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# ROMANIAN ECONOMIC AND BUSINESS REVIEW

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SPRING 2018

VOLUME 13

NUMBER 1

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**ISSN 1842 – 2497**

# ROMANIAN ECONOMIC AND BUSINESS REVIEW

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# **The Life Cycle of an SME and Human Resources Strategies and Policies Adopted by the Entrepreneur**

Anca Ștefănescu \*

## **Abstract**

*Researchers have demonstrated that there is interdependence between the phases of an SME's lifecycle and the behavior of entrepreneurs - managers. Thus, the economic performance of the SME not only attests to the entrepreneurs' ability to act and make decisions, but also their ability to underlie, elaborate, implement and control - assess global strategies and human resources appropriate to the turbulent environment in which these economic entities operate on the market.*

**Keywords:** lifecycle, SME, global strategy, human resources strategies, human resources policies

**JEL Classification:** M10, M12, M13, M50

## **1. Introduction**

The article presents the interdependence between the life cycle of an SME and the entrepreneurial behavior of entrepreneurs - managers. Depending on certain factors, they will take strategic, tactical and current decisions to enable the SME to survive, grow, maintain or recover on the market. Also, over time, entrepreneurs - managers will understand the need for rigorous planning, address the strategic business, and adopt the most appropriate global and human resources strategies that would enable them to operate in profitable terms, thereby obtaining economic performance in a changing environment.

## **2. Interdependence between the life cycle of an SME, the entrepreneurial-managerial approach and the strategies and policies of human resources**

Specialists' researches [Nicolescu, Nicolescu, (2008)] have highlighted that there is a strong link between the life cycle of an SME and the entrepreneurial-managerial approach.

According to the specialists, the life cycle of an SME consists of the following phases: launch (establishment), development (growth), maturity, decline and liquidation. [Fig. no. 1]

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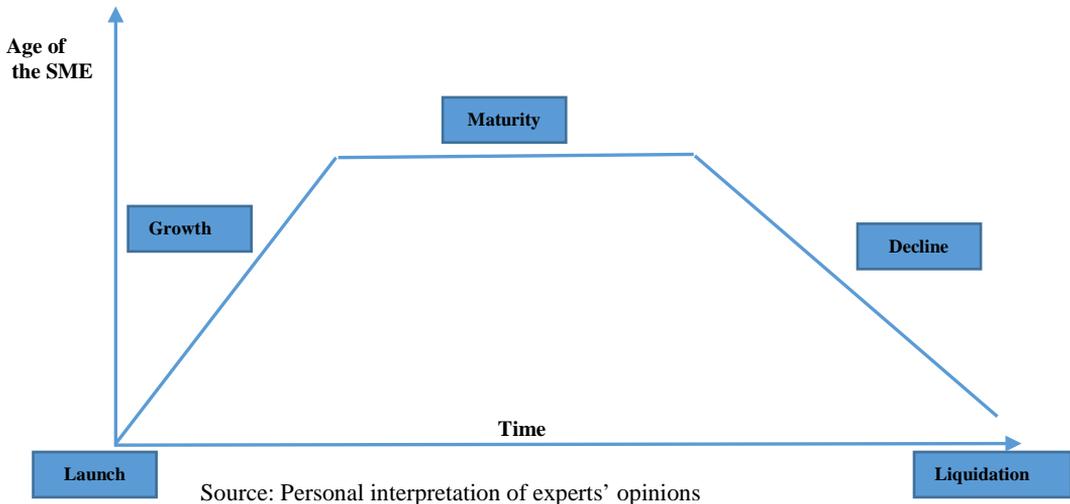
Depending on the life cycle of the SME, the entrepreneur will have a certain entrepreneurial behavior that is influenced by management knowledge, general knowledge, knowledge of business specificity, experience, personality, the ability to accept uncertainty, the willingness to take risks, to meet their own needs, the desire to fulfill the established objectives and the mission.

At the same time, this entrepreneurial behavior will be complemented with other variables influencing the entrepreneurial activities: "the nature of the organisation, the size of the company, the culture and professional characteristics of the persons involved, the culture of the organisation, the characteristics and degree of stakeholder involvement, the characteristics and functionality of the economic system, the national market and the area involved, the market access" [Nicolescu, Nicolescu, (2008)], all of which influence the managerial and decision-making capacity of the entrepreneur.

Most of the time, in the **launch phase (setting up)**:

- the entrepreneur does not have a lot of specialized knowledge (sometimes he does not have such knowledge at all);
- the entrepreneur does not perform adequate foresight activity, wishes to attract as many customers as possible, to obtain profit from the sale of the products or the provision of services;
- from an organizational point of view, the organizational chart is a very simple one, the entrepreneur being the central element, and the other employees being directly connected to it, with no hierarchical levels or organizational subdivisions;
- it is perceived the absence of formal documents, except for the job descriptions, which are not correctly drawn up;
- the organizational relations are hierarchical-functional, then the communication is very easy, creating a very simple information system, with very low risks of information deficiencies;
- because of this form of organisation, but also because of the lack of confidence in its employees and the fear of failure, the entrepreneur will feel the need to over-control employees and delegate very little;
- from the training point of view, the entrepreneur will not use a full incentive system, being more interested in employing people to help him achieve his goals and occupy fictionally designed posts;
- at this stage, the entrepreneur applies a global survival strategy and, with regard to human resources, will address specific recruitment strategies - selection-hiring-job integration and job design;
- in order to support the implementation of these human resources strategies, the entrepreneur will apply as specific policies, the personnel insurance policy and the reward-motivation policy.

**Fig. no. 1 Life cycle of an SME**



Once the SME has demonstrated its viability on the market, it has the possibility to ensure its sustainability and achieves an appreciable level of income and profit, the entrepreneur faces the situation either to withdraw completely or partially from the business, or to try to expand.

Thus, in the second phase of an SME's life cycle, the **development phases (growth)**:

- special attention is paid to strategic planning;
- there are organizational subdivisions related to the object of activity, several levels of hierarchy are created, a multitude of organizational connections are found and the necessity of documents for formalization of the organizational structure is understood;
- communication is essential, the information system becomes more complex, and the possibility of informational deficiencies is encountered;
- -it is understood the importance of delegation, the need to engage competent people, emphasis is placed on motivating human resources;
- control is no longer excessive, but only within normal limits;
- the entrepreneur already has some experience in the field, has gained specialized knowledge and personal needs are better aligned with the needs of the SME;
- at this stage, not only is it configured, but also the components of the management system develop;
- globally, there will be the option for a complete strategy (concentration or diversification);
- regarding human resources, the entrepreneur will choose the strategies for designing posts, recruitment-selection-hiring-integration and post-implementation procedures;

- policies related to these strategies aim at providing staff, rewarding-motivating employees and their development.

In the third phase, the one of **maturity**:

- the management system will undergo a modernization, by adapting to the effects of the rapid expansion of the SME;
- the foresight activity will need to be professionally addressed, and the emphasis is on quality;
- there will be recruited competent managers and specialists to ensure the performance of the SME;
- globally, the entrepreneur will choose a stability strategy (consolidation or penetration);
- in terms of human resources, the option will be for designing job strategies, recruitment-selection-hiring-integration and post-implementation procedures;
- specific policies are diversified, such as: staffing, rewarding employee motivation and development, organizational change and performance management.

In the fourth phase, **the decline**:

- the SME is subjected to drastic organizational changes; it may be necessary for strategic reorientation, opting for an exit strategy;
- the management system will need to be adapted to the new internal and external conditions and, as far as employees are concerned, it is desired to maintain them within the SME (the most urgently needed);
- the global strategy aims at redressing the SME's activity through different strategic options (reengineering, restructuring, joint venture, etc.);
- the specific human resources strategies outlining this stage aim at redesigning posts and implementing procedures;
- specific policies refer to providing staff within the SME, rewarding motivation and organizational change.

If all the efforts of the SME to recover failed, then it becomes incapacitated to pay and can no longer pay its debts, declaring bankruptcy, the next step being to **dissolve or liquidate**.

