unfolded in this period, not all wielded a significant global impact. For instance, developments such as Brexit (2020), the Russian-Ukrainian War (2021), and the recent conflicts in the Middle East (October 2023) may be of paramount importance but do not appear to exert a broad global influence. Conversely, the groundbreaking advancements in social media, artificial intelligence, and e-working during the 21st century have left indelible marks, profoundly shaping not only the economy but also politics, society, and culture. These transformative forces will be succinctly discussed in the subsequent section.

The onset of the Great Recession, originating in the U.S. and subsequently engulfing Europe by 2008, sent shockwaves across numerous countries. This crisis jeopardized the stability of the global economic framework and posed existential threats to pivotal institutions like the eurozone. The intricate interdependence among eurozone nations was so pronounced that even a relatively smaller economy like Greece could have precipitated the euro's collapse. I have delved into the ramifications of the Great Recession on Greece and the broader Eurozone context in prior works (Papanikos 2014a, 2014b, 2015, 2021).

Following the Great Recession, while many economies grappled with recovery, another significant blow struck the global economy. The pandemic originated in China, likely towards the end of 2019, but its severity only became

glaringly evident a few months later.² This led to an unparalleled lockdown of national economies, profoundly impacting both domestic and international travel, as well as traditional working environments.

Teleworking witnessed widespread adoption, fundamentally altering the dynamics of labor supply. This shift gave rise to novel working paradigms, such as nomadic workers. These individuals no longer adhere to conventional office settings but leverage the internet to operate from locations thousands of kilometers away from their designated work bases. Termed as "virtual globalization," this phenomenon encompasses multifaceted dimensions, which I won't delve deeply into here. Nonetheless, I offer some insights in the subsequent sixth section, particularly when discussing the sustainability and prospective trajectory of globalization.

What, then, have been the ramifications of these twin events on global economic growth? Figure 1 illustrates world economic growth rates dating back to 1961. The repercussions of both the Great Recession and the pandemic stand out as the most profound economic shocks in this entire span. Historically, global economic growth had never turned negative until the Great Recession and the pandemic. Specifically, the world economic growth rate declined by 1.34% at the nadir of the Great Recession in 2019 and plummeted to 3.07% during the peak impact of the pandemic in 2020.

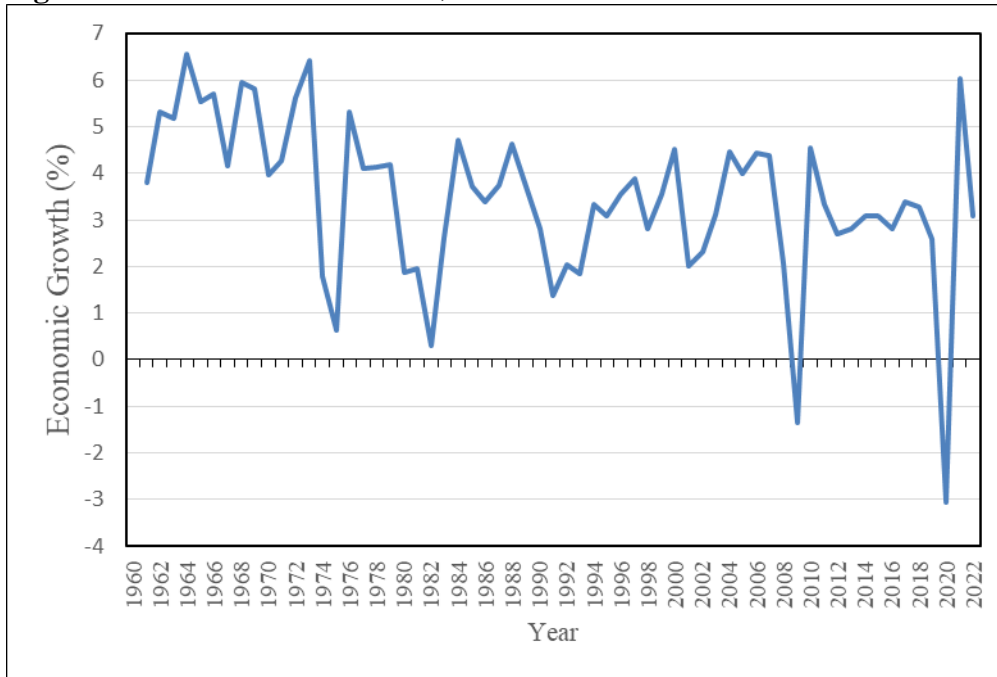
Figure 2 illustrates the average world economic growth spanning six decades, from 1960 to 2020.

During the 1960s, global economic growth stood at 5.2%, exhibiting relative stability within a range of 4% to 6%. However, the 1970s witnessed a decline to 3.83%, accompanied by significant volatility. Notably, in 1975, global economic growth plummeted to 0.65%, a consequence of the energy crisis triggered by conflicts in the Middle East.

²In several studies, I have delved into the effects of COVID-19 on both the Greek and European economies and societies; refer to Papanikos (2020a, 2020b, 2021, 2022a, 2022b). Furthermore, various papers featured in ATINER's journals have explored different facets of COVID-19's impact on global economies and societies; consult Boutsoli et al. (2022a, 2022b). COVID-19 has profoundly influenced myriad aspects of global economies and societies. The economic repercussions, as depicted in Figure 1, are both staggering and unparalleled. Serving as an archetype of an external shock, COVID-19 has left an indelible imprint on every nation and facet of life. A comprehensive review of literature, albeit confined to publications in Athens Journals, offers insights into numerous studies elucidating its impact on the economy and tourism industry [Adejare et al. (2022), Jones (2022), Jones and Comfort (2020), Reid (2022), Tran (2023)], the Management/ Finance [Gukiina and Lamunu (2021), Struwig and Watson (2023), Uwah et al. (2022)]. Health [Crescentini and Padricelli (2023), Galea (2022), Menekli et al. (2021), Mukherjee and Ray (2023), Shah et al. (2022), Stoyanov (2023), Uysal et al. (2020), Žegarac Leskovic et al. (2022)], Social/ Media/Sports [Bäckman (2021), Cezar Dias and Moreira de Oliveira (2023), De Falco (2021), Fitzpatrick (2022), Jurić (2022a, b), Lust (2022), Mengü et al. (2021), Okaka and Omondi (2022), Osisanwo (2022), Polo Martín (2022), Regret Iyer (2023), Stefani (2023)], Education [Charalambous and Papademetriou (forthcoming), Güvercin et al. (2022), Jereb et al. (2023), Makgopa (2022), Oluwadamilola Uleanya and Mulliah Naidoo (2023), Rodari Meisner and McKenzie (2023), Turan-Güntepe et al. (2023)], Technology [Hassan and Bellos (2022), Ismaili and Ibrahim (2021), Joolfoo and Hosany (2023)], and Law/Judiciary [Iancu (2023, 2021), Patraus and Ofirim (2021)].

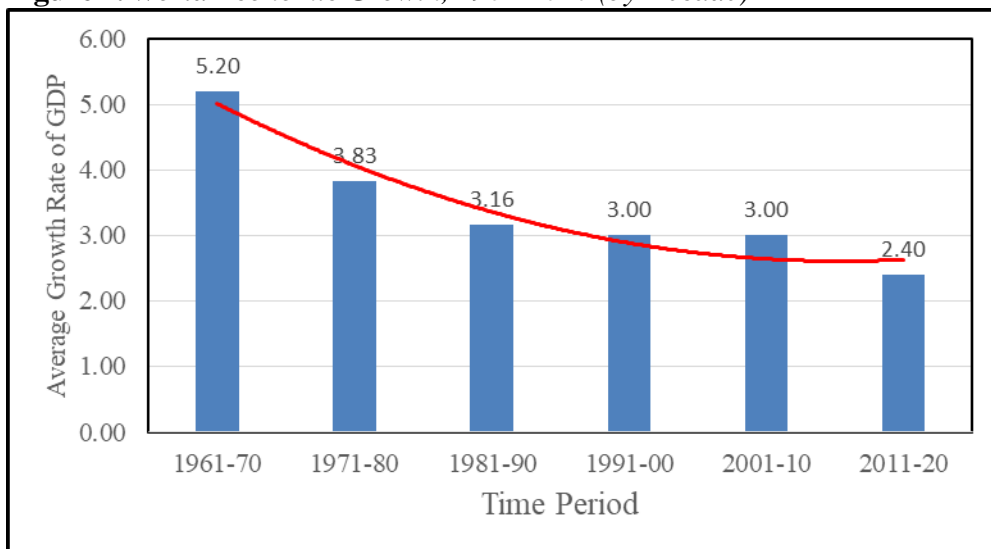
The 1980s marked another phase of subdued economic growth coupled with pronounced volatility. In 1982, the global output expanded merely by 0.3%, bringing the average growth for the decade to 3.16%. The subsequent two decades mirrored this trend, maintaining an average global growth rate of 3%. Yet, in 2009, a historic shift occurred: global output contracted by 1.34%, marking the first decline in the entire examined period.

Figure 1. World Economic Growth, 1961-2022



Source: World Bank.

Figure 2. World Economic Growth, 1961-2020 (by Decade)



Source: World Bank and Author's calculation.

In the most recent decade, the 2010s, global output saw an increase of merely 2.4%, marking the lowest growth rate among the six decades examined. Interestingly, the impact of COVID-19 surpassed that of the Great Recession. By 2020, global output witnessed a sharp decline, contracting by 3.07%. This contraction stemmed from stringent lockdown measures implemented across national economies to curb the spread of the virus. However, 2021 painted a contrasting picture, with output growth surging to 6.03% — the third-highest growth rate recorded between 1960 and 2022. The only other years surpassing this were 1964 (6.56%) and 1973 (6.41%).

Figures 1 & 2 depict patterns that economists typically anticipate in prolonged economic growth analyses: pronounced year-to-year fluctuations underscored by the overarching trend in growth rates. The pivotal question remains: is the trajectory of growth ascending or descending? The polynomial trend line illustrated in Figure 2 suggests that global output growth commenced on a high note, as one might expect post a significant conflict or war. However, it appears to have stabilized around the 3% mark in recent times.

Facets of Globalization

Globalization is a process wherein a nation-state collaborates voluntarily with other nation-states to achieve improved economic, political, social, and cultural outcomes. Fisher (2003, p. 3) defines globalization similarly, describing it as an "...ongoing process of greater interdependence among countries and their citizens."³ Fisher acknowledges that a component of globalization is economic; however, he concedes that there are also noneconomic aspects to it. The definition I propose explicitly encompasses these noneconomic aspects of globalization.

The presented definition reflects an optimistic view of globalization. However, opponents of globalization perceive this process differently. They might define globalization as a phenomenon that compromises the sovereignty of a nation-state, subjecting it to the dictates of international markets and more powerful global political entities. Such critics argue that globalization undermines a nation-state's social fabric and culture. Advocates of this perspective push for de-globalization and a retreat from global integration through the political process. They regard the nation-state as the only legitimate authority to make decisions on economic, political, social, and cultural matters. At the most extreme end, some suggest complete isolation and insulation from the global order. The motivations behind such a stance can be economic, political, social, and/or cultural.

The most notable and unexpected example of disengagement from global involvement and world responsibilities comes from the U.S.⁴ In 2016, the

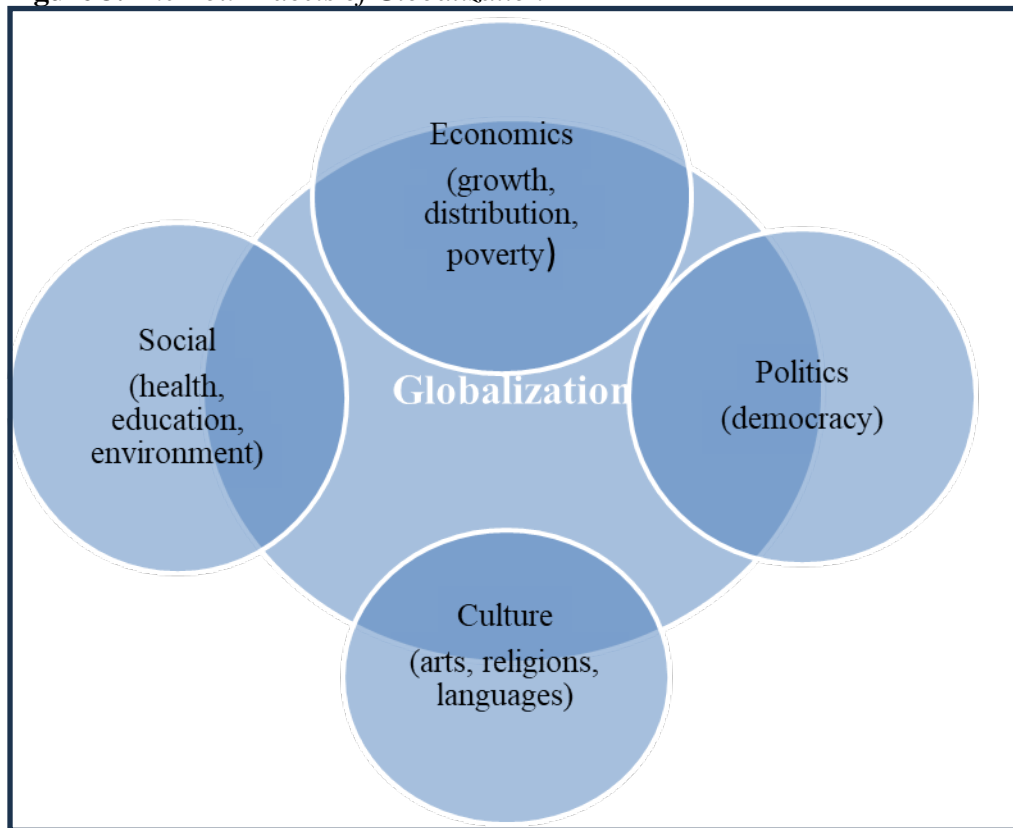
³In Papanikos (2016), I argued that while the concept of globalization has roots dating back to Ancient Athens, the term itself was coined for the first time in the 20th century.

⁴Economic theory suggests that under certain conditions, free trade benefits all countries involved. However, if these conditions are not met, some countries might benefit more than others, potentially at the expense of others. One such condition is the size of the economy; larger economies tend to benefit more from globalization than smaller ones. Given that the US is a significant economy, it's surprising that a president won an election while campaigning on reducing world economic

Republicans won the election with a campaign focused on deglobalization and disengagement from global commitments. Their slogan, 'Make America Great Again,' encapsulated the U.S. intention to retreat from global political affairs. Prior to this, a significant example of disengagement was Brexit. In essence, Britain sought to separate its political decision-making from Brussels, emphasizing political autonomy rather than a complete deglobalization of its economy.

Figure 3 illustrates the four facets of globalization. I will address each facet individually and subsequently provide a summary, demonstrating that all four dimensions must grow proportionally for sustainable globalization. The four peripheral circles in the figure intersect with the central circle, symbolizing complete globalization. Each country determines its level of engagement with globalization, with some aspects being more globalized than others. This figure can be interpreted as reflecting a country's depth of engagement with globalization at specific points in time, such as Greece in the 1950s or in the 2000s.

Figure 3. *The Four Facets of Globalization*



Source: Author.

The intersections in the figure indicate the degree of integration. Generally, economic globalization tends to be more profound, followed by political integration, while social and cultural integration typically progresses at a slower pace. Taking Greece as an example, in the 1950s, the country was relatively isolated. Over time,

integration. This is possibly the reason why he never delivered on his political promise to isolate the US.

it began to liberalize its economy, culminating in its full membership in the European Economic Community (now the European Union) in 1981 and adoption of the euro in 2002. Nonetheless, many economic policies, including fiscal and industrial policies, remain under national jurisdiction. Despite some constraints, a common fiscal and industrial policy within the EU is still absent.

The EU is not only an economic union but also a political one, characterized by a common parliament elected through direct voting every five years by eligible EU citizens. Furthermore, EU member states are expected to uphold democratic principles, including the rule of law and freedom of expression. However, while member states maintain their distinct social policies, these must align with the overarching principles of a unified economic policy. For instance, Greece prohibits private universities, whereas Cyprus offers higher education through both public and private institutions. As depicted in Figure 3, cultural globalization remains the least integrated aspect, evidenced by the overlapping sections of the two circles. I can illustrate this point using the example of religion. Greece is recognized as a Greek Orthodox State. It's unthinkable that EU membership would 'force' Greeks to adopt a new religion. However, it raises an intriguing research question: How does globalization influence the religiosity of individuals?

Economic Globalization

The term 'economic globalization' should be analyzed from both macroeconomic and microeconomic perspectives, as is common in economic theory and its applications. At the macroeconomic level, economic globalization implies policies that promote free trade, customs unions, and monetary and fiscal unions. A monetary union may include a common currency, as is the case with the twenty countries of the eurozone.

