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# VEZETÉSTUDOMÁNY

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# INVESTIGATING IN WHAT WAYS TELEVISION CONSUMPTION INFLUENCES PRESCHOOL AGED CHILDREN AND THEIR DEVELOPMENT

The media has repeatedly been connected to hindering the development of children. Particularly, an increase in aggressive behaviour and a decrease in creativity can be linked to children whose television consumption is above average (Valkenburg, 2001). Furthermore, the media is also said to increase the desire for consumption amongst children. Thus, the paper focuses on the way the regular viewing of television and advertisements, affect preschool children as consumers. This is achieved by comparing the drawings of several preschool children who all view the television for different time intervals. The first part of the study examines the television viewing habits of the children. While the second section of the study analyses the relationship between television consumption and the development of the children. The study was conducted with preschool children aged from 4 to 6 years in Hungary. The author discusses the outcomes of the discussions as well as the quality of the children's drawings and reflects on possible effects deriving from the television consumption of the children. To validate results, a children's psychologist also reviewed the drawings.

**Keywords:** preschool children, qualitative study, drawing analysis, television consumption.

According to research the children in our society today are often aggressive, antisocial and sexually precocious. Simultaneously all these developmental factors are closely linked to the media, accusing it to trigger indiscipline and aggressive behaviour amongst children, as well as premature sexuality (Wilson, 2008).

There has been a long-standing debate as to whether advertising targeted at children should be permitted or not. There is some kind of confusion that surrounds the issue of children and advertising, since the fact that children can distinguish advertising does not necessarily mean that they also understand its persuasive role (Andronikidis – Lambrianidou, 2010). Even though in many countries advertising ethics require that advertisements should not be directed at children because they tend to absorb information without filtering it, research results demonstrate that advertisements can affect children, whether they are the advertisers' target or not (Chan, 2000; Oates et al., 2003; Young – De Bruin – Eagle, 2003).

Furthermore, media is said to loosen healthy social bonds. The media turns children into greedy consumers, who only desire things that they do not have the slightest need for. At the same time, the electronic media plays an increasingly important role in our everyday lives. Media consumption today, is a part of numerous regular family rituals, thus entering into the symbolic space of the family receives their own meaning and builds loyalty towards brands (Mitev – Neulinger, 2016). We cannot exclude the children from this specific medium. Since the television is a visual medium, the interpretation does not require any special skills, thus, children can use it of a very young age. Finally, in the age of niche marketing, children have become more valuable, as they significantly influence the purchasing decisions of their parents (Buckingham, 2000). The current paper is a section a larger study dealing with the television consumption of children and the ways their consumer behaviour is altered accordingly.

## BACKGROUND

The ages 4-6 are very important in the development of children. This period is defined as the preschool period and in this period, the foundations of personality are laid, and it is the period in which the child shows the biggest progress in mental, social and artistic areas. Thus, a conscious education process starting with the family and continuing at school is necessary (Yazar – Arifoglu, 2012). The term Generation Alpha was created by McCrindle, which defines the preschool generation regarding their media usage. According to him, anyone born after 2010 falls into this category. Unlike previous generations, which have simply used technology, what makes the Alpha Generation unique, is that they will spend the majority of their everyday lives submerged with technology (McCrindle – Wolfinger, 2009). Another term used to describe this generation was derived by Prensky (2001), who referred to them as "Digital Natives". As these children are all "native speakers" of the digital language of computers and the internet. The knowledge and skills of the Alpha Generation regarding information technologies are different to those from earlier generations (Tootell – Freeman – Freeman, 2014), due to this, it is even more important to analyze this generation's development and behavior thoroughly.

## Television consumption impact

The first studies regarding the television usage of preschool children can be traced back to the 70's. The study of Lyle and Hoffman (1971) examined 157 preschool children and their parents, interestingly 87 percent of the mothers said their preschool-age children asked for food items they saw on television; 91 percent said their children asked for toys they saw on television (Lyle – Hoffman, 1971). In another study, Ward found kindergarten children exhibited confusion and judged the relationship between commercials and reality based on coincidental reasoning or affect

(Ward – Wackman – Wartella, 1977). While Stephens, Stutts, and Burdick found age was significantly associated with the ability to distinguish between programming and commercials. Only 17 percent of the 5 year olds in the segment with no commercials viewed, correctly identified the non-animated programming (Stephens, 1982).

A more recent Hungarian study by Antalóczy, Pörzsi and Vaskuti (2012) on preschool children's media consumption habits confirmed previous findings that nearly one hundred percent of the participants own a media device: only three families owned no mass communication tool. In contrast, approximately one in four preschool children own some form of device, typically a television. The study also revealed that all young people watch television, about 80 percent of them turn on the television every day. The children's typical media consumption pattern is that they typically watch television on their own or with their siblings. Parental control is becoming increasingly diffuse. Finally, the children drew a drawing, which symbolizes what they do in their free time. From the 42 drawings completed, the television, computer or video games only appeared in four cases as the popular leisure activity. In contrast, typically the children drew: swimming, playing with a ball, riding, driving or playing board games. It is important to note that none of the four TV or computer related drawings contained violence or aggression (Antalóczy, 2012). While a study by Hofmeister-Tóth and Malota (2000) showed that the increasing demand created by advertisements, causes 1.5 percent of the daily, and 5-6 percent of the weekly problems of Hungarian families (Hofmeister-Tóth – Malota, 2000).

Also linked to the topic how children's consumer behaviour changes when expressed to the media is a study of Pine and Nash (2002), who interviewed children aged 3-6 years, who had written letters to Father Christmas, regarding the extent and nature of their television viewing. Overall, children who watched more commercial television were found to request a greater number of items from Father Christmas, these children also requested more branded items. A positive correlation was found between watching television alone and the number of requests (Pine – Nash, 2002). Thus, all these recent studies suggest, that not only is the media consumption of preschool children growing drastically, it also affects them as consumers.

Children between 2 and 5 years have the ability to imitate the incidents and behaviors they see. Considering cartoons have scenes changing with fast effects, the importance of cartoons in the lives of children can be witnessed who imitate these. Another characteristic of the children of this age group is being interested in what they see rather than its meaning. Seeing, tasting and hearing develop spontaneously. This role becomes much more important in children between the ages of 3-6, as researches show that the children of this age group are in search of meaning while watching television (Yazar – Arifoglu, 2012).

Valkenburg (2001) discusses all reductive as well as stimulating theories about the link between television consumption with creativity. According to the paper substan-

tially more theories underline, that an excessive television consumption leads to a reduction of creativity as well as imaginative play. It also underlines, that so far there are five main areas within this field; the displacement hypothesis, passivity hypothesis, rapid-pacing hypothesis, visualization hypothesis and arousal hypothesis (Valkenburg, 2001). The hypothesis states, that if images are already created for viewers, as with almost any type of audiovisual media, children only need to view them and fail to create their own, as it would be the case with a book that is only read to the children. While the passivity hypothesis states, that processing audiovisual material requires little mental effort, thus children become mentally less active (Calvert – Valkenburg, 2013). An important positive exception however, are educational aids and television contents that are designed to teach creativity (Yazar – Arifoglu, 2012), as well as creating content such as characters in video games, however the latter is not applicable to this age group (Calvert – Valkenburg, 2013).

Studies have shown that children in the preschool age can often use the remote control of the television and are often left unsupervised when viewing this medium (Antalóczy, 2012). Now another form of media can be found on the internet, in watching cartoons online on YouTube but also playing various games online. Those under the age of 4 are more likely to spend their time watching video clips. When they reach 4 they also become interested in playing games online (Childwise, 2012; Teuwen et al., 2012). However regarding the internet consumption of preschool aged children, as they are unable to read and write at this age, children who regularly consume various internet channels still rely on their parents in picking the desired channel. Research about the children's internet consumption and the influence of online advertisements is scarce. Holloway, Green and Livingstone (2013) reviewed over 1200 studies regarding children's online access, internet use and behaviours. They found that research focuses on older children and teens. Only 4% of studies included the 0-4 age group, while the 5-8 year old group were not studied as a separate group but rather included with older children (Holloway – Green – Livingstone, 2013). Parents are viewed as having a responsibility to deter children from invasive marketing, yet with the rise of non-traditional marketing, it is unclear whether they have the knowledge and skills necessary to undertake this role. In a 2014 study, Spiteri Cornish found that parents recognize online persuasive techniques only when they themselves have been exposed to them (Cornish, 2014). However, most theory so far mainly focused on results from various interviews with children. Thus analysing the drawings of children with high media consumption could therefore be an alternative, as research on children's drawing is becoming more popular. This is mainly because it is a source of understanding a child's cognitive, emotional, visual and motor processes (Frisch, 2006).

### Analysing pre-school children's drawings

Children's drawings have been analysed in the past with several techniques. Researches confirm that children de-

velop depending on specific age groups; this is also true for their drawing skills. The most widely accepted approach to this is Löwenfeld's sequence (Yazar – Arifoglu, 2012). This sequence includes six different age groups and groups them into different visual developmental stages parallel with the child's personality and identity characteristics (Löwenfeld, 1957). Together with Brittain, Löwenfeld analysed thousands of children's drawings to see if they included features that can be used to describe the drawing development of children (Löwenfeld – Brittain, 1979). Apart from Löwenfeld, Kellog is also one of the scientists who evaluated children's drawings and commented on their development levels. Her work specialized on doodles of toddlers (Kellog, 1969). While Elliot W. Eisner (1967) categorized children's drawing according to their spatial order in fourteen categories. Hopperstad (2008) discusses the quality of the children's play from a semiotic point of view in which children draw signs. These signs consist, at the level of the signifier, of visual-graphic marks such as lines, points, figures and colours. Kress and Van Leeuwen's (1996) theory builds on visual 'grammar'. The study draws attention to the ways that visual features in drawings made by the children in their first year in school can be found to carry ideational, interpersonal and textual meaning (Kress – Van Leuven, 1996). While Coates (2002) examines the drawings collected together with transcriptions of the children's descriptions of their drawings (Coates, 2002). Thibault (1997) argues that children's competence and experience with drawing must also be taken into consideration. It may be the case that children use talk, sounds and gestures because at that time, they did not have access to visual ways of representing their interest in action (Hopperstad, 2008). Any drawing is the result of its maker's active and creative response towards their experiences (Frisch, 2006).

The following study will use the methodology of Kondács – Podmaniczky's (1993) to analyse the drawings of the children. Kondács – Podmaniczky's analysis was taken as a basis for this study as her work takes into consideration the most important and ground-breaking theories of this field such as Löwenfeld and Kellog's drawing development theories, at the same time her work efficiently explains how to analyse children's drawings and what to look out for within specific age groups. Furthermore, Alland (1983) suggests that children in different cultures differ in their details of drawing style, but may also differ in the basic strategies used to construct their drawing. As the sample in this study only incorporates Hungarian children, selecting a paper that analyses the drawings of Hungarian children gives the current paper more consistency.

Considering the statements above, the following paper focuses on the way the media, in specific the regular viewing of television and advertisements, affect the behaviour and development of preschool children, which ultimately impacts them as consumers. It does so, by comparing the drawings of several preschool children who all view the television for different time intervals.

## Method

In the present study, in order to receive an in-depth understanding about the way the media affects preschool children, data was collected from 20 preschool children in Budapest, in various preschools and then analysed through qualitative research techniques. The participants of the study were 4-6-year-old preschool children, of which 12 were boys and 8 were girls. The families' backgrounds differed in socio-economic status, but were not further analysed. The parents of the children in the study gave their consent of their children participating in the study, and that all materials gained including the drawings can be used and published. (Table 1.)

Firstly, a short interview was conducted with the children. The length of the interview is vital, as children with such a young age have very short concentration ability. In addition, several factors must also be taken into account, which are related to the age of the children.

Table 1.  
Characteristics of the study participants (n=20)

	n	%
<b>Gender</b>		
Female	8	40
Male	12	60
<b>Age</b>		
4	9	45
5	9	45
6	2	10
<b>Education</b>		
Private Preschool	3	15
Public Preschool	17	85

Source: own construction

At preschool level, children do not know the time, thus it is needless to ask them how much time they spend watching television. Instead, one can ask them whether they watch television before or after kindergarten. It is vital to keep the children in their habitual, comfortable surroundings, thus the children were not recorded with cameras. In addition, instead of taking them to a separate room, they were interviewed within their classrooms, but separated from the group as in this age group the children highly influence each other. In order for them to focus on the questions asked. Having an unknown interviewer can also cause discomfort at this age, thus the interviewer spent a few days with the children in their various preschools, prior to the interviews, and making sure the children do not feel they are talking to a stranger. Otherwise, the pre-school teacher would have had to conduct the interview. Another factor that has to be taken into account is that children in this age group have different moods day by day, sometimes they refuse to answer certain questions, and thus sometimes the contents of the questions have to be changed slightly. The first few questions dealt with the television viewing habits of the children, followed by questions of their shopping habits. This section aims to verify the results of An-

talóczy (2012) as well as Ward (1977), testing aspects such as the general television viewing time and the preferred viewing genre.

Following the interview, a non-verbal form of data collection was selected (this is extremely important when working with children). The children were asked to draw, what they see, when they watch television. This section of the paper will partially aim to analyse whether the findings of Lyle and Hoffman (1971) as well as Pine and Nash (2002) can be verified regarding the theory that nearly all children ask for toys they see on television. These findings could be proven, if the children decide to draw known commercials or items they know from various advertisements.

Finally, the results of the children's drawings were verified in the form of an interview with a child psychologist Petronella Németh-Barna, each drawing was separately discussed and analysed regarding developmental status of the children as well as any possible psychological backlog.

### Findings

From the 20 children participating, only one child did not have a television set at home. In contrast, 11 children claimed they watch television every day. There were children in the sample, who were allowed to watch in the morning and in the afternoon as well. The remaining eight children watch television less often, some only at their grandparent's home. Twelve children knew how to handle the remote control. Most of the children claimed to watch the television alone or with siblings. Only two children from the sample watched television regularly with their parents. Most of the children were allowed to decide for themselves what they watched on television, though some watched DVDs instead of cable television. Each child watched cartoons, some children said they also watch sports regularly. Some children could specifically name the children's channel they watched at home.

The purchasing habits of children were also extremely interesting. From the 20 children who participated in the study, only two did not accompany their parents to the store. From the remaining 18, only five claimed not to ask for anything at the store from their parents. The rest regularly ask for certain goods. In general, the majority of the children mentioned sweets (9), but some children also mentioned toys (3). One child mentioned: *"I go to the store with my mom, but I do not ask for anything, because I know she won't buy it. But if I can, I prefer LEGO, they have it at Spar."* It is also interesting to note that in addition to the above two brands, the only further brands mentioned regarding shopping is 'Kinder chocolate'.

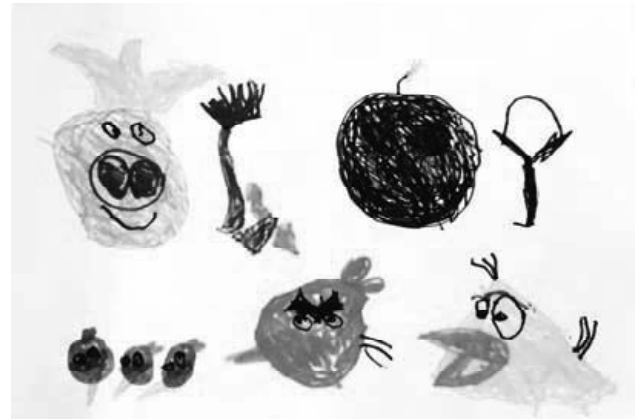
The children were also asked what they would like from Santa. Interestingly, very few children mentioned branded toys. Only three branded toys were mentioned by the children: two girls asked for Elsa dolls (from the Disney film "Frozen"), two boys mentioned Star Wars games, and four boys asked for Lego. Finally, twelve children were willing to draw at the end of the interview, what they see while watching television. The result was partly reassuring, as all the children drew their favourite cartoons. None of the

children drew toys/ or other advertised products. From the sample five were selected for in-depth analysis.

### In-depth analysis of the children's drawings

Figure 1.

Charlie, 5 years and 2 months. "Angry Birds"

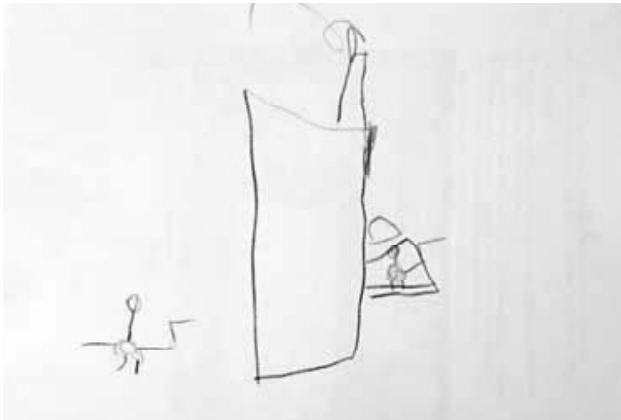


In terms of television consumption, Charlie belonged to those children from the sample that hardly get to watch any television. He was only allowed to watch cartoons at his grandparents' house and not at home. Like all the other children, Charlie drew one of his favourite cartoons the "Angry Birds" (Figure 1). Compared to the other children, Charlie used the most colours (8 different colours), which is very positive. He uses the space of the paper well, while the drawing itself is very developed for a boy his age. The picture shows from left to right, the pig king, a tree, the black angry bird, a sling-shot, 3 small blue angry birds, a red angry bird and a yellow one. Charlie pays attention to detail. All birds have a beak, eyes, even eyebrows. One exception is the black bird, which has not much detail (the eyes and nose look like a skull); this bird is also slightly larger. This is also the only bird, which he actually names "the bomb". This part of his sketch seems much more dynamic, there seems to be a lot more temper and tension radiating (Kondács – Podmaniczky, 1993) from the way he depicted the bomb than the other characters. Other than that, the characters have different facial expressions. The birds look angry, while the pig has a happy face. The pig is also the only one looking at the viewer, while the other birds are all tilted to the left (except for the black one). Unfortunately, this cartoon in itself is a slightly aggressive one, as the pigs constantly try to steal the bird's eggs, who therefore regularly take revenge on them. Whilst the fact that the child is rather focused on "the bomb" character underlines, that the child is rather focused on the aggression aspects of the cartoon.

The interview with Németh-Barna verified this, according to the psychologist one can tell that the boy drew this theme numerous prior to this drawing, this however does not necessarily mean he saw the show often, it can also mean he likes playing the game or that this specific

cartoon is currently popular within his group of friends. Regarding his age, he can be classified into the creative development stage, since he is closer to the age of 6 and his drawing features resemble this as well. The accentuation of sizes (exaggerations) should be treated with caution (in this case the size of the pig) as its meaning is often unclear. The child might want to emphasize something, or on the other hand, it can display a single experience or trauma (Malchiodi, 2003). Thus, the fact that Charlie uses so many different colours is obviously positive, but it can also mean he is more emotional more mature in terms of expressing his creativity than other boys in his age.