Those expressed above are found in the table, as follows:

**Tab. no. 1 Life cycle of an SME and human resources strategies and policies**

<b>Phase of the life cycle of an SME</b>	<b>The global strategy adopted by the entrepreneur</b>	<b>The human resources strategy adopted by the entrepreneur</b>	<b>The human resources policy adopted by the entrepreneur</b>
Launch	Survival	Recruitment- selection-employment-integration on the post	Staffing policy
		Designing posts	Reward-motivation policy
Development (Growth)	Concentrating/ Diversifying (complete strategy)	Recruitment- selection-employment-integration on the post	Staffing policy
		Designing posts	Reward-motivation policy
		Implementing procedures	Development of employees
Maturity	Consolidating/ Penetrating (stability strategy)	Recruitment- selection-employment-integration on the post	Staffing policy
		Designing posts	Reward-motivation policy
		Implementing procedures	Development of employees
			Organizational change
Decline	Recovering	Job redesign	Staffing policy
		Implementing procedures	Reward-motivation policy
			Organizational change

### **3. Case Study – S.C. Constructii S.R.L.**

S.C. Constructii S.R.L. is a limited liability company, which was established in 2017 and has as object of activity "Electrical installation" (NACE Code - 4321)

The company's name is fictional, as only in this context, the administrator agreed to supply the data and information necessary for this case study.

The company has only one associate, which also manages the resources of the company. The company has no employee.

The market in which it operates is dynamic, with fierce competition, with a very small market share.

In order to carry out the activity, it either contracts works that do not require employees or subcontracts the work that has been taken over.

The company's manager may perform electrical installation activities because he has such skills. Also the manager has knowledge in project management and very little knowledge about company management. He has

extensive experience in electrical engineering, working in this field since graduating from the university.

The profile of this entrepreneur: male, 35 years of age, experience in the field 10 years, and what prompted him to open his own business was, on the one hand, the need for an additional income, and on the other hand, the desire to be his own boss.

At this time, according to the lifecycle of an SME, the company is still in the launch phase.

Customers are provided either through the knowledge network or by promoting "mouth to mouth".

Prices for the services provided are not high, with a modest turnover.

The company does not have a business plan, the activity being carried out according to what happens every day.

Accounting services are outsourced, the accountant being the only person delegated to solve all financial and accounting problems.

He does not need a human resources specialist at the moment because he has no employee.

From an organizational point of view, the company does not have an organizational chart, organisation and functioning regulations, nor job descriptions.

The information system is very simple. The manager communicates with the accountant, but also with potential customers and suppliers. Sometimes there may be communication problems, which may lead to exceeding delivery times.

The administrator is the one who carries out the activities specific to the production functions (according to the object of activity, this function will be transformed in the provision of services), commercial (supply of raw materials and materials, promotion of the image of the company, relations with clients). With the development of activities in addition to the financial accounting function, the staffing function will be outsourced but partially (since a large part of the activities of this function can be done by the administrator - eg: recruitment and selection, human resource planning, motivation etc.).

Currently, the company pursues a survival strategy, even if there is no document to prove this.

At the same time, even if the company has no employees, because it had to hire an accountant, we could say that it was considering a recruitment-selection-employment strategy and two specific human resources policies - staffing and rewarding - motivation.

#### **4. Conclusion**

In conclusion, it can be noticed that the interdependence between the life cycle of an SME, the entrepreneurial-managerial approach and the strategies and policies of human resources are found in practice, which proves once again that

the results of the specialists' researches are correct and that they can be used by entrepreneurs with confidence. However, it is true that, depending on certain particularities, this theoretical information may undergo minor changes, but with the development of the SME they will be rectified.

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# Linguistic Features of Business Acronyms and Abbreviations in English

Mariana Coancă\*

## Abstract:

*This paper gives an insight into the development of abbreviations and acronyms and analyzes the use of English abbreviations and acronyms in business communication, the formation mechanisms of identified acronyms and abbreviations and their contexts of use. The study concludes that business abbreviations in English have various lengths and represent an increasing part of the language as they are common in business newspapers (accompanied by marginal explanations or equivalent phrases) while some of them are frequent in the general press due to their migration to the common language which assimilated them completely.*

**Key words:** *business acronym, business abbreviation, linguistic feature.*

**JEL classification:** A12, F00.

## 1. Introduction

The 21<sup>st</sup> century is considered the century of the educational entrepreneur and of the learners as protagonists, self-motivated and self-organized learning, at scale, wherever and whenever it is needed [Leadbeater & Wong (2010)]. Also, in this century we often share and exchange information with friends or colleagues in a lapidary way, therefore we use abbreviations in our daily communication.

Comprehensive studies show that English abbreviations and acronyms are assimilated by other languages highlighting the capacity of these languages to assimilate and use an international composition process [Stoichițoiu-Ichim (2006); Kostina *et al.* (2015)]. This international trend of using abbreviations and acronyms is justified not only by extra-linguistic factors. In this age of technical-scientific revolution, the abundance of abbreviations is also related to the interaction between the internal and external norms for the development of language [Cotelnic (2013: 123)].

In what follows we compare the definitions of acronyms and abbreviations as provided by dictionary and the definitions formulated by other authors. The Cambridge Advanced Learner's Dictionary & Thesaurus defines an *abbreviation*

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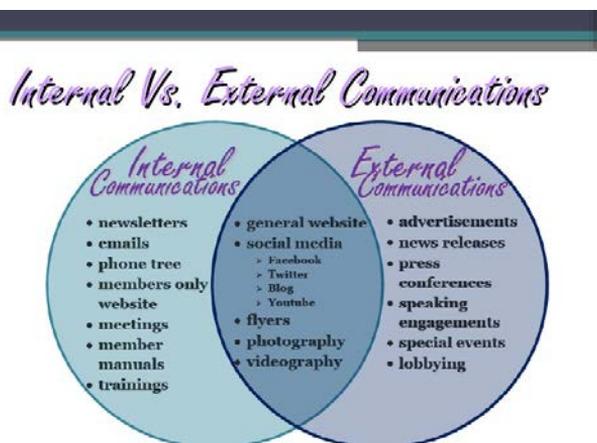
as “a short form of a word or phrase. When we abbreviate a word or phrase, we shorten it. Abbreviations can be formed from the first letters of the word or phrase. In such cases, we normally say them by spelling out each letter”, whereas an *acronym* is defined as “an abbreviation consisting of the first letters of each word in the name of something, pronounced as a word”, according to the same dictionary. Acronyms are words which are formed from the first letters of other words, and which are pronounced as full words. On the other hand, researchers use the term *initialism* for the popular means of forming new words by taking the initial letters of multiword sequences, which are traditionally divided into two types: acronyms and alphabetisms [Rúa, (2002) apud Altakhaineh (2017)]. While far from a novel invention, abbreviations are similar in their lexical nature to the current vocabulary. However, the abbreviations formed by initials are still specific units as their sign character is to a certain extent different from that of a common lexical unit. It should be noted that any incorrectness of business abbreviations complicates the relationship between writing and reading, between writing and decoding, hindering the real understanding of communication [Cotelnic (2013: 124, 128)]. The next section of our paper focuses on the importance of business communication, its relationship with the business discourse as investigated by recent research and highlights the characteristics of the multidisciplinary field of research referred to as *Business Linguistics*. The 3<sup>rd</sup> section makes an overview of the use of acronyms and abbreviations, describes business abbreviations in English and identifies their main features. The last section of the paper summarizes the points discussed and key findings.

## **2. Business Communication – Business Discourse**

While speaking out the origin of the term “economics”, Bliss points out that ancient Greeks who gave to us the name of this subject lacked the concept of what we now call *Economics* since “Oeconomicus” would be ‘Household Management’ in modern English (Bliss, 2005: 14).

Generally speaking, communication takes place everywhere - in all social spheres: in organizations, in management, and in the business world. Business communication encompasses all formal and informal communication within business settings. Nowadays, it is essential to achieving significant economic outcomes. Internal communication includes the communication aimed at employees to explain procedures and policies, whereas external communication comprises email and compulsory forms of marketing (posters, brochures, advertisements, etc.) to attract customers, business partners and key suppliers to conduct successful business transactions (see also Fig. 1)

Fig. 1: Internal versus External Communication



Source: Ashley Davis (2012 Summer Leadership Conference<sup>1</sup>)

Many scholars have formulated various definitions of *business communication* in which they refer to business communication as a form of communication that overlaps with professional communication and communication within the organization (enterprise). A similar view is expressed by Dragoş Vasile who defines business communication as “the process of transmitting a message about something to a receiver, in direct or indirect connection with the fulfillment of professional tasks performed by people in formal organizations” [Vasile (2000: 11)]

To shed some light on the purpose of business communication, we can add that business communication is different from other types of human communication through:

- Participants. In business communication they participate as businessmen, traders, partners, clients, negotiators, etc.;
- Content. The aim of business communication is the achievement of the economic transaction, the sale/purchase of a product or a service;
- Finality. Business communication is omnipresent in commercial (business) documents (sales contracts, conventions, orders, protocols, etc.).