At the beginning of this century, I argued in Papanikos (2000, pp. 103–104) that there were three alternatives for the emerging global economy:

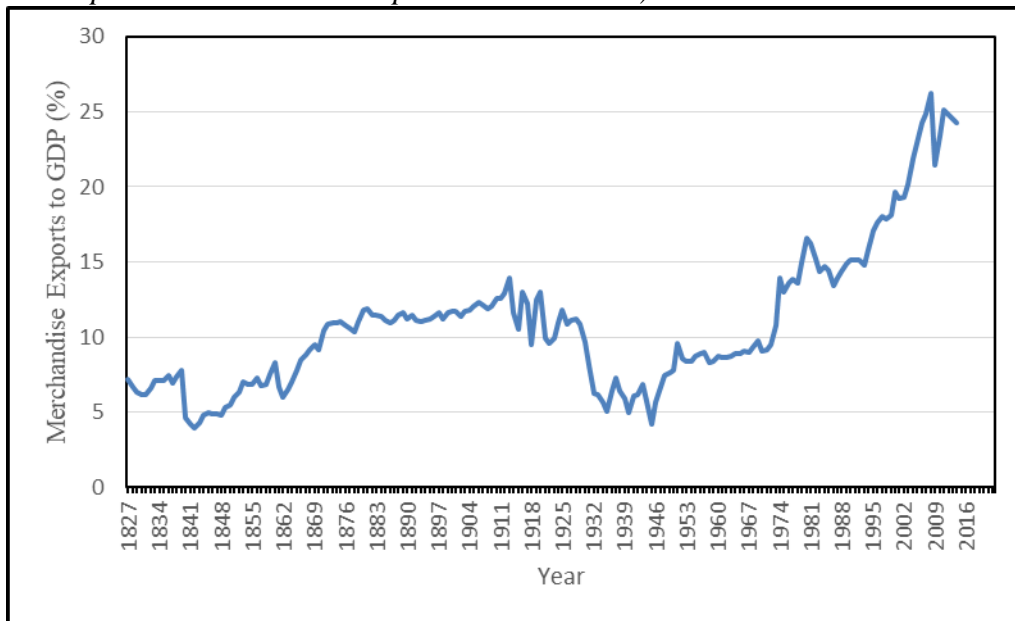
The first alternative is to return to some sort of national protectionism. The second alternative is the development of regional trade blocks and the third is global free trade. Most would agree that the second alternative is the scenario most likely to occur. However, it is quite possible that these alternatives are nothing more than sequential steps. For example, national protectionism is necessary to prepare national economies for regional free trade which, in turn, is an intermediate step towards globalization.

I believe this is precisely what has been occurring. The nation-state has been relinquishing control of its economy. As depicted in Figure 3, the economic cycle has been delving deeper into the realm of globalization. For instance, the Greek government could no longer resort to depreciating its national currency, as it had done on numerous occasions in the past, to counteract the effects of the Great Recession. Monetary and exchange rate policies were determined collectively by the eurozone countries. One might argue that I adhere to a linear theory of economic history, suggesting an almost continuous trend towards economic globalization. A

basic indicator of this globalization is the ratio of world exports to world Gross Domestic Product (GDP).

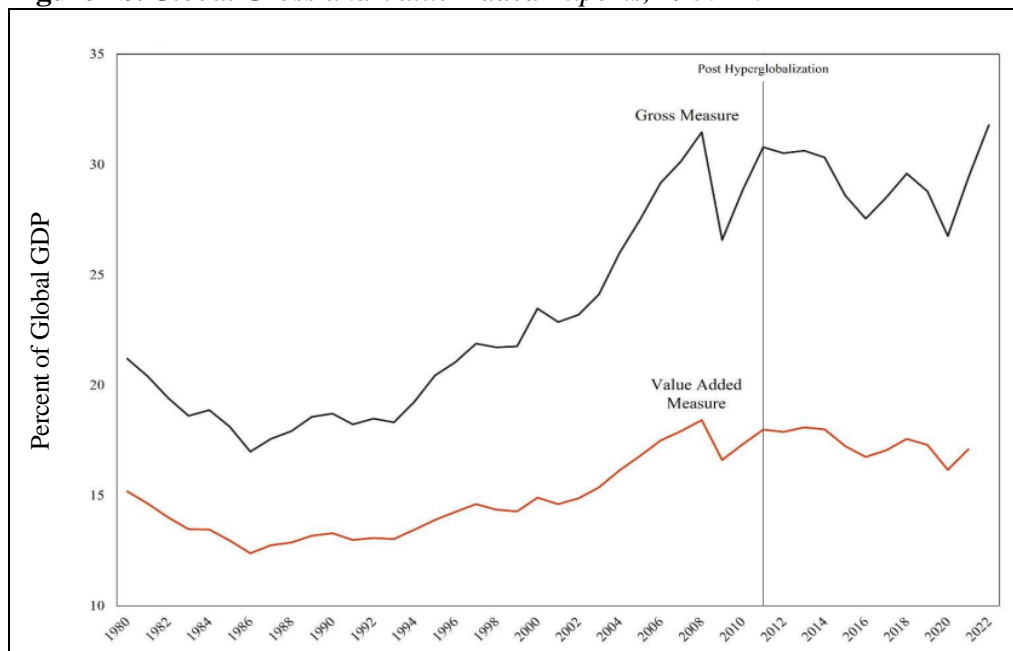
Have we experienced increased economic globalization? Opening national economies to greater trade in goods and services would manifest in data as a rise in exports relative to GDP. This encapsulates the essence of macroeconomic globalization. Figure 4a illustrates world exports as a percentage of world output from 1827 to 2016. Meanwhile, Figure 4b showcases both a gross measure and a value-added measure of world exports as a percentage of world GDP from 1980 to 2022.

Figure 4a. *Value of Exported Goods as Share of GDP, 1827 to 2014 (Estimates Correspond to Merchandise Export-to-GDP Ratios)*



Source: <https://ourworldindata.org/trade-and-globalization>.

The economic globalization of the 1990s and 2000s followed an almost linear trajectory. During the last decade of the 20th century, the pace of economic globalization was relatively slow. However, in the first decade of the 21st century, there was a significant increase in economic globalization. These two decades are characterized by a rapid surge in global exports. Subramanian et al. (2023) referred to this period as one of 'hyperglobalization.' Following the Great Recession and the pandemic, there has been a decline in economic globalization, though not at the rate one might expect after experiencing these two unprecedented events.

Figure 4b. *Global Gross and Value-Added Exports, 1980–2022*

Source: Subramanian et al (2023, Figure 1, p. 5).

There is also a microeconomic aspect to economic globalization. Levitt (1983) published an influential paper in the *Harvard Business Review* titled "The Globalization of Markets." Two decades later, Abdelal and Tedlow (2003) provided an evaluation of this paper.

Theodore Levitt discussed the concept of the "global corporation." He asserted that the future of business would belong to entities of this nature. Levitt extended his perspective beyond nation-states, emphasizing the profound influence of technology. In his own words:

A powerful force drives the world toward a converging commonality, and that force is technology. It has proletarianized communication, transport, and travel. It has made isolated places and impoverished peoples eager for modernity's allurements. Almost everyone everywhere wants all the things they have heard about, seen, or experienced via the new technologies.

The trend highlighted by Levitt has been accelerating rapidly. The advent of new internet technologies and social media platforms has furthered this "converging commonality." Globalization not only narrows the gap in national per capita incomes but also fosters shared tastes. This inevitably influences culture, or as Levitt himself articulates:

Worldwide communications carry everywhere the constant drumbeat of modern possibilities to lighten and enhance work, raise living standards, divert, and entertain. The same countries that ask the world to recognize and respect the individuality of their cultures insist on the wholesale transfer to them of modern goods, services, and technologies. Modernity is not just a wish but also a widespread practice among

those who cling, with unyielding passion or religious fervor, to ancient attitudes and heritages.

This reminds me of Marx's famous remarks in the Communist Manifesto. If one strips away the jargon, the essence remains the same. Marx writes in his Communist Manifesto:

The bourgeoisie, by the **rapid improvement** of all instruments of production, by the immensely facilitated means of communication, draws all, even **the most barbarian, nations into civilisation**. The **cheap prices of commodities** are the heavy artillery with which it batters down all Chinese walls, with which it forces the barbarians' intensely obstinate **hatred of foreigners** to capitulate. It compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilisation into their midst, i.e., to become bourgeois themselves. In one word, **it creates a world after its own image**. (bold added)

Marx was not opposed to globalization. He believed it was as inevitable as the revolution itself. To date, he has been 50% accurate in his predictions. I'd like to highlight the terms he employed. The swift progress we observe resembles hyperglobalization. It integrates 'barbarians' into civilization, makes commodities more affordable, and diminishes animosity towards foreigners. Now, we witness a shared culture, essentially crafting a world tailored to business interests. This transformation results from the expansive reach of businesses, aided by governmental support, representing globalization's political dimension.

If these dynamics were evident in 1983 — a time devoid of the internet, emails, social media, and artificial intelligence — their prominence today, four decades later, is undeniable to all. These changes have become indispensable facets of our lives. Interestingly, this shift occurred without any formal organization. Instead, it stemmed from grassroots pressures, from vast populations (whether termed consumers or global citizens), influencing the political globalization.

Political Globalization

In most cases, it is people who advocate for globalization. They desire openness, the ability to travel around the world for pleasure, work, or sheer curiosity. Many great philosophers of ancient times traveled to acquire knowledge: Solon, Herodotus, Protagoras, Plato, and Aristotle, to name a few. As Aristotle would assert, education makes humans political animals. Eventually, people worldwide will seek to determine their collective future, whether at the level of a nation-state or through integrative entities like the EU or even the United Nations.

People desire the same human rights as everyone else. In democracies, citizens vote for and elect politicians who support globalization. Therefore, nations that prioritize freedom and adopt democratic political systems should be more receptive to international economic relations. Dictatorial regimes often stifle openness due to fears that their regime might crumble. Many view foreigners as threats to their societal norms, language, morality, religion, and other aspects that exemplify social and cultural globalization.

Below, I delve into the relationship between democracy and economic growth. If economic globalization fosters growth and democracy spurs economic advancement, one should anticipate a positive correlation between democracy and economic growth.

Never before has there been such extensive political engagement from global citizens. The future of political globalization appears promising because democracy's prospects are bright. As I contend in Papanikos (2022c), the promising trajectory of democracy hinges on education, an element deeply influenced by globalization. Education remains integral to what we term as social globalization.

Social Globalization

By social globalization, I refer to a convergence of social policies, encompassing efforts to enhance education, health, and social welfare. This concept also extends to the natural environment, given its profound impact on society. Various global indices can measure these aspects.

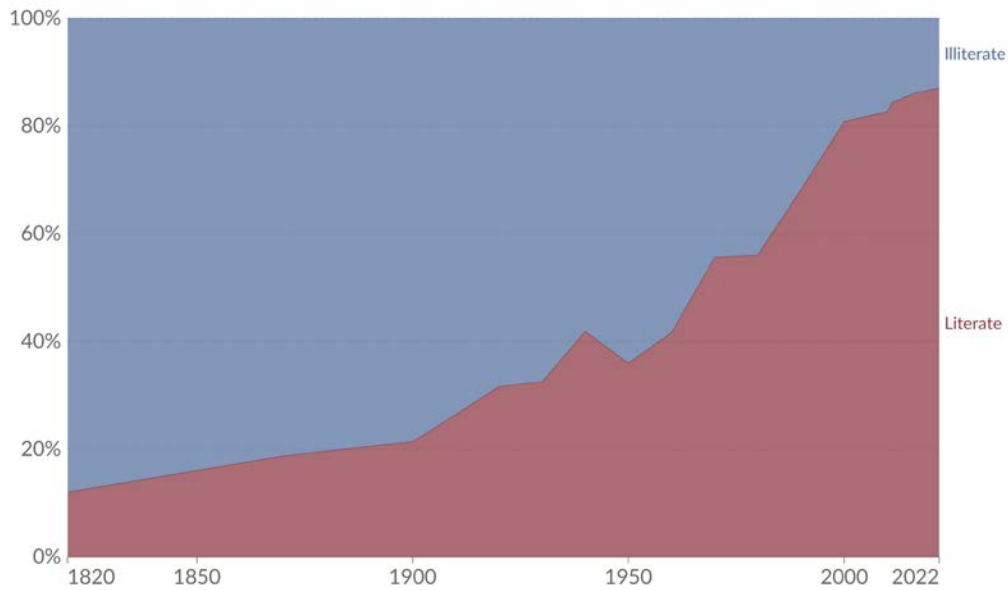
Educational achievements can be gauged by the percentage of the population that remains illiterate. Similarly, health and welfare indicators include metrics like life expectancy at birth.

Social globalization incorporates the preservation of the natural environment, recognizing it as a crucial component of the human ecosystem. While assessing the environment's quality and its implications for climate change, comprehensive long-term data spanning centuries is often lacking. Nevertheless, anecdotal evidence persists. Consider, for instance, whether London is cleaner today than it was during the 18th and 19th centuries or if the smog crisis of 1952 could recur today. Technological advancements have undoubtedly aided cities like London, as well as numerous others globally, in enhancing environmental quality without compromising economic growth.

Many believe that economic growth contributes to climate change, posing significant threats to both the environment and quality of life. Such apprehensions drive global concerns about globalization and economic growth. Consequently, some advocate for degrowth. However, I harbor reservations about this perspective. Addressing climate change demands collective global action, emphasizing the need for social globalization. The solution isn't necessarily reduced growth but rather a transformative growth that internalizes the social costs associated with climate change. Achieving this requires comprehensive globalization efforts.

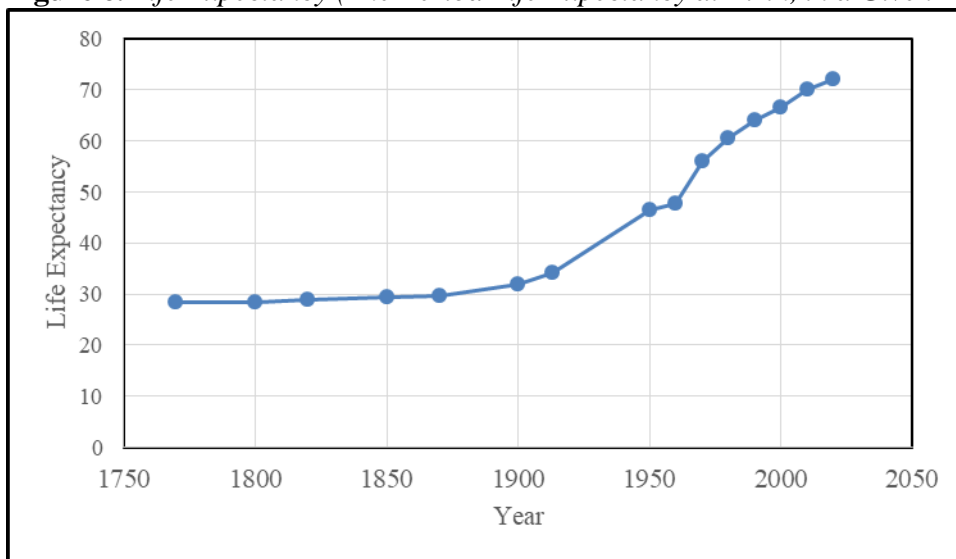
I employ two indices to highlight the significant advancements of social globalization: one pertaining to education and the other to health and welfare. The percentage of literate individuals has surged dramatically over the past two centuries (Figure 5). In 1820, the literacy rate stood at less than 20%, with an illiteracy rate exceeding 80%. However, over two centuries, these figures have reversed. Today, the literacy rate surpasses 80%, while the illiteracy rate has plummeted to below 20%. This represents a remarkable achievement indeed.

Figure 5. *Literate and Illiterate World Population (The Share of Adults Aged 15 and Older who can both Read and Write)*



Source: <https://ourworldindata.org/literacy>.

Figure 6. *Life Expectancy (The Period Life Expectancy at Birth, in a Given Year)*



Source: <https://ourworldindata.org/life-expectancy>.

Similar achievements can be observed in social globalization when considering life expectancy as an indicator of health and welfare. Figure 6 depicts life expectancy at birth since the 17th century. In 1770, it hovered below 30 years and remained relatively stagnant for about 150 years. However, during the first half of the 20th century, there was a notable increase. Life expectancy rose from 32 years in 1900 to 46 years by the 1950s. In the latter half of the 20th century and the initial decades of the 21st century—marked by economic hyperglobalization—life expectancy surged from 46 years in 1950 to 72 years by 2020.

Cultural Globalization

Culture is both a relatively vague and encompassing term. It can be described as the unexplained dimension of human behavior. According to the White (2022) culture encompasses variables such as language, ideas, beliefs, customs, codes, institutions, tools, techniques, works of art, rituals, ceremonies, and more. The concept also encompasses cultural values, which are socially determined and molded by tradition.

Nunn (2022) distinguishes between culture and tradition. While culture represents what individuals glean from their social milieu, tradition pertains to the transmission of this culture across generations.

In a rapidly evolving global landscape, culture may clash with tradition. Understanding the interplay between cultures and institutions becomes crucial when analyzing the effects of globalization, a relationship explored by Alesina and Giuliano (2015).