Figure 2.  
Daniel, 4 years and 11 months. "Star Wars"

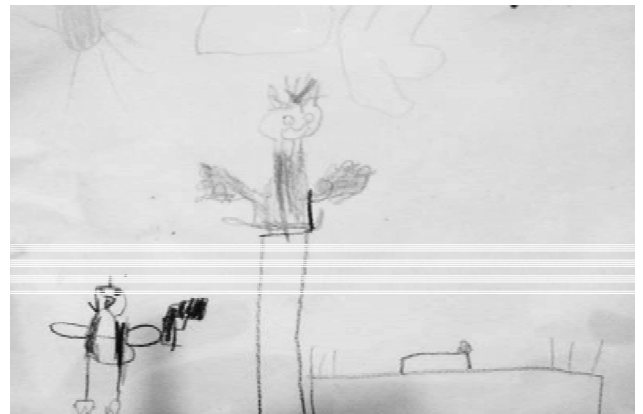


While Daniel (Figure 2.) is the greatest contrast to Charlie, as he has the highest daily television viewing average of all participating children. He watches television before and after kindergarten. He is even allowed to eat in front of the television set. His picture is also a great contrast to the first picture, as he used no other colours except for black. The picture depicts a Jedi with a laser sword. The house in the centre is their ship, while the Jedi in the far right (also with a laser sword) is sitting in a small spaceship. Interestingly, the picture is borderline regarding use of space. As the research in this field still argues what this means exactly, if a child leaves too much blank space on a picture. If done regularly, this can mean inferiority, isolation from the group or anxiety (Kellogg, 1969). A very big contrast to Figure 1., is the lack of detail in Figure 2. Also, if we look at Eisner's 14 Categories of Spatial Treatment in Children's Drawings (Eisner, 1967), Daniel's use of space is only in the first category of 14, as the Jedi is still floating and not standing at the edge of the paper, indicating slight underdevelopment. Finally, comparing Daniel's drawings with those of children in his age in Kondács – Podmaniczky's (1993) works, it becomes even more clear, that there are substantial differences regarding the drawing skills between Daniel and his peers. Children at the age of 5 usually draw a lot more detail on bodies than Daniel did. The face, the hair, hands and feet are completely missing. Most children this age often draw stereotypical houses described by Kellogg (1969) and

Duffy (1998), just like in this picture (although the child verbally highlighted, that this is a "battle ship". Again, the topic is filled with aggressions, as Star Wars itself is a film not intended for preschool aged children. However, interestingly most children adore Star Wars at this age for some reason; most children have not yet seen the actual movie.

According to Németh-Barna, Daniel's sketch is very simple for his age; furthermore, he is slightly uncertain in the use of lines. At the same time, Daniel depicts movement, which is very mature for his age. The figure on the right is standing on a double floor, which can be a sign of security. Interestingly, there is thicker tower-like wall on right side of the spaceship. The psychologist explained that this could be strongly linked with Sigmund Freud's psychosexual stages (Freud, 1954). In brief, this theory applies to the genital stage, also known as the phallic period, which mainly affects children from the age of 3 to 5, but can extend somewhat further (Goldman, 1982). In Daniel's case, the right side of the picture is affected. Indicating either that the boy currently has a strong relationship with his father (this can be in a positive but also negative sense), however this can also be a symbolism for future aspects and plans (Süle, 1988) (however this also depends on what hand they use, the meaning could reverse if Daniel's dominant hand is the left one). The fact that Daniel failed to draw faces for either of his characters, at the age of 5, if repeated, could be a sign of emotional immaturity.

Figure 3.  
László, 5 years and 8 months. "Madagascar"

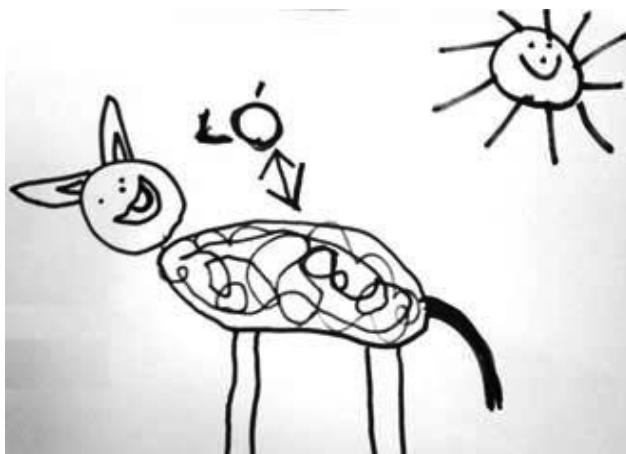


The third drawing above belongs to László (Figure 3.), who is also one of the children in the study whose television consumption is above average. He also chose to draw one of his favourite TV cartoons the Penguins of Madagascar, which stars numerous, once again angry, penguins. Unlike the other two children, László uses colour signals to highlight the importance or salience of a specific element (Kress – Leeuwen, 1996). In this case, the only three things he chose to draw with colour is the sun (yellow), the beak of the penguin (orange) and the legs of the penguin (blue). As László did not explicate what the penguin holds in his hand, we cannot know for sure, but it looks very much like a gun. While the sizes of the penguin and the evil villain

varies vastly. Some children place certain elements higher up on the page to indicate that some things are in the background, behind other elements, which are drawn further down on the page, causing the effect of them being in the foreground (Kress – Leeuwen, 1996), this could also be the case with the villain. In addition, interestingly, the face of the penguin is very detailed and precisely drawn, while the face of the villain is barely recognizable, according to Kondács – Podmaniczky (1993) the fact the penguin is a lot more detailed, suggests that László has positive feelings towards this character.

In László's case, Németh-Barna once again brought up Freud's phallic period due to the high bar in the centre of the picture, which is also a sign for this specific period. The main hero of the cartoon can also be found here and the hero is much more detailed than anything else in the picture. Presumably, the child identifies with this character, and this may explain the variation in size, as the child's perspective he is small, he looks up to the outside world, which is mostly filled with things much greater than himself. Interestingly, he compensates by drawing the good character much smaller than the villain, however this is normal in children's drawings and can also be found in numerous cartoons and myths (such as David and Goliath). Finally, according to the children's psychologist, the fact that László only used three colours in his drawing is normal at this age the forms are more pronounced and the use of colours is subjective (Malchiodi, 2003).

Figure 4.  
Krisztina 6 years and 3 months. "My little pony"

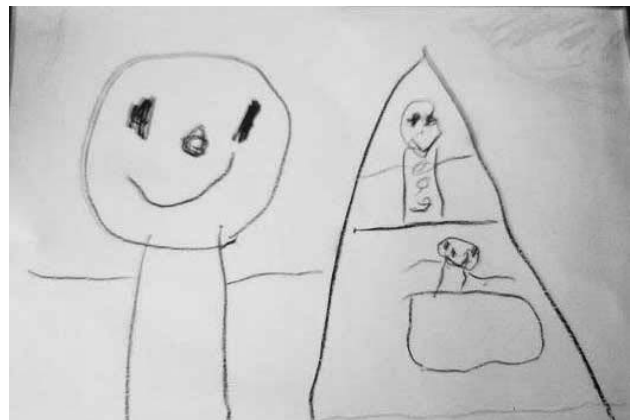


The final two pictures are from two sisters. Their television consumption is slightly above average compared to the sample. As they are allowed to watch TV nearly every day, however, the time they watch television is limited to 1-2 cartoons at a time. The elder sister Krisztina chooses what cartoon the siblings watch. They always watch television together, thus their TV consumption is identical.

Figure 4. depicts Krisztina's picture she wrote 'ló' in Hungarian, which means horse, with an arrow pointing to the horse. As she draws, she highlights that this is not a normal horse; this is a 'my little pony' horse. Krisztina

used a black marker for her entire picture. The horse itself is very detailed. Both the horse and the sun are smiling. The overall mood of the picture is a positive one, however she failed to use colour although she had a wide range of colours to pick from, which her little sister clearly made use of. Furthermore, if we look at Eisner's 14 Categories of Spatial Treatment theory (Eisner, 1967), Krisztina is currently in the second category, as no horizon line is drawn, however morphemes (in this case the horse) is standing on bottom edge of paper. This indicates a lag in Krisztina's drawing abilities. The strong doodle on the horse's stomach also needs to be highlighted, as according to Kondács – Podmaniczky's (1993) the child is trying to show some form of emotions.

Figure 5.  
Diana 4 years and 2 months. "Elsa is the big one, while Olaf and Anna are in the triangle" (from the Disney movie Frozen).








Diana, like all children drew her favourite story, Frozen. The objects and actors are arranged according to size. Visually, the result is very ordered, allowing each element to stand out. She used graphic lines to frame elements, creating a triangle, in which she placed two of the actors (Hopperstad, 2010). Diana only used two colours yellow and blue, however as the title Frozen indicates, there is lots of ice and snow in the movie, thus the selection of colour is justifiable. Figure 5. is also generally a picture which does not show aggressions of any kind. In addition, Diana's drawing abilities are adequate for her age. The way she drew the three characters is what Kondács – Podmaniczky's (1993) refers to as the so-called "head-leg" human figure, which is the initial form of human representation by children.

Whilst analysing the sister's drawings, Németh-Barna concluded that in terms of this one drawing, both sisters have a slight lag for their age in terms of drawing. Especially the older sister's drawing is not detailed enough, in terms of complexity. She especially highlighted the fact that the head of the horse is in a twisted, unnatural position. Although presumably she intended for the horse to look at the sun, which in turn is a sign of mutual interaction and thus may indicate good socialization skills

and thus reflects a positive mood. The fact that the body is decorated in such a way can mean numerous things. A perspective drawing (appears at the age of 6-7) prequel to the X-ray perspective, when the inside of a living being or object is displayed (Malchiodi, 2003). Subsequently, it can refer to the sensitivity of the abdominal/digestive system, or disease/anxiety. An interview with the parents regarding this could have brought more insight. In addition, the very detailed and thick tail could also mean some kind of accentuation and thus underline Freud's psychosexual theory. Regarding the younger sister, as mentioned, her drawing skills seem also slightly immature, however less than that of her older sister. Diana draws the typical head/body figure, which is a common form children draw at that age. Diana merged the head and body without evidence of a neck; the head and body are thus one entity. In addition, the drawing reflects a positive mood as well. (Table 2.)

Table 2.  
Summary of the expert's interpretations of the drawings

Child's drawings	Summary
	<ul style="list-style-type: none"> <li>- Drew this theme numerously</li> <li>- In the creative development stage</li> <li>- Accentuation of sizes should be treated with caution</li> <li>- Colour use is positive, but can mean he is emotionally more mature</li> </ul>
	<ul style="list-style-type: none"> <li>- Very simple for his age</li> <li>- Slightly uncertain in the use of lines</li> <li>- Depicts movement, which is very mature for his age</li> <li>- Psychosexual stages</li> <li>- Failed to draw faces, sign of emotional immaturity</li> </ul>
	<ul style="list-style-type: none"> <li>- Freud's phallic period</li> <li>- Child identifies with main character</li> <li>- Use of only three colours is normal</li> <li>- Compensates by drawing the good character smaller, this is normal</li> </ul>
	<ul style="list-style-type: none"> <li>- Slight lag for this age in terms of drawing</li> <li>- Not detailed enough, in terms of complexity</li> <li>- Good socialization skills</li> <li>- A perspective drawing</li> </ul>
	<ul style="list-style-type: none"> <li>- Slight lag for this age in terms of drawing</li> <li>- Drawing skills seem also slightly immature</li> <li>- Typical head/body figure, common form children draw at that age</li> <li>- Positive mood</li> </ul>

Source: own construction

## DISCUSSION

Overall the drawings were colourful and cheerful, however not all were free of aggression. The outcomes were able to verify the results of Frisch (2006) as the drawings

resulted as an active response towards the children's media experiences. A pattern could be observed between the amount of media consumption and the children's drawing abilities for their various ages. The boy who viewed the least amount of television from the sample had drawing skills that were beyond average for his age, while the boys drawing abilities, who viewed the most television, were rather underdeveloped for his age, taking into consideration Eisner and Kondács – Podmaniczky's findings. A possible explanation for this could be, that the child who spends less time watching television, has more time for other activities, such as developing his or her drawing skills further. The findings are therefore in line with the passivity hypothesis, which states that processing audiovisual material requires little mental effort, thus children become mentally less active. Especially the visualization hypothesis underlines the finding of the current paper, suggesting that children only view audiovisual media and thus do not create their own (Calvert – Valkenburg, 2013).

A similar pattern evolved regarding the use of colour. The boy who viewed the least amount of television had the most colourful picture, while the two children decided to use black colour only (one child whose television consumption was above average and one, whose consumption was average). At the same time, it has to be noted, that according to the interviewed child psychologist, the use of colour is not necessarily an indicating factor of creativity, especially in pre-school aged children. Between 4-7 years, children are more interested in what kind of shape an object has rather than its colour. The colour selection, if at all, is often subjective, it is difficult to draw conclusions from them. The discovery of the relationship between colours and objects begins between 6-9 years (Malchiodi, 2003). The use of colour can however, be linked to the emotional state of the child. However, it is also necessary to refer to Thibault's (1997) theory that children's competence and experience with drawing must be taken into consideration, as the boy with the vast amount of television consumption, tried to compensate his lack of artistic skills with a greater depth of verbal explanation.

Interestingly, at first glance, the drawings appeared to be free of media influence as none of the children drew actual commercials or advertised products. However, they all decided to draw their favourite cartoon. At this point, it is important to mention, that the toy industry uses these cartoons and movies to sell various merchandise products, which makes up a substantial part of their annual sales.

Finally, if the gender differences are compared amongst the children's drawings, the findings are partially in line with that of Kress (1997) and Hopperstad (2008), as both described boys who demonstrated interest in action and drama whilst drawing. These study's findings also highlight, the only substantial difference between the genders drawings are that all drawings of the boys contained some form of aggression, while on the contrary not only did none of the girl's drawings contain any aggression, their pictures were extremely positive and happy. Thus the findings show why the effects of media violence have been highly debated, whereas Freedman concluded

that the negative effects of violent media content are questionable, Bushman and Anderson (2001) recall numerous studies that demonstrate a consistent link between violent programming and increased aggression, especially among children (Jones, 2010). The findings of this paper suggest that today's programs aired and targeted specifically for boys are by far more violent than those targeted at girls, at the same time the additional interview indicated a slightly higher extent of conflicts is normal in children that are currently in the phallic stage of their development.

### Conclusion

Overall, the paper contributes to findings in this specific field, as it underlines that an increased television consumption has an impact on the development of children. However at this point, it is important to highlight, that the current results are true for the current, very limited sample. Thus, further research and a greater sample is necessary in order to validate the current results. An increased television consumption seems to influence the drawing abilities and thus the overall development of the children, which could be identified whilst comparing the drawings of the child who viewed television the most, versus the child who view the least amount of television. The usage of space, the details found within the drawings, the explanations of the drawings by the children and the usage of symbolism, all underlined the findings. Especially Eisner's Spatial Treatment in Children's Drawings (Eisner, 1967) highlighted that certain children lagged regarding the use of space in their drawings compared to their age, especially the child with the most television consumption.

Furthermore, gender differences could be witnessed, namely that television consumption, especially in pre-school boys, promotes aggressions, which on the long run also can have a serious effect on the child's mental development, however it can be argued to what extent the irritations depicted can be regarded normal considering the developmental stage they are currently in.

Most importantly, none of the children drew actual advertisements or advertised products, however all the children drew their favourite television cartoon. Interestingly however, all these programs depicted sell numerous forms of merchandising products, thus the cartoons that are aired in children channels nowadays, are indirectly extended commercials for their own merchandise products.

### Limitations

Despite the inherent strengths of the present study, some limitations need to be considered. Firstly, although the sample size is large enough for a qualitative study of this manner, a wider range of children (especially those who have hardly any contact with television programs) could have added to the value of the study. Furthermore, past research suggests, that analysing only one picture of a given child is not enough to get a complete picture, as it can often be misleading. A series of pictures would be necessary for an adequate and thorough analysis, especially in analysing the child's development (Kondács – Podmaniczky, 1993). This factor was also highly emphasized by the

interviewee Németh-Barna, who underlined that it is not possible to make generalizations based on one analysis. It would be necessary to analyse a larger series of drawings by the same children as well as the gathering of further information from the children's parents in order to make substantial conclusions about their developmental state. Every child is at different stages regarding its brain maturation, socioeconomic status, their willingness to draw, thus further tests would be needed to draw accurate conclusions.

A further limitation of the paper is that the focus of the paper lies on the television consumption of the children, as today, this generation also enjoys consuming various other forms of media such as the internet. Likewise, a wider focus could have been set on the exact narratives of the children whilst drawing. Finally, it has also not been screened whether the children participating in the study have any sorts of social disabilities (for example dysgraphia or autism), which could perhaps distort the results.

### Further research

Many issues raised in the research could have been answered with a detailed questionnaire from the children's parents. For instance, information regarding the overall development of the children would have been a valuable input, or to know what exactly the children watch at home; what channels they prefer or which DVD's they look at (of course DVD's do not contain targeted advertising, which would have been another valuable information). Thus, such a survey could be used to expand the current research further.

Moreover, the children from the study could be analysed over various time periods, repeating the drawing sessions quarterly, in order to track every child's individual developmental process. In addition, the current study could be repeated with an international sample, which could also bring new, interesting insights. Finally, a very interesting aspect of this research could be in what ways creativity is affected by the television consumption of children. In the current limited sample, first minor tendencies could be detected that the creativity of the children did intact suffer under an increased television consumption; however, this still needs to be examined further.

### Managerial implications

The current study has several practical implications. The results suggest, that the media influence affects preschool children in numerous ways, thus it lies in the responsibility of the advertising companies and decision-makers to protect the future generations and to ensure that they develop in an adequate and healthy manner. However, as we live in a profit-oriented economy perhaps the first steps in the right direction could be some form of harsher legislation regarding advertisements directed to children. Furthermore, it is necessary to educate parents (through kindergartens and schools) of the affects excessive media consumption can have on their children, as they are often completely unaware of this specific issue. It is essential that parents learn how to properly guide their children in the inevitable world of media.

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## TRANSFORMATIONAL DYNAMISM OF CIVIL SOCIETY ORGANIZATIONS

Open innovation, F(L)OSS, sharing economy, co-creation, social entrepreneurship, solidarity economy, platform cooperativism, peer production... These innovative patterns of broadening cooperation among civil society, market and public sector players can play important role also in emergence of knowledge society. The study analyses in this broader context the communities' transformational dynamism, which affects simultaneously the volunteers, their relationships, organization, and broader environment – provides the potential of social agency. This dynamism ensures also the capability to adapt by enabling to operate in rapidly changing environments. Multidimensional feedbacks and their aggregation into self-regulating loops create the civil society entities' responsiveness both inwards and outwards. Outward adaptivity can seem more spectacular; however, its inward dimension is at least as important. The adaptability feeds back also with the volunteers' self-reflection, which is of crucial importance to prevent the emergence and dominance of hierarchies. The study follows realist view of science and methodological pluralism – combines narrative description and case study driven generality focused concept creation. This constellation enables to identify components and transformational effects of the explored transformational dynamism by analysing a sample-case. In future studies the deployment of system dynamics can help to analyse also underlying processes unfolding in real domain.

**Keywords:** transformational dynamism, civil society organizations, cooperative relational dynamism, self-organizing, social agency.

Open innovation, Living Laboratories, co-creation, co-design, free (libre) and open-source software (F(L)OSS), sharing economy, social entrepreneurship, solidarity economy, platform cooperativism, peer production... These innovative patterns facilitate to bring cooperation into competitive environments (Benkler, 2011) and catalyse broadening cooperation among civil society, market and public sector players what can play important role also in emergence of networked knowledge societies. This article elaborates in this broader context on sources and effects of the civil society organizations' transformational dynamism.

The research (Veress, 2016) explores a set of case-communities from Finland, the country, which became a post-er child (eminent) and forerunner of EU-wide information and knowledge society related efforts starting from early years of the XXI Century. The Finnish innovation system consistently facilitated open and user driven innovation and catalysed the citizens' self-organizing participation in local and pan-European efforts. Acting as President of the Council of the EU Finland initiated and prepared in 2006 the official launching of the European Network of Living Laboratories foreseen as active catalysts of open innovation.