The features of Business Communication [Vasile (2000: 15-17)] reveal the fact that it has become of paramount importance in the business arena and as noticed by us it is an attractive discipline in the faculty curriculum due to its pragmatic feature, concern for efficiency, adjustment of the message to meet the needs of a wider audience, and creation of a trustworthy image among business actors.

<sup>1</sup> <https://www.slideshare.net/LAEducators/communications-101-13777029>

The relationship between the concepts of communication and discourse has been investigated by many researchers who are active in teaching, too. In this regard, a well-crafted statement caught our attention as it highlights that the concepts of communication and discourse “focus on text and talk in the context of business”, but that business discourse “focuses more directly on text and uses context to explain linguistic phenomena” [Louhiala-Salminen (2009: 305) apud Mautner & Rainer (2017:8)].

Consequently, both are investigated within the field of Business Linguistics, which covers the following key areas [Daniushina (2010: 241-242)]:

- Business discourse, organizational, corporate and managerial communication;
- Oral, written and technically mediated communication in business, its typology and genre classification;
- Professional sublanguages of business sectors (e.g. banking, accounting, manufacturing, administration, etc.);
- Language of advertising and marketing, public relations (PR), the special language techniques for sales and marketing;
- Lingua-pragmatics in a business context and Business Rhetoric (e.g. leader’s speech, communicative strategies for conducting meetings, and negotiations, etc.);
- Documentation linguistics: business correspondence and drafting contracts;
- Instructional (teaching) and academic language of business, economics and management, used in textbooks and research, academic publications, lectures, case studies and training, consulting and coaching on business topics;
- Business lexicography (systematizing business terminology and composing thesauri of business vocabulary);
- Language of the business media;
- Intercultural business communication (including teaching/learning foreign languages for business purposes, as well as language in the workplace in multinationals, and language assessment).

### 3. The Use of Abbreviations and Acronyms

Acronyms and abbreviations have been used since ancient times. Generally speaking, they are not a novel invention and are employed to attenuate the complexity of wordiness. Relevant studies [Altakhaineh (2017); Khodorkowsky (2014)] mention the Roman origin of several abbreviations which are still in use today, such as AM and PM (*ante meridiem* and *post meridiem*, meaning “before noon” and “after noon”), AD, which indicates the time period after the birth of Christ and originates from the Latin *anno domini*, meaning “in the year of our Lord”, SPQR (Senatus populusque Romanus) “the Senate and People of Rome.” Another well-known and old acronym, cited in the Christian Bible, is INRI (Iesus Nazarenus Rex Iudaeorum) “Jesus of Nazareth King of the Jews.” [Altakhaineh (2017); Khodorkowsky (2014)]

In the 19<sup>th</sup> century, due to the Industrial Revolution, researchers exemplified the proliferation of acronyms for corporations, railroads, stock exchanges, telecommunications, oil and gas, and numerous other enterprises, whereas in the 20<sup>th</sup> century, they reveal that acronyms were used frequently as they related to tanks, planes, and weaponry for condensing and shortening information that was sent as quickly and efficiently as possible during World Wars [Khodorkowsky (2014)].

Riordan argues that World War 1 witnessed a systematic increase in the number of abbreviations, as Americans had been using them for a long time to talk about governmental, business and daily activities [Riordan (1974) apud Altakhaineh (2017)]. Additionally, Merriam collected 72 initialisms and included them in the 1945 supplement to Webster's second edition (1934), thus becoming part of the American lexicon [Russell (1946) apud Altakhaineh (2017)].

Other researchers contend that when acronyms have a meaning that corresponds to one denoted by an established word and they are mentioned in a relevant context which both speakers are familiar with, their processing effort is minimized to a great extent. In other words, to reach a maximal relevance, positive cognitive effects (e.g., understand a certain concept, find a solution to a problem, confirm a doubt, etc.) are achieved by processing an input with a minimum processing effort [Wilson & Spreber (2004:252) apud Altakhaineh (2017)].

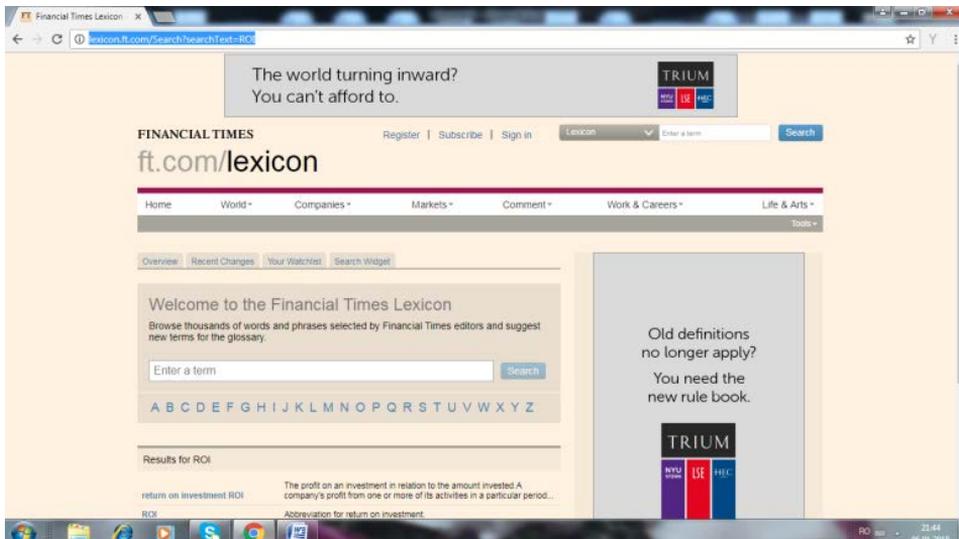
The use of English acronyms in other languages could be attributed to different reasons: (a) English is regarded as the language of science; (b) there are few acronyms in other languages in comparison with English; and (c) the significant increase in the use of abbreviated forms in writing on the Internet [Altakhaineh (2017); Crystal (2006)]. Likewise, the advent of text-speak and internet lingo has determined many of us to look for the most efficient routes of communication [Khodorkowsky (2014)].

We strongly believe that the most known and used business abbreviation worldwide is CV (Curriculum Vitae, which originates from Latin for "course of (one's) life") and is defined as "a short account of one's career and qualifications prepared typically by an applicant for a position" – in other words, a résumé [Merriam Webster Dictionary]. As we face changing conditions of social life and technological progress, the need for efficient communication plays an important role in the formation of new units of communication - a process for which there are prerequisites in the language system and which have manifested until recently only sporadically [Cotelnic (2013: 123)].

In every scientific communication the use of symbols, abbreviations, and acronyms for various business concepts has been of paramount importance for ensuring understanding; therefore, it is necessary that they be accompanied by marginal explanations when addressed to a specialist audience and by explicit definitions when addressed to a non-specialist audience. Unlike teaching books focused on business vocabulary [Rawdon (2007)], it is worth mentioning the

Financial Times newspaper, which offers a useful resource - a lexicon (see Fig. 2) that facilitates the understanding of business abbreviations in English through comprehensive definitions, as shown in the examples below:

**Fig. 2: Interface of the Financial Times Lexicon**



Source: <http://lexicon.ft.com/>

USP (Unique selling point) = “is a feature of a product that no other similar products have, used in advertising etc. to try to persuade people to buy it.” [Financial Times Lexicon]

AOB (Any other business) = “the time during a meeting when people can discuss things that were not on the agenda (list of subjects to be discussed)...” [Financial Times Lexicon]

ROI (Return on investment) = “the profit on an investment in relation to the amount invested or a company’s profit from one or more of its activities in a particular period.” [Financial Times Lexicon]

NI (National Insurance) = “In addition to income tax, the self-employed may be liable to pay and employees may suffer deduction of national insurance contributions.” [Financial Times Lexicon]

MBO (Management buyout) = “A management buy-out is an acquisition in which the acquiring group is led by the company's own management and executives. The key difference between an MBO and a regular acquisition (takeover) is that the company is bought by its own management rather than by another company or by a group of outside investors.” [Financial Times Lexicon]

### 3.1. Linguistic features of Business Abbreviations and Acronyms in English

Although most of the abbreviations relate to the terminological lexicon and the nomenclature, which limits their sphere of operation, business abbreviations and acronyms have spread like any professional terminology in the journalistic style (see examples below):

“The study looked at **M&A** deals done by listed companies in America’s Russell 3000 index” (The Economist, article *Mergers and acquisitions often disappoint*).