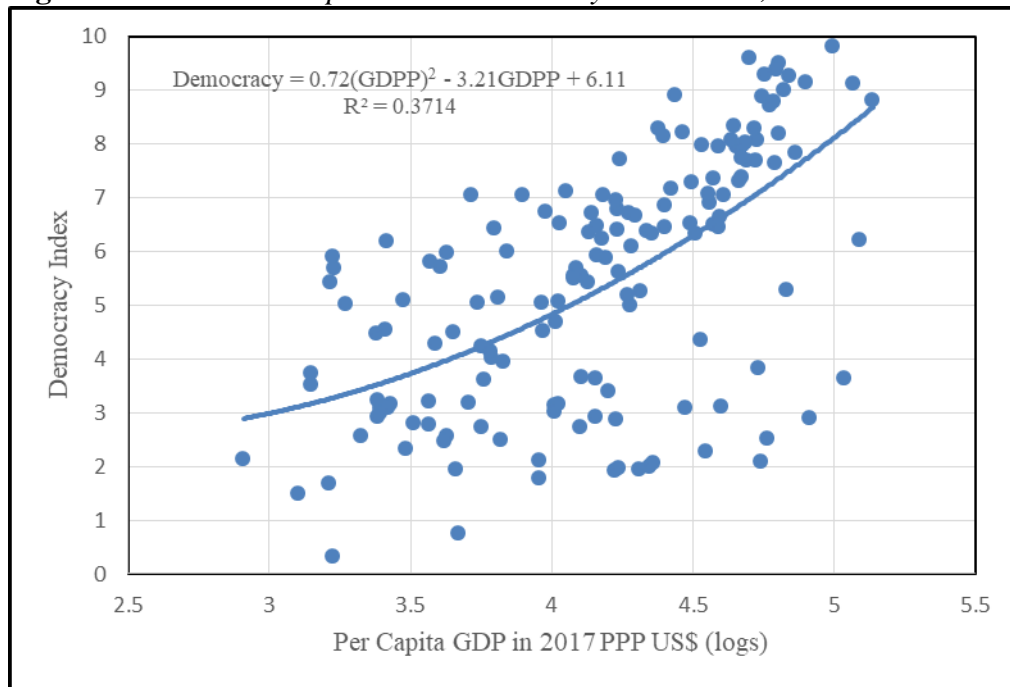
While culture remains immeasurable, numerous studies investigate its various impacts on economic and political processes. Democracy, for instance, can be viewed both as an institution and as a cultural element. Some cultures foster democracy and economic growth, while others hinder them. This forms a hypothesis open to empirical examination. Democracy, fundamentally a political process, can be contrasted, for example, by contrasting the democratic processes in pre-unification East and West Germany or the present disparities between North and South Korea. The correlation between democracy and economic growth will be explored in the subsequent section.

Democracy and Growth

Economic globalization is gauged by the percentage of exports relative to GDP. On average, increased economic globalization fosters opportunities for greater economic growth. However, achieving economic globalization necessitates appropriate policies. Ideally, effective policies are implemented transparently and with minimal corruption. Democracy emerges as a governance system that aligns with these criteria more effectively than other political regimes. Given this, one would expect a positive correlation between democracy and economic growth.

Figure 7 depicts a scatter plot correlating a democracy index with the logarithm of per capita output for 155 countries. A pronounced, actually nonlinear, relationship between democracy and economic well-being is evident.

From the preceding section, we discerned that economic globalization spurs economic growth rates surpassing population growth rates, leading to an increase in per capita GDP. Figure 7 further illustrates that democracy correlates positively with per capita income growth across a diverse array of nations. Based on these cross-sectional data, it suggests a longstanding relationship between the two variables.

Figure 7. *The Relationship Between Democracy and Growth, 2022*

Source: The democracy index was obtained from the Economist Intelligence Unit. The per capita GDP data are from the World Bank. With both datasets available, a sample comprising 155 countries was analyzed.

The observed nonlinearity in the graph is intriguing. It suggests that as democracy strengthens, the rate of increase in per capita income might accelerate. Conversely, the opposite could also hold true, which is likely the case. As per capita income rises globally, citizens across countries increasingly advocate for democracy. This perspective seems plausible. Democracy can be viewed as a luxury good; for those struggling with basic needs, establishing a democratic political system might be a secondary concern. Additionally, as incomes elevate, literacy rates, as highlighted in the previous section, tend to rise. Literacy serves as a foundation for robust institutions, which in turn can sustain democratic governance.

Impoverished individuals typically face economic challenges. Addressing poverty stands out as one of the paramount accomplishments of economic globalization. This topic will be explored in the subsequent section.

Poverty Alleviation

Those who advocate for globalization generally have economic globalization in mind. They support it based on economic theories and numerous empirical studies that uphold the primary hypothesis of globalization: using economic growth as a means to alleviate poverty. Fischer (2003, p. 2) articulates this perspective as follows:

As far as economics is concerned, the big challenge is poverty, and the surest route to sustained poverty reduction is economic growth. Growth requires good economic policies. The evidence strongly supports the conclusion that growth requires a policy framework that prominently includes an orientation toward integration into the global economy. This places obligations on three groups: those who are most responsible for the operation of the international economy, primarily the governments of the developed countries; those who determine the intellectual climate, which includes this audience but also government and nongovernment organizations and individuals; and the governments of the developing countries who bear the major responsibility for economic policy in their countries.

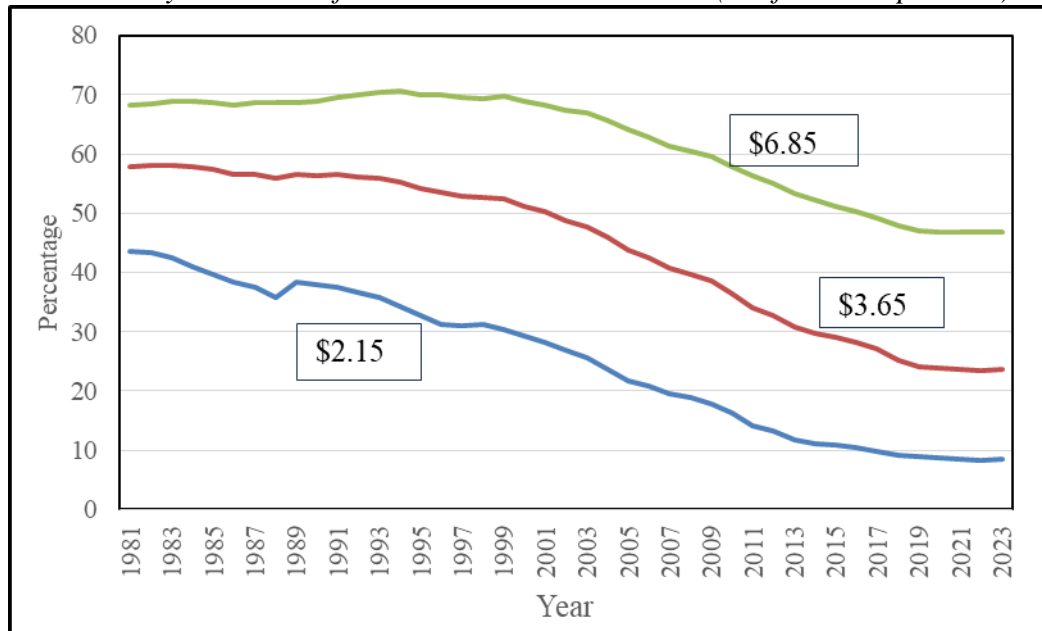
Poverty is quantified by the number of individuals living below a designated income (or consumption) threshold per day, typically defined as the absolute minimum subsistence level. Presently, the World Bank designates this threshold as 2.15 US dollars from 2017, adjusted for Purchasing Power Parity (PPP) variances.

How does globalization mitigate poverty? If economic globalization leads to a GDP growth rate in each country that exceeds what would otherwise occur, then there's a greater national output to distribute. This indicates an economic potential. Whether this potential translates into poverty reduction hinges on how the additional income generated by globalization is distributed. If the improvement in income distribution is intrinsic to the globalization process, then there may be no need for government intervention to redistribute this surplus income. Conversely, if it's not intrinsic, governmental action might be essential to allocate income to those below the poverty income threshold.

What does existing evidence indicate? Does economic globalization indeed reduce poverty? Figure 8 illustrates the percentage of individuals living on less than a fixed amount of US\$ PPP per day. In 1981, 43.61% of individuals lived on less than 2.15 US dollars daily. This percentage rose to 57.74% when the threshold increased to 3.65 dollars and further to 68.2% with an income threshold of 6.85 dollars daily.

Interestingly, despite the surge in economic globalization, the poverty rate remained fairly consistent over two decades for the upper threshold of 6.85 dollars. In fact, there was a marginal increase, with the percentage of individuals living on less than 6.85 dollars daily in 2000 surpassing the 1981 figures. However, the poverty rates decreased for the other two income thresholds.

Figure 8. People Living in Households with Consumption or Income per Person below a Daily Threshold of 2017 International PPP US\$ (% of Total Population)



Source: World Bank, United Nations and Author's Calculations (retrieved 14 December 2023).

- [https://pip.worldbank.org/poverty-calculator?src=EAP,SAS,SSA,LAC,MNA,ECA,OHI,WLD&pv=2.15&oc=pop_in_poverty&on=Population%20living%20in%20poverty&os=millions&od=Population%20living%20below%20the%20poverty%20line%20\(2011%20PPP\)&tab=table&ppp=2017](https://pip.worldbank.org/poverty-calculator?src=EAP,SAS,SSA,LAC,MNA,ECA,OHI,WLD&pv=2.15&oc=pop_in_poverty&on=Population%20living%20in%20poverty&os=millions&od=Population%20living%20below%20the%20poverty%20line%20(2011%20PPP)&tab=table&ppp=2017)
- <https://blogs.worldbank.org/opendata/march-2023-global-poverty-update-world-bank-challenge-estimating-poverty-pandemic>
- <https://unstats.un.org/sdgs/report/2022/goal-01/>

One might conclude that during the initial phases of economic globalization, the most impoverished segments of society benefit more than other income groups. This trend is evident from the slopes of the three curves spanning from 1981 to 2000. Post-2000, the decline in the percentage of people living in poverty steepened, and this decline was evenly distributed across all income groups. Notably, post-2000, the three lines display nearly parallel trajectories, indicating consistent slopes.

By 2023, projections suggest that fewer than 10% of the global population will live on less than 2.15 dollars per day, 23.6% will subsist on less than 3.65 dollars, and less than half will live on less than 6.85 dollars daily. If these patterns persist, economic globalization might eventually eradicate the number of individuals living below the 2.15-dollar daily threshold.

However, is this trajectory sustainable? What lies ahead for those currently living in extreme poverty due to globalization? The subsequent section delves into whether the commendable historical achievements of economic globalization can be maintained in the future.

The Sustainability of Globalization

Is globalization sustainable? Can it continue to yield positive outcomes as it has since the latter part of the 20th century and into the 21st century? The answer is unequivocally yes. The sustainability of globalization hinges on how its four facets evolve and address any adverse effects. Globalization necessitates continuous change. Such transformations may not benefit every societal group uniformly. Certain groups might experience a decline in absolute or relative terms. For instance, some might witness stagnant incomes, reduced political influence, or shifts in social and cultural dynamics due to globalization.

The four facets of globalization are undeniably interconnected, with the nexus between politics and economics being paramount. This intersection manifests in various forms. Economic policymaking inherently fuses politics with economics. While the economy operates autonomously to some extent, governments play pivotal roles in wealth distribution through taxation and other mechanisms, aiming to address objectives like poverty alleviation. If a harmonious equilibrium between economic and political dimensions is maintained, globalization's prospects remain bright. Over time, the social and cultural dimensions will likely adapt and evolve in tandem.

This perspective offers a long-term analysis. The trajectory of these changes may not always follow straightforward paths. The benefits of globalization are not always predictable, especially when scrutinizing year-to-year fluctuations. There may be periods when globalization yields unfavorable outcomes, prompting certain nations to reconsider their involvement. However, the broader consensus will likely reaffirm globalization's inherent benefits.

Consider the unforeseen progress made in just two decades: hyperglobalization contributed to reducing global poverty from 30% in 2000 to less than 10% in 2020. Fischer (2003) posited that one of globalization's primary challenges lies in poverty reduction, a feat also achieved in education and healthcare sectors. These advancements pave the way for democratic governance. Indeed, democracy often emerges as countries achieve economic prosperity, robust health, and widespread education. When these elements coalesce harmoniously, globalization stands poised for sustained success and a promising future.

Conclusions

Five primary conclusions emerge from the discussion and descriptive evidence presented in this paper:

1. If past trends serve as an indicator, globalization appears to have a promising trajectory for the future.
2. The most significant accomplishment lies in poverty alleviation. By the close of this century, the complete eradication of absolute poverty may become a reality.

3. Subsequent to poverty reduction, political globalization may facilitate an expansion in democratic governance.
4. Sectors such as education, health, environment, and other social domains are likely to progress, given their interdependence with economic and political globalization.
5. For cultural globalization to flourish, individuals worldwide must have the freedom to choose their religions, languages, customs, and other cultural facets. Cultural globalization does not necessitate a single culture, although some degree of homogenization does occur.

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Ranking of Countries according to the Index of Economic Freedom with Multicriteria Decision making Methods

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Every investor wants to conduct their economic or commercial activity in a country with ease. Economic freedom refers to the public limitations that individual or institutional investors must abide by in order to conduct their business. Individual or institutional investors have the chance to produce, consume, and invest more in nations with high levels of economic freedom. If a nation has a high level of economic freedom, it means that institutions and norms are founded and that the economy runs under free market circumstances. Individual or institutional investors are protected and their legal rights are upheld by the public authorities. In this study, the level of tariffs in the country, the presence of restrictions on foreign investments and capital, the black market situation, the taxation system in the country, the presence and importance of the public sector in the economy, the inflation in the country, the country's inflation, and the country's level of tariffs are all taken into account on a country-by-country basis. The study was conducted by the Heritage Foundation, which has its headquarters in the United States since 1996. Independence of the banking and financial sectors, controls on the prices of products and services and employee wages, regulation and regulation, investor property rights, etc. The data of the "Economic Freedom Index", which consists of fourteen basic criteria including all stages, were examined. This index consists of ten and includes these criteria. With this study, entropy-weighted multi-qualified benefit for the criteria and weights determined in the index calculated by the Heritage Foundation. It aims to provide a fresh option by ranking the "Economic Freedom Index" for all the study's participating nations using the MAUT approach.

Keywords: *multi-criteria decision making, economic freedom index, entropy, MAUT*

JEL Codes: *C43, C44, C61, D73*

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Introduction

Economic freedom is a framework in which people or organizations are not subject to any limitations on their economic and commercial activity. Organizations like Freedom House, the Fraser Institute, and the Heritage Foundation have been sharing this idea for many years, using it to calculate economic freedom indexes for all nations worldwide. The degree of economic freedom provides details about a variety of societal issues, particularly the country's economic structure. Overall, it demonstrates how freely financial and economic activity like production, consumption, and market investment can be carried out. Economic freedom is a crucial requirement for the prosperity and development of a nation. Also, countries with high levels of economic freedom have the capacity to generate more income to attract more tourists by increasing their foreign direct investment.

According to the Heritage Foundation, the fundamental right of each person to manage their property and labor is known as economic freedom. People can work, create, consume, and invest as they like in a society where there is economic freedom. In these civilizations, there is no excessive government intervention that might restrict people's freedoms, allowing for the free flow of people, wealth, and things. The ability to manage one's own property without infringing on the rights of others is thus a necessary component of economic freedom. Governments and other institutions need to safeguard this freedom in order to create a vibrant economy and a democratic society (The Heritage Foundation 2022).

The Economic Freedom Index (EFI) examines how and at what level institutional practices and policies adopted by nations around the world effect economic freedom. From this aspect, examining the EFI has always been popular on some fields such as econometrical analysis, multivariable statistical analysis etc. (Hanke and Walters 1997, Caudill et al. 2000, De Haan and Sturm 2000, Berggren 2003, Justesen 2008, Rode and Coll 2012, Heckelman 2019). On the contrary, Multi-Criteria Decision Making Methods (MCDM) are convenient to figure out these kind of multivariable complex systems. When there are numerous competing criteria that need to be considered and need to be solved, MCDM includes techniques that can be applied under either certainty or uncertainty. Regarding this, it is possible to find studies that examining EFI in different ways with MCDM techniques. Some of these studies are focus on to create new indexes (Balcerzak and Pietrzak 2016, Ecer and Zolfani 2022) while most of them focus on ranking countries based on different economic indicators including EFI (Altin 2020, Özkaya 2022, Karakoy et al. 2023, Puska et al. 2023). Based on the rough literature researches, it has been thought that creating indexes are less preferred. Consequently, the main motivation of this study is creating EFI by one of the MCDM techniques is entropy-weighted Multi Attribute Utility Theory (MAUT). In this way the study is conducted by the Heritage Foundation and the data include ten of main fourteen basic criteria of EFI besides all stages. Within the framework of this analysis the main criteria are examined in this paper are "The economic size of the state", "The functioning of the legal system in the country and the security of the property rights of individuals", "The soundness of the country's currency", "Freedom of international trade" and "Regulations". It has been thought that the

study may provide a fresh option by ranking the EFI for all the study's participating nations using the MAUT approach.

Based on the motivation of this paper, the Materials and Methods will be introduced in Section 2; Application and the Results will be shared in Section 3 and lately Conclusion and Discussion will be presented at the last section which is Section 4.

Materials and Methods

The term "multi-criteria decision making" (MCDM) refers to the process of making decisions based on a number of competing and often contradictory criteria. According to its definition, MCDM is "a general branch of operations research models for a comprehensive biophysical and socio-economic system in which complex problems involving high uncertainty, competing objectives, various data and information types, and multiple interests and perspectives can be addressed." (Wang et al. 2009).

When using MCDM techniques, the decision maker can choose from a variety of methodologies to determine the best alternative when searching for a solution to a specific problem. These techniques, which are based on various theoretical rules, seek to identify the most appropriate solutions to be generated for a problem. The characteristic that distinguishes this strategy as the best in this situation is the decision maker's selection of the best approach to address the issue at hand (Linkov et al. 2004).