The original concepts of open innovation (Von Hippel, 1976, 1988, 2005; Chesbrough, 2003, 2006, 2009) emphasize the focal role of firms in combining innovative initiatives of external, often civil society related partners with non-traditional business models enabling successful marketization and company-level profit generation. However, large-scale patterns of cooperation like Wikipedia or free and open-source software communities (Raymond, 2001; Lee et al., 2003; Feller et al., 2005; Rifkin, 2004, 2011;

Hess – Ostrom, 2007) also provide sustainable patterns of value creation. Moreover, such networked peer production proved to be “not a bizarre side story of the Net, but a core vector through which the transition to a networked society and economy was happening”(Benkler, 2011: Acknowledgments). Recent tendencies similar to platform cooperativism and commons based peer production (CBPP) aim to facilitate the emergence of a cooperative counter-economy (Bauwens – Kostakis, 2017 a,b). There is also an ongoing “associational revolution” – as the first, decade-long, truly global Comparative Nonprofit Sector Project indicates. It brings about the “...rise of the civil society... (what) may, in fact, prove to be as significant a development of the late twentieth and early twenty-first centuries as the rise of the nation-state was of the late nineteenth and early twentieth centuries” – indicate Salamon et al. (2003, p. 2.). These feed backing trends often are mutually catalytic and constitutive of the emergence of a civil economy which “... is about how people live in communities”(Bruyn, 2000, p. 235.).

The literature indicates that despite these broad and feed backing transformational tendencies the civil society is (and remains) significantly under-researched (Anheier, 2004; Taylor, 2010). Moreover, “...one of the complexities of researching and discussing the activities of non-profits...is definitional. The research by DiMaggio and Anheier, while focussed on non-profits in the USA, speaks of ‘balkanised literatures on specific industries and organizational data sets with neglected measures of legal form’, replete with ideologically and culturally-loaded terminology (DiMaggio – Anheier 1990)...” – as Stillman (2006, p. 59.) recalls. However, the literature also indicates that volunteering participants of civil society organizations by

capitalizing on self-communication (Castells, 2009) can exercise the Habermasian “dialogic democracy”, where differences are settled, and practices ordered through discourse rather than violence or commands of authority – as Giddens (1984) points out. Such “democratisation of democracy” (Giddens, 1998) enhances and capitalizes on participative democracy. The volunteers during their recurrent everyday activities at their home, workplace or local community are capable of social agency by “going after the small picture” (Giddens, 1984, 1998) and through intense networking may generate broad transformations.

This paper aims to shed more light on sources and effects of the civil society organizations’ transformational dynamism by considering as broader context the emergence of knowledge societies. A recurrent triangulation among (i) empirical data provided by iterative scrutiny of a Finnish case-community set, (ii) emerging (pre-) constructs, and (iii) relevant literature signalled about the usefulness:

- to follow scientific realist approach (Bhaskar, 1978),
- to consider process ontology and consequently process approach by deploying process narratives (Van de Ven – Poole, 2005),
- to follow methodological pluralism (Van de Ven – Poole, 2005),
- to capitalize on qualitative research methods, primarily on case study-driven generality focused concept creation (Eisenhardt, 1989; Eisenhardt – Graebner, 2007; Tsoukas, 1989; Yin, 1981, 1994).

The realist approach (Table 1) enables to distinct and consider the interplay “...between (a) causal laws and empirical generalizations and (b) real structures, actual events, and experienced events” (Tsoukas, 1989, p. 559). It allows comparing tendencies and events that a proposed construct forecasts with the observable events and phenomena by considering effects of ‘concrete contingencies’ (Tsoukas, 1989). In other words, it enables to increase the effectiveness of concept creation and improve internal validity and generalizability.

Table 1.

**Extended ontological assumptions of realist view of science based on indications of Tsoukas (1989, p. 553.) with reference to Bhaskar (1978, p. 13.)**

	Empirical Domain	Actual Domain	Real Domain	Future Domain
Tendencies				✓ * **
Mechanisms		✓	✓✓	✓✓
Events		✓	✓✓	✓✓
Experiences	✓	✓	✓	✓

Clusters of case-communities      Sources, mechanisms, causal relationships of community dynamism

Transformational impacts of communities      \* Tendencies contributing to social agency  
 \*\* Constitutive processes of new, associational societal kinetics

The implementation of process approach and ontology enables to overcome temptations to perceive causal relations as “unidirectional causal powers”, which in epistemological context may seem to act “independently” even from interacting agents. To avoid such misperception the analysis should focus on causal relations that in ontological sense unfold as feedbacks among diverse processes consisting of personal interactions (their aggregating dyads). By following process approach one can deploy process narratives, i.e. “process studies of organizing by narrating emergent actions and activities by which collective endeavours unfold” (Van de Ven – Poole, 2005, p. 1387). It enables to carry out “...narrative describing a sequence of events on how development and change unfold (Poole et al., 2000)...”(Van de Ven – Poole, 2005, p. 1380).

The recursive triangulation indicated that a realist, contextual, process-oriented, explanatory and ideographic study of the civil society organizations’ transformational dynamism can also capitalize on methodological pluralism (Van de Ven – Poole, 2005). It enables to analyse case-communities through combined deployment of process narratives and qualitative research methods, namely case study-driven concept creation (Eisenhardt, 1989; Eisenhardt – Graebner, 2007; Tsoukas, 1989; Yin, 1981, 1994; Van de Ven – Poole, 2005). Tsoukas (1989) argues for focusing on generality in order to improve the effectiveness of concept creation by going beyond examination of pattern replications inside and across cases. He offers practical ways and tools to consider the interplay among causal relations and contingent feedbacks through which these appear what also allows to “search evidence for ‘why’ behind relationships” (Eisenhardt, 1989, p. 533). Such focus shift on generality enables to overcome mechanistic approach and rather follow a “...realist perspective (which) helps ...defining the generative mechanisms (causal powers)...and the kind of social structures that help sustain and reproduce these mechanisms ... (The) researchers do not postulate ironclad laws, but tendencies, which may or may not manifest themselves in the empirical domain... In this vein, paradoxical phenomena are not mere exceptions in stochastic conjunctions of events, or simple refutations of law-like generalizations, but rather *the contingent link of a set of causal powers* (italics in original)”(Tsoukas, 1989, p. 558).

The combined deployment of process narratives and case-study driven generality focused concept creation as mutually complementary research methods facilitates to identify fundamental constituents of the civil society organizations’ transformational dynamism. The narrative description of transformations observable in empirical domain facilitates to re-contextualize and reframe empirical data in the explored sample-case by indicating (pre-) constructs constitutive of community dynamism as well as to identify a set of related alterations in relational, organizational and various other dimensions The subsequent deployment of the generality focused concept creation (Tsoukas, 1989) facilitates the more in depth analysis of processes and real events unfolding in actual domain (Bhaskar, 1978; Tsoukas, 1989). It facilitates to identify

emerging and feed backing constructs of the civil society organizations' transformational dynamism. The subsequent analysis of other case-communities belonging to the explored cluster enables to scrutinize, cross-check the presence, variations, or absence of these (pre-) constructs, and also to refine their characteristics and transformational effects. Consequently, the proposed pluralist approach, the combination of methodologies facilitates to increase the effectiveness, and improve both the validity and generalisability of construct creation. The research proposes as a next step to promote and fine tune concept creation, to analyse underlying causal relationships in real domain (Bhaskar, 1978; Tsoukas, 1989) by following pluralist approach – to be discussed in a separate paper.

### Neighbourhood Association – professional enabling of self-organizing

The iterative processing of the research interviews enabled to identify 21 case-communities and group them into five clusters (Veress 20016). Their recurrent scrutiny by deploying combined research methods indicated that one of them can serve as sample-case. The Neighbourhood Association operating as umbrella organization of the local civil society in the Arabianranta district of Helsinki allowed identifying 'inflection points' in various feed backing change processes in multiple feed backing dimensions including (self-) communication, resourcing or self-empowerment.

The development of Arabianranta was perceived and planned (from the 90's) as large, decade-long pilot for complex district-wide programmes following thematic approach. The complex image of Arabianranta combined various components like art and design city, a high tech hub, and a XXI Century virtual village. The program also served as a model for knowledge society developments at local level and its important task was to strengthen the civil society. After 2006, when the Finnish EU presidency officially launched the Living Laboratories' pan-European network the district became also a Living Laboratory pilot for Helsinki and the metropolitan area.

The Art and Design City (ADC) Ltd. was established in 1997 as broad partnership embracing from residents till the government all stakeholders interested in and relevant for the district's development. The ADC served as a multipurpose service company, which carried out simultaneously program and project management, local economic development, and was also responsible to organize provision of broadband connection for every apartment. The ADC's experts volunteered acting also as professional enablers<sup>1</sup> facilitating the residents' self-organization.

### Institutional isomorphism through fundraising

The Neighbourhood Association actively collaborated with professional enablers from ADC and with diverse stakeholders of the district's complex development program. In frame of an informal division of labour the Association gradually re-focused its activity on arrangement of funding for large, biennial happenings – so called “villa

parties”. In Arabianranta this event also aimed to promote the district's image as “art and design city” in order to stimulate its rising tourism<sup>2</sup>.

The Neighbourhood Association, primarily the board focused its activity on fundraising in order to mobilize the significant amounts required to finance large biennial events. The Association gradually reduced its activity on mobilizing external financing, i.e. on fundraising carried out by the board members. Since its partners became various public and private donors and financial organizations the board had to fulfil multiple legal and financial obligations. The Association had to act on an organizational field, which in institutional dimension was characterised by dominance of zero-sum paradigm and by perception of resources as ‘per definition’ scarce. Exposed to powerful isomorphic institutional pressures (DiMaggio – Powell, 1983) the Association rapidly and imperceptibly was transformed into equilibrium seeking and hierarchical organization. “Today ...bureaucratization and other forms of organizational change occur as the result of processes that make organizations more similar without necessarily making them more efficient. Bureaucratization and other forms of homogenization emerge ...out of the structuration (Giddens, 1979) of organizational fields. ...highly structured organizational fields provide a context in which individual efforts to deal rationally with uncertainty and constraint often lead, in the aggregate, to homogeneity in structure, culture, and output” – as DiMaggio and Powell indicate (1983, p.147).

The Association had to compete with many applicants for grants and subsidies and progressively lost its civil society organization feature and character. It followed instead dominance-seeking and bureaucratic attitude characteristic for market and public sector entities. By participating in fierce competition its organization was (re-) shaped into hierarchical structures and mechanisms facilitating to follow rules and expectations of various donors. The board members – by focusing on fundraising activity – had ever less time and readiness to deal with issues of daily life of residents or even to contact with members of the Association. The communication between the board and the members of Association became growingly formal or ceremonial (Meyer – Rowan, 1977), gradually slowed down and even halted. This created enhanced misfit between the Association's daily activities and the inhabitant's expectations therefore the residents stopped (attempts) to participate in the Association's daily work. Since the organization deprived itself from its most important and valuable resources, the board members became overloaded and with time they burned out.

### Initiative group launching self-organizing

In 2007 a self-organizing group of residents created a new association to facilitate – the long delayed – establishment of a district community house. When the group by concentrating on practical steps contacted the city authorities the latter suggested liaising the Neighbourhood Association. Since the Association's board turned to be reluctant even to communicate, the group members started to criticise

such ‘powerholder’ attitude. The initiative group urged to facilitate finding solution for problems, the residents’ daily life instead of concentrating on ceremonial (Meyer – Rowan, 1977), growingly bureaucratic activities connected to fundraising and organization of biennial “large events”. The group proposed to refocus the Association’s activity on supporting the residents’ self-organizing efforts aiming to improve life quality in the district and emphasized the necessity of enhanced transparency. This constellation is well characterized by the following interview excerpts:

*“A: (it was long planned to establish a communal house called) Kendebaika ... (since nothing happened)... we formed the... Puhvila association to get it done ... to have... community spaces... that was... in 2007. ... the city answered to us that (since we) are not liable association (they aren’t ready to) discuss this matter ... they said the Neighbourhood Association is... the legal representative for inhabitants of the area... we (should) discuss with the Neighbourhood Association...” (100-20-29-5:41-50) – explains the coordinator of the group reasons of their attempts to contact the Neighbourhood Association.*

*“A: ... (the board of)... Neighbourhood Association in the beginning of 2008 ... was totally “dead” ... (they dealt only with the) huge villa parties in every second year... .. but nothing else happened... (in between) ... they were exhausted because it is a huge work to organise those things... .. the former board was burned out in last villa party... So we thought that we are not going to make ever this kind of (formal, ceremonial things)...” (100-20-29-5:464-478) – recalls the coordinator of the new board the situation in Neighbourhood Association when re-election of its board took place.*

*“A: ... the (board members acted similarly as the) ... Art and Design City Helsinki (the local service company did). They wanted to keep the power and information... and then they... had to do everything by themselves because nobody else would know or have power to do things. (But) I think that (exactly) that is the main thing... (mobilize others) ... that is why... I am telling ... that is the old way to do things...” (100-20-29-5:1137-1148) – elaborates on the mistaken approach of previous board the Association’s new coordinator.*

When the activist group published an alternative program on its website<sup>3</sup> their proposals created growing resonance and the initiatives rapidly became popular topic of the residents’ self-communication (Castells, 2009)<sup>4</sup>. The upcoming elections to the board of Neighbourhood Association (in 2008) generated elevated interest among residents. They vividly discussed potential directions of the Association’s future activities and the district’s development trajectory. The inhabitants appreciated and supported both the criticism and the proposals of the initiative group. Their major-

ity was ready to contribute to voluntary cooperative efforts aiming to improve life quality in the district.

These cooperation-prone tendencies interplayed with changes in Neighbourhood Association. The group consistently implemented in practice the “unconditional primacy of transparency”, their program’s key principle. Their communicative interactions resonated with the resident’s vivid self-communication by re-generating a cooperative atmosphere<sup>5</sup>. These alterations accelerated when participants of the initiative group became the Association’s ‘official members’ despite the board’s reluctance, attempts to delay and prevent their membership.

*“A: ... the Neighbourhood Association (previously) was... closed and (un-transparent)... small group... (which tried) keeping all (information) to them... It was for example very difficult to join to the Neighbourhood Association, which should be open association. I sent many angry notes that you have to give me your bank account number that I could pay... the fee to be a... member. This is open organization, you have to give it! ... it was so closed...”*

*Q: It was because they were afraid? Was it because they were tired?*

*A: They were totally tired” (100-20-29-5:1457-1475) – explains the new board’s coordinator how and why the previous board tried to delay and prevent their “official membership”.*

### Elections – takeover of professional enabling

The board members’ reluctance to cooperate with, and their failed attempts to exclude the (participants of the) initiative group from the Association became obvious for the residents. As a consequence all seven participants of the group were elected into the renewed board of Neighbourhood Association. A “coup d’état in the sandbox” took place – upon self-ironic and apt expression of the new coordinator. The rearrangement of the board’s personal composition facilitated in multiple ways the spread of self-organizing interactions among residents. The new board focused on consequent implementation of the program, which they proposed previously as initiative group.

The new board carried out systematic orchestration, facilitation, and matchmaking. They took over professional enabling<sup>6</sup> by catalysing spectacular increase in the residents’ self-organizing activities. The rapid growth in the number of volunteers boosted also the (volume of) available resources. Such increase happened despite the fact that the renewed board agreed on the first meeting to stop applying for grants and subsidies with exception for financing trainings. The new board members decided to focus instead on mobilization of locally available resources what was proven by the practice.

*“A: ... we started in beginning of 2008... We (decided)... that we do things by ourselves and (will) not wait to get funding or support... from the city ... the*

*traditional way (is) to ask money and then if you got money ...start to do (something)... We started to do things ...we tried (and we realized) that we don't need money to most ...things. (We always asked:) What is the way that (with available) resources we can make ...it happen? That was very important line and we are doing it all the time now..."(100-20-29-5:1671-1677) – describes the coordinator of the new board their decision to focus on resources available locally.*

The members of the new board systematically contacted all local players convincing them to give information for the newspaper and web page of the district about their activities, plans, initiatives, successes and failures. They 'prayed transparency' and by focusing on its 'unconditional primacy' generated abundant information flow, which led to growing participation and many new initiatives. The regular information revealed many activities unfolding in the district of which the residents previously remained unaware. The two communal houses that the new board promoted to establish rapidly became overbooked by various activities<sup>7</sup>.

By learning about the residents' interest to better know each other<sup>8</sup> the board systematically orchestrated local happenings. They supported proposals if and when the initiators were ready to actively participate in practical preparation of the events by providing free admission for everybody. This approach facilitated many "localized" happenings from regular recycling events till film festivals and dance evenings – often taking place right at the houses' doorsteps<sup>9</sup>. The board established and systematically broadened cooperation with the two neighbouring districts Toukola and Vanhakaupunki, their residents were always welcomed on any happenings in Arabianranta. The new board encouraged and supported local groups and organizations to establish and widen "external" contacts and collaboration. The vivid networking facilitated to access also significant amount of resources.

The board carried out systematically professional enabling, supported new initiatives, ensured matchmaking among potential partners. They enacted on multiple ways the residents' readiness and motivation to participate and contribute by catalysing growingly cooperative atmosphere. This approach allowed anticipating and handling challenges when hundreds of youngsters became teenagers by trying to establish their (young) adult personality. The signals from parents' associations and teachers allowed preparing and launching the district's "big project" aiming to maintain good relationships among youngsters and their parents<sup>10</sup>. The program successfully generated initiatives similar to special soccer trainings where kids and parents learned primarily to cooperate with each other with the help of professional coaches. The "second grandparents" movement of the Active Seniors Association aimed to establish trustful relationships with their 'second grandchildren'<sup>11</sup>. It helped to improve relations also among 'second' grandparents and 'real' parents by strengthening contacts among various generations and the residents in general.

The new board also paid special attention to identify and train future leaders of the local civil society and the Neighbourhood Association. Following a workshop discussing the district's future strategy volunteers started to systematically identify, check and describe local best practices. By working in small, two person teams they produced 'manuals', which enabled to establish a local knowledge repository and could be used also as learning material in frame of training programs for potential future leaders<sup>12</sup>. The board arranged systematic support for their 'future competitors'.

### **Mainstreaming of mass self-organizing**

The broadening of self-organizing tendencies capitalized also on changes unfolding in the wider environment of Arabianranta. Initiatives related to open innovation tendencies and Living Laboratories became important components of the new development strategy of the Helsinki Metropolitan area and its local councils, as well as of the national information society strategies<sup>13</sup>. These tendencies generated enhanced attention to open innovation and promoted the citizen's self-organizing. Following the official 'roll out' of the pan-European network in 2006 Arabianranta started to act also as a Living Laboratory. The rapid decrease of previously generous budgetary financing of local innovative efforts in aftermath of the 2008 financial crisis accelerated the shift to self-organizing<sup>14</sup>.

### **Model shift – self-empowerment through mass self-organizing**

These tendencies catalysed the residents' self-organizing mass collaboration and facilitated an overarching model shift in Arabianranta. For a decade the district was the domain of a Scandinavian variant, a welfare society related (externally) structured self-organization model, which Leadbeater (2006) described<sup>15</sup>. The professional enabling strengthening the local civil society, generating the emergence of its new capabilities catalysed the districts' successful development and brought about multidimensional changes. These tendencies were amplified when the Neighbourhood Association took over the systematic professional enabling of mass self-organizing.