“The trouble with **GDP**. Gross domestic product (**GDP**) is increasingly a poor measure of prosperity.” (The Economist, article *The trouble with GDP – Measuring economies*)

“**SWOT** is a handy mnemonic to help corporate planners think about strategy.” (The Economist, article *SWOT analysis*)

“It has been apparent for some time that there is something badly wrong with the way the **RPI** is calculated. This matters because although the newer Consumer Prices Index (**CPI**) has supplanted the **RPI** for macroeconomic purposes - the **CPI** is used for the inflation target - and for uprating public-sector pensions, the **RPI** is used for uprating pensions in most private defined-benefit schemes and is the basis for Britain’s index-linked bonds.” (The Economist, article *No RIP for RPI*)

“A basic government responsibility is to secure maximum value for money from the **O & M** of a country’s existing infrastructure assets. Governments can adopt various strategies to optimize the socio-economic returns.” (World Economic Forum, report *A Framework for O&M practices*)

“Meanwhile, AstraZeneca, a British-Swedish multinational pharmaceutical and bio-pharmaceutical company, pumped 21.5% of its annual revenue into **R&D** in 2015 - the highest proportion of ring-fenced investment of any of the top 20.” (World Economic Forum, article *These companies invest the most in research*)

“Why this **CEO** does not care about your **CV**?” (World Economic Forum, article *Why this CEO does not care about your CV*)

In a recent study it is pointed out that the abbreviation concept is represented by four sememes in the English language. The author argues that the concept abbreviation is represented by lexemes *abbreviate* (*abbreviates*), *abbreviating*, *abbreviated*, *abbreviation* in the English language, therefore different lexemes and various lexical semantic variants of lexemes verbalize different conceptual features of the abbreviation concept [Kostina (2015)].

Acronyms are the result of a morphological process, in which initial letters of a word are combined and written in upper case or lower case, and are pronounced as a word [e.g. ISO (International Organization for Standardization), ICC (International Chamber of Commerce), IATIS (International Association of

Translation and Intercultural Studies), ESSE (European Society for the Study of English), EaSI (European Association for Social Innovation)]. Unlike business acronyms, business alphabetisms are a combination of the first letters of the words, spelled in upper case and pronounced as a series of letters. However, other authors point out that alphabetisms might not be considered as fully-formed lexemes, as there are certain cases where they are treated as unified lexemes: emcee (MC) (< Master of Ceremonies), Veep (VP) (< Vice- President) [Brinton & Traugott (2005:42) apud Vişan (2013:241)].

Below we provide the equivalent English phrases of the abbreviations that we collected (from a Business English book, The Economist and World Economic Forum) and then looked them up in the Financial Times Lexicon.

**Table 1. Equivalent Phrases of Business Abbreviations** (Source: <http://lexicon.ft.com/>)

1. EU = European Union.
2. CV = Curriculum Vitae
3. MBO = management buyout
4. USP = unique selling point
5. AOB = any other business
6. PEST analysis = political, social, economic and technological analysis
7. MD = Managing Director
8. ROI = return on investment
9. M&A = mergers and acquisitions
10. OTE = on-target earnings
11. PAYE = pay as you earn
12. VAT = Value Added Tax
13. SWOT analysis = strengths, weaknesses, opportunities and threats analysis
14. CEO = Chief Executive Officer
15. RRP = recommended retail price
16. CFO = Chief Financial Officer
17. RPI = retail price index
18. p.a. = per annum
19. PA = personal assistant
20. APR = annual percentage rate
21. ICC = International Chamber of Commerce
22. FYI = for your information
23. NPD = new product development
24. SET = secure electronic transaction
25. GDP = gross domestic product
26. TQM = total quality management
27. PPP = purchasing power parity
28. PLC = public limited company.
29. AGM = annual general meeting

30. PR = public relations
31. L/C = letter of credit
32. MBA = Master of Business Administration
33. O&M = organization and methods (or management)
34. POS = point of sale
35. P&L statement = profit and loss statement
36. CBD = central business district
37. COD = cash on delivery
38. LIFO = last in, first out
39. GNP = gross national product
40. NI = National Insurance
41. CPD = continuing professional development
42. ESOP = employee share ownership plan
43. K (e.g. £20K), where K = thousand
44. EFT = electronic funds transfer
45. R&D = research and development
46. FOB = free on board
47. JIT production = Just-in-time production

Our analysis has revealed the following:

- Pronunciation is the main feature that distinguishes business acronyms from business abbreviations;

- Business abbreviations are derivatives of word, word combinations and phrases e.g. K = thousand; P&L statement = profit and loss statement; NPD = new product development).

- Their main attributes are precision and monosemancy as these render them denominative and distinctive qualities which are quintessential for specialist languages [see also Guilbert (1975: 275), Candel (1992) apud Stoichițoiu-Ichim (2006)];

- Unless they are followed by their equivalent phrases in texts, they tend to become codes understood by receivers that possess a thorough economic knowledge (e.g. ESOP = employee share ownership plan; LIFO = last in, first out; JIT production = Just-in-time production; PPP = purchasing power parity; OTE = on-target earnings). As we mentioned earlier, CV is well-known to employed people and/or students but most often people do not know its equivalent phrase or etymology. Similarly, EU, VAT, SWOT and CEO are decoded by intermediate and advanced students and most of the times they voice its equivalent phrase instantly;

- Another type of business abbreviations is the graphic type (e.g. L/C = letter of credit; p.a. = per annum);

- Some abbreviations are frequently used in the common language (e.g. Approx., Mo = month; No = number, asap = as soon as possible).

- Many of them are used in the titles of articles and are given in the contents of the source or the equivalent phrase which is usually placed in the vicinity of abbreviation or at a short distance from it. (See relevant examples in section 3.1.)

#### 4. Conclusions

People use abbreviations either in humor-based contexts or in daily tasks to deal with various issues quickly. When it comes to business abbreviations and acronyms in English, only specialists and people who have an economic background can decode them. However, the non-specialist reader/speaker can better grasp them in articles or student-oriented materials if the authors use contextual explanatory strategies like equivalent phrases or synonyms to ensure their transparency.

Business abbreviations and acronyms are a distinctive part of the English language and their number is constantly increasing due to technological innovations, political and economic measures. We should not ignore the fact that they are borrowed by other languages and many studies highlight their international proliferation and particular features.

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# Public Private Partnership, Infrastructure Guarantee and Sovereign Debt Default

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## Abstract

*Sovereign Default has been a feature of the international financial landscape. With the pattern of revenue volatility, public debt accumulation, severe funding pressures and underlying macroeconomic variables can evolve in a manner that produces unsustainable debt paths leading to possible default. This paper discusses and develops a conceptual framework to examine the impact of default on sovereign debt arising from an event trigger resulting in the crystallization of contingent liability arising from guarantee for private participation in infrastructure provision. Findings support previous studies, which inferred the threat of contingent liabilities created by guarantee because they are not always recorded in the national account but shown as memorandum item thus producing a hidden and adverse effect on the fiscal status*

**Keywords:** *Public Debt, Infrastructure, Government Guarantee, Contingent Liability And Fiscal Risks.*

**JEL:** H54, H6

## I. INTRODUCTION

Default according to Paoli, et al. (2006) has been a feature of the international financial landscape; therefore the management of the public debt must be implemented in a way that eliminates the default risk because fiscal credibility is a key factor in economic management. It enables government stabilize expectations in a manner that avoids a rise in long-term interest rates and thus mitigates the risk of insolvency (Drudi and Giordano 2000; Rose 2002; Dooley and Verma 2003; Tomz and Wright, 2005; Shapiro and Pham 2006; IMF 2011; Ezeabasili 2011 and Nicu and Georgeta 2011).

Experience in the last quarter of the 20th century show that the pattern of revenue volatility, public debt accumulation, severe funding pressures and underlying macroeconomic variables can evolve in a manner that produces unsustainable debt paths. These lead to possible default even for countries that have not defaulted in their recent history making it an issue of debate (Alvarado,

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et al 2004, Garcia and Rigobon 2004, Considine and Gallagher 2008, Schabert 2011), Kharas and Mishra (2001), however argue that the growth of debt has more to do with off-budget than with in-budget transaction, especially be so in the face of the infrastructure challenge and huge financial requirements, which could necessitate a public private arrangement resulting in contingent liabilities.

Past experiences also show that exclusive public sector ownership and provision of infrastructure can lead to inefficient investment decisions, necessitating increasingly use of a model that would permit more private sector involvement. Such involvement can be undertaken through an arrangement in which the private sector is required to bring in some form of financing and expertise that the government may not possess or may possess but may not be able to offer immediately but is required for enhanced service delivery and improved welfare (Geert, et al., 2009, Wall and Connolly 2009). However the global financial crisis, fiscal difficulties and longer-term structural budget pressures present governments with enormous challenges in the delivery of infrastructure, which accordingly requires a global investment of around \$71 trillion by 2030 to keep up with population growth and demands (Sachs et al., 2004; Webb, 2004; UNECA 2005; Barker et al., 2009; Barandiaran, 2011; Zuo, et al., 2011).