The method's success is mostly due to how the weights of the criteria are set. The Entropy approach will be utilized to establish the criterion weights in the initial phase of the investigation. A technique for establishing the objective weights of criteria or features in the decision-making process is the entropy weights method. This approach is based on the use of probability theory to compute the entropy of uncertain information. Entropy is a metric for a system's predictability or degree of order. These entropy values are used by the decision-maker to assess the significance of each response parameter. The primary goal is to establish which criterion or attribute has a larger weight index value, as this indicates a higher value (Chodha et al. 2022). Even entropy is a technique for obtaining objective weights this approach isn't always the best or the only one that works. It should be kept in mind that depending on variables including context, data, and the decision maker's preferences, the approach employed in the decision-making process may change.

The procedure for measuring entropy weight is as follows (Hussain and Mandal 2016):

- i. The decision matrix is first created. The performance of options as measured by several criteria is included in this decision matrix.
- ii. This step contains the normalization of the decision matrix. This is a step toward measuring each criterion's performance on the same scale.

- iii. The entropy value—the likelihood that each criterion or characteristic in the normalized decision matrix will occur—is computed. This demonstrates how consistent or predictable the requirements or characteristics are.
- iv. Each response's divergence from the mean (the information it provides) is calculated. This speaks to how distinct each decision matrix element is from the others.
- v. The weight index value associated with each criterion or attribute is then calculated. A lower weight index value will be assigned to criteria or attributes with higher entropy levels.

The multi attribute theory (MAUT) will be applied for the study's second phase, which aims to comparison of the nations. MAUT is very helpful in resolving complicated decision problems because it enables the decision maker to strike a balance between several goals or objectives. By giving several goals varying degrees of importance, the methodology enables the prioritization of many goals. When multiple objectives cannot be quantified or compared on the same scale, this prioritizing offers a considerable advantage (Salvendy 2001). According to Dillon and Perry (1977) states that MAUT can be applied when a number of criteria are ambiguous, and he determines the optimum course of action by weighing the significance of each criterion. The method's flexible structure enables multiple outputs to be produced in accordance with various scenarios, hence lowering uncertainty and risk.

MAUT assists decision-makers in reaching more consistent, transparent, and logical conclusions by methodically addressing the stages in the decision-making process. To execute the strategy, nevertheless, requires considerable training and experience because it can be complicated and computationally demanding (Wendt and Vlek 1973).

The stages of MAUT method implementation are defined below (Eren 2017):

- i. The determination of the matrix is made as a preliminary step.
- ii. The second phase is selecting the criteria that the decision-maker will take into account, as well as computing and weighting the benefit or cost function for each criterion.
- iii. The choice matrix has been normalized. The advantage is computed. Finding the biggest and lowest values.
- iv. The weighting criteria are chosen.
- v. For each option, the weighted total utility is computed.
- vi. The option with the greatest weighted overall utility is chosen.

The MAUT approach also needs a more thorough study in addition to these phases. For instance, while qualitative assessments are sometimes made, other times Go/No Go judgements (Yes/No) are made. When using MAUT, it's crucial to establish priorities, goals, mathematical models, and weighting variables. The highest usefulness level for a given attribute value is assigned a value of 1 (one), while the lowest usefulness level is assigned a value of 0 (zero). Estimation can be used to calculate values in the range of 0 and 1 (De Freitas et al. 2013).

Analysis and Results

In this study, some sub-criteria employed from the Heritage Foundation used for the calculation of EFI. These sub-criteria can be listed as: C1-Tariff Rate (%), C2-Income Tax Rate (%), C3-Corporate Tax Rate (%), C4-Tax Burden % of GDP, C5-Government Expenditure % of GDP, C6-Population (Millions), C7-GDP (Billions, PPP), C8-GDP Growth Rate (%), C9-5 Year GDP Growth Rate (%), C10-GDP per Capita (PPP), C11-Unemployment (%), C12-Inflation (%), C13-FDI Inflow (Millions), C14-Public Debt (% of GDP). For the analysis, the 2021 and 2022 EFI data set published by the Heritage Foundation is used. Also, 173 countries whose values are given in full in the relevant data set were taken as alternatives.

Using the entropy approach, weight values for 14 criteria values for each year were computed in the analysis' initial phase.

Table 1. Normalized Decision Matrix Values for 2021

Countries / Criteria	C1	C2	C3	C4	C5	C6	C7	.	.	C13	C14
<i>Afghanistan</i>	0.0044	0.0041	0.0050	0.0026	0.0053	0.0051	0.0005	.	.	0.0000	0.0007
<i>Albania</i>	0.0028	0.0047	0.0037	0.0051	0.0055	0.0004	0.0003	.	.	0.0008	0.0067
<i>Algeria</i>	0.0106	0.0071	0.0065	0.0103	0.0073	0.0057	0.0048	.	.	0.0009	0.0045
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<i>Vietnam</i>	0.0097	0.0069	0.0085	0.0066	0.0067	0.0038	0.0014	.	.	0.0006	0.0227
<i>Zambia</i>	0.0042	0.0071	0.0050	0.0051	0.0041	0.0129	0.0071	.	.	0.0107	0.0042
<i>Zimbabwe</i>	0.0065	0.0076	0.0087	0.0045	0.0050	0.0024	0.0005	.	.	0.0005	0.0084

In the second step, as it is mentioned above, using the normalized decision matrix given in Table 1, the Entropy (E_j) value and $P_jLN(P_j)$ values were found and shown in Table 2.

Table 2. $P_jLN(P_j)$ Values for 2021

Countries / Criteria	C1	C2	C3	C4	C5	C6	C7	.	.	C13	C14
<i>Afghanistan</i>	-0.024	-0.022	-0.026	-0.015	-0.028	-0.027	-0.004	.	.	0.000	-0.005
<i>Albania</i>	-0.016	-0.025	-0.021	-0.027	-0.029	-0.003	-0.002	.	.	-0.006	-0.034
<i>Algeria</i>	-0.048	-0.035	-0.033	-0.047	-0.036	-0.030	-0.025	.	.	-0.006	-0.024
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<i>Vietnam</i>	-0.045	-0.034	-0.040	-0.033	-0.034	-0.021	-0.009	.	.	-0.005	-0.086
<i>Zambia</i>	-0.023	-0.035	-0.026	-0.027	-0.022	-0.056	-0.035	.	.	-0.048	-0.023
<i>Zimbabwe</i>	-0.033	-0.037	-0.041	-0.024	-0.027	-0.014	-0.004	.	.	-0.004	-0.040

After finding the $P_jLN(P_j)$ values in Table 2 above, the next stage was finding the Entropy (E_j) value and (d_j) values showing the uncertainty of the E_j value. These values are displayed in Table 3. In that time during the analysis, following formula is used $k = 1 / LN(N) = 1 / LN(173) = 0.194$ for the calculation of Entropy (E_j) value which shown in Table 3.

Table 3. Entropy (E_j) and (d_j) Values for 2021

Criteria	C1	C2	C3	C4	C5	C6	C7	.	.	C13	C14
Entropy (E_j)	0.957	0.964	0.977	0.972	0.984	0.692	0.667	.	.	0.693	0.963
d_j	0.043	0.036	0.023	0.028	0.016	0.308	0.333	.	.	0.307	0.037

In the last step, weight values were calculated for each criterion value using the (d_j) values, which indicate the uncertainty of the E_j value, and are given in Table 4. Accordingly, the weight values calculated for the year are given in Table 5. The total value of the importance levels of all criteria is equal to 1 (one). It should be noted here that, all the steps given above are implemented and illustrated in the 2021 dataset. Only the final results of the 2022 analysis were published here because doing so would take up a substantial amount of space. These findings can also be made available by the authors upon request. To sum up, the weight values calculated for the year 2022 after all similar steps are given in Table 5.

Table 4. Entropy Criteria Weights for 2021

Criteria	C1	C2	C3	C4	C5	C6	C7	.	.	C13	C14
Weights	0.019	0.016	0.010	0.012	0.007	0.132	0.143	.	.	0.132	0.016

Table 5. Entropy Criteria Weights for 2022

Criteria	C1	C2	C3	C4	C5	C6	C7	.	.	C13	C14
Weights	0.029	0.013	0.009	0.011	0.006	0.115	0.122	.	.	0.122	0.015

When the weight values given in Table 4 and Table 5 are examined, in the evaluation of the countries; while the C5 - Government Expenditure % of GDP criterion has the least importance, the C12 - Inflation (%) criterion has the highest importance level.

At this point in the study, an alternative index value was generated for each country employing the MAUT technique in place of the Heritage Foundation's economic freedom index, using the weight values listed in Tables 4 and 5.

Table 6. Decision Matrix for the MAUT Methods for 2021

Countries / Criteria	Min C1	Max C2	Min C3	Min C4	Max C5	Max C6	Max C7	Makx .	Min .	Max C13	Min C14
Afghanistan	5.7	20.0	20.0	9.3	28.2	38.0	76.6	.	.	38.5	7.3
Albania	3.6	23.0	15.0	18.6	29.1	2.9	39.8	.	.	1281.3	68.8
Algeria	13.8	35.0	26.0	37.2	38.5	43.1	668.8	.	.	1381.9	46.3
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Vietnam	5.5	35.0	20.0	18.5	21.6	96.5	1001.5	.	.	16120.0	42.9
Zambia	8.4	37.5	35.0	16.2	26.8	17.9	75.9	.	.	753.2	85.7
Zimbabwe	12.0	51.5	24.0	20.7	18.8	14.6	39.7	.	.	280.0	11.0
Max. value	22.1	60.0	50.0	46.1	86.9	1397.7	27307.0	.	.	246215.0	265.8
Min value	0.00	0.00	0.00	0.06	11.48	0.10	0.40	.	.	0.00	2.50
Max - Min	22.1	60.0	50.0	46.0	75.4	1397.6	27306.6	.	.	246215.0	263.3

Table 7. Normalized Decision Matrix Values for 2021

Countries / Criteria	C1	C2	C3	C4	C5	C6	C7	. .	C13	C14
<i>Afghanistan</i>	0.7421	0.3333	0.6000	0.8003	0.2219	0.0271	0.0028	. .	0.0002	0.9818
<i>Albania</i>	0.8371	0.3833	0.7000	0.5981	0.2337	0.0020	0.0014	. .	0.0052	0.7482
<i>Algeria</i>	0.3756	0.5833	0.4800	0.1936	0.3581	0.0308	0.0245	. .	0.0056	0.8336
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<i>Vietnam</i>	0.7511	0.5833	0.6000	0.6005	0.1344	0.0690	0.0367	. .	0.0655	0.8466
<i>Zambia</i>	0.6199	0.6250	0.3000	0.6502	0.2025	0.0127	0.0028	. .	0.0031	0.6840
<i>Zimbabwe</i>	0.4570	0.8583	0.5200	0.5525	0.0973	0.0104	0.0014	. .	0.0011	0.9677

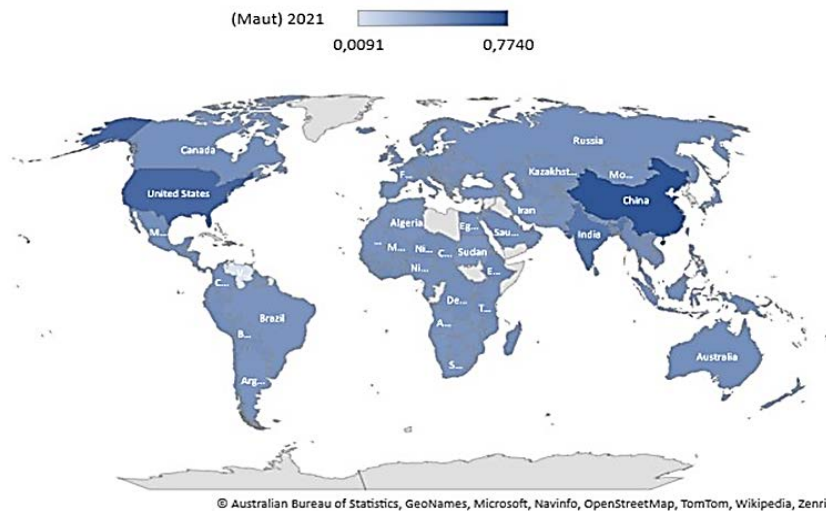
Table 8. Marginal Utility Scores (R_i) for 2021

Countries / Criteria	C1	C2	C3	C4	C5	C6	C7	. .	C13	C14
<i>Afghanistan</i>	0.4295	0.0687	0.2534	0.5248	0.0295	0.0004	0.0000	. .	0.0000	0.9484
<i>Albania</i>	0.5937	0.0926	0.3698	0.2515	0.0328	0.0000	0.0000	. .	0.0000	0.4388
<i>Algeria</i>	0.0886	0.2370	0.1515	0.0223	0.0800	0.0006	0.0004	. .	0.0000	0.5869
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<i>Vietnam</i>	0.4433	0.2370	0.2534	0.2539	0.0107	0.0028	0.0008	. .	0.0025	0.6126
<i>Zambia</i>	0.2740	0.2795	0.0551	0.3077	0.0245	0.0001	0.0000	. .	0.0000	0.3489
<i>Zimbabwe</i>	0.1358	0.6369	0.1816	0.2087	0.0056	0.0001	0.0000	. .	0.0000	0.9070

Table 9. Ultimate Benefit Points for 2021

Countries	R_i^*
<i>Afghanistan</i>	0.4472
<i>Albania</i>	0.4394
<i>Algeria</i>	0.4292
.	.
.	.
<i>Vietnam</i>	0.4700
<i>Zambia</i>	0.4321
<i>Zimbabwe</i>	0.4345

Figure 1. Country Rankings by Entropy-Weighted MAUT Model for 2021



After all initial calculations, it is possible to see middle steps to reach new ranking scores of countries between Table 6 to 9. Then finally a map is generated based on these ranking scores in Figure 1. Figure 1 demonstrates the country comparisons performed using the entropy-weighted MAUT model (2021) as map. Based on the map on Figure 1, China, the United States, India, Ireland, Luxembourg, Singapore, Rwanda, Qatar, Ethiopia, the United Arab Emirates, and the Netherlands hold the top spots for the economic liberties index. The following are the nations with the lowest scores on the economic freedoms index: Venezuela, Sudan, Saint Vincent and the Grenadines, Saint Lucia, Argentina, Lesotho, Tunisia, Belize, Namibia, So Tomé and Príncipe, and Barbados. According to the research, island nations come in last.

The 2022 data set performed each of the procedures described above, and Table 10 contains the final benefit point values that were computed for the calendar year 2022.

Table 10. *Ultimate Benefit Points for 2022*

Countries	R_i^*
<i>Afghanistan</i>	0.3089
<i>Albania</i>	0.3031
<i>Algeria</i>	0.2920
.	.
.	.
<i>Vietnam</i>	0.3208
<i>Zambia</i>	0.2900
<i>Zimbabwe</i>	0.1492

Figure 2. *Country Rankings by Entropy-Weighted MAUT Model for 2022*

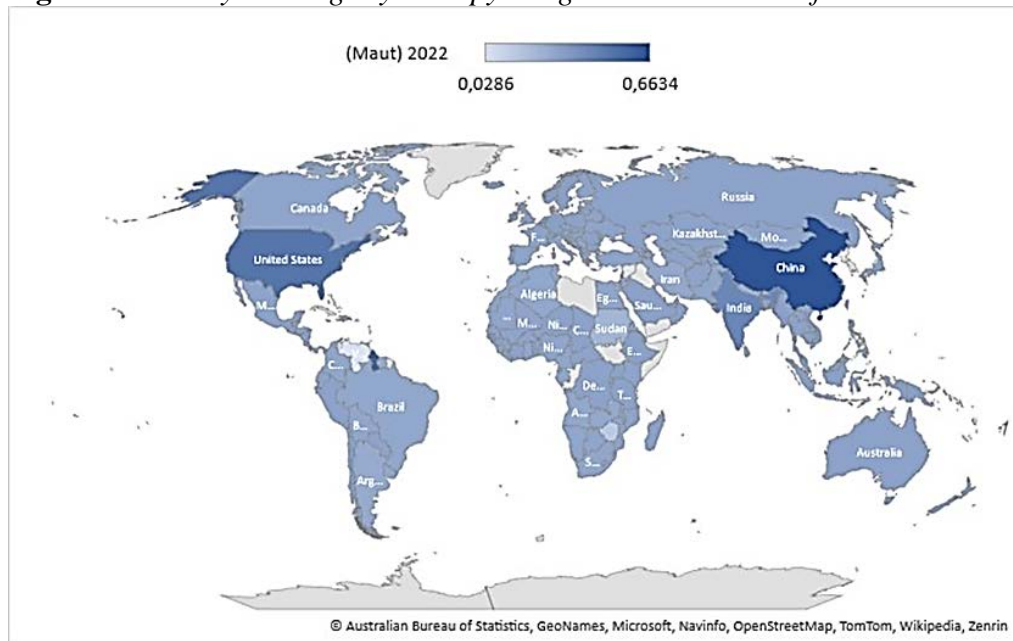


Figure 2 demonstrates the country comparisons performed using the entropy-weighted MAUT model as map for 2022. Based on this map on Figure 2, country

comparisons performed using the entropy-weighted MAUT model (2022), China, Guyana, the United States, India, Luxembourg, Singapore, Ireland, Qatar, the United Arab Emirates, and Taiwan hold the top spots for the economic liberties index. Venezuela, Zimbabwe, Sudan, Lebanon, Argentina, Suriname, Belize, Saint Vincent and the Grenadines, Saint Lucia, Iran, and Barbados made the list of the least free economies. Like in 2021, island nations continue to rank bottom in 2022.