*"A: ...I am enjoying what kind of things we can do with that Neighbourhood Association... ..it seems like some kind of Alice in Wonderland... ..that you can do (so many good things) with ...very small, limited power which we have... ..as representatives (of the inhabitants of this area..."(100-20-29-5-550-554). "A: ...I can help people ...to come together and then they will go on. We don't even know about it. It's so wonderful and amazing"(100-20-29-5:748-754) – sums up the coordinator of the new board of Association the positive effects and outcome of their efforts to act as professional enablers orchestrating the residents' self-organizing.*

The (re-)transformation of the Neighbourhood Association into active umbrella organization and the systematic

professional enabling catalysed a rapid increase in the residents' self-organizing. The growing activity of the local civil society was simultaneously an important driver and a determining component of an emerging new development model. The self-organizing mass collaboration (Tapscott – Williams, 2006) swiftly and almost imperceptibly replaced the previously dominant (externally) structured self-organization (Leadbeater, 2006), which generated rather paternalistic, top-down tendencies. These changes were also accompanied with emotions in personal and organizational context:

*"A: ...I think that the worst, the ugliest... situation was something like 2-3 years ago when ...many people...made ...their own association... I have found out ...that was the teen age time... It was difficult to me to understand that they are struggling because they want to make it as their own. Because this was my creation for me it was difficult to understand that I have to let it go. ...it is not any more my decision or my creation – it's something they are now creating by themselves. That was for me lesson to learn and hard to understand. OK this is the way. It goes and you have to let it go. You have to understand that it is normal. ...This is like teenage time ...(But still) I can't understand that. Can't go like...And it's terrible..."(100-20-3-5:1156-1163) – confesses the coordinator of volunteering professional enablers difficulties to say goodbye to structured self-organization and its often rather paternalist approaches.*

*"A: ...moderators (of the houses web-sites)...have discussed...what we can do with...discussion board ...there is no...registration... (Seemingly) those meetings...have power to decide... (but officially nobody) would communicate...decisions... made by the moderators. ...the Art and design city Helsinki and Kari Halinen are that old way power keeper... limiting information... They are telling what...is good for (ADC) ...I am totally different...personally... (ADC) is ...like a part of the city... (Upon their perception the inhabitants)...should not (interfere) because they are slowing down things... ...I like Kari Halinen. We have done many things together. I think that (ADC)...is a very important company for this area. But there are ...different...methods to do things. And I think that ...we (the Neighbourhood Association) have a kind of huge place to fill up. To pick up...information and give people that...information...ask people to come to work groups, to involve (them) and give them voice in things which are concerning...their life ...that is why we have huge influence in this area because of that kind of hole..."*

*Q: You are for participative democracy and Kari Halinen is more representative democracy framed person?*

*A: Yeah!"(100-20-29-5:340-365) – explains the moderator of the new board the differences in approaches of the Neighbourhood Association and (the experts of the) ADC.*

Through seamless shift in activities of Neighbourhood Association and the local civil society as a whole the mass self-organization quickly strengthened by catalysing quick emergence of a new pattern of local division of labour:

*"A: (our relationship with ADC) goes with waves, because, we are also very demanding in certain things... we have also crises sometimes, but we still are talking. Now it comes closer..."*

*Q: So the relationships are not "flat", emotions play their roles...*

*A: ...we are...quite well filling different...holes together. ...it's...good combination..."*

*Q: The different capacities can complement each other if you can properly combine them?*

*A: Yeah!"(100-20-29-5:602-614) – admits the effectiveness of an altered pattern of division of labour in the district the coordinator of the new board of Neighbourhood Association.*

### Quasi-quantification of the local civil society's (self-)empowerment

The decade long structured self-organization created in Arabianranta outcomes, which one can describe through simple correlations among a few attributes. According to norms of the district development program one percent of expenses had to be spent on establishing pieces of art across the district<sup>16</sup>. The second, so called "fibre" rule prescribed to provide access to broadband for all residents starting from early 2000s. The provision of improving connectivity could have comparable expenses as (implementation of) the art rule.

These "initial investments" generated collaborative and trustful relationships among residents and their partners. Besides systematic extension and upgrading of cooperation with the two closest neighbourhoods in Helsinki the various players of local civil society intensely collaborated also with multiple interested partners from many countries around the world. I.e. the strong social capital enabled to extend the radius of trust beyond the district boundaries even "to a global reach".

There were circa 80 volunteers – from approximately 8000 residents – who systematically contributed to efforts aiming to catalyse self-organizing collaboration: i.e. 1 % of residents belonged to the core, the most active enablers. These observations re-confirm the "Wikipedia-rule" (Jarvis, 2009, p. 60.) indicating that 1 % of users are the most active contributors. Consequently a simple formula can 'describe' the program's outcome compared with characteristic components of targeted resourcing:

1 % for art + 1 % for “fibre” -> 1 % (rate of intense) participation

The pervasive presence of art and culture and the residents’ enhanced connectivity interplayed with significant improvements in relationships. Upon expressive and striking formulation of the coordinator of the volunteering professional enablers this constellation created “plus ten percent tolerance” compared to other districts of Helsinki. The enhanced tolerance and readiness to cooperate contributed to a trajectory of local developments characterized also by obvious improvements in life quality. I.e. the interplay among enhanced (i) tolerance, (ii) participation and (iii) collaboration brought about (iv.) significant improvements in life quality. In other words, these tendencies facilitated to create abundant stock of social capital (Fukuyama, 1999) by catalysing highly cooperative atmosphere and relational dynamism – as ‘return on investments’ in art and connectivity catalysing increased participation. This constellation suggests another simple formula indicating:

1 % art + 1 % “fibre” + 1 % participation -> +10 % tolerance + (y) % life quality improvement

These feed backing and catalytic tendencies promoted to accumulate social capital and value by generating mutually caring relationships, safe, trustful and collaborative atmosphere, by improving life quality and creating associational advantage in the district. This constellation became a widely known and appreciated “hallmark” of Arabianranta that was spread and amplified through “word of mouth” by creating also growing demand on apartments. I.e. the accumulation of social capital and value brought about an increase in economic, market value “instantiated” in growing real estate prices. What could be the ratio between “capitalizations” measured in social and market capital may be worth of further exploration. Anyway this constellation suggests another simple formula indicating:

+10 % tolerance + (y) % life quality increase -> (X) % economic added value

### Professional enabling of empowering district-wide changes

The overview of events and processes constitutive of multiple, sometimes controversial (self-) transformations of Neighbourhood Association facilitates to go beyond the quasi-quantitative correlations and identify underlying transformations through more in-depth qualitative analysis. The Neighbourhood Association successfully (re-) transformed itself into umbrella organization of local civil society, and also took over the professional enabling of mass self-organizing. The board catalysed in multiple ways the volunteers’ interactions as well as their aggregation into profound shift in development trajectory of the district. This overarching, district-wide model shift unfolded through, was the aggregate – rather the process of aggregation – of self-empowering activities unfolding in various communities. The Neighbourhood Associa-

tion in multiple ways facilitated the spread of bottom up and self-empowering self-organizing mass collaboration (Tapscott – Williams, 2006) by turning it into fundamental development pattern. The new model focused on horizontal mass self-organizing by overcoming paternalistic, top-down tendencies characteristic for the decade-long dominance of structured self-organization (Leadbeater, 2006). The local civil society through mass self-organizing transformed into an ‘extended life sharing community’ or a ‘community of communities’. The robust cooperative dynamism facilitated increasing self-empowerment and due to its strong transformational character elevated into new dimension the development of the entire district.

### Discussion and Conclusions

The transformational dynamism and its constitutive components described in connection with the Neighbourhood Association appear also in other communities of the explored cluster despite their apparent differences. The members of the Silvia koti and the Active Seniors communities planned and consciously established their daily life through cooperation and sharing. Although the Artist community was established as a loose group of co-tenants, it transformed almost imperceptibly into a genuine life-sharing community, a crucial source of mutual inspiration and the most important and valued dimension of the participants’ daily life. The cooperative and mutually caring relationships among students, experts and volunteering ‘users’ played important role in successful co-creation of care TV and its services through growing involvement of the members of a true community. Among users of care TV services the personal contacts and common daily activities started in virtual space by gradually extending also into ‘physical space’.

Without going this time into further details about other case-communities of the explored cluster one can ascertain that the volunteer cooperation among their members unfolds as genuine “life sharing” – upon the apt expression of an interviewee (100-20-4-5:238). The community members share most aspects of their daily life including values and principles, activities, tasks and resources. The volunteering participants perceive common achievements as personal, motivating success. Since their relationships are characterised by mutual care and empathy it facilitates their empowering individuation, the (re-) creation of their holistic personality and autonomous selves.

“...There is an important distinction between...- what could be called selfish individualism – and what is sometimes referred to as individuation ...Beck and Giddens... argue. Individuation is the freeing up of people from their traditional roles and deference to hierarchical authority, and their growing capacity to draw on wider pools of information and expertise and actively chose what sort of life they lead. Individuation is...as Beck points out... about the politicization of day-to-day life; the hard choices people face ...in crafting personal identities and choosing how to relate to issues such as race, gender, the environment, local culture, and diversity” – as Grenier (2006, p.

124-125.) points out. The individuation may feedback with empowerment which “...(unfolds as a) multi-dimensional social process that helps people gain control over their own lives. It is a process that fosters power in people, for use in their own lives, their communities, and in their society, by acting on issues that they define as important... To create change we must change individually to enable us to become partners in solving the complex issues facing us. In collaborations based on mutual respect, diverse perspectives, and a developing vision, people work toward creative and realistic solutions. This synthesis of individual and collective change ...is our understanding of an empowerment process” – argue Page and Czuba (1999).

The community members wish to socialize – to participate for the sake of participation. In institutional context they follow the dual primacy of non-zero-sum approach and interdependence that interplays with horizontal power sharing enabling mutual empowerment. The volunteers carry out their contributions as passionate and sharing co-creation and compete in contributions to collective efforts. Their non-wage work generates significant use and social value by providing also exchange and economic value while their competition has participative character. The members of life-sharing communities perceive participation in collaborative efforts as the most valued, focal contribution and crucial resource. They often rely on special, “soft” resources similar to knowledge, information, creativity, which are non-depletable and non-rivalrous (Bollier, 2007, p. 28.) therefore multipliable and quasi-self-multiplying. These unique qualities enable to expand and upgrade also the collective resource base. While mobilizing locally available resources the volunteers frequently enact (often information-communication type) technologies enabling to gain quasi-global reach and generate local/global transformational dynamism.

The community members’ collaboration and mutual care generates abundant social capital and extends the radius of trust by bringing about positive changes in their relationships also with “non-members”. The vivid networking facilitates the cooperation’s inclusive and un-fragmented character and generates its new dialectics. Consequently, the cluster of life sharing case-communities indicates the potential of civil society organizations to bring about changes, which can affect simultaneously the members, their relationships and organizations, as well as their broader environment. Their members are capable to initiate social innovations and affect in multiple ways their broader environment – carry out social agency in multiple ways.

The life-sharing case-communities demonstrate that the civil society organizations provide various, often significant transformational impacts in diverse dimensions, which are observable in empirical domain (Bhaskar, 1978; Tsoukas, 1989). These alterations frequently exhibit differing characteristics and diverse transformational impacts, i.e. at first sight may seem to ‘emphasize’ variations rather than similarities. However, the in depth analysis of the feed backing processes unfolding in real domain (Bhaskar, 1978; Tsoukas, 1989) proposes more coherent

explanation. It points out that these phenomena are constituents of the civil society organizations’ dynamism and create its transformational character and capability. The Table 2 summarises the components present in and characteristic for the case-communities’ entire cluster, which are the drivers of the civil society organizations’ transformational dynamism.

Table 2.  
**Components of the civil society organizations’ transformational dynamism**

Personal context:	Empowerment
	Individuation
Relationships:	Institutional changes
	Power relations
Activities:	Work
	Competition
	Value creation
	Resourcing
	Social agency
Alterations related to the communities'	Social capital and trust
self-transformation:	Networking self-upgrading
	New dialectics of cooperation

## Proposal for further research

In order to shed more light on causes and effects of the civil society organizations’ transformational dynamism it is worth to consider that the interplay among its components unfolding in actual domain possesses non-linear character and their feed backs can form (self-reinforcing or self-extinguishing) loops (Veress, 2016). The analysis of their mutual effects must consider both “... immediate and distal causation”(Van de Ven and Poole, 2005:1382). I.e. it requires appreciating the importance of indirect causation and non-linear feedbacks as Forrester (1995) emphasizes by elaborating on “The counterintuitive behaviour of social systems”. Consequently, a more fine-grained analysis of the civil society organizations’ transformational dynamism probably can capitalise also on deployment of system dynamics.

## Notes

- 1 The volunteer activity capitalized also on the director’s personal motivation who was a resident of the district.
- 2 Around 500.000 visitors arrived yearly to Arabianranta who were mainly interested in art and design, and partly in the history – since this was the area where the ancient Helsinki was established in the XVI Century.
- 3 The coordinator of group acted also as e-Housekeeper, i.e. volunteer coordinator of the website of their house.
- 4 The “...mass self-communication...multiplies and diversifies the entry points in the communication process. This gives rise to unprecedented autonomy for communicative subjects to communicate at large. Yet, this potential for autonomy is shaped, controlled, and

- curtailed by the growing concentration and interlocking of corporate media and network operators around the world. Global multimedia business networks (including government-owned media) ...integrate the networks..., platforms... and channels of communication in their multilayered organizations, while setting up switches of connection to the networks of capital, politics, and cultural production..." (Castells, 2009, p. 135.)
- 5 The state-of-art local information-communication system providing broadband access served as catalyst.
  - 6 They were critical regarding the way and effectiveness of the ADC experts' voluntary professional enabling.
  - 7 The board successfully "launched" the "Kendebaika" community house "Q: ...you originally wanted to have access to the building... A: We should open on September 11"(100-20-29-5:417-420).
  - 8 Since the residents wished to discuss issues related to security in the district the new board organized a workshop. The participants indicated the importance of better knowing each other that stimulated the board to orchestrate many small local events helping residents to become acquainted. (Since the residents also proposed changes in rules of traffic and in street lighting the board cooperated with responsible city council employees to arrange required changes in practice.)
  - 9 The recycling events took place simultaneously on 18 various places in the district.
  - 10 Many young families moved to Arabianranta starting from the early 2000s and the average birth rate was also higher than in other parts of the capital.
  - 11 Second grandparents attended the open soccer trainings and the dialogues with their second grandchildren had very favourable effects also on relationships among the teenagers and their „real” parents...
  - 12 The trainings for the future leaders they organized in cooperation with the two closest neighbourhoods and later together with the head-organization of the Helsinki neighbourhoods.
  - 13 These trends became important constituents of efforts to overhaul large and complex regional and national innovation ecosystems by capitalizing on open innovation.
  - 14 The ADC experts became responsible to transfer good practices from Arabianranta to the two new complex and thematic district development programs in Kalasatama and Jatkasaary by further increasing their work load letting little time for voluntary efforts to provide professional enabling.
  - 15 In frame of structured self-organization – which Leadbeater (2006) describes by analysing the impressive success story of the Brazilian city, Curitiba – local authorities through systematic professional enabling generated and orchestrated the residents' self-organization. The enhanced participation of civil society and various players from the neighbourhood actively catalysed and contributed to local development.
  - 16 On the facades and in the courts of buildings systematically established pieces of art and design and the inhabitants frequently identified their homes with them. The art became organic part of the residents' identity. Also majority of the tourists arrived to Arabianranta due to its image as art and design city.

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## FINTECH, THE NEW ERA OF FINANCIAL SERVICES

The research aims to fill the gap in the current academic literature regarding the appearance of innovation-focused financial technology (fintech) companies. The analysis provides a conceptual overview of the key value drivers behind fintechs, including the utilization of resource-based theories, business models, human-centered design and open innovation. The article introduces how fintechs can serve as an enabler of innovation in the incumbent financial sector and can have positive effects on the triple-bottom-line by solving the problems of people who live at the bottom-of-the-pyramid.

**Keywords:** financial technology, fintech, business models, key-value-drivers, evolution of fintech, triple-bottom-line, bottom-of-the-pyramid

The term ‘fintech’ has appeared recently in business journals to describe the disruptive challenge to the financial sector of the introduction of faster, cheaper and human-centered financial services. The term has become a buzzword among private and institutional investors who invested more than 50 billion dollars into the sector between 2010 and 2015 (Accenture, 2015). The visionary statement made by Bill Gates in 1994 that “banking is necessary, banks are not” has become a self-reinforcing prophecy, with 6,000 – 7,000 fintech companies across the world now trying to obtain a slice of the banking industry’s profitable business. Strategic advisory firms have already put the emerging fintech trend at the top of their agendas, with the goal of providing universal banks with a better understanding of likely future scenarios. The growing interest in fintech will soon be visible in the academic literature, but there is currently a large knowledge deficit about this field. Fintech is an evolving concept which has so far created little historical evidence or statistically significant time-series data for analysis, leaving researchers only secondary data with which to work, or sponsored research carried out by large advisory companies. As signs are already emerging that such financial technologies have the ability to significantly impact the use of cash and current banking and financial practices, and may empower individuals living at the bottom of the pyramid, the validity of research into the various areas of fintech and the financial sector is apparent.

The goal of the research described in this paper was to fill a gap in the yet evolving and under-researched fintech literature by providing an alternative approach to understanding how the different ecosystems and layers of business have catalyzed the appearance of innovation-focused fintech companies, and what the key value drivers of their success have been. Key value drivers are identified by finding common trends in current research and also by building on the author’s professional experience in the field. The paper supplies researchers, economists and financial professionals with a better understanding of which areas of the sector require further in-depth research, and offers a holistic understanding of the subject. It is not the goal of this paper to provide an in-depth analysis of the

specific domains fintech companies are operating in – such as lending or payment transfers -, or to generate an exclusive way of understanding the role that fintech can play in the financial sector, but rather to invoke new ideas by offering an alternative, multi-layered evolutionary approach that may be used as a guideline in further academic research into the subject. Meanwhile, the article focuses on global trends and links the concept of financial technologies with social, environmental and economic aspects (the triple-bottom-line); it also paves the way for examination of their effect on the Hungarian financial sector. Although the research uses the term ‘banks’ frequently, its findings generally represent the financial industry as whole, including insurance companies, pensions funds, mutual funds and various other financial intermediaries.

### Defining fintech

The fintech sector is evolving fast, but a great variety of definitions of the concept exist in academic practice and business journals. Meanwhile, even if stakeholders agree about the core elements of the term, its scope has not been clearly defined. Opinions vary about whether only newly emerging technology-based financial companies can be referred to as fintech, or if incumbents may also be regarded as fintech, if they are innovating a new technology-based service or product. Nor it is clear if there is a market capitalization threshold, which may be used to distinguish fintech from traditional financial intermediaries. Despite the differences, definitions agree that fintech refers to companies that develop financial services and products by relying on much more intense use of information technology.

You can see in the Table 1. that all definitions of the fintech sector have their merits and serve the purposes of the authors’ research or business objectives. Arner, Barberis and Buckley were some of the first scholars to examine the evolution of fintech using a broad definition of the term that proposed that all incumbent and new financial companies and industry participants could be regarded as fintech, regardless of their size, business model or product portfolio. The approach is useful in research that employs an evolu-

tionary perspective, as the development of financial technologies are classified into three major, sequential phases.

Table 1.

## Definitions of fintech

Definitions	Source	Year
“Financial technology” or “FinTech” refers to technology-enabled financial solutions. The term FinTech is not confined to specific sectors (e.g. financing) or business models (e.g. peer-to-peer (P2P) lending), but instead covers the entire scope of services and products traditionally provided by the financial services industry.	Arner, DW; Barberis, JN; Buckley, RP	2015
Financial innovation can be defined as the act of creating and then popularizing new financial instruments as well as new financial technologies, institutions and markets. It includes institutional, product and process innovation.	Farha Hussain	2015
Fintech is a service sector, which uses mobile-centered IT technology to enhance the efficiency of the financial system.	Kim, Y., Park, Y. J., & Choi, J.	2016
An economic industry composed of companies that use technology to make financial systems more efficient.	McAuley, D.	2015
Fintech is a portmanteau of financial technology that describes an emerging financial services sector in the 21st century.	Investopedia	2016
FinTech describes a business that aims at providing financial services by making use of software and modern technology.	Fintech weekly	2016
Organizations combining innovative business models and technology to enable, enhance and disrupt financial services	Ernst&Young	2016

Hussain, Kim et al. and McAuley state that fintech refers to companies that not only use IT as a differentiator, but which also strive to provide more efficient services, streamlined processes and to enter traditionally non-banking markets. *Investopedia* and *Fintech weekly*, two specialized media outlets, use a similarly broad definition to that of Arner et al. but focus more on the new technology premises of fintech, viewing the related companies as new market players for the twenty-first century

Ernst & Young is a global advisory company with a broad clientele of large companies, including banks and insurance companies. Their definition of fintech implies that all organizations, not just startup companies but also traditional banks, telecommunication companies, utilities and so on, can become part of the fintech phenomenon if they can craft innovative business models and the related supporting technology. This is a value-added approach as it relates to the business models used in fintech.