A recent McKinsey study suggest an increase of around 3.8% to 5.6% by 2020 in total infrastructure financing to GDP, with developing countries requiring additional investment of over \$1.0 trillion to close the infrastructure gap and keep pace with demand of urban expansion (Hammami et al., 2006; Hoppe et al., 2011; Agenor, 2010; McKinsey Global Institute, 2012; G20, 2013; Ehlers, 2014). Unfortunately fiscal and longer-term structural budget pressures have made it imperative for government to seek private partnership in the provision of infrastructure (Webb, 2004; Wall & Connolly, 2009; Alitheia Capital, 2010; Qiu & Wang, 2011; Foster & Pushak, 2011; Barandiaran, 2011; Kateja, 2012). Momoh, et al (2017) argued that the attraction of the private sector must however be attractive enough to encourage private financiers and experts to commit their financial resources. This has, in most cases necessitated the government providing some form of incentives like guarantees that have financial implication for the government and its fiscal regime. The use of guarantee as tool for incentivisation as attractive as it seems might cause problem especially in the event of default for a country that has and or is faced with debt sustainability challenges.

Ter-Minassian (2006) and Tičar and Zajc (2010) describe this arrangement where the private sector supplies infrastructure assets and services that are traditionally provided by the government as Public Private Partnership (PPP). The basic objective of PPP is to achieve some appreciable level of value for money. To this end, the government purchases services not assets, and specifics the output required. The private sector partner on the other hand in consultation with the government provides the design (depending on the structure of the deal), builds,

operates and possibly finances the project.

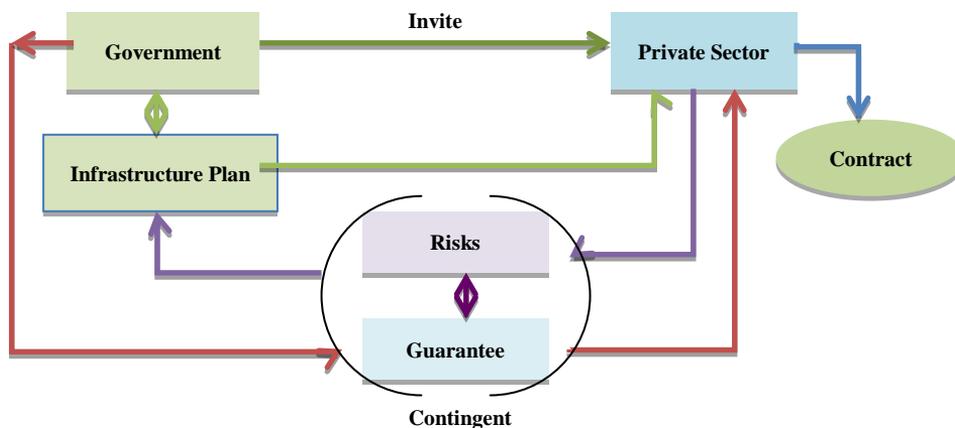
According to Takashima, et al. (2010), private sector participation in the infrastructure project under PPP is based on the strength of a contract with the government. There is however some level of risk associated with this defined relationship, which ultimately influences the nature of the contract between the private sector and government. Unlike in the traditional approach to procurement of infrastructure, PPP arrangement according to Eduardo et al (2009, 1) “bundles investment and service provision in a single long-term contract. For the duration of the contract, which typically lasts several decades, the PPP operator manages and controls the assets, usually in exchange for user fees, which are its compensation for the investment and other costs. At the end of the franchise, the assets revert to government ownership”.

This, notwithstanding, the transaction must be attractive enough to encourage the private financiers and experts to commit their resources. In most cases, this has necessitated the government providing some form of incentive like guarantees that have financial implication for the government and its fiscal regime. Das, et al (2002), observed that government guarantees, have been used to promote both foreign and local investment in projects. However, the East Asian experience confirmed the need for better assessment of the potential risks that could emerge from contingent liabilities under various scenarios, and the need to develop more effective systems to monitor and manage them (Llanto, 2007).

Against this backdrop, this paper discusses and develops a conceptual framework for sovereign debt through the identification of a possible event that could trigger a default of contingent liability arising from guarantee for private participation in infrastructure provision. This will involve discussing guarantees and implications for sovereign debt in the next section and subsequently examine the contingent liability-debt framework, which will reflect the effect of event trigger on contingent liability.

## **II. Government/ Private Sector Relationship for PPP**

Figure 1 depicts the flow to the eventual closure of a PPP transaction between the government and the private participants. The government invites the private sector after due feasibility and appropriate justification that the provision of the particular infrastructure is better provided by them through a procurement process. The private sector upon assessment identifies all the costs, benefits and risk associated with the project, which are discussed with government and both agree on the best party that is suited to assume the identified risk. The government provides the guarantee, which subsequently leads to signing of transaction and financial closure by the private participant prior to start of execution

**Figure 1: Government/ Private Sector Relationship for PPP**

Source: Authors' Configuration

Christopher, et al (1998) observed that a government's exposure to loss can arise from a wide variety of events, and attempting to account for every source of exposure is not feasible. They therefore suggested that, a better approach to identifying risk is to first examine general categories of risk under the public private partnership and then focus on the areas of highest risk. The risks are allocated to the party that can most efficiently manage them at the lowest cost. Indeed, the risk sharing arrangement should provide an incentive for the private sector to perform as efficiently as possible, such incentives encompass providing revenue subsidies that include tax breaks or guarantees in whichever form (Bracey and Moldovan 2006; Takashima, et al. 2010).

Llanto (2007) argued that government guarantees serve as second-best instruments in the absence of a stable political environment, effective regulatory bodies, independent judicial systems, and an overall competitive climate. Thus, a crucial condition of an effective public-private partnership in infrastructure projects is the provision of state guarantees especially where the transition from government infrastructure monopoly to multiple private infrastructure providers would require significant investments (Mody 2000). The "guarantee" is the connecting line within Public Private Partnership matrix in the procurement process within the framework that make possible or incentivizes the private sector to partake in investing in infrastructure.

### III. The Contingent Liability-Debt Framework

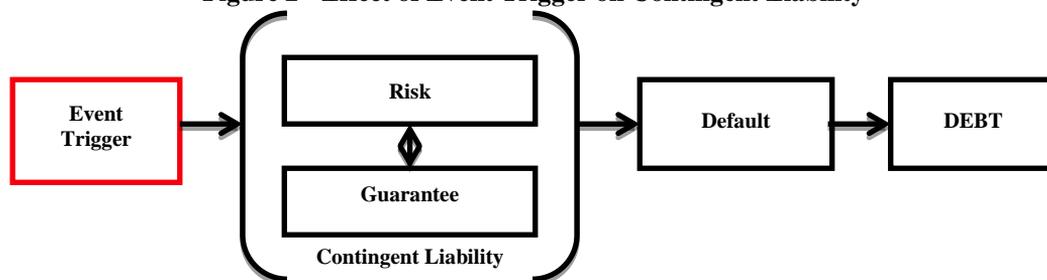
A guarantee is contingent liability obligations that "do not arise unless a particular, discrete event(s) occur in the future" (International Monetary Fund, 2011: 4). The provision of comprehensive guarantees to infrastructure projects has

generated huge contingent liabilities that must be managed well; otherwise the government will be exposed to substantial payment burdens once a guarantee call is triggered (Llanto et al., 1999; Bernardo et al., 2004; Llanto, 2007). Although Guimaraes (2011) argued that Incentives for defaulting on debt depend not on how much a shock affects the country.

There have been several studies to examine the impact of contingent liability on debt sustainability (Krugman, 1999; Jeanne & Zettlemeyer, 2000; Demirgu-Kunt & Detragiache, 2000; Aghion et al., 2001; Burnside, 2004; Aghion et al., 2004; Burnside et al., 2003a, b; Chamon, 2007). Burnside (2004) explain that contingent liabilities take different forms and for different purposes including social security, loan guarantees, commitments to provide commodities to the public at fixed prices, deposit insurance and guarantees to the creditors of public sector enterprises, etc. Mody (2000) in his studies of countries in East Asia identified contingent liability on infrastructure project as adding to the fiscal stress.