The Spearman rank correlation values between the rankings of the countries made according to the Heritage Foundation's Economic Freedom Index and the rankings of the countries made according to the Entropy-weighted MAUT model suggested in the study were examined to see how well the proposed model agreed with the original model. The results of the Spearman correlation are presented in Tables 11 and 12.

Table 11. Spearman Rank Correlation Results for 2021

		Heritage 2021	MAUT 2021
Heritage 2021	Spearman Rho Correlation Coef.	1.000	0.400**
	Sig. Level (P)		0.000
MAUT 2021	Spearman Rho Correlation Coef.	0.400**	1.000
	Sig. Level (P)	0.000	

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

Table 12. Spearman Rank Correlation Results for 2022

		Heritage 2022	MAUT 2022
Heritage 2022	Spearman Rho Correlation Coef.	1.000	0.412**
	Sig. Level (P)		0.000
MAUT 2022	Spearman Rho Correlation Coef.	0.412**	1.000
	Sig. Level (P)	0.000	

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

Based on Tables 11 and 12 above, it was determined that there was a statistically significant correlation between the proposed alternative ranking mechanism and the Heritage Foundation's ranking for economic freedom in both periods.

Discussion and Conclusion

Investors and business owners can compete freely on the market and provide cutting-edge goods and services because of economic freedom. Economic growth and welfare are thereby increased. However, there are several issues that can arise in a perfectly free market. For this reason, the state should be effective in handling issues like market regulation, preventing the establishment of cartels and monopolies, and eliminating unfair competition in the market. However, these interventions should be reasonable and shouldn't cause the market to become unstable. Economic freedom, therefore, benefits consumers as well as investors and business owners.

The market becomes more competitive as a result of consumer demands and preferences, which leads to lower pricing, higher quality, and a wider variety of goods. In this sense, economic independence is crucial for nations with advantageous investment climates and markets where conducting business is simple and secure. As a result, it is simpler to entice investment in the nation, unemployment is decreased, national income is raised, and living situations for the populace are improved. The state must nevertheless play a regulatory role in the market during this process, and its interventions must not be excessive.

This study's main motivation is generate a different approach to calculation of Economic Freedom Index (EFI) that used by the Heritage Foundation. Based on this aim, the entropy-weighted MAUT was applied in light of the significance of economic freedom for countries as it is thought that using multi-criteria decision-making approach may help to generate an alternative index for such a complex system. The Heritage Foundation's 2021 and 2022 economic freedom index statistics are analyzed and the new rankings of countries are suggested depend on the weights using this methodology. In here, it is important to point that the rankings of countries can vary depend on the weight matrixes produced and different outcomes may be attained as a result of various evaluation standards. In this regard, the entropy-weighted MAUT model has ranked the countries by considering a wide range of variables which then of main fourteen basic criteria of EFI. The variables are taken into consideration are economic freedom, investment climate, competitiveness, workforce capability, and technological infrastructure. The compatibility of this ranking with the actual ranking has also been examined by Spearman rank correlation.

According to the main results of this study, the entropy-weighted MAUT model suggested in this work can therefore be a good substitute for computing the economic freedom index, it is claimed. As a result, the generated model might be a crucial instrument in assessing the economic position of the countries. The focus of the study's subsequent phases is expected to be on factors that can raise the economic freedom index.

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Digital Marketing Skills in High Demand: Exploratory Study of Multiple Competencies for a Marketing Professional

By Heidi Neuvonen* & Maria Pecoraro[‡]

In recent years, there has been growing interest in studying digital marketing education. Prior research approaches marketing education from the perspective of change and challenges. Digitalization causes changes in pedagogy and curriculum design and creates challenges for educators and students to stay up to date. What is not well understood is what employers demand for digital marketing skills. The purpose of this article is to explore marketing education and especially the challenges from a multifaceted perspective of students, teachers and marketing professionals working in business. The qualitative data consists of fourteen open theme interviews with marketing professionals from different industries, four in-depth interviews of marketing teachers and two focus group interviews with teachers, and two focus group interviews with students. We have identified six different challenges that contemporary marketing practices pose in business, marketing education and learning. We describe these challenges as opposing themes that represent broad skills needed in the marketing profession. In addition, the opposing themes contribute to explain why the marketing field is so challenging. This study contributes to the marketing education literature by providing a deeper understanding of the marketing field for curriculum development.

Keywords: digital marketing, marketing education, marketing capability, marketing career, marketing skills gap

Introduction

Digitalization, technological change and artificial intelligence (AI) are revolutionizing the field of marketing and the related labour market. Marketing is evolving at an unprecedented rate, which inevitably creates shortcomings and gaps in companies' marketing capacity, available technology, strategy development and implementation. In addition, the change creates gaps in marketing capabilities and education. Businesses and educators are in a situation where the current practices of education, business and marketing no longer apply. Technological advances, innovative business models, cloud services, big data and other factors have changed the nature of marketing (Crittenden and Peterson 2019).

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Research Problem

In our research we aim to identify challenges that learners, teachers, and marketing professionals in business face in the rapidly changing environment. We explore marketing education, and especially its challenges, from a multifaceted perspective that includes students, teachers and marketing professionals working in business. Our research question is the following:

What are the talent gaps and challenges that learners, teachers, and marketing professionals in business face in digital marketing?

Objective

Our goal is to explore and describe these talent gaps or challenges by analysing the empirical data collected from students, teachers and marketing professionals. First, an attempt was made to shed light on why digital marketing is difficult to study, teach and implement in practice. However, the focus in this study is not to find out the root causes of the challenges but to identify them from the empirical data. Second, the result can establish a context for a deeper understanding of the digital marketing capabilities gap. We attempted to shed light on the phenomenon by collecting data from three different perspectives. The existing knowledge has its roots in marketing education and learning research but can and is supposed to work in practical teaching, internship and work situations. This kind of three-dimensional focus is contextually and temporally relevant.

Literature Review

The theoretical framework is built within the context of marketing education. The research on the teaching of marketing by and for marketing educators has been conducted more than 40 years through a variety of subject areas, methodologies and data. Gray et al. (2012) identified and highlighted key trends as they emerged over the years, and offered a categorization of the most popular areas. The top four categories were assessment, experiential learning, career development, and marketing mix – and related articles together made up 72% of the articles published in JME (from 1979 to 2012). In the category of Career Development, there were more articles focusing on faculty than on student needs. This study adopts a wider approach which combines three different perspectives. In addition to students and faculty needs, we follow Virtanen et al. (2020) who emphasize the importance of the working life perspective. We chose this approach as it is important in the field of marketing to be able to apply conceptual information in practice. In addition, the perspective of working life and the workplace as a learning environment is important because marketing as a field is currently undergoing a meaningful change due to digitalization and other technological developments. Smartphones, new business models, cloud services, artificial intelligence (AI) big data and other innovations have changed marketing and

business. The pace of holistic digital transformation is also challenging the ongoing renewal of marketing teaching and pedagogy (Crittenden and Crittenden 2015, Verhoef et al. 2021). Marketing professionals often gain their digital marketing knowledge on the job (Roetzer 2014, p. 3).

Digital Marketing Capabilities

Digital marketing is an evolving concept. It is defined by the Digital Marketing Institute (2018) as ‘marketing efforts that involve electronic devices or focus on online platforms, and the need for digital marketing cannot be ignored’. Alexander (2022) defines it as ‘in other words, any form of marketing that exists online’. The definition of the American Marketing Association (AMA) is similar to the previous two definitions: ‘Digital marketing refers to any marketing methods conducted through electronic devices which utilize some form of a computer. This includes online marketing efforts conducted on the internet.’ According to Wymbs (2011, p. 95), the key difference between digital and traditional marketing is the use of technologies to create digital relationships, with the latter being more oriented to mass communication.

The term *capability* is defined by Helfat and Peteraf (2003, p. 999) as ‘the ability of an organization to perform a coordinated set of tasks, utilizing organizational resources, for the purpose of achieving a particular end result’. Herhausena et al. (2020) modified the definition further in the context of B2B and digital marketing and defined it as ‘is the ability of a B2B firm to perform a coordinated set of digital-related tasks (operational or dynamic), utilizing digital resources, for achieving a competitive advantage’. They emphasize the importance of capabilities, since these endow companies with the means to adapt to market changes that stem from digitalization, new technologies and changing consumer behaviour.

Based on a systematic literature review, Herhausena et al. (2020) identified and classified critical digital marketing capabilities. They identified four themes that emerged from the articles: channels, social media, digital relationships and digital technologies. In addition to these, Kurtzke and Setkute (2021) added one more theme: digital marketing analytics capabilities. They acknowledge the limitations of this categorization, which is based only on published research. Thus, the managerial practice of new digital capabilities may be neglected. Daellenbach (2018) brought together previous research and identified four key skill sets. She suggests the following categorization: (1) Thinking and learning skills are so-called meta-skills since they rely on cognition and are not discipline specific. (2) Personal skills include communication skills, the ability to deliver presentations and to work in teams. (3) Marketing knowledge is related to job-specific skills. It consists of theories of marketing but also the ability to apply them in practice. (4) Task-specific skills include tools and techniques which are used when applying marketing knowledge. In the Daellenbach (2018) model overall, meta-skills, that is, skills of learning, thinking and collaborating, are the core around which marketing knowledge and technical skills are built. In a research article on problem-based teaching, Rohm et al. (2021) also emphasize the importance of

teaching marketing meta-skills. In the study, important meta-skills are divided into four parts: creativity, critical thinking, collaboration, and communication skills. Integrating the use of technology-based tools into the curriculum is difficult since, for example, Google Ads, Facebook Ads, and other social media advertising tools are changing so fast. Education should enable the use of technology-based tools at a sufficient level alongside the more time-consuming learning of meta-skills.

Prior research acknowledges the importance of understanding the opportunities digital marketing presents, but there has been only a little attention on the actual related competences that firms need to be successful. Most of the existing literature reviews focus on published research only, thus neglecting the important perspective of digital capabilities in managerial practice (Herhausena et al. 2020). This study adapts the view that the managerial perspective is also important.

The Digital Marketing Capabilities Gap and Related Challenges

The need to approach marketing in a new way has been acknowledged as early as in the 1990s (Wymbs 2001, p. 95). The world in which marketing operates has changed, however, marketing research, education and practice have not kept up (Wind 2008, Kurtzke and Setkte 2021). Although there are studies and articles on the marketing capabilities gap, there remains a lack of clarity about what actions need to be taken. According to Roetzer (2014, pp. 3–16), the lack of formal education on digital marketing has affected marketers' abilities to execute critical digital marketing functions. Prior research (Rohm et al. 2021, Kurtzke and Setkte 2021) has also stated that it is important for business schools to maintain relations to practice so as to remain relevant to both their students and the needs of industry. An unprecedented rate of change is creating gaps in marketing talent, technology and strategy. Schlee and Harich (2010) examined the skills and knowledge that employers require for marketing positions. They concluded there were notable differences between the requirements for various levels of marketing jobs. Their findings provided one explanation for the difficulty older workers have in finding marketing jobs. Older people seem to lack the technical skills required for many marketing positions. In addition, there is a need for ongoing training in areas of marketing knowledge. The role of marketing networks such as the Chartered Institute of Marketing (CIM) (2023) and AMA (2023) is significant in training marketing professionals.

Herhausena et al. (2020) addressed these gaps by reviewing 129 high-quality articles that investigated digital marketing capabilities and related resources. In addition to the literature review, they conducted management interviews and a survey and revealed two marketing capabilities gaps: the practice gap, which identifies the deficit between managers' 'current' practices and their 'ideal' digital marketing capabilities; and the knowledge gap, which demonstrates a significant divide between the digital marketing transformations in industrial firms and the extant scholarly knowledge that underpins this.

Based on literature review, Herhausena et al. (2020) propose that digital marketing skills are in high demand, and it is important to understand the phenomenon from various perspectives (educators, students, marketing professionals).

Furthermore, they propose that digital marketing capabilities and capabilities gaps may be slightly different depending on the perspective. Consequently, it is assumed that deeper understanding of the multiple competencies for a marketing professional is inadequately recognized in the literature.

Methodology

The research process consisted of three phases, and it used qualitative methods in both data collection and analysis since the aim was to study the phenomenon in depth and detail (Patton 2002). The aim of the first phase was to identify the key categories of marketing competencies based on a literature review. Following the guidelines from the literature, we developed a discussion guide to organize the interviews and the focus group sessions in such a way that they covered all the topics of interest.

The aim of the second phase was to collect and analyse empirical data. Past studies (Daellenbach 2018, Wymbs 2011, Zahay et al. 2022) have focused on collecting data from relevant literature, curriculum designs and faculty. According to Patton (2002, p. 14), it is important that the selection consists of people who know about the phenomenon and/or that they have experience. Thus, we decided to collect the data from people with one of three backgrounds: marketing professionals, marketing teachers, and students of business management and marketing. The data consists of fourteen open theme interviews with marketing professionals from different industries, four in-depth interviews of marketing teachers and two focus group interviews with teachers and two focus group interviews with students. The emphasis in the selection of the respondents was on quality. The respondents were chosen based on their ability to provide information on the research topic and on their representativeness in relation to the studied phenomenon. The aim of the third phase was to analyse the data and present the results and conclusions.

Results

The findings indicate that the requirements for present-day marketing skills are almost contradictory. The requirements from a job seeker's perspective are broad and unclear, as illustrated in the following reflection by a marketing professional:

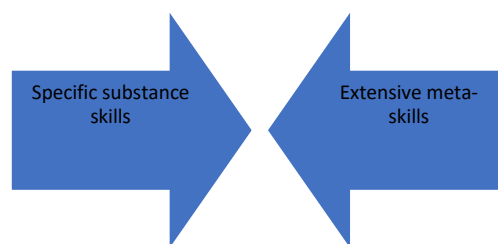
We should have a very wide range of skills and not just look at marketing as a silo, but as I said, we need people who can interpret the data. We need different generalists and so on. So maybe expanding to the so-called toolkit is what is required. (Interview: marketing professional)

We have identified six different challenges that contemporary marketing practices pose in business, marketing education and learning. We describe these

Challenges as opposing themes that represent broad skills needs in the marketing profession. We wanted to present the results specifically as opposing themes to highlight why it is challenging for marketing stakeholders to work, teach and study in the field. These opposing themes describe the challenges of the marketing field in depth. In addition, they set the marketing field apart from all the other fields that are also experiencing rapid change. In other fields, stakeholders are not involved in such major opposing phenomena.

The challenges of digital marketing education and practical implementation at the workplace are as follows:

- 1) Challenges related to the management of professional, specific substance skills vs. extensive meta-skills (e.g., interaction, teamwork, self-direction)



In practice, marketing is mainly done in collaboration, which requires meta-skills. Cooperation takes place in many different directions, within the organization, hierarchically both up and down, between all the different activities and between different stakeholders. In the data, the skills that refer to interaction are manifested both as skills and as a person's personality traits. Teamwork skills are highlighted as a key skill in collaboration, with one interviewee using the term 'digital collaboration'. So, professionals need to be able to network, outsource functions and brief assignments to different professionals and personalities. Furthermore, teamwork enables the development of skills.

What kind of type you would like to hire for work, then of course you want to hire the one with teamwork skills and anyway that they are so called good guy. (Interview: marketing professional)

I tip my cap to all the graduates who end up in a company where there are no other marketers and if you get results there, then I say that it is more challenging than having a longer background or ending up with a slightly bigger company. (Interview: marketing professional)

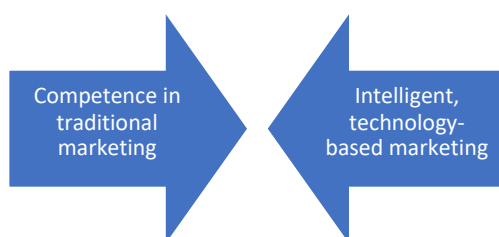
Students value business visitors and hands-on projects during the courses. In addition to being a chance to learn practical skills, visits provide an opportunity to network. It was recommended that students start networking at the beginning of their studies. Through networks, students hope to get internships and jobs.

The wider the network around you, the easier and better it is from your point of view. (Focus-group interview: student)

On the other hand, a portion of the work is done independently, focusing on specific expertise. Marketing offers a range of tasks for a person who is analytical, attentive and able to listen. The person is usually technology oriented and able to apply various techniques and tools. Indeed, many people prefer to work independently.