Meanwhile, all the definitions capture an important feature of fintech; namely, that there is no consensus about where the boundaries of the newly emerging sector lie. Arriving at a common definition is very important as fintech companies are already providing financial services to millions of people and are transferring, exchanging or lending billions of dollars. As the economic and social impact of fintech grows, it is increasingly difficult for legislators to clearly communicate their expectations towards them, leading to confusion and potentially opening up hazardous loopholes in the financial system. Legislators are imposing transparent and rather strict compliance rules on banks in the various areas of risk, liquidity and balance-sheet management, as well as legal compliance, and require them to set aside large pools of money to hedge credit default events. To comply with IT regulatory expectations, banks have to continuously improve their IT security systems using funds, which may be equal to the total equity of smaller fintech startups. This state of unevenness between incumbents and (less or) non-regulated fintech is creating not just a competitive disadvantage for banks, but generating unforeseeable threats for customers in the form of cyber-attacks, bankruptcies or data-leakages. Legislators are currently struggling to fit fintech into existing legal frameworks, as these were designed for a different environment consisting of large, traditional financial institutions. Too much regulation can burden innovation efforts, while under-regulation can impose an unfair advantage on new entrants due to their lower legal costs and overheads, and create higher social costs due to fraudulent activity and non-existent customer protection (Douglas, 2016).

In an attempt to address the shortcomings of current definitions, this paper uses the author’s own definition to distinguish fintech from traditional, transforming or already digitized financial institutions and to emphasize the importance of technology, service and business model design and the regulatory environment with regard to fintech companies. The aim is to solidify understanding for further studies and research, but also provide a wide enough definition that captures all the current economic activities of the sector.

*Fintech refers to non- or not fully regulated ventures whose goal is to develop novel, technology-enabled financial services with a value-added design that will transform current financial practices.*

Fintech companies are being established to improve the financial services currently being offered by traditional financial institutions. To be able to examine the differences between incumbent financial institutions and fintech companies, we further clarify the term fintech in this research with the aim of making a clearly delineated and distinguishable, researchable and comparable separation between market participants. The paper additionally distinguishes between financial institutions based on their level of innovation in terms of developing more user-centered services. Among incumbent financial institutions,

traditional banks have typically not felt the pressure to examine and adjust their business models, and have a very limited digital footprint. These banks may still believe in traditional bricks-and-mortar banking, maintain sophisticated but costly branch infrastructure, and build their sales organizations around in-branch sales channels. Additionally, such banks may have accumulated significant technology-related debt by running on legacy banking IT systems that are expensive to support, weakly adaptive to new customer needs, and whose legacy commits the bank to pursuing non-digital initiatives. These are the very banks that will be most affected by the rapid growth in digitized and more efficient financial players.

Banks, which have already started experimenting with re-designing their business models to some extent, but have not yet fully digitized their processes and modernized their backend systems will be referred to in this paper as transformational banks. These are the majority of banks, as there are no large global financial institutions today, which have not yet heard of the challenge posed to them by newly emerging fintech companies. These institutions have the ability to steer their business strategies in a more sustainable and competitive direction, and by leveraging their advanced infrastructure, large client bases, abundant funding opportunities and preexisting regulatory compliance, such transformational banks can play a significant role in the evolution of the financial sector.

The most advanced, already highly successful transformational banks, which have arrived at the end of the process of transformation and made it business as usual to innovate in the digital space may be called digital banks, or neo-banks (King, 2014). Digital banks are not greatly different to fintech companies as they typically use advanced, highly digitized core banking systems that can rapidly implement new services. Digital banks are familiar with digital channel management and have a significant digital footprint with sophisticated non-branch strategies. Moreover, digital banks are compliant with regulations, and many of them have solid and profitable business models. Digital or neo-banks are emerging rapidly as many fintech companies have decided to move in this direction and have applied for banking licenses. These digital banks may be able to capture many of the positive benefits of fintech, while also working transparently and under the eyes of regulators.

The distinction between traditional players and new, disruptive entrants is necessary as evidence shows that fintech companies are already having an impact on the digitization of the banking sector. Although not within the scope of this research, it is also evident that each different type of bank is faced with different choices, opportunities and threats when it comes to deciding how to deal with fintech companies.

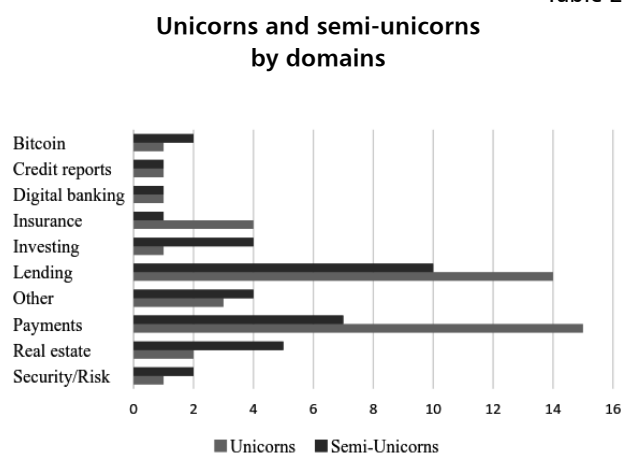
### Outlook on the emerging global fintech scene

Although data about the total number of fintech companies varies based on the research method, there are agreed to be approximately 6,000 – 7,000 fintech companies around the world (Forbes, 2015). As investment flows into

the sector in large volumes, new entrants emerge on a daily basis. Almost a billion dollars' worth of investment went into the sector in December 2015 alone, and this had increased to 7 billion USD by January, 2016 (Let's talk payments, 2016). Fintechs are venturing into all domains that previously were the privilege of universal banks or global financial institutions. The research company CB Insights categorized two hundred fifty of the largest fintech companies that are transforming the current financial sector. This research shows that fintech is already present in almost all major business domains previously served by traditional financial institutions: business lending, capital markets and trading, credit score and analytics, financial services and infrastructure, general lending, insurance, merchant services, mortgage lending, personal and customer lending, processing and payments infrastructure, regulatory and compliance, real estate investing, and wallets and money transfer (CB Insights, 2017).

Fintech is a global phenomenon with strong international players from Silicon Valley to London, Hong Kong, Beijing, Sydney, and Singapore. 'Finovate' started out as one of the largest fintech conferences and event organizers but is these days also an important source of up-to-date fintech news and company valuations. Finovate has attempted to aggregate all the major fintech companies in the world and categorize them by domain and company valuation. Categories include unicorns (companies valued at or more than one billion dollars), and semi-unicorns (fintech companies which are valued at more than 500 million dollars). Thirty-six fintech unicorns and 34 semi-unicorns had been identified as of May, 2015. Only two months later, the number of unicorns had risen from 36 to 48, and semi-unicorns from 34 to 37. This rapid growth indicates the strong dynamics of the fintech sector. However, it is not yet known whether this growth is sustainable, and nor has the accuracy of the valuations of current fintech companies been assessed.

Table 2.



Source: Author's own construction based on Finovate's list of July, 2015

Table 2. shows that fintech companies are mainly focusing on innovating in the fields of lending and payment, but their interest in the insurance, investment, real estate,

bitcoin and security industries is also growing quickly. Payments and lending became the first areas for disruption because bank customers had the strongest negative perceptions about these banking activities (payments – especially international remittance transfers – have traditionally been expensive and slow, taking up to 2-3 business days). The valuation of fintech unicorns is attracting interest from investors who are willing to invest into these companies. As financial investors generally seek above-average returns on their investments to balance the higher risk of their investment, we can assume that they are looking to grab a slice of the potentially extensive profits generated by these companies. Profit can be made either by reducing costs, or increasing revenues and margins compared to traditional financial intermediaries. The specific details of company calculations are not disclosed due their secretive nature, although we can assume that fintech companies are generally looking to process optimization, the extensive use of information technology and reduced overheads to increase their competitiveness and to offer products and services to market segments which were previously either unreachable by traditional banks (e.g.: M-PESA) or were associated with high margins (e.g.: remittance transfers). The bottom-line effect on society has still to be researched to better understand the total cost imposed by traditional banks on society, and how fintech is increasing or reducing this.

Lending is another major target for fintech companies, as the aversion to extending credit of banks caused by the financial crisis made it much harder for customers to obtain personal or business loans. The lending practices of traditional financial institutions have been widely researched with regard to the cost and efficiency of information-gathering on clients, decreasing information asymmetry, and taking into consideration other soft client data that is gathered during relationship banking practices. Extensive brick-and mortar branch networks provided a way to decrease borrower-lender distance, reduce moral-hazard (Chan – Thakor, 1987), and served as a barrier to entry to financial institutions with low capital resources. Reducing distance is an important part of lending, as it helps to improve information gathering for both lenders and borrowers. As research shows, banks were willing to lend to customers and small-businesses about whom they had better information, mostly gathered via their close relationships to the client. Large banks which were able to acquire other banks could increase their concentration in an area (Bikker – Haaf, 2002; DeYoung et al., 2006), further centralizing their power to use information about lenders. Credit to small businesses is a key driver for the economy, and borrowers who had been closer to banks were in an advantageous position to lender farther away from their financial institutions (Aagrwal – Hauswald, 2010). Neo-banks and fintechs saw the market opportunity in building a community of lenders and borrowers and innovated the crowdfunding business model. Crowdsourced lending benefits individuals with a lack

of funds by giving them access to capital at reasonable rates of interest, and creating a revenue stream for lenders who can obtain above-average yields on their funds. This competitive edge, and being able to tackle lending in a modular fashion – only operating in a small domain – opened up a great advantage in terms of competing with large financial institutions (Haas et al., 2015). Modularity enabled the first peer-to-peer (P2P) online lending marketplaces to start their operations. The disadvantage of not personally knowing customers was overcome by superior data analysis and by using internet-based platforms to decrease the distance between lenders and borrowers (Bachmann et al., 2011). These early successes of fintechs lead back to a question of design, not just at the intra-company level but also for the banking system as a whole (Bhattacharya – Thakor, 1993). The question arises whether there is a need for universal banks or if a modular approach would be a better for providing an optimized customer service. An examination of the concentration of banks and the relationship between the success of fintechs in a given area is yet to be done (Beck – Demirgüç-Kunt – Levine, 2000). Meanwhile, lending platforms have improved the lender-borrower relationship by decreasing distance between counterparties but have also introduced risks previously dealt with by banks. P2P lending platforms have opened the opportunity to non-professional investors and households to provide funding for borrowers through leading platforms. While P2P could generate extra income for families, a higher overall level of risk has been created, on top of moral hazard, as households may lose money on the loans they supplied in the case of borrower default or non-payment. The subject of P2P lending is a valid subject of future research, with a sole focus on this subject.

### The evolution of fintech – two approaches

Fintech is already having a great impact on one of the most important industries in the world, but it is still poorly understood how the sector emerged. Two different but complementary evolutionary approaches can help with understanding how the fintech sector has gained a market presence over the last couple of years, and what the drivers behind the innovations were in the financial sector. The approach of Arner, Barberis and Buckley focuses on the source of the financial innovation of the past two centuries by distinguishing three distinctive phases of development. The phases follow each other but with shorter cycles, indicating the dynamic changes that have occurred with infrastructure and sources of innovation. The authors do not restrict the term fintech to current trends, but use it to describe an ever-evolving and innovative financial sector with changing dynamics and actors.

Arner et al. offers an overview of financial innovation from the perspective of actors, focusing less on the evolution of resources and design in the financial sector. This study supplements the actor-based evolutionary approach by providing a resource and capability-based evolutionary perspective. By focusing more on skills and knowledge

rather than actors, different information and viewpoints emerge. By understanding the differences between incumbents and challengers, replicable operating and business models can be drawn up so as to 1) provide a better understanding of different market participants; and 2) foster sector-wide innovation by helping to shift the focus onto the key growth factors.

### **An actor-based evolutionary approach to fintech**

Work by Arner, Barberis and Buckley classifies the evolution of fintech into three distinct phases. The first stage is Fintech 1.0, which lasted from 1866 – 1987. During this period the physical foundations of modern telecommunication infrastructure were laid down across the globe (including important milestones, such as the installation of transatlantic transmission cables). This stage was necessary in terms of the establishment of correspondent banking and increasing the global interconnectivity of financial institutions. This infrastructure is still in use by banks who seek to provide reliable services to their customers. Without this investment into infrastructure, the fertile ground for the current phase of current innovation would not exist.

The second stage, so-called Fintech 2.0, started in 1987 and lasted until 2008, the starting point of the financial crisis. During this stage, the traditional financial sector was developed. Banks became increasingly digitized and built significant IT infrastructure to support their operations, while ATMs and other innovative financial products and services were created. Central clearing houses, stock exchanges and international correspondent banking became widespread, and regulatory standards were drawn up. Fintech 2.0 was the birth of modern banking with its branch-focused business models that are used today by many banks. A great deal of innovation occurred during this phase, which was regarded as disruptive at the time. However, banks relied too much on their previous successes, and formerly adequate systems became obsolete.

The current stage, Fintech 3.0, is ongoing and involves both newly emerging technology-enabled financial service companies and traditional banking institutions. Arner et al. show that approximately 12 billion USD worth of investment had been channeled to startups by 2014. This sum of money is significant, but what is more astonishing is that during this time the older Fintech 2.0 institutions spent approximately 197 billion USD on investment into IT, much of which went to sustain their non-competitive legacy systems. The authors also call attention to the (low) level of IT literacy of traditional banks. Meanwhile, although new fintech startups may be the cradle of new financial technologies, there is no reason to excoriate traditional financial service institutions. The study comprises an insightful analysis of the evolution of fintech and highlights a pragmatic, actor-based approach. By focusing on the role and value-added of different stakeholders, one can see how the main driving force behind financial innovation has shifted throughout the years from large infrastructure providers to banks, and then to fintech.

The present study employs three different evolutionary layers – ecosystem development, pioneering services, and human-centered design – to supplement Arner et al.'s phases of the evolution of fintech. Each evolutionary layer has been of different added-value to the presently evolving financial sector, and together the concept of layers comprises a holistic resource and knowledge-based approach to the topic. Understanding the three layers in more depth explains how the financial sector has developed into its current state and may provide help to aspiring innovators. The key value drivers in each of the layers can be identified. The study borrows knowledge from recent business model innovations in other sectors (such as the hotel and travel industry), and also analyzes push and pull forces that have impacted financial innovation and the rapid advance of technology and the changing customer demands of generation Y and Z.

### **The resource-based approach of fintech**

The reason for differentiating between the two evolutionary approaches is that the fintech sector is less influenced by the origin of the technology – namely, who is undertaking the innovation – and more by value-added design, as described in detail in the article. The model with three layers is the author's own construction based on the most commonly mentioned value drivers in cited articles and books categorized into understandable and logical groups. The hierarchy of needs is not new, and dates back to Maslow (*A Theory of Human Motivation*, 1943). The author argues that adapting the model of hierarchical needs for embracing individual potential can be adapted to understand the success behind fintechs. The three layers described in the model each represent an evolutionary step that can be identified in the recent growth of financial technologies.

The first layer of innovation is the creation of an ecosystem fostered by technological progress and the cheap availability of basic telecommunication and IT services. This ecosystem layer includes developments in IT hardware and software technology, such as affordable computers, mobile phones, rapid internet penetration and basic areas of knowledge such as programming skills. Ecosystem enablers include advances in computer technologies such as cheap hardware, including desktop computers, laptops and also tablets, making it possible for fintech to obtain market share due to the low barriers to entry. Telecommunications infrastructure has been installed in all the major cities of the world, and experiments with internet-transmitting satellite drones are also at an advanced stage and may provide free internet to people living at the bottom of the pyramid. Mobile phones, including feature phones and smartphones, have become cheap commodities but increase the opportunities individuals have to interact in a deep, more connected way with others, and with modern payment infrastructure. Fintech has also been supported by the less visible but equally important development of infrastructure such as new banking systems that are not yet widespread but will replace current legacy core banking systems in the future. New banking and financial sys-

tems with open application programming interfaces (API) and plug-and-play solutions are technical enablers specific to the financial and fintech sector.

Cheap hardware has made it possible for individuals with lower incomes to learn the new craft of computer programming, even by using free educational materials available on the internet. Countries such as India have built a modern economy by realizing the importance of creating reliable and cheap programming capacity and have specialized in offering outsourcing services to companies with a demand for IT workforce. Fintech is presently enjoying several advantages over the traditional banking sector. First, it is not reliant on core legacy systems (many of which are 30 years old and have been repeatedly patched with new additional services). The legacy systems of banks are heavy burdens on innovation as the core functionality and the underlying infrastructure is becoming obsolete. Changes to legacy systems and infrastructure are costly and impose operational risks on incumbents, often representing barriers to innovation. Fintech builds its business models around technology and software. It understands that IT is a major driver of success so invests heavily in state-of-the-art programming capabilities, and builds core competencies around software development (Haas et al., 2015). In contrast, the IT departments of traditional banks are not prepared to respond quickly, and typically require almost a year of preparatory work (involving the development of IT road maps) before the beginning of each new business year. Modifications that have not been scheduled for the year typically have to be accepted through extraordinary approvals, in many cases requiring CEO approval. Due to this lack of agility and quick-to-market processes, banks are slower at responding, and their capacity for experimenting is weaker.

The second evolutionary layer concerns pioneering services built with the help of innovative business models and an open, innovation-focused approach. Business models “describe the rationale of how organizations create, deliver and capture value” (Osterwalder – Pigneur, 2010), and are instruments that link economic performance, innovation and organizational strategy (Boons – Wagner, 2009). Cheap mobile phones and computers, the internet and new business models have made it possible for fintech to grow exponentially, and reach millions of users cheaply. The ability of fintech companies to globally and cost-effectively scale up and distribute services is their core advantage and leaves incumbents lagging behind.

Fintech companies understand the power of tailor-made, simplified business models, and in many cases, focus on niche segments of the financial sector that provide unique forms of value to their customers. They also systematically cooperate with external partners. Open innovation is a widely-used approach to enhancing organizational capacity for innovation. Open innovation relies on the systemic use of outside-in, inside-out and coupled approaches. The process gives a company strategic flexibility, helps to reduce development cycles, and to streamline processes (Gassmann – Enkel, 2004).

There are approximately two billion adults in the world without access to banking services according to the latest 2014 Global Findex report<sup>1</sup>. This is a decrease of 20% compared to the 2.5 billion unbanked in 2011, and represents significant progress towards providing financial services to people living in poverty (World Bank, 2015). The most severely unbanked regions are Sub-Saharan Africa, the Middle-East, Latin America and Asia, which account for 2.2 billion financially unserved adults (McKinsey, 2010). The provision of personal financial services such as saving accounts, remittance transfers and loan instruments can help people at the bottom of the pyramid to rise out of poverty. Credit card companies, banks, fintechs, and mobile operators are playing a significant role in this and are generating additional revenue by tapping into this large customer segment. In doing so, they provide social services and have a major impact on the triple-bottom-line considerations of financial technology providers.