Building on the Government/ Private Sector Relationship for PPP in Figure 1, which result into PPP contract, the framework in Figure 2 examines the effect of this event, which could result in a default automatically crystalizing into sovereign debt.

**Figure 2 - Effect of Event Trigger on Contingent Liability**



Source: Authors' Configuration

Event Triggers within the framework can be classified into two- those which have arisen as a result of events adequately captured and built into the PPP contract otherwise known as the Explicit (Contractual) Contingent Liabilities. The government has a commitment to accepting all or any liability arising from any future event. However, under the second scenario which can be classified under the non contractual contingent liabilities are events which are not directly foreseen at the time of the PPP contract so have not been adequately capture under the Explicit Contingent Liabilities but the government has an obligation to take responsibilities for them to avoid a market distortion or potential system failure.

The second scenario is illustrated in figure 2, in which an event unforeseen, which Christopher, et al (1998) described as a source of exposure, which cannot

be feasibly accounted for at the time of the contract is triggered. At this point, the country's sovereign immunity is unveiled, exposing the government to substantial payment because the cost of infrastructure is huge and in most cases the government might not have the resource to make immediate payment thus defaulting on terms of contract with the private operator. This automatically results in an increase in the debt stock of the country which if not properly monitored becomes unsustainable and could have serious consequences for the nation's economy.

The build-up of the unsustainable debt in most of the emerging economies according to Bjerkholt (2004) has taken place over decades due not only to the official creditors' willingness to lend, but also to a number of exogenous and endogenous factors coupled with declining revenues and resistance to painful fiscal adjustments. This has led to extensive borrowing to meet the deficit, which some of them are apparently finding increasingly difficult to repay (Nishimura & Ohyamab, 1995; Daseking & Powell, 1999). Therefore, the effect of the guarantee on public private partnership arrangement if not well thought out could worsen a nation's debt profile. Indeed, contingent liabilities can be a major factor in the build-up of public debt and studies have shown that the unmitigated provision of guarantees give rise to large amounts of contingent liabilities, creating a serious fiscal risk for the government (Llanto, 2007).

#### IV. CONCLUSION

The study examines the impact of occurrence of an event, which could trigger a liability contingent on a private participation agreement for the provision of infrastructure. In doing this, the study examines the flow from infrastructure gap identification, the financial challenge to finance the gap and the option of attracting private participation through incentivisation to fill and provide these infrastructure needs to enhance economic development.

The nature of contingent liability, which Cebotari (2008) described as "budgetary surprises", come due if an unforeseen event occurred which was never anticipated and can be large enough to put the public debt on an unsustainable path. This supports previous studies which inferred the threat of contingent liabilities created by guarantee because they are not always recorded in the national account but shown as memorandum item thus producing a hidden and adverse effect on the fiscal status (Llanto 2007; Commonwealth Secretariat, et al 2009 and Bajo and Primorac 2011).

The concern therefore is informed by the attractiveness of contingent liability related transactions to politicians who, in the face of hard-bitten budget constraints, find them to be an easy instrument for achieving their goals because according to Mody (1998) they involve no immediate cost to the government and rarely appear in the government accounts or have funds budgeted to cover them.

In the light of this, it will be interesting to determine what the magnitude and impact of this contingent liability will be in the event of crystallization on the level of debt to make sovereign debt unsustainable thus making it easy for government to set up some form of sinking fund or policy framework to cushion the effect thus making fiscal management easier.

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# Responses to Communication Techniques used in Building Customer Relationships within Online Social Networks- A Qualitative Approach

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## Abstract

*In online marketing communication practices that target the individual consumer, online social networks are a useful channel both in terms of consumer engagement and involvement in communication involvement and in terms of loyalty.*

*In order to motivate the usefulness of introducing the online social network as a communication channel within online policy options, we considered a description of effective marketing communications from the consumer perspective as relevant, by emphasizing attributes that motivate the intent to seek additional information, to become involved in the communication activity by disseminating information, to make a purchase, or to become loyal to a brand or company.*

**Keywords:** consumer behavior, online communication, online techniques, online social networks, promotional techniques

**JEL Classification:** M31, M30, M37

## 1. Introduction

The decisional problem to be solved through the current qualitative study is that there is insufficient information on the role of online marketing communication techniques in relation to the Romanian consumer within the online social networks and the extent to which these components of such form of marketing communication influence the behavioral intentions of Romanian consumers. The limited number of empirical and theoretical studies makes it difficult to suggest specific communication strategies for the online environment [Phuong et. al., (2017)] marketing communications in the field being conceptualized in structural models (e.g. relational models of information exchange) and in behavioral patterns (e.g. on the characteristics of a particular channel), the moderator role of the channel used between structural / behavioral

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conditions and communication results (e.g. consumer satisfaction, intention to acquire) is being difficult to pinpoint. The reason for the lack of a theoretical framework applicable to online social networks in the case of Romanian users is probably the imperfect understanding of the operational potential of the new communicative media existing for companies and the low emphasis on case studies on best practices in the field.

In the present study, attention will focus primarily on the role of communication techniques that can be used within online social networks, given the rapid development of social media platforms facilitated by the possibility of assimilation into multiple digital technology contexts. By focusing on comparing communication techniques in different contexts, a description of online marketing communication perceptions of users present across multiple online social platforms will be made.

In order to answer the decisional problem, we considered it necessary to study the navigation routine of online social platform users, study the user experience in communicating across online social networks, study the way users interact with companies in different situations, determine the characteristics of the messages that generate friendly responses and the most efficient communication techniques in generating favorable results.

## **2. Research Purpose and Objectives**

The purpose of the present study is to provide an overview of the effects of marketing communication techniques used in online social networks on behavioral intent.

In order to find the information necessary for the fulfillment of the research purpose, the following operational objectives are distinguished:

1. Studying the navigation routine within online social networks;
2. Determining users' experience in communicating through online social networks;
3. Description of communication techniques from the user perspective;
4. Determining the characteristics of messages that cause favorable responses to online social networks;
5. Determining the most effective communication techniques in generating favorable responses in online social networks.

## **3. Methodology**

In the present research we opted for the exploratory study, because it is sought to clarify a problem and a deep understanding of the effectiveness of various marketing communication techniques. Also, the present qualitative study precedes a quantitative one and has a functional purpose in developing a conceptual and operational model and exploratory research aims at identifying the coordinates of

the researched marketing phenomenon, defining the variables and hypotheses that will be investigated within further research. [Cătoiu et. al., (2009)]

To collect the data, we first distributed a participant selection questionnaire, then chose an unrepresentative group of sixteen respondents (Master degree students), eight of whom were male students and eight female. The research was aimed at conducting interviews with users of online social networks in Romania. Qualitative research respondents are in the age group of the most active Internet users. Due to the exploratory nature of the study, the smaller sample size is recommended. [Cătoiu et. al., (2009)] The sample selection method was non-probabilistic, and subjective criteria such as the availability of respondents to answer questions and the age group selection were also used.

The interview consists of four parts, the first and the second part aimed at learning more about the respondents' navigation behavior and their online experience, and the third and fourth part are about classifying and describing online marketing communication techniques depending on attributes [Lee et. al., (2012)] and the responses they generate in the user's involvement in the communication process. [Delafrooz et. al. , (2011)] Focusing attention on user involvement was done in three types of intentions [Soderlund and Ohman, (2005); Soderlund and Ohman, (2006)] : on the intention to seek additional information, the intention to convey a message to other members of the social network, the intention to make a purchase, and the intention to become loyal to the brand or company.

In order to respond to the decision-making issue, a list of online communication techniques used in online social networks was formulated. The following techniques were considered relevant and included in our study:

- a) Online public relations;
- b) Marketing through online partnerships;
- c) Interactive advertising;
- d) E-mail marketing (and messaging);
- e) Viral marketing.

In order to make a thorough description of the online marketing techniques in terms of their efficiency in online social networks, a number of attributes that can describe online marketing communication have been considered. Following a careful reflection on the empirical study, five attributes that positively describe the social network as a communication media and the relationship between companies and users were conceptualized and confirmed in the first part of the interview. To make this list more effective, before the attributes were checked, interviewees were asked to provide positive or negative attributes describing the effectiveness of communication techniques within online social networks themselves, thereby confirming the presence of researcher chosen attributes.

Navigation routine and user experience in online social network communication were used to the extent of identifying each communication technique perceived in their navigation experience and how users interact with companies in the online social environment. In order to avoid confusion, each technique was presented, as well as examples of its application.

#### **4. Results and Interpretation**

The raw data collected through the semi-structured interview was simplified by excluding unnecessary data from the point of view of relevance and significance. In order to answer the research question, case analysis and cross-case analysis was performed, findings and interpretation were formulated.