I don't want to work in a team all the time. (Focus-group interview: student)

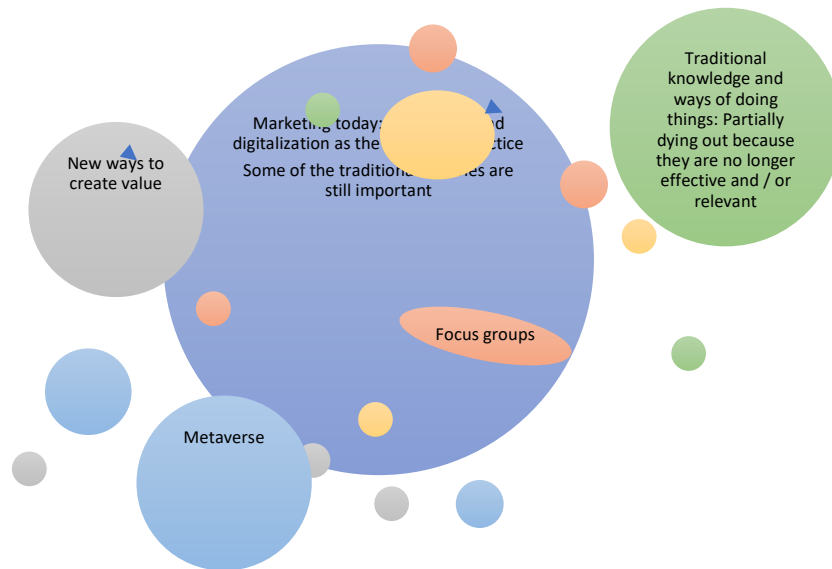
- 2) Competence in the marketing of traditional marketing vs. the utilization of new, intelligent technology-based marketing
- 3)



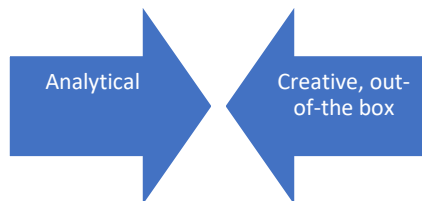
Marketing professionals in our data describe the reality of marketing as a combination of traditional and digital reality. Marketing can be understood as a large circle that has at its core technology and digitalization integrated into all activities (see Figure 1). Some of the traditional theories remain an important part of marketing, illustrated by the small, coloured balls within the largest circle. Some of the traditional knowledge and ways of doing things have already been pushed aside as ineffective and unnecessary. This marginalization is reflected in the figure as a larger ball outside of marketing. The main circle also features an arrow that points away, indicating that soon some knowledge will not appear in reality at all. In other words, the new generation does not even recognize the current knowledge and ways of doing things. New technologies and ways of working are constantly emerging. This powerful change is illustrated by the various balls floating around the main circle. They move fast in one direction and another, and every day the pattern looks different. Figure 1 summarizes and illustrates the view of marketing professionals on the reality of marketing.

The educators highlight the importance of understanding the role of traditional marketing theories. Digitalization cannot be the purpose of marketing.

Actually, all these digital things, they have to be a tool, but as I can see from my perspective, sometimes it [digitalization] becomes becomes an end in itself. It does not matter what you do, just do it digitally and it will be okay. So, sometimes we choose a digital marketing tool instead of a traditional one just because it's digital. But we do not think about what the result or the outcome for the target group will be. So, that's why I'm afraid that we will just use digitalization instead of thinking about the person for whom this marketing is developed. (Interview: marketing educator)

Figure 1. *The Reality of Marketing as Described by the Marketing Professionals*

4) Analytical vs. creative out-of-the-box problem-solving skills



This pair of opposing themes is identified in several different contexts in the data. Without analytical skills, marketing professionals would not be able to take such actions today as they are now able to do. In addition to analytics, complete systems, so-called technological stacks, are being developed. This finding is in line with prior results (Kurtzke and Setkute 2021, Scheel and Harich 2010, p. 350) that many middle- and upper-level marketing jobs require technical skills, and they appear to be more important than documented in earlier research.

The value of analytical skills was acknowledged in the data of the present study but the opposite side of the phenomenon was also highlighted. You need to be able to approach new issues, content and customer value creation from many different and new perspectives. It requires a creative mind-set and problem-solving skills.

We often make systems that are nice in many ways, but they don't necessarily solve the business problem. (Interview: marketing professional)

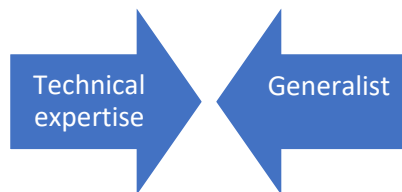
The need to be creative also applies to the design of the curriculum, planning of the courses and learning material, and implementation of teaching. Teachers

themselves have understood this need, but feedback from students is also increasing the pressure to change teaching.

I think, when it comes to literature or learning material, we need to be much more innovative. (Interview: marketing educator)

The students do not accept traditional teaching with only theory. They want applications, they want to apply their knowledge. That's developing all the time. But not around the digital, the aspect of digitalization, actually. (Interview: marketing educator)

5) Specific technical expertise vs. holistic view of a generalist



Learning and maintaining technical task-specific skills require that an organization invests in a variety of hardware and software. These are often provided by large technology companies whose products may not integrate with each other. However, giant companies make it possible to manage the work, but at the same time they pose a technological risk. Marketing professionals and educators must manage technology risk and think about the following questions: Can we afford it? Do we know how to buy and use the right technologies?

The shift to digital marketing is primarily a change in culture, not just a new technology, nor does technology on its own solve business problems. Thus, the importance of the overall vision and the understanding of the customer needs was clearly emphasized in the data. According to one marketing professional, the strategy and the vision help determine the needed technology:

You have to have a pretty strong strategy that you are able to see that this is significant to us. Otherwise, you just run between technologies and panic. You are not able to set limits and say: these are just important technologies for us, this is how we build our business. (Interview: marketing professional)

The importance of the holistic view was also emphasized in the data by the marketing educators. They pointed out that the learning takes time and only seldom students have a chance to see the outcomes of their decisions. This makes it difficult to understand the causalities of their actions and the impact of them.

But most of the students have the difficulty of understanding how one activity interacts with the others and what the outcome would be. So, to make sure, using these digital things, digital forms, different kinds of tools, understanding the outcome, the result of the marketing. How it can change. (Interview: marketing educator)

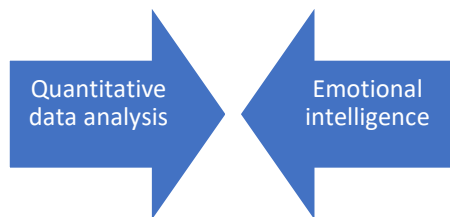
For students, the perception of the whole is important for learning. They want to understand how the specific detail we are now studying relates to a larger context. One student described that learning happens in the wrong direction if one moves from the details to the whole:

I drew myself in the middle of it and put a big circle around it, because black feels like I want that big picture first of what you're not doing, so now it feels like I'm going to go wrong about this. That I learned some specific information about search engine marketing, and then somehow expanding on that, you don't really realize what marketing as a whole is. So maybe it's been challenging to somehow learn first how you do marketing as a whole. (Focus-group Interview: marketing student)

The respondents of marketing professionals emphasized that marketing should not be seen as a silo of its own. Interdisciplinarity which includes business competence, purchasing competence, definition of resources and following future trends is important.

It all starts with that overall understanding from a business perspective, and then perhaps a bit like a life perspective. (Interview: marketing professional)

6) Quantitative data analysis understanding vs. skills based on empathy and emotional intelligence



Data analysis is perceived as an important and independent area of expertise. According to marketing professionals, it is a precondition for data management, for improving efficiency and effectiveness, and is increasingly used as the basis for content production as well as for rapid modification and evaluation of the measures taken.

In my opinion, if all marketing was done on the basis of data, it would be much more relevant. (Interview: marketing professional)

Collaboration with coders is valued and the importance of their work is understood. The expertise of the coders is needed for the technical implementation of the channels. Coders also help monitor technological developments.

Themes of self-regulation emerged clearly from the data. Marketers must learn new things all the time to be able to maintain their professional skills. In addition to content, learning meta-skills such as information seeking, self-steering, facilitation, or self-management skills were identified. Organizations support learning with, for example, weekly internal meetings where successes and best practices are shared. The majority of the training is held by various media. The role of

international mega-companies as providers of education and maintenance of skills is significant. The internationalization of operations is also naturally related to digital change.

The results of the present study are in line with previous research (e.g., Hökkä et al. 2019, Linnenbring-Garcia et al. 2016) that shows the importance of the emotional perspective both in learning and at work. Students worry about their up-to-date competence, and this results in a wide range of uncertainties. Often, they do not dare to admit that their knowledge is incomplete or that their skills are lacking. They want hands-on instructions, mainly to increase their self-confidence. Learning slows down if the student is left to work alone. In particular, emotional reflection and support are needed to deal with challenging and problematic situations. In addition, sharing successes and positive experiences is important. This finding is in line with earlier research (Schlee and Harich 2010, p. 350) which found that new marketing graduates rely more on skills than marketing knowledge for their jobs.

The emotional theme that emerges from teachers' responses is related to the feeling of inadequacy, as stated by one professor at a university:

We do not feel totally comfortable with modern media and modern, digital marketing. So, we tend to stick to the more traditional way of teaching and the messages are still quite traditional. (Interview: marketing educator)

The feeling of inadequacy can lead to a variety of consequences, such as early retirement:

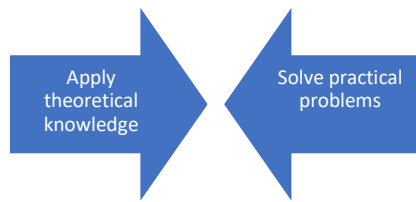
Where the older generation, like me and some of my colleagues, are actually going to give a place, space, for a newer generation. (Interview: marketing educator)

The best marketing professionals stood out from the others in their strong self-regulatory capacity. Self-regulation enables the exercise of knowledge and skills. It is the ability to regulate one's own behaviour, that is, how much room one gives to emotions, thoughts, and desires. The regulation of emotions and behaviour is needed for fluent interaction with others (Virtanen et al. 2020, pp. 16–20).

In addition to the company's culture, marketing professionals need to adopt a team culture. The work is demanding, because in addition to a wide range of skills, one must have emotional intelligence, understanding and tolerance of differences: different personalities, ways of working, professional language and schedules. Listening and attentiveness are also important, as one can learn from best practices and apply them quickly. At its best, diversity is turned into a resource and utilized to achieve optimal results.

Experts also understood well how the requirement for continuous learning can contribute to burnout at work. An important part of self-regulatory skills is identifying one's own strengths and recovering. The work can also be inspiring, 'work at its best', as one interviewee said. Self-regulatory skills are difficult to teach. In the data of the present study, the experts emphasize one's own motivation, desire and the ability to take on challenges and succeed.

7) The ability to apply theoretical knowledge to solve practical problems



The problems and challenges of teaching crystallize very much in this pair of opposing themes. Marketing educators are considering ways to add practical substance know-how and tools to the curriculum. In addition, students value knowledge and skills that they could immediately apply in practice. However, many marketing professionals see that the most important skills of a recent graduate student are that they know how to acquire knowledge, combine knowledge, make analyses and draw conclusions. Marketing skills allow a graduate student to apply knowledge when they encounter problems and have to make the necessary decisions. Marketers understand that it is difficult to provide up-to-date substance-know how in the rapidly changing marketing field. They are looking for people with the right motivation, attitude and procedures. They assume that theory is taught in educational institutions and practice is learned in work, as one respondent summed up:

I have learned to do in practice myself, but it is as if the vision is there at the bottom and the understanding of the general level comes from school. (Interview: marketing professional)

However, students recognize that they have learned meta-skills in addition to theory. When asked what comes to their mind regarding their studies, a few of them highlighted the development of problem-solving skills.

But then maybe I also think first of all the problem-solving skills and know-how to change things quickly. That you are able to do it. Students are encouraged to do that problem-solving and their own critical thinking, and through that they can also bring new ideas to life and into working life and somehow. These are the first that come to mind now. (Focus-group interview: student)

Table 1. Summary of Six Different Challenges and their Counterparts that Contemporary Marketing Practices Pose in Business, Marketing Education and Learning

Digital Marketing Challenge	Digital Marketing Counter Challenge
1. Management of professional, specific substance skills	1. Extensive meta-skills (eg interaction, teamwork, self-direction)
2. Competence in the marketing of traditional marketing	2. Utilization of new, intelligent technology-based marketing
3. Analytical skills	3. Creative out-of-the-box problem-solving skills
4. Very specific technical expertise	4. Holistic view of a generalist
5. Quantitative data analysis understanding	5. Secondly skills based on empathy and emotional intelligence
6. The ability to apply theoretical knowledge	6. The ability to solve practical problems

Discussion

The present study has discussed the challenges and requirements for present-day marketing skills. Similarly to the findings in the present study, prior studies (Crittenden and Crittenden 2015, Daellenbach 2018, Herhausena et al. 2020, Wymbs 2011, Zahay et al. 2022) have demonstrated that digitalization has not only transformed the practice of marketing but also created a knowledge and talent gap. Even though many marketing professionals gain their digital marketing knowledge on the job (Roetzer 2014, p. 3), it is crucial that educational institutions understand the core competencies needed in today's marketing.

The digital marketing industry is advancing at breakneck speed, challenging marketing professionals to keep up with the pace of development. Marketing teachers face the same challenge when they ponder what skills students will need in the near future after graduating to working life. In this research, we analysed the challenges through six opposing themes, which relate to the skills and requirements needed by modern marketing professionals. Herhausena et al. (2020) pointed out four core knowledge areas in digital marketing: channels, social media, digital relationships and technologies. In addition to these core skills, our research highlighted the importance of creativity and problem-solving skills and holistic business understanding. Social skills such as teamwork, self-directedness and empathy also turned out to be the key working life skills in marketing in our analysis. Consequently, technological and analytical skills alone do not guarantee success in

the marketing profession in the long run. Our study is in line with Daellenbach (2018), which structures the marketer's key skills through personal skills, social skills, technological skills, and task-specific skills, while adding to the understanding of multi-skill requirements in the field of marketing.

Nevertheless, our research does not dispute the importance of technology. With the rapid advancements in technology, it is essential to stay up to date with the latest developments and opportunities in digital marketing. Learners, teachers, and marketing professionals need to continually learn and update their knowledge and skills. New technological advancements and marketing automation software might pose a challenge to educational institutions, since they don't necessarily have access to those major marketing automation systems that are commonly used in business. Cooperation between education and companies could be one solution to the challenge brought by updating technology and providing access for students to familiarize themselves with the marketing systems before entering working life. In cooperation, the educational institution would get access to, for example, new software, and the companies would benefit in terms of recruitment. Marketing students may be more prepared for the demands of working life. Cooperation could especially benefit the teaching related to marketing data analytics. Kurtzke and Setkute (2021) showed that data analysis is an essential core competence since digital marketing relies heavily on data analytics to measure the effectiveness of campaigns. Therefore, marketing professionals need to have a thorough understanding of data analytics tools and techniques to analyse and interpret data effectively. In line with Kurtzke and Setkute (2021), our research also sheds light on the often opposing demands and requirements for marketing professionals: analyticity and the ability to interpret quantitative data is not enough, but also creativity and out-of-the-box-thinking and empathy are much needed in today's marketing. Hence, these opposing demands and requirements the core of customer understanding.

Content marketing is an integral part of digital marketing, and creating engaging content that resonates with the target audience is crucial (Lou and Xie 2021). Teachers and marketing professionals need to understand how to develop effective content strategies and create content that engages the target audience. Teachers and marketing professionals need to have a strong understanding of consumer behaviour and how to use this information to create effective marketing campaigns. It is obvious that marketing students should be taught a wide range of concepts, principles, and skills to prepare them for a successful career in the field. In conclusion, digital marketing is a constantly evolving field. Learners, teachers and marketing professionals need to continually update their skills and knowledge to keep up with the latest trends and technologies. Understanding data analytics, developing engaging content, building a strong brand, understanding consumer behaviour, and developing a social media strategy are examples of the critical skills required for success in digital marketing.

As a practical implication, the results help us to understand why different stakeholders find the marketing field challenging: students experience insecurity, educators feel their teaching is inadequate and professionals are exhausted amid all the change. The result regarding breaking down the challenges into pairs of opposing themes led to many recommendations. We now better understand the

phenomenon from an individual perspective and that it is impossible for one person to meet all the requirements of the field. However, each person should choose tasks that match their own strengths. Students' uncertainty can be moderated by communicating and guiding them to identify their own areas of interest and strengths. For educational institutes we can produce knowledge that can be used to come up with ideas and make proposals that change current curriculum design, pedagogical practices and learning content. Marketing professionals gain an understanding of how to organize tasks in house, outsource services, and recruit people for teamwork.

Conclusions

The main contribution of the present study is to the marketing education literature by increasing the related knowledge and understanding about the challenges of multiple competencies for a marketing professional. It is important to note, however, that there are some limitations in the research. For example, the data of this study has been collected in Finland, which may limit the generalizability of the results. However, professional requirements of marketing tend to be universal, although the cultural environment affects how marketing is done in practice. Secondly, the data includes interviews from marketing teachers, students and professionals, thereby providing multifaceted perspectives on the subject under study. This could be seen as a limitation if one group's point of view is emphasized at the expense of another's. A large data set challenges the identification of meaningful patterns and themes in the analysis since qualitative data is open to many interpretations. The reliability of this study was ensured by both researchers carrying out the analysis. All the stages of research, data collection, analysis and reporting were carried out carefully following qualitative research guidelines.

The findings of this study provide a deeper understanding of marketing management. This study adds to the discussion of how and why digital marketing tasks can be organized. It provides insights that can support management's assessment of marketing teams competencies, in recruitment, in investments, in managing the technology matrix and in creating strategy. Finally, we suggest that future research should focus on exploring how cooperation between educational institutions and working life influences students' learning results, skills and readiness for working life after graduation. Future research avenues include different learning approaches for marketing students as well as their relationships to personal, social, academic, and professional outcomes such as school and employment success,

This study is part of the Fudix research project funded by the European Social Fund. The project looks to ensure that companies in the future have digital marketing professionals with the necessary practical skills. The project started on 1 March 2021 and lasts until the end of August 2023. The target groups are primarily business students, teachers from partner institutions and SMEs in the region, who participate in the development of teaching models and the learning environment concept in workshops and teaching experiments.