Social entrepreneurs have realized that technology is an enabler; a way to provide previously expensive services to people who live at the bottom of the pyramid. The under- or unbanked population now can access financial services such as micro loans, current accounts and remittance transfers. The success of Prof. Muhammad Yunus’ Grameen Bank shows how previously underbanked citizens can improve their personal finances by taking out community-backed micro-loans for starting their own businesses. M-PESA, operated by Safaricom – a subsidiary company of Vodafone – has become the largest money transfer service in Kenya. M-PESA’s success proves that mobile operators can play a major role in providing basic financial services to the 2.5 billion people at the bottom of the pyramid (Bhandari, 2016). Early adopters of the new services became living proof that “banking is not somewhere you go but something you do” (King, 2013). The question is whether the appearance of fintech at the bottom-of-the-pyramid can improve financial stability by working with lower margins and creating higher volumes of financial transactions, thus improving productivity (Haldane, 2016). Regardless, the democratization of the financial sector is already visible in terms of improved access to services.

Many early, pioneering services were offered in developing countries which leapfrogged to adapt new technologies, in doing so bypassing the use of traditional banks. Kenya, with a population of almost 55 million people, was significantly underbanked because banks found it unprofitable to open branch offices and manage current accounts for people with low disposable incomes. Almost 30% of the population were living in extreme poverty, equivalent to less than one dollar per day, even in 2015 (FSD, 2016). Being able to work and make a living under such circumstances sometimes requires breadwinners to leave their homes to take up work in larger, more industrialized cities. However, remittance transfers in Kenya were costly and difficult to make, causing great inconvenience to both senders and receivers. Accordingly, M-PESA launched an innovative new service and business model in 2007 (Mas – Radcliffe, 2010) in the form of an electronic money ac-

count linked to the mobile phone number of the user. This uses the technological infrastructure of the telecommunication company's mobile network and only requires users to have a cheap feature phone to make peer-to-peer payment transfers. The payment service became a huge success, with 14 million active accounts processing more than 425 million USD in payments – equivalent to 17% of total Kenyan GDP – in 2010 alone (Mas – Radcliffe, 2010). This is a clear example of the democratization of finance and shows how social value can be generated from adopting a triple-bottom-line perspective (Elkington, 1997).

India is another example of a country in which fintech companies are working with new business models to empower people living under extreme conditions. The population of the country is 1.311 billion, with a GDP of two trillion dollars a year (World Bank, 2016). Research by Bhandari shows that the population of India can be socio-economically classified into the shape of a pyramid. Approximately 420 million people, or 35% of the population, are vulnerable. The majority, close to 520 million people, may be classified as lower-middle class, while 19% of the population, or 228 million people, are middle class. The top two percent are either upper-middle class or rich. In India, close to 90% of payments are made in cash, indicating huge potential for growth in electronic transactions. Mobile penetration is close to 60% of the population, and there is rapid growth in the number of users with online data packages (Jutla – Sundararajan, 2016). The pyramid provides plenty of opportunities for fintech in the form of new e-commerce platforms, digital wallets and payment solutions. While serving the financial and economic well-being of Indians, with low overhead costs fintech entrepreneurs are more likely to profit than traditional banks. Indian startups raised a cumulative 3.5 billion USD in investment in the first half of 2015 alone, allowing users to leapfrog traditional services and start using technology-enabled financial services such as payment schemes.

Key value drivers in the pioneering services layer are the early successes with reaching some of the severely unbanked or underbanked populations, not only in sub-Saharan Africa but also in India. Building extensive branch networks in poor rural regions has not been considered profitable by banks, which generally decided to avoid such markets. Traditional bricks-and-mortar banks simply could not generate enough revenue on the micro-remittances individuals wished to make. Nor did lending to the underbanked appear to be a profitable business as such individuals traditionally could not meet the strict credit risk assessment criteria. While banks abandoned these regions, fintechs were keen to exploit the business opportunities inherent in serving two billion of the world's unbanked. By using technology and the preexisting infrastructural backbone built by telecommunications companies and banks, fintech could offer a previously unmined customer segment convenient and easy-to-obtain financial services at affordable prices. Low operating costs made it possible to generate sufficient profit by innovating new business models, cooperating with other industries, and listening to the actual needs of customers and end-users.

The third evolutionary layer consists of the development and conscious use of human-centered design, by providing a toolset and experimental framework on top of business models and open innovation. The development of new financial products and services by non-banks was fueled by a loss of faith in traditional banks due to the catalytic role they played in the financial crisis that started in 2008. The Great Recession raised concern about the lack of transparency and misconduct of the traditional banking sector, significantly damaging public trust. Fintech companies rapidly gained market share over banks, which, as with the whole financial sector, had been on the verge of collapse, mainly for the following reasons: i) public and corporate lending dried up during the financial crisis due to an increase in risk aversion in the traditional banking sector, ii) interest rates moved close to zero, and were sometimes negative – discouraging the accumulation of wealth in savings accounts, iii) the public image of banks was severely damaged, iv) technology companies gained momentum by disrupting traditional capital-and-property-intensive industries such as the hotel industry and transportation sector; v) the number of tech billionaires increased significantly – Facebook alone had 10 billionaires at the time of its IPO (Business Insider, 2012) – suggesting to investors that technology-enabled disruptors were a high-risk but high-reward investment.

Fintechs soon understood that public disappointment in banks was creating an opportunity for better services and more user-centric innovation. Such companies started to invest time, money and effort in innovating new and distinctive service designs, understanding 'customer journeys' and mapping out routes for a frictionless user experience. Whether consciously or not, design was a key element of this process. Design thinking refers to much more than the conventional use of graphics and objects one typically associates with designers such as painters or sculptors. IDEO, one among the most successful design companies, long ago moved from designing artifacts to designing complex client experiences and new services. This holistic approach to design thinking may incorporate how a company reaches customers, what value proposition it offers, what the underlying business model is and how the customer journey is built from the first encounter through to all the touch points by which customers interact with the service. The analysis of Zilahy supports the view that new business models were a driving force behind the growth of sustainable sharing economy models that could utilize idle resources (Zilahy, 2016). Design thinking is creating a competitive advantage for fintech by generating the rapid, user centered prototyping of new services that are viable, desirable and feasible at the same time. Incumbents are faced with the decision either to adapt to new trends or risk losing their existing market share in certain lucrative segments. One report by PwC indicates that 20% of incumbents' revenue stream will be at risk from fintech entrants by 2020. More strikingly, banking and payment-related revenue is also at risk (28%, and 22% higher risk, respectively) in areas such as insurance, asset and wealth management (PwC, 2016).

The user experience is a key area in which fintech is superior to traditional, bricks-and-mortar banks. Frictionless, well designed, rapid services are the key success factors in the rapid growth of cloud-enabled fintech companies. Fintechs design their services to be available from all types of digital devices, including mobiles, tablets and even smart watches in some cases. Customers no longer have to wait in bank branches to make simple credit transfers, or to open bank accounts. Millennials (i.e. those born in the 1980s and 1990s) are looking for different, more personalized and convenient services from their banks. Research by Viacom Media found that 53% of Millennials do not think that their bank is in any way more special or offers something different to other banks. More interestingly, 71% would rather go to the dentist than listen to what banks are saying, and 33% of them would be willing to switch banks in the next ninety days. Meanwhile, disruption is welcome: the research also states that 73% of this young generation would be excited by a new financial service offering from trendy, non-financial service providers. Fintechs also gain market share by offering personalized, point-of-purchase solutions based on analytics, the extensive use of multi-source data mining, and pattern recognition. Personal financial management tools help customers to manage their money more wisely with services such as automatic warnings about potential overspending. Crowdsourced solutions that give customers more control of their financial decisions are gaining traction. The first peer-to-peer lending platform in the world, gained momentum by developing a risk model that more accurately predicts credit defaults than banking systems do (King, 2014). Since the launch of the platform in 2005, the company's algorithms have analyzed data about customer behavior and even social media presence to establish individual risk profiles for each of its users in order to provide them with competitive lending opportunities.

A summary of the value-drivers in each layer is presented in Table 3.

Table 3.

#### Key value drivers behind fintechs

Layer	Key value drivers
1st Layer (Top layer) – Human-centered design	– State-of-the-art customer and data analytics – Superior user experience – Experimenting, design-thinking approach
2nd Layer (Middle layer) – Pioneering services	– Rapidly scalable services – Open innovation approach – Disruptive business models
3rd Layer (Bottom layer) – Ecosystem developments	– Cheap mobile phones and internet access – Cheap IT hardware and software – Global telecommunication infrastructure

The platform provides lenders and borrowers with the opportunity to interact and engage in business transactions with each other under tolerable conditions of risk. Loan defaults are less than 0.5%, compared to the 7.6% incurred by the average British bank, while average margins on loans are 3%, much below the average 8% of their bricks-and-mortar counterparts. The lending platform has grown at 60% year-on-year since its inception, and now owns 3% of the U.K. retail lending market, having lent 400 million GBP so far (King, 2014).

#### The Hungarian payment landscape

Providing an in-depth analysis of the Hungarian financial sector is not within the scope of this paper, and there are authors who have already significantly contributed to this task. However, as fintechs are starting to make it into mainstream Hungarian literature, with the first specialized fintech event, the Fintech & Sales Demo Day organized in 2014, the author seeks to foster the discussion about financial technologies in the country's financial sector.

The Hungarian financial sector has a dual character in terms of the development of its position on the innovation adoption curve. On the one hand, elementary financial services and payment schemes are more saturated than in the U.S. financial market (for example). One good example of this is the role of checks in payments. Due to the historical development of its financial sector, checks still account for 22% of all U.S. payments; an undisputable reminder of the past. Although payment by check is steadily decreasing and paper checks have largely been converted into electronic formats, this method of payment still plays an important role in the U.S. financial sector (FRBSF, 2012). The Hungarian financial sector leapfrogged the use of checks and instead promoted the adoption of more modern bank-card payments and contactless payment transactions. Statistics from the Central Bank of Hungary show that the number of domestic bank card transactions increased by 19.1% between 2014 and 2015, reaching 300 million transactions a year, with overall growth of 18.6% in terms of the total processed volume of payment (MNB, 2015).

Countries with a developed infrastructural and financial sector are moving toward the so-called cashless economy, funneling the use of fiat currency into electronic channels. The number of electronic payments is a sign of a country's financial innovativeness. Public adoption of financial technologies is often evaluated in terms of the currently most popular enabler, bank cards. Rapid growth in bank card transactions is a positive sign of the evolving Hungarian financial sector, however, there has also been a steady increase in the use of cash over the past five years (Kajdi – Varga, 2015). Statistics from the Central Bank show that there were 4,244 billion Forints in circulation in March, 2016, up by 13% with regard to the number of banknotes, and by 14% in terms of volume on the previous year. The proportion of cash/GDP reached 12.8%, with a significant increase in larger denomination notes (MNB, 2016). The amount of cash in circulation is also important from a triple-bottom-line perspective, as the cost to society of using

cash is significant. Research by Turján et al. shows that maintenance of the current portfolio of payment instruments (cash, debit and credit card payments, along with money transfers) costs society 388 billion Forints a year, accounting for 1.49% of GDP. Shifting to a different mix of payments (including an increase in electronic forms of payment) could lead to significant savings for Hungarian society of as much as 103 billion Forints per year. It is important to highlight that while cash is the most widely used payment instrument, accounting for 77.49% of all payment transactions, the cost of cash transactions is also lowest, at 73.66 Forints / transaction (Turján et al., 2011). Accordingly, replacement of the use of cash by electronic payment instruments might appear counterintuitive at first, but it should be remembered that cash is only cheaper due to economies of scale. Without this advantage, it would be more expensive than the cost of electronic credit transfers and direct debits. Hungary is not the only country to rely heavily on cash: the hoarding of cash is significant across Europe, with an estimated 400 billion Euros of savings kept in cash (Global Cash Report, 2015). The cost of cash in the U.S. is estimated to be 200 billion Dollars a year, amounting to 1,739 dollars for each household, or 3.3% of median household income (Chakravorti – Mazzotta, 2013).

Reforming the financial sector to bring it into line with its international counterparts is one of the aims of emerging Hungarian fintech. The fintech sector in Hungary is yet to evolve into a significant market segment, but it is already having an impact on traditional banks through the increasing number of companies, which have already started providing services on markets. Some sectoral growth has been fueled with money from EU Operational Programs, as research by the Fintech Group shows. Thirteen Hungarian fintech ventures were granted a total of four billion Forints of EU funding, while more than 35 self-funded (or venture-capital funded) fintech and insurtech projects have sprung up (Fintech Group, 2016).

Fintech companies in Hungary can move ahead by rolling out new, user-focused services due to the fact that the Hungarian banking sector has been facing severe challenges in recent years, and innovation has not been their highest priority. The financial crisis of 2009-2012 and increased regulatory attention (such as Basel II) froze the budgets of many banks. Many of them survived by imposing strict a freeze on hiring, and reducing the scope of traditional branch networks, by at least 50% in many cases. Following the international trend towards the digitization of banking services and the growing interest in technology-aware banking leadership, some major Hungarian banks have already decided to collaborate, not to compete, with emerging fintech startups. These digital transformation projects are likely to become more common for banks in the coming years and will be a test-bed for fintech companies who are prepared to cooperate. Such initiatives are likely to result in the rapid growth of innovative business models, user-centered fintech solutions, cheaper and faster electronic payment methods, and a wider range of services that help people to more effectively manage their day-to-day finances.

## Conclusion

This article offers the conceptual understanding and groundwork to understand the rapid and successful growth of newly emerging financial technologies. By providing a clear definition of fintech, the author aims to improve the consistency of terminology used by researchers who analyse the fintech sector with regard to regulatory aspects and value-added design. Furthermore, the article specifies the importance of fintechs in the larger context on the global economic, social and environmental dynamics. The triple-bottom line impact of financial technologies is already affecting countries, which are increasingly enabled to leapfrog the burdens imposed by traditional brick-and-mortar banks, and will play a role in the provision of financial services to millions of people living at the bottom of the pyramid.

The article fills a gap in current research by providing a resource-based analysis of the key value drivers behind the creation and growth of fintech companies. The exponential growth in the number of fintech companies can be explained with reference to at least three distinctive evolutionary forces. First, companies realized that technology (and especially software) were creating a great opportunity to innovate new services and products. The ecosystem built around IT technology, the internet and mobile phones enabled companies to grow quickly and sometimes exponentially, while marginal costs decreased with each additional software user.

Second, the success of technology companies proved that new business models and an open approach to cooperating with the ecosystem and other industries offered lucrative business opportunities.

Third, users were placed at the center of design in new business models and services, resulting in more user-friendly services. The systemic use of prototyping and design created services that offered a faster, cheaper and frictionless experience for users. These new designs enabled services to succeed, and many times expand virally to new users.

The ongoing changes in the financial landscape are already affecting the under- or completely unbanked, and are creating convenient and easy-to-use solutions in areas formerly without such services. Although the new global trends are receiving increasing attention from many kinds of stakeholders, in Europe (and especially in Hungary), the phenomena of fintech is a new and under-researched territory. Unfortunately, little primary data is available about the economic, social and environmental impact of fintechs. To the author's knowledge, no broad, global fintech-specific scientific research has so far been carried out so far on the subject, nor the moral hazards and effect of potential defaults of currently well-funded startups are understood, but there is a clear awakening of interest in the field.

## Note

<sup>1</sup> The survey was initiated by the World Bank and carried out by Gallup, a global research institute.

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## BUILDING SUSTAINABILITY IN SPORT: A CLEAR OFFSIDE OR CHANCE FOR A "SLOW" REBIRTH?

Training, selection, peaking, workloads are common notions associated with our society. However, these concepts are also inherent in sport as well, where 'the winner takes all'. Thus the logic of modern sport resembles the capitalist milieu in which it has evolved: individualism, competitiveness, peak performance, and productivity are all essential components. Modern sport is also often depicted as being a remedy to society's ills, making sport a linchpin of the population's well-being: empowering control over health, educating people to reach their goals or serving as a good example for future generations. But there is a danger that modern sport is primarily becoming a tool for generating profit.

The aim of this paper is to formally examine how sport is related to the principles of sustainability, and its potential impact on well-being. Although several project aims to safeguard three dimensions of sustainability: environmental, social and economic values, drawing on a growing body of scholarships on sustainability best and worst practice, this article discusses the environmental, social and economic consequences of sport activities, using the aspect of society and insights from sport mega-events.

**Keywords:** economic, environmental, legacy, public value, social, sport, sustainability, well-being

Sport and sustainability. Easily used, although hardly evident concepts. Searching in Google Scholar the first returns 196.000, the latter 172.000 in the titles of the articles. However, only 111 articles are having both at once. Why does this happen? What consequences can we draw from it? Are the disciplines in an early stage of research and thus having fewer articles? Marrying the two concepts having nothing common? Or those studies are existing, only the two keywords are missing from the title? I believe none of the above explanations are irreprehensible.

Sustainability became such „vogue word” like strategy or globalization. Utilizing it in articles or at presentations for the sake of having it seems indispensable. Asking for an accurate definition could put one in trouble. Researchers tend to struggle with the issue as well.

The situation regarding sport is rather different. Although a favorite topic, its research accelerated in social sciences only in the last decades. Moreover in the last years the extent of the development and alteration of the field was enormous. On the other hand, the entertainment connected with the sport makes it hard to relate the notion to the sciences. Furthermore, – as detailed later – its conceptualization still stands on fugacious grounding.

In this paper I describe the types of sport then the pillars of sustainability. From society's viewpoint I explore the connections, draw the shared segments and answer the question: how do those two concepts coherent in researches?

### Sport

An important, not economic element touched in the definition of the sport: the sport, the exercise is a cultural universal. An activity, which stands as an element of religious rites, play or entertainment being an organic part of human cultures. To the extent the sport, exercise depends

on the specific society, to its culture, that would prevent estrangement, socializing as a tool to promote integration of individual values, so can react to the society. Sport, as a social subsystem has its internal laws. The nature of the operation, the change in the purpose, always affected by the historical, social, political or economic change of the environment (Földesiné – Gál – Dóczi, 2010).

One of the most comprehensive definitions made by Nagy, who considers sports are based on historical experiences and standards, playing a form of activity, that separated from direct production processes, competitive type, emotional, which are both suitable for excitement creation and reduction (Nagy, 1995).

The Oxford Dictionary (2017) defines it as: „An activity involving physical exertion and skill in which an individual or team competes against another or others for entertainment.”

While official sport definition: "Sport means all forms of physical activity which, through casual or organized participation, aim at expressing or improving physical fitness and mental well-being, forming social relationships or obtaining results in competition at all levels" (European Sports Charter, 1997).

From a research point of view, it was imperative that the narrow-broad framework to further break down, and ask the question: “what is the subject of exchange here?” Along with this issue Dénes, Misovitz (1994) and Nagy (1995) sharply separated professional sport (where entertainment, the others movement became the subject of exchange) from the recreational sport. An enormous range of synonyms (professional, elite, high-performance) used to show the main differences, as it is the former, where the athletes get paid and pursue it as a profession. The latter is done in recreational time, for the sake of exercise, or health prevention. From consumer point of view, we can identify an active-passive boundary, but the separation can

not be so sharp. There are amateur athletes, who exchange entertainment (see Andorra national football team), and vice versa, there are some professionally paid ones whose product has hardly been consummated.

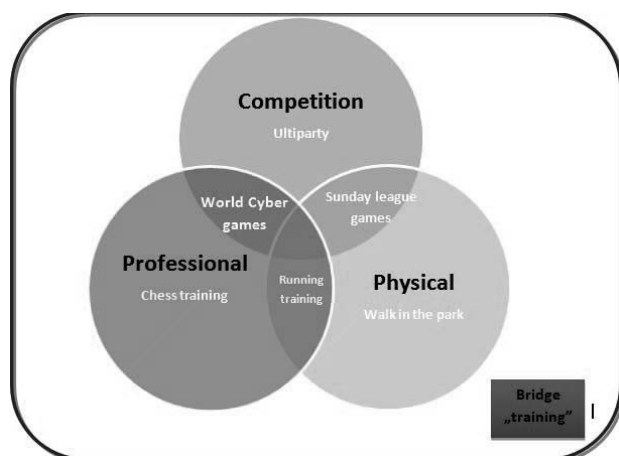
Although they are professionals, by their actions – rather than creating pure profit via views – they create something else, less tangible, which leads somewhat towards sustainability.