##### **4.1. Online Behavior**

In order to study the navigation routine within online social networks, we started the interview by asking questions about daily navigation routine on the online social network that is used most often.

The most common response to daily social media usage time is three hours, but responses from two to eight hours a day have been recorded, all respondents mentioning profile checking on a social networking, e-mail and instant messaging. The search for information was also mentioned by a majority of respondents.

“I usually check my email, search for information, check my profile on Facebook, Youtube, and watch movies online”. (female, 23 years old, Economist)

“Always, the first thing I do is to check Facebook, then maybe WhatsApp, search for specialized information, search for information about products”. (female, 21 years, Engineer)

“I window-shop online and check my e-mail and social network every day. I check several times a week for entertainment events and news sites. Check out events, especially those on weekends”. (male, 25 years old, Lawyer)

Entertainment activities (online games, music) and online shopping were frequently mentioned. Most respondents watch movies or series online.

As far as navigation routine is concerned, most Romanians use Facebook, Facebook messenger and WhatsApp, YouTube and Instagram. Among their favorite activities, we find conversations, image and video sharing.

“I use it (Facebook and Instagram) for messaging, likes, comments, and sharing pictures, publishing personal photos, sharing videos”. (female, 26 years, Engineer)

“...videos and watch what others have done on the list (contact list). I do not do much, but I can see every day what happened there”. (female, 21 years, Economist)

“I'm accessing Facebook from my mobile phone and check-in on outings and trips. I'm in touch with my colleagues from college or high school. I also have a blog, but I don't write so often these days... post on Twitter on a daily basis”. (male, 24 years, Economist)

“I usually check posts by friends and companies, public figures and whatever’s in my news feed. It’s much better than e-mail, that’s mostly for work or school. Sometimes I click on ads.” (female, 25, Economist).

Respondents usually access at least two social media platforms, although they’re users of multiple social networking sites. Most frequently accessed platforms are used for entertainment and their instant messaging services.

#### **4.2. Experience in Communication via Online Social Networks**

In order to determine the users' experience in communication through online social networks, but also with regard to the third objective, namely the description of communication techniques with commercial character and corporate communication from the user's point of view, respondents were asked to express their opinion on various forms of communication within online social networks.

“It’s a quick and convenient way to receive useful information and generate interest in companies' products”. (male, 23 years old, Economist)

“They are up to date, but they have a low interest in me, I do not use social networks to buy”. (female, 21 years, Engineer)

“I don’t mind, as though on the social network they address me in a less aggressive manner”. (male, 22 years old, Economist)

“It seems like the messages I receive on Facebook and even those ads are more relevant than on other sites”. (female, 21 years, Economist)

“They are really useful and relevant, I bought three or four dresses after seeing them there (Facebook) ... I'm now following all the collections of a company in Cluj (female, 23 years old, Student)

When asked about commercial communication and corporate communication, the respondents characterized the presence of these forms of communication within their social networks as being either relevant or easy to ignore, the general perception found that within the online social networks, corporate communications practices are less intrusive and easier to accept than in other online contexts.

Furthermore, as far as the description of communication techniques from the user's perspective is concerned, the respondents were asked to describe their involvement in this type of communication.

“Depending on the company's message, I go through it passively, sometimes recommend products to interested parties, I subscribe to some company updates, I order products ... it depends”. (female, 22 years, lawyer)

“I'm active in the sense that I like, share certain posts, I recommend my favorite companies, but in these cases I know the company or my friends who are involved, that is, it comes from a trusted recommendation”.(female, 23 years, economist)

“I actively navigate to the sites I find interesting, and I can talk to friends with the information I have obtained. Occasionally, it helps to distribute messages by posting them, especially those of animal shelters”. (female, 22 years, engineer)

“I like communicating with some companies through social networks, I'm actively involved in my friendship with my favorite companies, I rarely subscribe to events”. (male, 24 years, engineer)

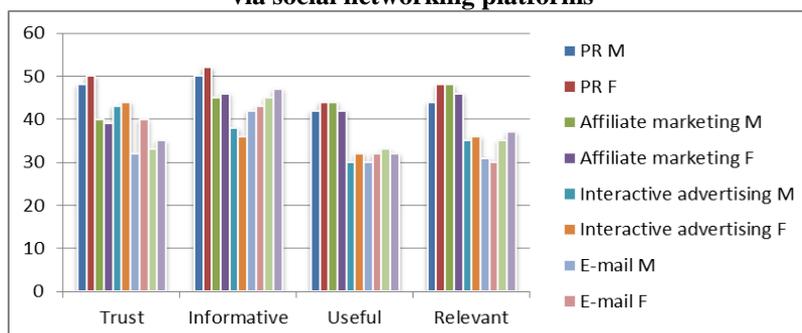
As participants in online social networking companies, an overwhelming majority of respondents appreciate having taken action at least once and sometimes responding to marketing messages.

To determine the characteristics of messages that cause user-friendly responses to online social networks (4<sup>th</sup> objective), respondents were asked to choose attributes to describe the social network as a communication channel, then asked to rank them in order of importance. Respondents chose in this order, the following: informative, useful, relevant, and trustworthy.

### 4.3. Marketing Communication Techniques Used via Online Social Networks

The third stage of the interview was aimed at studying the importance of applying every online marketing communication technique in terms of the attributes being investigated, by ranking attributes for each technique on a scale of 1 to 5 (1 for minimum- 5 for maximum). In order for the respondents to understand the functional role of each technique, each technique was addressed separately, by explaining and exemplifying its application in the most commonly used social platforms. Respondents were then asked, "How do you feel these practices influence your activities within the social network?"

**Figure no. 1. Scores for communication techniques used via social networking platforms**



As shown in **Figure no. 1**, for all techniques analyzed, the highest score was granted to the Informative attribute, followed by the Trust attribute, which means that the perception of users towards the communications received through the online social networks is that they receive significant and trustworthy information.

The lowest scores for each studied attribute were obtained by the e-mail marketing technique, the written messages received within online social networking platforms being perceived by the respondents as less relevant to their

interests, being repeatedly mentioned that they do not find it useful because it was unsolicited.

A closer look at the difference between male participants and female participants reveals that female participants appreciate promotional communication techniques more favorably than men, with the exception of online partnerships (affiliate marketing). The gender differences of the participants are not significant, the scores being close; a quantitative research would be required for a relevant study that differentiates users according to their social and cultural characteristics.

#### **4.4. Studying Motivations and Intentions**

In order to determine the characteristics of the messages that lead to user responses within online social networks (objective no.4) and to determine the most effective communication techniques in generating favorable responses within online social networks (objective no. 5), the fourth part of the interview begins with the question "What should a promotional message contain to motivate you to seek more information?".

"If the company's message contains relevant information presented briefly, not necessarily in accordance with my own needs, it may interest me. Keywords like "new", "now," "limited time only" would certainly make me hurry to interact with that company". (female, 24 years old, Lawyer)

"A minimum of information relevant to my activities, to identify something I want". (female, 23 years, Economist)

"It should identify a need or a desire or make me discover I need something. Maybe I do not need a new book on my mobile phone, but I'm always curious to see what has happened and what my friends have read on the Internet, I click on most of them to see what they're reading". (male, 23 years, Engineer)

Most of the answers suggest identifying a need, a call to action, or providing an incentive. At the same time, the presence of key attributes such as "relevant", "informative", "useful", alongside traits such as "fun" or "funny", is noticed. The overall picture of the online social network as a communication channel has been described with positive attributes, while "informative" occupies the first position, showing that users primarily regard the social network as an unilateral channel of information and that their main online activity is that of obtaining information.

The next question concerns the intention to pass on the information received from the company via online social networks and has been formulated as follows: What motivates you to share a promotional message within the online social network? As a general observation gained through interviews, selected users indicated a low level of online interaction with companies and the transmission of commercial messages to other users.

"The interest that a message confers me at the time. There would still be the confidence previously gained in the products / services offered by the company,

or the usefulness of the message to those to whom I distribute the information”. (female, 22 years, Economist)

“Usually a communication message made in an unusual, funny or very relevant manner for my interests or close friends”. (male, 23 years, engineer)

“If I received the message on the recommendation of a trusted person and it seemed interesting to me or I know someone who would benefit from it, I would probably post it further, but I generally do not recommend posting funny videos. I went to a show after seeing a few scenes on the theater profile page, and I sent my friends the link to convince them to go, it was something new and interesting”. (female, 22 years, Economist)

The most common case of interaction between users in relation to marketing communication was related to hobbies and leisure activities, the search for information, or association with the intention of buying products (in this particular order), followed by recommendations or information received from third parties. Sources of information about third parties are referred to as recommendations from a friend through social media and well-known brands present within the social network.