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Exploring the Link between Organisational Performance Pressures and the Factors that Compromise Ethical Leadership

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Purpose: This research paper explores the link between threat-appraised organizational performance pressure and factors that compromise ethical leadership. **Design/Methodology/Approach:** The study uses a qualitative approach, using a rank-type Delphi method and administered questionnaires to 40 academic and practitioner experts and 10 organisational leaders. The collected data was analysed through qualitative comparative analysis (QCA). **Results:** The findings provide empirical evidence of the detrimental impact of threat-appraised performance pressure on ethical leadership behaviour. Four themes are identified as top-ranked organisational performance pressures and factors compromising ethical leadership: market share growth pressure, pressure to present positive financial statements, pressure to achieve greater efficiency, and competitive pressure linked to several factors that compromise ethical leadership. **Practical Implications:** This research has practical implications for academics, ethics practitioners, policymakers, and organizations, emphasising the importance of mitigating the negative consequences of performance pressures on ethical decision-making. The research supports the development of effective measures, training programs, and ethical frameworks to navigate ethical challenges posed by performance pressures, contributing to long-term success and sustainability. **Originality/Value** This research contributes novel insights to the field of ethical leadership by exploring the relationship between organisational performance pressures and factors compromising ethical leadership. It fills a significant gap in empirical evidence and advances our understanding of how performance pressures can impact ethical leadership behaviour. The rigorous methodology, comprehensive analysis, and practical implications make it valuable for academics, researchers, practitioners, and policymakers.

Keywords: ethical leadership, performance pressure, qualitative comparative analysis, Delphi method, dishonesty, unfairness, low moral judgement, lack of accountability

Introduction

In the current global landscape, organisations face intense organisational and competitive pressures in pursuit of economic success, particularly in the wake of the COVID-19 pandemic (Shin et al. 2015, Abdelgalil 2022). Ethical leadership has emerged as a critical issue in response to ongoing ethical concerns as a result of performance pressure for both local and international organisations operating in

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South Africa. However, the empirical relationship between ethical leadership and organisational success remains underexplored (Kuenzi et al. 2019).

Organisational performance pressure, such as low economic growth, fierce competition, meeting and exceeding organisational and socioeconomic challenges faced by customers, create high pressure to achieve organisational success (Shin et al. 2015). Furthermore, the COVID-19 pandemic has exposed an ethical crisis within managerial ranks, leading to corporate scandals and eroding public trust in organisations (Abdelgalil 2022). The prevalence of corporate scandals in South Africa involving prominent companies like Steinhoff, VBS, KPMG, Tiger Brands, and Momentum highlights the importance of addressing ethical leadership issues (Mjo 2018). These scandals have damaged businesses' reputations and fostered suspicion and mistrust when unethical misconduct is uncovered.

Bridoux and Stoelhorst (2020) acknowledge the importance of investigating the relationship between organisational performance pressures and the factors that undermine ethical leadership. However, they also highlight notable deficiencies within the current body of literature. Gamble et al. (2019) argue that prior studies have inadequately explored the factors that undermine ethical leadership in performance pressure. They contend that the dynamic interplay between performance pressures and ethical leadership warrants a more in-depth investigation. Moreover, Gamble et al. (2019) highlight the necessity of examining the contextual factors that influence the relationship between performance pressures and ethical behaviour, indicating that this area needs more exploration. There is a need to deepen the understanding of ethical leadership, particularly in the South African context, given the prevalence of ethical challenges and corporate scandals in the country. The existing literature has mainly focused on the impact of ethical leadership on organisational outcomes, such as employee culture, climate, satisfaction and performance.

Despite recognising performance pressure's impact on ethical leadership, more research should be conducted on the specific factors that undermine ethical leadership under such conditions. Additionally, the literature needs to sufficiently explore the contextual influences and mechanisms that mediate the relationship between performance pressure and ethical behaviour. Therefore, a research gap needs to be addressed to provide a comprehensive understanding of the dynamics between performance pressure and ethical leadership.

The study aims to bridge the gap in the literature by exploring the link between organisational performance pressures and factors that compromise ethical leadership. By investigating the factors that undermine and compromise ethical leadership under performance pressure and examining the contextual influences, this study seeks to contribute to a deeper understanding of the complex relationship between performance pressure and ethical behaviour. The findings inform the development of strategies to promote ethical leadership and mitigate ethical risks in organisations, particularly in South Africa.

Literature Review

Performance Pressure

It is a multifaceted construct that includes the mentality and judgement of performance adequacy, belief in the inadequacy of current performance, and the negative response associated with that view (Zimbardo and Leippe 1991). It is impacted by situational incentives for optimal performance and maximum results (Kent 2018). Kaptein (2015) argues that formulating ill-conceived goals—those not adequately informed by the organisational context and deemed unreasonable—alongside performance pressures and temptations poses significant ethical risks for organisational leaders. Competitive environments intensify performance pressure as leaders strive to outcompete rivals and achieve a competitive advantage (Martin et al. 2007) and, recently, the COVID-19 pandemic business performance challenges and demands (Manuel and Herron 2020).

The literature acknowledges that performance pressure can have both positive and negative effects. It can enhance motivation and performance but also trigger negative behaviour and process losses (Gardner 2012). Stenmark and Mumford (2011) found that increased performance pressure on organisational teams boosts unethical behaviours, like falsifying financials or skipping safety steps to meet goals. This is often driven by a focus on immediate results, disregarding ethical standards and the organisation's long-term well-being. Performance pressure influences ethical decision-making and behaviour, posing ethical risks for leaders (Thiel et al. 2012). Ethical leadership, characterised by aligning actions with moral principles and promoting ethical behaviour, has significant positive impacts on employee satisfaction, performance, and organisational effectiveness (Theriou et al. 2020).

Ethical Leadership

Ethical leadership is a concept that merges ethics and leadership. It involves normatively appropriate conduct demonstrated through personal actions, interpersonal relationships, and the promotion of such conduct to followers (Brown et al. 2005). Ethical leaders uphold universal values such as honesty, truth, justice, reliability, impartiality, and encourage the formation of morality in thinking and actions (Kang 2009). They create an ethical environment by communicating and acting consistently with the organisational code of ethics, reinforcing ethical behavior while pursuing organisational goals (Cheteni and Shindika 2017).

While previous research has explored the link between performance pressure and ethical leadership, there are several gaps in the literature. Limited attention has been given to the specific factors that compromise ethical leadership under performance pressure, apart from general references to performance pressures and temptations (Kaptein 2015). The interplay between performance pressures and ethical leadership requires further investigation. Additionally, the contextual factors that link organisational performance pressure and ethical behaviour still need to be explored. A deeper understanding of the impact of performance pressure

on ethical leadership in the South African context is needed, given the persistent prevalence of ethical business failures in the country (Competition Tribunal of South Africa 2009, Pops 2006).

Factors that Compromise Ethical Leadership

The existing literature lacks a comprehensive exploration of the link between organisational performance pressure and the factors that compromise ethical leadership. Although dimensions of ethical leadership have been identified, little attention has been given to how performance pressure influences these factors (Bachmann 2017a, b, Brown et al. 2005, Brown and Caylor 2006, Fatoki 2020, Theriou et al. 2020). This section aims to bridge this gap by examining the factors that compromise ethical leadership in the context of performance pressure. There are a number of factors that compromise ethical leadership in the context of performance pressures, however streamline and focus the study, only a few are reviewed.

Dishonesty is a factor that negatively influences and compromises ethical leadership. Stakeholders, particularly shareholders, exert pressure on leaders to achieve profitability and meet performance objectives. When performance pressure is negatively appraised, leaders may engage in dishonest behaviours such as overbilling, falsifying financial records, and utilizing misleading marketing tactics (Lin et al. 2018). These unethical behaviours can damage the organisational reputation and result in the loss of customers and revenue.

Low moral judgement is another factor that compromises ethical leadership. Moral judgement plays a crucial role in determining organisational behaviour and decision-making. However, the lack of consequences for poor moral judgement among influential decision-makers can lead to a decline in overall moral judgement within the organisation (Lo et al. 2019). Examples of low moral judgement include prioritize profits or short-term gains at the expense of employee well-being demonstrate, exploit vulnerable individuals or communities for personal gain, such as engaging in sweatshop labour, environmental degradation, or other forms of exploitation.

Unfairness emerges as a factor compromising ethical leadership when competitive pressure intensifies, and stakeholders demand market dominance. In the pursuit of business growth and outcompeting rivals, leaders may resort to unfair competitive practices such as false advertising, deceptive pricing, and noncompliance with manufacturing standards (Will 2020). Furthermore, some leaders collude with competitors to fix prices or manipulate pricing strategies in a way that eliminates fair competition and artificially inflates prices. This harms consumers and restricts their choices. These behaviours undermine fairness and justice, which are fundamental principles of ethical leadership.

Lack of accountability is a critical ethical issue in various industries. Organisational leaders face pressure to make decisions that ensure profitability, productivity, and market share growth. However, there is often a lack of mechanisms to assess whether these objectives have been achieved within ethical boundaries (Tseng 2019). This absence of accountability can lead to a culture of

blame-shifting and evasion of consequences, and unethical practices as leaders prioritize economic success without considering the moral and ethical implications.

The existing literature has identified factors such as dishonesty, low moral judgement, unfairness, and lack of accountability as compromising ethical leadership. However, there is limited research on how these factors are specifically influenced by organisational performance pressure (Gardner 2012). Understanding the dynamics between performance pressure and these compromising factors is crucial for developing effective strategies to promote ethical leadership in high-pressure environments.

Additionally, the current literature needs a comprehensive examination of how organisational performance pressure affects the factors that compromise ethical leadership. Most studies focus on describing unethical behaviours and their consequences without delving into the underlying mechanisms and contextual influences. This research gap calls for a deeper understanding of how performance pressure influences ethical leadership, particularly in terms of the identified factors.

Main Research Objective (MrO)

The main objective of this study is to examine the relationship between organisational performance pressures and ethical leadership. Specifically, the study aims to identify threat-appraised performance pressures and the factors that compromise ethical leadership, determine the most influential factors in these two constructs, assess expert consensus, and provide recommendations for organisations based on the findings. To achieve this objective, four secondary research questions have been formulated.

Secondary Research Objectives (SrO)

- SrO1 To identify and rank the threat-appraised performance pressure, as perceived by experts in the field.
- SrO2 To identify and rank the most influential factors that compromise ethical leadership posed by performance pressure in the workplace, as perceived by experts in the field.
- SrO3 To evaluate leadership narration on how performance pressures compromise ethical leadership behaviour.
- SrO4 To explore the link between threat-appraised performance pressure and unethical ethical leadership.

Methodology

The present study employs an exploratory research approach to investigate the link between organisational performance pressures and factors compromising ethical leadership. This approach is suitable when there is limited information

available on the topic under study, allowing for an in-depth exploration of how performance pressure compromises ethical leadership (Sekaran and Bougie 2013).

Sample and Procedure

The sample for the first part of the study consisted of 40 experts, that is, 21 academic and 19 practitioner experts, while the second part involved 10 organisational leaders. When selecting 21 academic experts, the focus criteria were ethics, area of expertise, experience, and contributions to scholarly literature. Diversity in perspectives and backgrounds among the chosen experts was to enrich the study, while their professional standing and recognition in the academic community ensured the credibility and relevance of their insights. Ultimately, the selection was to prioritise individuals who were knowledgeable, willing, and able to communicate effectively and contribute meaningfully to the research objectives. The 19 ethics experts had expertise in various domains, with notable contributions and proven impact on ethical practices and policy in areas such as the RSA Public Protector's office, Ethics Institutes, etc. Participants include ethics committee members, professionals, and award recipients with a strong track record in applying ethical principles in healthcare, business, or environmental contexts. Non-probability convenience sampling techniques were employed to select the participants. The experts were chosen based on their qualifications and experience in ethics, leadership, and organisational behaviour. The rank-type Delphi method was used to solicit the participation of qualified experts who understand the issues related to ethical leadership and organisational performance (Okoli and Pawlowski 2004). The second part of the study utilised the leadership confirmatory narrative process to confirm and provide context on how performance pressure compromises ethical leadership.

Measures

Self-developed measurement instruments were used in the study. To ensure the instrument's effectiveness, a pilot study was executed with a representative sample to test for reliability and validity, aiming to identify and rectify any issues with the questionnaire's design and content. This process was critical for refining the instrument to accurately measure the intended constructs and produce reliable, valid data for the main study. The questionnaire included demographic information, organisational pressures, and ethical leadership sections. The organisational performance pressure questions were based on a three-time measure developed by Rubin et al. (2010). The ethical leadership questions drew from existing measurement scales such as the Ethical Leadership Scale by Brown et al. (2005), the Ethical Leadership at Work Questionnaire by Kalshoven et al. (2011), and the Ethical Leadership Questionnaire by Yukl et al. (2011). These measures helped assess the factors compromising ethical leadership when performance pressure is exerted.

Data Collection and Analysis

Part I of the Study used the rank-type Delphi method was employed in three phases: brainstorming, narrowing down factors, and ranking relevant factors. The brainstorming process involved ranking experts and inviting them to participate in a study. The email communication had an attached informed consent letter, a reminder of the purpose and frequency of contact, and the first questionnaire. Participants were required to identify factors related to organisational performance pressure and factors that compromise ethical leadership. They were then asked to verify these factors and make any necessary changes. Brainstorming as a primary data collection process was crucial because it systematically gathers expert consensus through iterative rounds of anonymous feedback, enhancing the reliability and depth of insights. A stop criterion was used to ensure consensus among the experts, determined by Kendall's W statistic with a threshold of 0.7 (Okoli and Pawlowski 2004). In Part II, organisational leaders were invited to verify the factors identified in Part I and provide narrative accounts of how threat-appraised performance pressure compromises ethical leadership. The data collected through the Delphi method and narrative accounts were analysed using qualitative comparative analysis (QCA) to identify the key factors linking performance pressure and ethical leadership (Cheverud et al. 1989, Esposito et al. 1997, Greckhamer et al. 2018).

Ethical Considerations

The study follows a structured and methodical approach, adhering to the research onion paradigm, which covers various aspects of research methodology (Brenner 1992). The methodology employed offers a rigorous and systematic framework to identify important factors and their linkage, ensuring the dependability, trustworthiness, and credibility of the findings. Ethical considerations were addressed through Delphi ethical procedures, such as monitoring compliance and reporting, as well as obtaining ethical clearance and complying with University of Johannesburg ethics committee requirements, including informed consent and secure data storage.

The methodological approach of this study combines an exploratory research design, the rank-type Delphi method, qualitative comparative analysis (QCA), and develop measurement instruments from established measurement scales. This comprehensive approach allows for in-depth exploration and understanding of the relationship between organisational performance pressures and factors compromising ethical leadership. The use of self-developed measures, the selection of qualified experts, and the rigorous data collection and analysis process contribute to the methodological rigour and trustworthiness of the study.

Results

Qualitative Comparative Analysis (QCA) was employed to analyze the data collected in this study. The transcripts yielded a total of 80 codes, which were then classified into 35 categories and further grouped into four themes. Coding in the study allowed for the systematic breakdown of expert feedback into thematic “codes” for easy analysis and interpretation of qualitative data from survey rounds. By categorising similar responses, such as those related to financial pressures, under collective codes (e.g., “pressure to meet financial targets”), this approach helped identify common themes and patterns. This process was instrumental in gaining insights into the underlying factors that lead to dishonest behaviour due to performance pressures. Four themes were selected and linked to meet the study objectives based on a confirmatory research procedure. These themes were: Market share growth pressure linked to lack of accountability, Pressure to present positive financial statements linked to dishonesty, Pressure to achieve greater efficiency linked to low moral judgement, and Competitive Pressure linked to unfair market business practices. The study findings are presented in Tables 1, 2, and 3.

Several original quotes from the survey questionnaire were incorporated to provide a deeper understanding of the results. These quotes offer valuable insights into the perspectives of the participants regarding the relationship between performance pressure and ethical leadership. The inclusion of these quotes enhances the richness and authenticity of the findings.

The combination of three phases of the rank-type Delphi approach (brainstorming, narrowing, and ranking) with QCA proved instrumental in gaining a comprehensive understanding of the critical factors that elucidate the link between performance pressure and ethical leadership. This methodological approach allowed for systematically exploring and identifying the key themes and their connections. The results are presented as follows:

In meeting the secondary research objective one (SrO1): To identify and rank the threat-appraised performance pressure, as perceived by academic and practitioner experts.

The experts’ results and the rank order of performance pressure were identified and ranked. Table 1 has three main columns: Columns one and two present academic and practitioner top ten ranked performance pressures, respectively. The third column presents organisational leaders who confirmed the expert’s results and provided the final leadership organisational performance list (LOPL) and leadership factors that negatively influence and compromise ethical leadership (LFCEL) list below.