In its examination of the leisure sport and professional sport, Henderson (2009) and Pitts (2002) pointed out a significant disproportion. In the editions of the last twenty years of Sport Management Review and the Sport Marketing Quarterly, approximately five times more articles dealt with the professional sport, than recreational relatives.

Although I think, that the definition and the separation are far from perfect, the two sections can be clearly definable and well analyzable. The classic sport definition includes professionals who compete in a physical activity is in the center of the Figure 1

Figure 1.

Activities regarded sport as per definition (based on András, 2002)



### Sustainability

Although the word: sustainability has been used only for a few decades, its content can be discovered already back in the 18th century at Malthus (1798). Malthus thought that if the human population continued to grow, food production would not be able to keep up with demand, so was arguing that the human population was at risk of outgrowing its carrying capacity. In 1864, the English economist William Stanley Jevons observed that technological improvements that increased the efficiency of coal-use led to the growing consumption of coal in a wide range of industries. He argued that, contrary to common intuition, technological progress could not be relied upon to reduce fuel consumption (Jevons, 1864).

The modern sense of term: "sustainable" was first mentioned by Brown R. Lester (1981). Sustainable development theory begins to spread in the '80's when The Brundtland Commission officially released Our Common

Future, also known as the Brundtland Report. Two markedly different trends also emerged concerning the nature and perception of the economy. Ecological Economics and Environmental Economics approach differ in the following: while the former does not necessarily hold the economic growth a sustainable process, the latter does not call into question the sustainability of economic growth (Kocsis, 1999; Bajmóczy-Málovics, 2009) .

Environmental sustainability, however, is often defined in two different ways. The so-called weak sustainability signifies the underlying concept that natural and human-made capitals can be substituted with each other and the level of consumption can be maintained as long as a possibly decreasing level of natural capital is compensated for by the increase in human-made and human capital. In contrast, strong sustainability does not allow for such a perfect substitution and insists that the stock of natural capital should remain constant to ensure that future generations have the possibility to enjoy the flows that nature provides (Jackson, 2010).

Several researchers have made attempts to summarize the content of the expression (Daly, 1991; Pearce – Atkinson, 1995; Kerekes, 2007), the concept of the Brundtland report remained the most referred to:

*„Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs“ (Our Common Future, 1987, p. 27).*

That is, do not jeopardize the well-being of children and grandchildren, applies not only the natural environment. Two important definitions arise: resource constraints and the need related the poverty, the natural environment and the issue of social equality. But the phrase raises several questions. First of all, do the emerging needs have to be met? Second, how do we know in a specific moment what will be a legitimate need for the future generation? In any case, Littig and Giessler (2005) emphasized the need to change human lifestyles in order to preserve the ecological system and the sustainability of resources.

Figure 2.

The three-pillar sustainability (source: <http://oncommunityranch.org/ecological-sustainable-design-tool-the-sustainable-development-matrix-ethosolution/>)



So the definition of sustainability has enlarged to three pillars where in addition to the environmental aspect, the economic and social pillar has an equally important role. (Figure 2., cf. Kocsis, 2013)

With this enlargement, however the interpretation of a wide range of options has been opened. According to Jones, Selby & Sterling (2010) the conditions for both humankind and environment of mutual prosperity, security and the chance of survival can co-exist and have to be met. Much more generally, Senge (2008) suggested to consider every boundary, which will contribute to a healthy community of the future. McMichael, Butler & Folke (2003) concluded to maximize the chances for the environment, and the social conditions enable to help reaching of safety, well-being, and health. Ehrenfeld (1978), formerly widened those with biodiversity, human rights, equality, openness, and respect dimensions.

While analysing the several aspects of the sustainability White (2013) checked – with the establishment of word-cloud – the phrases that appear in different sustainability – definitions. As a result, the most common "social," "environment," and "economic" words were closely followed by the "human," "resource" and "development" phrases. But the "community," "next generation" and "needs" words were also common. Surprisingly, the "well-being" was omitted.

In another experiment Vallance, Perkins & Dixon (2011) sorted the different trends and created a three-dimensional model, in which the "development sustainability," "bridge sustainability" and the "maintenance sustainability" established. The first addressing basic needs, the creation of social capital, justice and so on; "bridge sustainability" concerning changes in behavior so as to achieve biophysical environmental goals. While "maintenance sustainability" referring to the preservation – or what can be sustained – of sociocultural characteristics in the face of change, and the ways in which people actively embrace or resist those changes.

Table 1.

Linking Professional Sport and Sustainability

EXAMINATION SCOPE	ANALYSIS SCALE		
	Micro (Individual)	Mezo (Company, League)	Macro (Mega-event, State)
Sustainability	<ul style="list-style-type: none"> <li>• Consumer habit</li> <li>• Health protection</li> <li>• Environmental awareness</li> <li>• Empowerment</li> <li>• Self-esteem and life skills</li> </ul>	<ul style="list-style-type: none"> <li>• Employment</li> <li>• Community-wide participation</li> <li>• Competitiveness</li> <li>• Capital investments</li> <li>• Environmental management</li> </ul>	<ul style="list-style-type: none"> <li>• Social equality</li> <li>• State investment</li> <li>• Community cohesion</li> <li>• Human capital</li> <li>• Social capital</li> <li>• Event policies</li> </ul>
	<ul style="list-style-type: none"> <li>• Carbon footprint</li> <li>• Energy consumption</li> <li>• Water usage</li> <li>• Well-being</li> </ul>		

The concept of sustainable development at the 2005 World Summit and by the 2006 UN High-Level Panel on System-Wide Coherence, revealing that world leaders at the Summit segregated the three pillars of sustainable development, while the Panel attempted to apply sustainable development as a cross-cutting issue.

In the Table 1. I show the analysis scales and examination scopes linking sustainability and professional sport. My aim is to analyse the environmental, social and economic sustainability of professional sport activities, using the aspect of society and insights from sport mega-events.

### Keeping the field green: environmental sustainability became winning strategy in professional sport

Sport have been deemed to be a special business, because of the need to attain two different objectives together, namely, success on the field and success in business performance. To achieve these goals, sport institutions must organize their resources and adapt their financial structure to be able to attain acceptable efficiency levels as well as an adequate sustainable growth. The required balance in dual value creation can also be shifted: research from Stocker, (2012) shows that the sporting success is far more important in the professional Hungarian sport businesses than the economic success, and the market is not valuing the sporting success in tangible terms to the amounts of its creation costs. Findings indicate that the teams that operate close to the sustainable growth ratio become more efficient on the field than those where the differences are greater (Guzman, 2010).

The high interest generated by sports mega-events (Olympic Games, football World Cups, European Championships) means millions of people try to be on the spot. Consumption, travel, and moving of goods are concentrated in a small area for a short time. This means a trade-off challenge and leads to a significant environmental impact. Events potentially impact upon local ecosystems; utilize reserves of exhaustible natural capital, and contribute to carbon emissions related to climate change. Furthermore, in the context of environmental challenges, the question has been asked: what is the appropriate level of environmental impact, legacy one generation of a sport should make on the next generation (Mallen – Adams – Stevens – Thompson, 2010)? According to Schmidt (2006, p. 287.), the discussion on the environmental impact of sports, whether played or watched, has two objectives:

- to reduce the ecological footprint of sports activities,
- to exploit the popularity of sports to raise environmental awareness in general.

The event-focused approach (Cantelon – Letters, 2000; Jones, 2008) drew attention to the local eco-systems, the irreplaceable environmental capital, and climate change.

Benefits of organizing a major sporting event can have: infrastructure development, sports facilities, improving competitiveness, employment increasement, etc. Concerning the biggest sport event in the world, the Olympics, the impact of economic aspects gradually shifting the balance towards other inputs. From the Games in Lillehammer in 1994 through to Sydney 2000, and more recently in Torino in 2006, and London 2012 the environment has increasingly become a core and a winning competitor in the

process of selecting the host of the Olympic Games. So, the International Olympic Committee (IOC) has “recognized the importance of Environmental Sustainability by adding a paragraph to the Olympic Charter that positioned the environment as the third pillar of Olympism (alongside the first two components of sport and culture)” (Paquette et al., 2011, p. 356).

Gratifyingly starting with Lillehammer Winter Olympics the organizers of the 1994 Winter Olympic Games in Lillehammer developed a comprehensive environmental action plan, and the 2000 Summer Olympic Games in Sydney took steps towards staging the first ‘green games.’ More recently, organizers of the 2006 World Cup Football competition in Germany introduced Green Goal™. The first environmental initiative at a FIFA World Cup set environmental protection targets, working to reduce resource use regarding water, refuse, energy and transport, and with plans to offset the 100.000 tons of carbon emissions. Indeed, London 2012 included as part of its winning Olympic bid a commitment to measure and take steps to minimize the environmental impacts of the forthcoming Games. The London Olympics also served as demonstration purposes: excellent eco-rated Olympic village, hydrogen fuel cell vehicles operating in an eco-driving initiative way (London 2012, 2005b). With the environment playing a key role in the concept became a winning scenario (Steiner, 2006).

Organizing Committees of the Olympics face issues regarding what should the future of the event be, i.e. questions at the ‘hyper-strategic level.’ There are then a series of ‘more-strategic’ questions perhaps concerning how far existing waves of sporting activity can be made more sustainable, or more operational problems regarding the placement of events, or how far mitigation of negative externalities can be achieved by policy changes (Morrisson-Saunders – Therival, 2006).

Measurement of environment targets become more and more significant issue. Collins, Jones & Munday (2009) used two methods, ecological footprint, and environmental input-output model to provide valuable information for event organizers and policy-makers on factors influencing the scale of an incident’ environmental impact, and the types of strategies needed to reduce the effect of visitor travel. One of the first measurement of major sports events was made by Collins, Flynn, Munday & Roberts (2007) in Great Britain. The Ecological Footprint results show how, within a short space of time, a large environmental impact can be produced by visitors attending major events such as the FA Cup Final. The number of visitors, how they travel to an event, the types of food and drink they consume and the wastes they produce can generate significant ecological impacts.

In addition to sports events and tourism, there is a serious list of examination on facilities. The focus is on developing sports facilities (stadiums, halls, courts) to the most environmentally efficient way, decreasing the use of natural resources. This, in turn, leads from professional sport to recreational, since there are similarities. Same facilities can be utilized by both professional and amateur athletes,

and there are several ways of leisure activities, like City Marathons visited by thousands is a short time. So similar environmental challenges occur as a major competitive sports event. Many feel the greatest challenge is the environmental education, changing environmental attitude. Successful and respected athletes can be a role model and initiate this.

### More than legacy: economic sustainability in sport mega-events

Nowadays the corporate sustainability is closely related to corporate social responsibility (CSR), and today the area is completely "in sync," or overlapped. To put it another way, both CSR and sustainability understand that the context, community, and environment in which a business operates is integral to that business’ success. Sustainability, then, goes on step further by taking into account the needs of the future generations (Montiel, 2008). Also, in the field of sports economy stakeholders motivated in long term planning, smart growth, and cost reductions along. In professional sport decision makers soon found essential to keep the spectacle, excitement and unpredictability imbalances in financial resources and conditions in the short term should be avoided.

Consideration is now being given to the unique context in which sport operates, and some authors argue that nature and the role sustainability plays in a sport organization may be different than in other industries (Babiak – Wolfe, 2007). For instance, Smith & Westerbeek (2007) claimed that sport, broadly defined, has some unique factors that may positively affect the nature and scope of sustainability efforts including mass media distribution and communication power, youth appeal, positive health impacts/association, social interaction, and sustainability awareness.

The concept of legacy regarding sport mega-events closely connected with sustainability, however, has appeared to gain enormous traction and become an important part of the “triple bottom-line” evaluation processes, where city-states seek to broaden the inputs for an event’s evaluation beyond economic impact (Carlsen – Soutar, 2000). As Cashman (2005) notes, legacy has been viewed predominantly in a positive light where, . . . the term is used by organizing committees, it is assumed to be entirely positive, there being no such thing as negative legacy when used in this context. (Secondly,) it is usually believed that legacy benefits flow to a community at the end of the Games as a matter of course (p. 15.). The results of the 2002 conference was the identification of six tangible and intangible legacies to hosting Olympic Games; economic impact, cultural considerations, social debate, sporting legacy, political legacy, and the value of Olympic education.

Sport franchises are no different from other companies in their intent to earn a profit and positively impact the economy in the cities in which they operate. Although sport teams are not major employers, they can have a considerable economic impact on a city, evidenced primarily

in the spending generated by fans (Blair, 1997). Unlike traditional businesses, however, sport franchises are valued on their revenues, rather than cash flow and assets. Since professional sport teams hold a high profile in the communities where they are based, this category is perhaps more important to sport teams because, to succeed financially, each team is dependent on the local community to purchase tickets and other team goods (Extejt, 2004). It appears that teams across leagues all engage in similar CSR, legacy and sustainability activities and practices with a primary focus on youth, education, health, and community. As some of these areas are beyond the “core competencies” of sport teams and leagues, a relevant dimension to explore would be the institutionalization of these practices in sport.

The sport's success is beneficial in social terms, whereas the local community have a sense of pride and cohesion. The financial sustainability of the sport success also, – due to the expanding commercial opportunities through the operation of the organization – can be placed on the business basis, and to be independent of the current support policy. They refer to a path of socio-economic development that would be financially balanced, socially equitable, ethically responsible and adequately integrated into the long-term ecological balance of the natural environment. Sustainable development is also a dynamic process that continues to evolve and grow as lessons are learned and ideas re-examined (Furrer, 2002). American sports have “draft-system” and the application of the salary cap to help the case. In Europe, the latest initiative in football is the financial fair-play, which applied to lead professional clubs to exploit the administrative incentives, predictable, long-term financial planning.

Regarding recreational sport it has been much harder to rise on similar initiative. Szabó (2012) analyzed the operation of recreational sport, focusing on markets, value creation and operational level. Emphasizing that from sporting investment there is a priority to equality and environmental sustainability investments.

### **Value for the public: social sustainability impact on sport**

Public value describes the value that an organization contributes to society. In contrast to other management concepts, public value systematically takes a societal viewpoint, since it presumes that individuals develop and grow depending on the society they live in. It is definitely not fully captured in an annual report or financial statement. Public value is a unique concept to explicitly analyze how an organization contributes to the quality of relationships between an individual and what is called “society”, i.e. collectively shared values, which constitute social relations and help integrate individuals in a social system. Whereas the notion of corporate social responsibility takes primarily moral-ethical considerations into account, public value and social sustainability broadens the perspective to a number of other collectively shared values.

The quality of life, education, justice, the development of communities is seen as the essential elements of social sustainability and human well-being. These are values that important for now and future generations. Surprisingly, though little research has so far been tried to build the concept of social sustainability around the sport. They investigate much more of a leisure sport, sporting activities and peace, or sports, cultural differences and the relationship between tolerance (Barker et al., 2011; Dagkas – Benn – Jawad, 2011).

Lawson (2005) was one of the few to discovered that athletes can demonstrate how competitiveness and hard work can co-exist alongside honesty, fairness, solidarity, compassion, empathy and grace, moving in the direction of sustainability. In most general texts on sustainable development, the social needs of present and future generations are discussed regarding equity, ethics, and rights. Equity is regarded as denoting fairness – social justice and equal access to opportunities – generate a range of positive social effects including: reinforcing collective identities; uniting people; improving self-esteem; increasing civic pride; raising awareness of disability; inspiring children; providing experience of work; encouraging volunteering, increasing participation in sport; and promoting well-being/healthy living (Smith, 2009). But where competition exists, there should be winners and losers. If we consider increasing capabilities to carry out valuable activities to human well-being important, the development and the quality of life not only depends on the achieved performances but also on what options are available to the one in that society (Pataki, 1998). From sport and social sustainability point of view, health became the central topic, around most of the researches made. The United Nations Development Program (UNDP) reports: „People are the real wealth of a nation. The real objective of development should be to create an enabling environment for people to enjoy long, healthy and creative lives” (Human Development Report, 2010, p. 24.).

Taking into consideration that according to Nefiodow the carrier of a new long economic cycle will be health in a holistic sense – including its physical, psychological, mental, social, ecological and spiritual aspects – the fundamental innovations of the sixth Kondratieff-waves are “psychosocial health” and “biotechnology” (Nefiodow – Nefiodow – Simone, 2014). But how can sport help health both physical and psychological? Lawson (2005) found that sport should not see as a homogenous entity. Rather as two underlying philosophy (high performance and recreational sport) which are radically different from each other. Therefore sees the relevance of sustainability is slight about the professional sport in which your keywords are the training, selection, peak performance and load, while fully compatible with the values of recreational sport, often identified with cooperation, participation, relish, and delight. Recreational sport can create a social network, develop community identity, improve human health, can have a real effect on the well-being and human capital.

Despite its importance, social needs are recognized as the least explored element of Brundtland’s widely accepted definition of sustainable development (Smith, 2009).

Social impact can be defined as the manner in which events “affect changes in the collective and individual value systems, behavior patterns, community structures, lifestyle and quality of life” (Balduck – Maes – Buelens, 2011, p. 94.). The above definition shows how the understanding of social elements is involved. That is why several concepts tried to separate the individual, community, organizational and institutional sustainability while talking about sport. From the institutional point of view Szabó (2011) wrote, that sport can catalyze the dialogue between different cultures and help overcome the various forms of discrimination. Chalip (2006) and Oakley – Rhys (2008) emphasized the sport society building role, the social cohesion, and strengthening the community spirit. Loland (2006) stressed that in individual standpoint, we might consider how ones within performance sports can flourish. The continuous quest for new records is built on the impossible quest for unlimited growth in limited systems.

From this perspective, the question arises as to how the sport itself, affect the relationship between people and the environment? The anthropocentric standpoint is that the professional sport can be pursued in such a way that build mutual respect and care about prosperity. The previous researches also made attention on the psychological aspects. Coakley (1992) examined one of the leading health-related issue, the burn-out. Cases of burnout suggest that the roots are grounded in the social organization of high-performance sport. Recommendations for preventing burnout call for changes in the social organization of high-performance sport, changes in the way sport experiences are integrated into the lives of young athletes, and modifications in the structure and dynamics of relationships between athletes and their significant others. Although it is well-established that the ability to manage stress is a prerequisite of sporting excellence, the construct of psychological resilience has yet to be systematically examined in athletic performers (Fletcher – Sarkar, 2012).

The importance of individual well-being through athlete's career explored by Lundqvist (2011). He established definitions of well-being, the purpose of the study was to investigate factors characterizing and signifying well-being and psychosocial factors on both a global and a contextual level. Social well-being included seeing others' positive characteristics, rejoicing in others' successes, offering consolation in adversity, and providing unconditional support regardless of performance.

The difficulties associated with the closure of the professional career, employment and the relationship between human capital and Ling & Hong (2014) encountered by athletes in the course of their sports careers. Human capital refers to the summation of knowledge, skill, health, information and so on that is used to increase the future effectiveness or realize the value multiplication that is gained by the investment activity. The issues relating to human capital have grave consequences for the re-employment of the retired elite athletes, including a lack of education and qualifications, poor health caused by illness and injury related to sports, and narrow skill sets brought about by specific training.