In order to determine what the influence factors of the intention to become loyal to a company, the question has been asked: After interacting with companies online, what motivates you to become loyal to a company?. In many cases, during the interview we noticed the intention to become loyal to a brand as correlated with the consent to receive messages within the social media platform.

“I become loyal to a brand or a company only when it exceeds my expectations when it no longer requires comparison to others”. (female, 24 years old, Lawyer)

“Relevant, informative messages and previous experience of buying quality products and services”. (male, 23 years, Engineer)

“The quality of the products or services, the attractiveness and usefulness of the information posted on the Facebook page and the feedback provided by those who manage the page, especially for service companies”. (female, 22 years, Economist)

Summarizing the observations, the presence of companies in online social networks should be strengthened with the right mix of online marketing techniques. [Karimzadehgan, (2009)] Concerning the intention to become loyal, the same four positive attributes of the message were mentioned, and in the long-term vision, most respondents mention expectations regarding the product or service marketed being met or exceeded as motivation to become loyal. In addition, respondents who showed loyalty towards a particular brand or company within the social network also showed greater availability and interest in receiving messages from said company.

In the final part of the interviews, we presented to the respondents the case of a new online company (online bookstore) wishing to present their offer to students. Respondents were asked to choose their preferred communication tool within the online social network and their favorite means of receiving information from companies. Most respondents chose public posts in social networks and recommendations from trusted sources, either companies or acquaintances, followed by communication through entertainment videos, banner communication, animations, personal messages occupying the last place.

Furthermore, for each technique, respondents were asked what their first action would be, upon noticing the company's message.

With regard to alternatives resulting from public relations via online social media, respondents generally declare message views and intent to search for additional information. Three respondents, however, stated the possibility of not observing or ignoring the company's message.

Regarding recommendations from companies and other opinion makers (specialized websites, friends, relatives, etc.), the answers indicate an intention to search for additional information, all respondents declaring a strong interest in viewing the message.

Regarding e-mail marketing (or social networking messaging service), respondents say they prefer the social networking messaging service to classic e-mail promotion.

With regard to interactive promotional messages via online social networks, respondents generally disagree with or ignore this form of communication.

“It is not very convenient because it tends to stand in the way of what I really want to do on the social network; they usually do not interest me, but I'm accustomed to stop paying attention”. (female, 22, Economist)

As far as viral marketing (videos, animations, music, images, etc.) within online social networks is concerned, most respondents show their intention to get additional information and to pass on the information, generally if the message also has an entertainment characteristic.

“I would view it and probably look for that company, I like to be aware of the messages that become viral, I usually share them”. (male, 23 years, engineer)

“If it is a video, animation, or anything else that would imply an action on my part, I would ignore the message, it's not useful to me. If it were something static, the message might interest me”. (female, 22 years, Lawyer).

Upon reflection, we chose the term “viral marketing”, although researchers tend to use "viral marketing" and "viral advertising" interchangeably, [Kaikati et. al., (2004)] whereas others treat them separately, considering viral marketing a framework that encompasses electronic word-of-mouth strategies aimed at encouraging brand-related online peer-to-peer communication. [Golan, (2008)]

According to the respondents, viral marketing is the most enjoyable communication technique in online social networks. Viral marketing is perceived as a more entertaining and informative technique and is also capable of either creating the desired outcome of the viral recommendation or being easily ignored.

## 5. Conclusion

As a general observation gained through the interview, selected users are avid users of social platforms and already have a daily routine that includes at least 2 hours of browsing.

All respondents bought something in the online environment, and the most frequent answers were travel tickets, electronics and clothing, but they did not wish to stay connected to a vendor or to receive subsequent commercial offers. From the observations, users are more inclined to receive information about their hobbies or things they are interested in.

Updating the company profile within online social networking platforms must be done concurrently with the optimization of the company website, to avoid the loss of position in organic listings and the loss of website visibility.

Public relations activities within online social networks are favored, being mentioned in terms of user involvement in the communication process, especially in the case of participation in consumer opinion events and interactions and post-acquisition assessments. Students are some of the most active users of social networks, and respondents in the present case are master students, who appreciate having fun receiving communications from companies through online PR techniques. Online public relations is favored in B2C communication due to the entertainment factor and also because they are not seen as direct communication with companies, but rather as a social activity and involvement in events.

Respondents choose affiliate marketing as the most technically trusted form of marketing communication. For the participants, the most common example of online partnership was the voucher traders. The online partnership received the highest average scores, and is perceived as: "useful", "trustworthy" and "informative." The communication presented through this technique attracts visitors to the company profile within the social network, which then tracks the information and checks it.

Affiliate marketing techniques have earned the highest scores on positive attributes: credible, informative, trustworthy and useful, and lowest scores for negative attributes. These sets of techniques are most conducive to attracting customers thanks to a third party that mediates communication and provides clear and accurate information.

The results show that online advertising has the highest average negative scores for almost every attribute. Most of the respondents had negative responses to online advertising and the joint response was "disruptive" with regard to this

technique. Although research has shown that today's online ads are designed to be relevant to the social platform user's interests and are even tailored to users' needs, interviewees consider online advertising to be an easy-to-ignore online marketing technique, not disturbing. These can be a sign of saturation for regular online advertising; users are bothered by it, but they have learned to ignore it.

E-mail marketing is mentioned as the preferred way to receive B2C communication but at the same time seems to disturb receivers, due to the volume and frequency of information being transmitted. Within the online social network, the acceptability of direct communication through the messaging service increases, due to the ability to filter the requested information automatically. In fact, respondents do not seem to trust direct communication, unless they are mediated via a third party - a recommendation from another user or an independent website as an opinion maker. This may be due to the massive amount of information available - they use the socialization platform and filter the information they are exposed to, or direct their short-term attention to the recommendations from trusted sources.

In terms of online low-priced online marketing techniques, interactive advertising is not favored by any of the respondents, due to the obvious association with intrusive communication techniques from companies to consumers in any form of advertising (pop-ups, banners, text ads, etc.). These communication techniques are ignored by online users and are regarded as disruptive. Clearly, an alternative to online advertising is found in viral marketing, which was rated by the respondents as "fun". Since the viral component is present in the spread of this type of communication, trust and relevance can attract users into generating positive responses.

The study has confirmed the theory presented on the topic and supports the profile of a new social consumer who is always connected to the Internet to stay up to date with or relate to other people through social media. Despite this need to be connected, consumers do not regard the social network as a communication channel for companies. Online social networking users are seen as passive in B2C communication, but they are aware of this. For marketers as initiators of communication, it is very important to note that most respondents understand advertising as communication received from companies. They feel overwhelmed with information, but they are very receptive when they receive something they are interested in. Due to the frequency and amount of information they receive through social media, consumers are more confident in the online social platform as a communications media and find it more suitable for direct B2C communication than other circumstances. For practitioners, the fact that the online social network is seen as a B2C communication channel but also favored by online consumers means that consumers are aware of B2C communication but are

trying to avoid it. Clearly, Internet presence should be strengthened, but with the right mix of online marketing techniques.

Online marketing techniques that have achieved high scores for most of the positive attributes are online public relations and viral marketing, but there is no need to limit their recommendations, given that the environment, budget, customers, and so on of companies must influence the decision of any trader. Instead, important attributes have been observed that should be present in any B2C communication context. When referring to communication, respondents put a great emphasis on the informational character and source credibility, and this accent put the aforementioned online techniques.

In any online marketing strategy, attributes such as informative, useful or entertaining must be present, and communication must be made through sources customers trust, because regardless of the set of online techniques, user attraction and involvement will be facilitated. The results also confirm previous studies [Saadé, (2006) Venkatesh, (2000)] claiming that emotional factors affect perceived ease of use and perceived enjoyment. Therefore, online marketing professionals should design company social media presence with exciting elements that involve the user and generate positive emotions. However, a broader, quantitative study of the role of the user's socio-demographic characteristics in shaping their attitudes and intentions towards marketing practices used in online social networks is needed to substantiate specific social media strategies.

The present qualitative study also suggests other research directions. For example, future studies may address the relationship between social media consumption and acceptance of marketing communication by users in the context of the online social network. As social media becomes more and more personalized, users of these media are increasingly reluctant to accept communication messages. As a result, user control in the communication process becomes very important in the development of new communication platforms as well as in conceptualizing new communication strategies.

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