Table 1. Identification and Rank of Experts' Results and the Rank Order of Performance Pressure

	Academic Experts	%	Practitioner experts	%	Organisational Leaders	%
1	Competitive pressure	100	Competitive pressure	100	Achieving greater efficiency	100
2	Achieving greater efficiency	100	Pressure to contain costs	100	Pressure to present positive financial reports	100
3	Declining customer base	100	Achieving greater efficiency pressure	100	Competitive pressure	100
4	Demanding customers	90	Quality Pressures	84	Growth through acquisition pressures	90
5	Pressure from the financial control mechanism	90	Pressure to present positive financial reports	84	Income and profitability	90
6	New innovative competitors	80	Growth through acquisition pressures	76	New innovative competitors	80
7	Pressure to present positive financial reports	80	Income and profitability	76	Pressure to contain costs	60
8	Internal process: productivity and innovation	80	Declining customer base	76	Pressure to buy competitors & mergers	80
9	Market pressure	80	Market pressures	69	Internal process: productivity	80
10	Social pressure	80	Demanding customers	7	Quality	80

The following quotes are some of the responses from participating experts in Table 1 (*PE* denotes practitioner expert, and *AE* denotes academic expert and expert number):

“Globalisation has intensify competition both locally and internationally. Leading companies have an edge over local and smaller companies as far as pricing is concerned. ...they are able to bring better prices to the country from the efficiencies and economies of scale received from China. Competitive pricing sometimes take out local businesses from the market because of the inability to compete on pricing...
Negative behaviour: big companies force out smaller and vulnerable businesses through charging lower prices to force out the competition; ...some leading businesses engaging in price manipulation;...price cutting to prevent smaller competitors from participating in the industry ...”AE17

“...there is an over-emphasis on getting production of cable support instruments on time and within budget... at times, it is impossible to achieve this as other issues come up and disrupt production such as breakdowns, delivery delays etc. At the end of the month, targets are demanded, and when one doesn't meet them, report after report is required to explain the reasons....
Negative behaviour: even if production machines give us problems, production needs to continue, compromising workers' safety.” PE3

“A culture of cost savings has positive outcomes for profit-making; ...**negative behaviour** ...however, cost-cutting can have unintended consequences when it leads

to cutting corners and compromising ethical standards; as a strategy, it becomes unsustainable for organisations. Such actions damage the reputation of the business over time". Academic expert number 11 (AE 11)

In meeting the secondary research objective one (SrO2). To identify and rank the most influential factors that compromise ethical leadership posed by performance pressure in organisations, as perceived by academic and practitioner experts.

The expert's results and the rank order of factors that compromise ethical leadership when pressure is exerted were identified and ranked. Table 2 has three main columns: Columns one and two present academic and practitioner top ten ranked factors that compromise ethical leadership, respectively. The third column presents organisational leaders who confirmed the expert's results and provided the final leadership factors that negatively influence and compromise ethical leadership (LFCEL) list below.

Table 2. Identification and Rank of Expert's Results and the Rank Order of Factors that Compromise Ethical Leadership when Pressure is exerted

	Academic Experts	%	Practitioner experts	%	Organisational Leaders	%
1	Lack of accountability	100%	Lack of accountability	100%	Lack of accountability	100%
2	Lack of integrity	100%	Dishonesty	100%	Dishonesty	100%
3	Dishonesty	100%	Lack of integrity	100%	Unfairness	100%
4	Lack of ethical guidance/sensitivity	91%	Short-termism	100%	Low moral judgement	100%
5	Low moral judgement	100%	Low moral judgement	69%	Lack of transparency	90%
6	Lack of transparency	91%	Unfairness	76%	Lack of integrity	90%
7	Unfairness	75%	Transparency	76%	Injustices	90%
8	Lack of power-sharing	66%	Lack of ethical guidance/sensitivity	69%	Short-termism	90%
9	Injustices	41%	Conflict of interest	69%	Weak corporate governance	80%
10	Tolerance for an ethical violation	16%	Injustices	46%	Lack of ethical guidance/sensitivity	70%

The following quotes are some of the responses from participating experts in the above table (*PE denotes practitioner expert, and AE denotes academic expert and expert number*):

"...decisions and actions are the determinants that shape organisational conduct. Lack of understanding of ethical sensitivity in leadership decisions is a major issue in South Africa...what informs most decisions depends on whether profits are achieved or not; the consequences of most decisions are not factors in..." PE 8.

"Sometimes one wonders if personal accountability means anything to some of the executives when one looks at the corporate scandals that have been exposed to the public. And what is of interest; how did some of the Board of Directors give the green light to some of the senior managers' decisions...it's clear evidence that there

is a lack of oversight and failure to hold senior managers accountable for wrongdoing...”AE 3.

“...my opinion on ethicality in our context is the inability to live the values articulated in companies’ value statements. Many of these values statements sound perfect: treating all stakeholders with respect, dignity and honesty. How they treat their employees and customers is the complete opposite of their value statements...”AE10.

The completion of the questionnaire resulted in three iterations that provided the final leadership organisational performance list (LOPL) and leadership factors that negatively influence and compromise ethical leadership (LFCEL). The ranking concluded with the consensus of all practitioners.

In the third and final column, some of the leaders (L) participants’ quotes for the above tables 1 and 2 (leadership final ranking on the righthand side of the tables) are presented below:

Achieving greater efficiency was a factor that was ranked the highest, with a mean of 2.7 and mode of 1.

“Sometimes in the mining industry, the leaders of companies are put under such intense pressure to increase production that they take shortcuts and disregard the safety protocols and environmental regulations to achieve increased efficiency. ...They push their employees to their breaking points without regard for the consequences, and they may compromise their moral judgment and engage in questionable practices that harm the businesses in the long run.” L7

“In my experience working for manufacturing and telecommunications firms, I’ve seen cases where top-level leaders placed enormous pressure on finance teams to present positive financial reports by manipulating numbers, which leads to long-term consequences for the company’s reputation and sustainability if uncovered....The dishonesty provides short-term relief to any performance threats that might have faced the leader. This performance pressure undermines organisational integrity and fosters a toxic work atmosphere.” L3

“With the desire to succeed and outperform competitors, some senior managers in the insurance industry sometimes resort to unethical practices that give them an unfair advantage and damage the whole sector’s image.These corrupt leaders encouraged their employees to prioritise sales through misinformation about their insurance products over customer satisfaction, and the leadership turned a blind eye to such practices”. L8

Pressure to present positive financial reports was the second-highest factor, with a mean of 3 and mode of 3.

Competitive pressure was the third highest-ranking factor, with a mean of 4.9. and mode of 5, leaders ranked this pressure in the top half; they all had the highest ranking of 1.

Growth through acquisition pressures was the fourth highest-ranking factor, with a mean of 5.8 and 90% of leaders ranked *Growth through acquisition* in the top half; they all had the highest ranking of 1.

“The pressure to improve market position and increase market share by maintaining a competitive edge led some industry leadership teams to engage in dubious conduct, such as our competitors acquiring our suppliers. The move was intended to improve the efficiency of the industry’s supply chain, but it created a conflict of interest. Due to the lack of effective anti-competitive behaviour, no one was held accountable for such anti-competitive conduct” L5.

In meeting the secondary research objective three (SrO3): To evaluate leadership narration on how performance pressures compromise ethical leadership behaviour.

The aim of this study was to evaluate how performance pressures compromise ethical leadership behaviour. The analysis of the narratives provided valuable insights into the specific themes related to different performance pressures and their impact on ethical leadership.

The first theme, “Achieving Greater Efficiency Pressure,” highlighted the importance of resource utilization and cost containment in organisational efficiency. The pressure to achieve greater efficiency often leads to unethical behaviours, such as unequal treatment of employees and the hiring of illegal workers for cost-saving purposes. These practices undermine ethical leadership and compromise organisational values. The quote:

“...The pressure mounts on cost reduction, where things like ‘employees that were employed recently will not get certain benefits that old employees have’ are acceptable at first. They then move to inequality of pay systems based on race or gender, and it continues to practice hiring illegal desperate workers. Where they pay them next to nothing and work them far above legislated working hours.” L8

The second theme, “Pressure To Present Positive Financial Statement,” focused on the pressure to demonstrate profitability in financial reports. This pressure often leads to the manipulation of financial records and the use of financial engineering tactics to present positive results. The findings revealed the detrimental effect of this pressure on ethical leadership, as leaders may engage in dishonest practices to meet profitability objectives. The quote:

“...you must remember profitability is an outcome of good performance, mostly it is to be illustrated. The financial statement of results illustrates profitability and losses. There is great pressure to show positive results to the shareholders, analysts, and capital lenders. And as a result, there is a temptation to misrepresent the results to favour profitability objectives...” L5

The third theme, “Growth Through Acquisition Pressure,” explored the pressure to increase market share and grow the organisation. This pressure is driven by the need to satisfy shareholders and maintain market dominance. The findings indicated that leaders may engage in strategies that hinder technological

innovations and impede the growth of other businesses. This compromises ethical leadership and prioritizes shareholder value over other stakeholders and sustainable practices. The quote:

“...The goal to grow the organisation is mostly not informed by situational variables such as conducive economic conditions to grow, but they need to increase profits to negate economic conditions. Due to limited capital and a cut-throat global competitive environment, businesses buy other organisations, particularly smaller and innovative businesses. These tactics make perfect sense when capital is limited and there is increased competition. However, leaders buy these businesses not to grow their businesses but to kill certain technological innovations that could potentially kill their industry’s business models... L10

The fourth theme, “Competitive Pressure,” focused on the intense competition in the marketplace and its impact on ethical leadership. Collaboration among competitors for mutual economic benefit is common, but it can also lead to questionable behaviors such as price-fixing and market allocation. The findings highlighted the challenges faced by leaders in maintaining ethical standards in a highly competitive environment. The quote:

“...there is a great deal put on collaboration strategies these days. For example, they come together in various associations to negotiate salaries with trade unions... The situation gets tricky, where collaboration goes beyond the legal mutual economic benefit to collaboration full of questionable behaviour. The company’s leaders come together in an informal setting and start to collaborate through tactics like price-fixing and market allocation...” L2

These themes provide important insights into the relationship between performance pressures and ethical leadership. They emphasize the need for leaders to navigate performance pressures while upholding ethical principles and organisational values. The narratives from the participants illustrate the complexities and challenges faced by leaders in balancing performance objectives with ethical considerations.

In meeting the secondary research objective four (SrO4): To explore the link between threat-appraised performance pressure and unethical ethical leadership. The results on the linkage between the top-ranked performance pressure and the factors that compromise ethical leadership are presented in Table 3. It also emerged that the organisational performance pressures were also aligned with major performance evaluation tools such as the Balance scorecard. They emanate from an internal Business process perspective (productivity/achieving greater efficiency pressure), Finance perspective (profitability/ presenting positive financial report pressure), Customer perspective (competition/ competitive pressure) and Growth perspective (market share growth/ growth through acquisition pressure).

Table 3. *The Link between Organisational Performance Pressures and the Factors that compromise Ethical Leadership*

Organisational Performance Pressures	Factors That Negatively Influence and Compromise Ethical Leadership
Achieving greater efficiency pressure: Productivity	Low moral judgement
Presenting positive financial reports pressure: Profitability	Dishonesty
Competitive pressure: Competition	Unfairness
Growth through acquisition pressure: Market Share Growth	Lack of accountability

The first performance pressure theme, “**Achieving greater efficiency pressure,**” was identified as the top-ranked factor in the category of productivity pressure. Achieving greater efficiency is a fundamental objective for organisations aiming for success. This theme highlights the importance of moral judgment in guiding decisions and actions related to resource utilization and organisational objectives. The findings indicate that low moral judgment is a significant risk factor for ethical leadership when faced with pressure to achieve greater. Unfair labour practices, such as cost-cutting measures working long illegal hours and, underpaying employees, compromise ethical standards, are examples of the consequences of this pressure.

The second performance pressure theme, “**Presenting positive financial reports pressure,**” emerged as the highest-ranked factor within the profitability category. Shareholders and other stakeholders often exert pressure on leaders to achieve profitability maximization. Under the negative appraisal of performance pressure, leaders may resort to dishonest behaviours to present positive financial reports. This finding aligns with previous research highlighting the detrimental impact of dishonest leadership behaviours, such as manipulation of financial statements to present a good financial performance which then compromises ethical leadership and organisational reputation.

The third performance pressure theme, “**Competitive pressure,**” was identified as the top factor within the competition category. Outcompeting rivals in the marketplace is a critical goal for an organisation’s sustainability. However, the findings indicate that competitive pressure can lead to unfair competition and unethical business practices. Collaboration between competitors is meant to benefit consumers, but when collaboration with the intention to maximise profits takes over, unfair competitive business practices such as price fixing emerge. Fairness, an essential dimension of ethical leadership, is compromised when these practices occur.

The fourth and final performance pressure theme, “**Growth through acquisition pressure,**” ranked highest in the market share growth category. Organisational leaders face pressure to achieve market share growth, which is closely linked to economic success and shareholder value. Lack of accountability is identified as a significant factor compromising ethical leadership under this pressure. The study highlights the importance of accountability in ensuring ethical leadership behaviours and decision-making. Lack of accountability emerges when organisations deliberately kill competition by buying other emerging and weak

competitors for market dominance. Essentially killing competition. Organisational leaders ought to be accountable for their actions and be subjected to evaluation to maintain ethical standards in mergers and acquisitions.

The rigorous results analysis using QCA, the selection and linkage of themes, and the inclusion of participant quotes yielded insightful and meaningful results. These results advance our understanding of ethical leadership's complexities in the context of performance pressure, opening avenues for further exploration and offering practical implications for organisational leaders.

Discussion

Organisations operating in today's competitive business environment face numerous pressures to perform and excel in their respective sectors. However, the pursuit of organisational economic success can come at a cost when ethical leadership is compromised. This study aimed to explore the link between organisational performance pressures and factors that compromise ethical leadership when pressure is exerted, revealing fascinating insights into this complex relationship.

The managerial contribution of this study lies in recognising and resolving the adverse effects of various types of performance pressures, particularly threat-appraised performance pressures, on ethical standards within organisations. Organisational leaders must be aware of the direct link between performance pressures, such as market share growth pressure, pressure to present positive financial statements, competitive pressure, pressure to achieve greater efficiency, and their potential to compromise ethical leadership. In identifying these factors, organisations can develop performance management systems that integrate ethical considerations, fostering leadership honesty, moral judgment, fair competition, transparency, accountability, and clear ethical guidelines and policies. These measures can help leaders navigate the demands of performance pressures while maintaining ethical leadership and creating a complete ethical culture.

Ethical awareness and sensitivity are vital aspects of organisational performance. Therefore, implementing ethical training programs can assist leaders in balancing performance expectations with ethical behaviour and promoting ethical decision-making. Establishing an ethical leadership culture and emphasizing ethical values, principles, rules, and regulations are crucial steps in developing an ethical organisational environment. In a quantitative study, further research is needed to understand the complex interplay between performance pressures and ethical leadership to understand the strength of these relationships and linkages.

One unique aspect of this study is its focus on identifying both financial and non-financial performance pressures. By considering alternative measures of success beyond financial performance, organisations can reduce the pressure to prioritize financial goals over ethical behaviour. This approach simplifies the complexity of ethics audits and allows for regular assessments of an organisation's ethical climate. And secondly, there have been blind spot-on ethical dilemmas in non-financial performance pressure, which the study put to bear.

The theoretical implications of this study highlight the significance of contextual factors and the nature of performance pressures when studying ethical leadership. Different types of performance pressures may have varying effects on ethical behaviour. The findings contribute to our understanding of the intricate relationship between performance pressure and ethical leadership, emphasizing the need for further investigation into the underlying mechanisms connecting these constructs. The study also raises important questions about leadership's role in creating or perpetuating performance pressure that compromises ethical behaviour, suggesting potential areas for future research, particularly in examining how performance pressures influence ethical decision-making.

The study enlightens a critical business ethical area with significant organisational behavioural and decision-making implications. It provides valuable insights into how organisations can maintain ethical leadership in the face of performance pressures. The findings underscore the importance of ethical leadership for long-term organisational performance and emphasize the need for leaders to prioritize ethical considerations in their decision-making processes. With our understanding of the complex dynamics between performance pressures and ethical leadership, organisations can strive for sustainable success while upholding ethical standards.

The results of this study reveal the specific performance pressures and factors compromising ethical leadership. They highlight the importance of moral judgment, honesty, fairness, and accountability in navigating these pressures. The study makes a contribution to the current knowledge on ethical leadership and provides valuable insights for researchers, leaders, and organisations aiming to foster ethical leadership practices in the face of performance pressures.

Conclusion

The study's exploration of the linkage between performance pressure and factors compromising ethical leadership has significant implications for theory and practice. Firstly, it provides insights into how different types of performance pressure can impact ethical leadership. The study explicitly links market share growth pressure and lack of accountability, pressure to present positive financial statements and dishonesty, competitive pressure and unfair business practices, and pressure to achieve greater efficiency and moral judgement as key factors linked to compromised ethical decision-making under pressure as key factors. Understanding these pressures can help practitioners better grasp the issues they confront and build effective solutions to offset the adverse effects on ethical leadership.

Furthermore, the findings have consequences for organisational leaders, scholars, and governments entrusted with establishing ethical norms and addressing challenges related to firm performance pressure. By acknowledging the various pressures that can hinder ethical leadership for each performance objective, leaders can develop focused rules and guidelines to support ethical behaviour in enterprises. Furthermore, the study's findings can be used to design training programmes and ethical frameworks that support ethical decision-making under

pressure. These initiatives can give executives the skills and information they need to overcome performance pressures while adhering to ethical ideals.

The report also highlights the importance of ethical leadership in maintaining company integrity and reputation. Leaders can create an ethical climate inside their firms by prioritising ethical considerations. This contributes to long-term success and sustainability. This emphasises the significance of ethical leadership as a crucial part of business culture.

However, it is critical to recognise the study's shortcomings. Using self-reported data brings errors and biases, such as the social desirability bias. The study focuses on a limited range of internal performance pressures while ignoring the impact of additional external pressures, such as societal and regulatory government pressure. The data's correlational character precludes drawing definitive causal conclusions, emphasising the necessity for additional study to demonstrate quantitative causality.

In conclusion, the study demonstrates that threat-appraised organisational performance pressure can indeed lead to unethical leadership behaviour. With the knowledge and understanding of the factors compromising ethical leadership, organisational leaders can integrate ethical considerations into their decision-making processes and foster an ethical climate. These efforts are essential for the long-term sustainability and success of organisations.

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