It came to the conclusion that in the professional sport problems detection is in the foreground rather than solving. This seems to be the least sustainable from the six sub-systems. After all, if you're talking about a system where internal stakeholders (athletes) are trying to generate values to convey the outsiders (society) while forced short interest-follow (during a short career earning prosperity for the whole life, overloaded, or by using the doping). And because the system is lacking long-term thinking, the accumulated human capital remains unused, no career model, and there are rarely respected coaches, who care the future generations. In the absurd nature of the system, athletes – quoted the examples of the youngs – would not do it again and take the same burden.

## Conclusion

My aim was to show how the two concepts (sustainability and sport) are coherent to each other. I examined it leading through three pillars of sustainability. The results show that sustainability more and more became an important factor in the field of sport. From mega-sports events strategies to individual recreational activities, elements of sustainability can be found. The problems regarding for instance with social sustainability is still mounting, as athletes often seen as peak performance generating thing, equal to a money making tool. Hence athletes get over the peak of its physical performance, they are simply "thrown away". That is one of the several reasons why sustainability should be meticulously managed through the three-pillars, not over-emphasizing one, because for example it will be in vain sports club or a sports enterprise became in economic terms sustainable through reaching long-term financial targets, while operating a system which exploits the human capital. Pillars of sustainability should be explored in linked unit, rather than decomposed, as some point in this study I followed.

Finally, let me end with actual words of Elemer Hankiss (1983, p. 248.): "Because, if a value permanently combats with manufacturing issues, sooner or later, the erosion of its social value starts. While losing their credentials, enticement weakens, it stops being able to control of the human consciousness and behavior; but it could be able to plaything the formal ritual by becoming an obstacle to the emergence of a new, functional values. This is the Foundation of renewal. "

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## THE LIVABLE CITY MODEL

There is a lot of information about how to market a city but less about branding a place, especially for those located in deprived places. Models like Kavaratzis (2014), Kazancoglu and Dirsehan (2014), Metaxas (2010) or Anholt (2006) tried to explain the dynamics of some variables of the place but cannot define by themselves how to brand a city in places alike Latin-American countries. The aim of this paper is to propose a model called Livable City Model because there is a pressing need to redefine place's competitiveness and liveliness; if places don't adjust its experience standards and offer better quality of life to stakeholders it can lead to city abandonment and ultimately face the scenario of necropolis. This model is based upon 4 pillars or sources of information like Government, Institutions, Academics and Citizens and its utility is set around deprived places that faces violence, extreme poverty or migration among other challenges. City branding should be a strategic approach to enhance troubled cities to compete in the global world.

**Keywords:** city branding, Livable City Model, Citizens, Academics, Government, Institutions

“Places have long felt a need to differentiate themselves from each other, to assert their individuality in pursuit of various economic, political or socio-psychological objectives” (Kavaratzis – Ashworth, 2005, p. 506.). In this globalization era, cities must differentiate themselves as part of its competitiveness. Some of them are recognized for sporting or innovation development, but some variables like war, social instability, tourism, politics, social issues, corruption or violence can deprive its development creating a bad image around the world and undermine its brand. Branding is the identity of the place, Anholt (2007) decided to call it “competitive identity”, it surrounds the economic, social, distinctiveness and political context of the place. Colombia have notable athletes, musicians but the nation is better known by violence; more than 20.000 victims and 3 decades of work trying to eradicate this challenge resulted in “a world stigmatization so hard to annul” (Bedoya, 2013). Colombia is one of the few countries to adopt the concept of city marketing to position cities like Medellin or Cali's, emblematic spots of drugs cartels mentioned as the most powerful drugs associations that have ever lived. Pablo Escobar Gaviria “El Patron”, he was considered a drug's lord as his organization reached the 80% of the whole drugs distribution on USA (Picone, 2015). The influence and the political role of “*El Patrón*” was rapidly associated with the “*narcoterrorism* and attacked judges, fiscals, police, militaries and politics” (Espada, 2015). After almost 40 years of the presence of Medellin's Cartel, Medellin just get out of the 50 most violent cities in the world in 2016 (BBC Mundo, 2016). Medellin *the city of the eternal spring* or Cali *the Capital of Caribbean* are extraordinary examples about how a city branding strategy could renovate a city's core and gain a competitive position. The intention of this article is to propose a model that can identify the factors to overcome bad stakeholders' perception of the place and provide insights to identify the right variables for a city branding proposition and therefore marketing the experience of the pla-

ce; “the idea of discovering or creating some uniqueness, which would differentiate a place from others, is clearly attractive” (Ashworth, 2009, p. 10.).

### City branding, more than a concept

Barcelona was an ancient and problematic place during the 80's. The municipality had already set plans to relaunch a new city's brand in 1992; but started in 1981 when the Major of Barcelona ask permission to King Juan Carlos I to postulate Barcelona to host the Olympics of 1992. Two years later, a non-Government association was created to follow up the process and finally on October of 1986, the International Olympic Committee awarded the city of Barcelona as the host of 92's Olympic Games (Pérez de Rosas – Mercader, 1986). As the announcement became official, the city already had more than 60,000 available volunteers. The Olympics were saw as the key anchor to rebrand the city of Barcelona, a place with more than 30 years of making plans to modernize the place but none as unique like the Olympics, just in the awarding ceremony more than 500 millions of viewers heard how Antonio Samaranch pronounced that magical words *the chosen city is...Barcelona* (Pérez de Rosas – Mercader, 1986). After the games, the urbanism of the city and the Olympic Village were merged. The Village was built in an old *barrio*, a bay gone industrial zone that enclose a segregated social class, a place chosen to arise the *renaissance* of the city. Today's Barcelona is one of the most attractive tourism locations around the world, capital of Mediterranean Cruisers and many of its architectonic places are considered Cultural Heritage of Humanity (Fidel – Garrido, 2004).

City branding is a wide-angle tool used to develop the perception and pride for a place because they must gain competitive through uniqueness; “place branding, like place marketing in general, is impossible because places are not products, Governments are not producers and users are not consumers” (Kavaratzis – Ashworth, 2005,

p. 510.). *City branding* usually is defined as the need of an accepted identity useful to be recognized and positioned among stakeholders to praise a better quality of life into the place and being competitive in a globalized world. The non-understanding of the variables that interact to build a city brand could create a gap between the intended and the real message resulting in a weak or strong city brand. Anholt (2008) share five concepts about the competitive identity: engaging; reputation, equity, purpose and innovation. The *Nation Brand Index* launched in 2005 sustained that places with an improvement not necessarily have invested in an advertising campaign but they modified some of their public policies (Anholt, 2008). Also explains some concepts about how a place could sustain a negative, weak or erratic image. “Substance must be coupled with strategy and frequent symbolic actions if it is to result in an enhanced reputation” (Anholt, 2008, p. 3.). Meanwhile, substance is observed as the execution of the strategy and symbolic actions appealed more the tactic actions at the level of communication (Anholt, 2008). Furthermore, Kavaratzis & Ashworth (2005) defined that the difference among the actual and desired perception of the brand is the brand’s value, “at the simplest level, city branding is an effort to communicate more effectively in a large and crowded market about the city’s key attributes and its offer”(Clark – Evans – Nemecek, 2011, p. 2.). But in countries where corruption, violence, smuggling, migration, sprawl places or an uprooting city, the key attributes of the place are missed more of the time as city branding become hardly to apply and therefore marketing city could become a non-effective and useless tool to position the place. The city is more than a mere space where some people live through Institutions, Government or Academics and Citizens. The globalization has become a major accelerator of the process, for example the city of the 60’s is quite different and challenging from today’s requirements, “cities dissolve into the landscape, fragment into different specialized parts, polarize into rich and poor, and homogenize into an indifferent shape. If there is a general tendency that can be captured in one sentence, it is one of spatial homogenization, fragmentation and polarization. The city becomes a pure economic space which is vitalized by technological forces” (Gotsch, 2008, p. 3.). In this context, what elements should be included to look for a solution under all these premises to create a successful City Branding process to encourage an integral program of development for the place?

## The Livable City Model

### Juarez – the context of the study

Juarez was founded on 1659 under the name of “The Mission of Our Lady of Guadalupe de los Mansos of the Paso del Norte” (Universidad Autonoma de Ciudad Juarez, s/f). It was a place of transit for emigrants that continue its trip to the north. On February 1848, due to Guadalupe-Hidalgo agreement Paso del Norte was set as the new borderland. On 1888, President Diaz declared Paso del Norte as a city and renamed it in honor of former president Beni-

to Juarez as Juarez City. In 1910, Juarez was considered as the birthplace of the “Mexican Revolution”, a social movement that ended more than 30 years of tenure of president Diaz and set up the modern Mexico. In 1920 in the United States was enacted the Volstead Law to restrict alcohol’s sale and as a result, daily a lot of Americans crossed the border to get a drink but at once it developed a lot of problems like alcohol smuggling or prostitution (Flores Simental, 2013). During the next decade, Juarez was an agricultural powerhouse, ranking among the best places to plant cotton, only behind of Egypt. After World War II in Juarez flourished the entertainment industry, cabarets, restaurants and “divorce express business” were the principal features of the city’s economic model. But in 1964, President Diaz amended Population’s Law prohibiting the legal figure of the “express divorce” but started the Maquiladora program. In Juarez, after more than 50 years of being launched, the Maquiladora Program is the strongest industry of the economic model as it providing a lot of jobs with low salaries triggering a lot of societal issues like feminicides, extreme poverty zones, high rates of violence, drug smuggling, corruption or poor infrastructure among others; the social context doesn’t appear to go hand in hand with the economic growth of the city (Plan Estratégico de Ciudad Juárez, 2016).

### Methodology of the primary study

From January 2015 to April 2016 a 100 in-depth interview study called “*Juarez’s stakeholders: Perceptions and beliefs*” (*JSPB Study*) was performed on Juarez to collect valuable information to describe topics like Juarez’s significance, opinion of the city among visitors and inhabitants, perception of city marketing program, factors to be considered to create place’s brand, strengths and weakness of the location, the future of the city, actual challenges and how to resolve them among other topics. The interviewees sample was Government sector 25% of the test, 25% Institutions (profit and non-profit organizations), 15% of Academics and 35% were Citizens. The study was trisected as the first part contained 16 questions to explore feelings and perceptions about topics like the sense of belonging to the city, the immigrant challenge, the perception of the visitors, the own perception of the inhabitants, among others. In the second part, the focus was on the city’s challenges and in the third section the participant was asked to link 12 concepts to the city on topics alike education, entrepreneurship, past, present and future of the city amid others. In the process, the model of Kazancoglu and Dirsehan (2014) related to the experience of the city was chosen by its relevance to explain the background and experiences on the city, in cities with high levels of disturbance the result seems to be the same, a non-pleasure experience.

### Conceptual framework

The LCM Model is composed by three components, namely (1) the GIAC elements according to the key stake-

holders like Government, Institutions, Academics and Citizens, (2) the Added Value Experience Model to link and understand the city stage and (3) the Planning-Practice City Branding Matrix to explain the dynamics of the place because of the GIAC elements interconnections.

### *The GIAC elements*

The *Livable City Model (LCM model)* is a tool to identify, analyze and suggest the city's brand proposal to make powerful and persuasive city marketing programs improving the quality of life of the stakeholders, especially on those places that have turbulent backgrounds. The four pillars and sources of information for the *LCM model* are Government, Institutions, Academics and Citizens, (GIAC elements), its integration and interaction are vital to create and support place's brand.

#### **a. Government**

Government as stakeholder should provide a super structure for the city in legal, strategic planning process, institutional support, fiscal and budgetary concerns (Scheel – Pineda, 2014), its role for the city branding process is more about as a planner that combine the knowledge and efforts of the others GIAC elements, “Government should provide norms, incentives and procedures that allow to advance towards more compact cities” (ONU Habitat, 2016, p. 23.). Cities like Paris or San Francisco had cooperative partnerships between municipalities and Government to enhance its infrastructure, and their brands are considered powerful and as a result they are marketing the places based on history, quality of life, lifestyle among other variables that linked can create the experience-taker narrative (Winfield-Pfefferkorn, 2005). In places where immigrants have such an important role, Government should emphasize this challenge in a different way to create a brand and promote participation and reciprocity for the place as variables to create a sense of belonging and build a common identity among stakeholders but specifically on immigrant population (Collet, 2013). As conclusion, Government is a planning element to support the experience of the city and accordingly to the JSPB Study its liability is to develop the place where families can flourish, exploit it as a land of opportunities like better quality of life, wages, housing and build a community association.

#### **b. Institutions**

Institutions is the stakeholder that provides the political, social and economic framework to experiment city urbanity and amenities, is an experience-builder. Institutions are composed by two kinds of groups, profitable and non-profitable organizations. As profitable centers should conceive an economic model able to create, sustain and support the economic growth of the place generating wealth among the inhabitants. Places like Bengaluru in India has a clear strategy to foster the economic growth, even if it has a prominent poverty zone but it's ranked among the most advanced technological clusters around the world generating high rates of development (Scheel – Pineda, 2014). Otherwise, non-profitable organizations should increase

the civil participation through civic vitality. In places with high rates of depravation, this issue is essential “some entrepreneurs and civil organizations decided to stay in Juarez to confront the high rates of violence creating alternatives to diminish it in favor of their city” (Secretaria de Gobernacion, Presidencia de la República, 2014, p. 15.). In Juarez, civic participation index has never been above 20%, except 2016 with a 24%, the challenge is to replicate successful methods and models to promote civic participation (Plan Estratégico de Ciudad Juárez, 2016). As conclusion, Institutions are an experience-builder element and accordingly to the JSPB Study its main liability is to develop the city as a place where families can flourish, exploit the place as a land of opportunities to get a better quality of life, economic wealth for stakeholders, build a community pride and put a special focus on immigrants' issues.

#### **c. Academics**

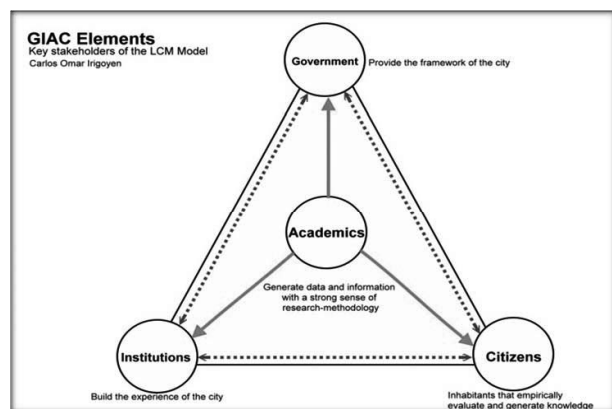
Academics are those organizations that originate and analyze information with a strong sense of research-methodology and academic vitality. Academics work is designed to generate the theory with methodological rigor using qualitative or quantitative tools and methods to understand the context and give to the stakeholders' noteworthy information to make better decisions, create and spread the necessary knowledge as its most relevant role in the city branding process. Academics are the bond among the GIAC elements, if the planning process or experience's evaluation is not validated by Academics there are high odds of failure and emptiness of knowledge. Also, Academics by themselves could be considered as a distinctive asset researching, detecting and suggest the more favorable scenario for the other GIAC elements. There is a clear link between nation's economic success and the level of education (Florida, 2003). For example, Bremen used the slogan “You are the key” and involve Academics to attract young people to live on the city strengthening attractive career options (Maytre Foundation, 2012) and Switzerland has a strong association among educational services and private organizations, an innovation system clearly defined to attract and support the creative class. Switzerland has a sturdy and dynamic educational system based on pedagogical innovations like the dual system (Schwab – Sala-i-Martin, 2015). As conclusion, Academics in its pure sense are the most influential planning and validating GIAC element, because they have the knowledge to transform the experience into a narrative experience-builder and enrich the experience on the city. Accordingly, to the JSPB Study its main liability should be to establish the city as a place where families can flourish, exploit the place as a land of opportunities to get a better quality of life and its role is developing a well-founded and knowledgeable strategic planning process for the place.

#### **d. Citizens**

Citizens are the inhabitant of the place and is the experience-taker element. His role is the validation of the experience in the city, empirically evaluated to generate knowl-

edge about the place and its products or services, mostly expressed as beliefs, perceptions or emotions. Citizens are the better source of fine or poor experiences of the place, the challenge is how to record its experience and convert into valuable information to have better public policies, create new business, increase civil participation or support a new kind of knowledge. “A healthy civic minded community is essential to prosperity (Florida, 2003, p. 5). As far violence struck in Juarez, Citizens got involved and led some preventive programs and took a major role to impede violence even at their own risk (Secretaria de Gobernacion, Presidencia de la República, 2014). Citizens must discover their “welfare anchors” defined as activities, symbolisms or experiences that are able to produce wealth, pleasure, joy or rooting for the place. This “welfare anchors” are the best way to know the city branding drivers that could led to find a unique value proposition for place’s stakeholders (Balencourt – Curado, 2012). As conclusion, Citizens are the experience-taker element that define most of the personality of the place and accordingly to the JSPB Study its essence is to live in a place where families can flourish, build a community association and become a place that could become an inclusive city, like taking care of the immigrants because is widely recognized that Juarez it’s an emigrant place.

Figure 1  
GIAC Elements, key stakeholders for the LCM Model



Resource: own authorship

Summarizing, Institutions and Citizens could be considered as experience-takers. Institutions like profit organizations are measured by wealth and non-profit Institutions by civil participation. Citizens metric is the city’s quality of life. As Institutions, companies play a key role: “Building up a compelling narrative of the city as business location and providing fact-based accurate information on the local business climate” (Rivas, 2015, p. 56.). Institutions can be considered as the Citizens’ resource for a great quality of life. The usefulness of the Institutions-Citizens duality is described in the City Resilience Framework report as “Individuals and Institutions that are reflective using past experiences to inform future decisions, and modifying standards and behaviors accordingly. For ex-

ample, planning processes that are reflective are better able to respond to changing circumstances” (The Rockefeller Foundation, 2015, p. 4.).

Government and Academics are obligated to pursue the conceptualization of the place, planning and application of public policies, surround the city with the elements that can make it very attractive like infrastructure, urbanity or amenities. In 2012 Barcelona was the first city around the world to register its name as a brand at the Spanish Trade Marks office, therefore avoided that the name of the city could be used in products or services that can discredit the city or promote poor ethics (Rivas, 2015). Due to its nature, Academics have the tools and methodology to research, suggest, create, validate, apply and adjust a general strategic plan for the city’s development. Indeed, Academics are trusted, its opinion has a high grade of influence as they are seek to get an input and comments to some topics (Edelman Berland Firm, 2013). (Figure 1)

### The Added Value Experience Model (AVE Model)

“A city’s distinctive characteristics are built on a broad spectrum of cultural events and Institutions, sporting activities, festivals, and a variety urban recreation (parks, café-culture), new residential areas, aesthetic upgrading of the city’s public spaces and conservation of important building environment/architecture” (Kazancoglu – Dirsehan, 2014, p. 18.). In its study from Istanbul and Izmir about loyalty to a city, Kazancoglu and Dirsehan (2014) established a scale to measure the emotional bond to it. They proposed a scale called city experience dimensions, consisting of 6 latent variables as:

1. Social activities and leisure time,
2. Affective Experience,
3. Observable Experience,
4. Taste experience,
5. Disturbing Sensory Experience,
6. Nature-related Experience.

Each of the latent variables have at least two observed variables defined as the way to perceive and measure the effect of each one. For instance, in the latent variable of leisure time, the study considers the observable variable as dynamics of the city, its role as a host to important events, recreations sites, shopping or different options that stakeholders could use to spend their leisure time likes shows, restaurants concerts or malls.

Based on this model proposed by Kazancoglu and Dirsehan(2014) but enriched with variables of studies from Braun, Zenker & Kavaratzis (2010), Kavaratzis & Ashworth (2005), Martínez (2014), Herstein, Berger & Jaffe (2013), Metaxas (2007), Cozmiuc (2011), and Nikolaos-Foivos (2013) the recent JSPB primary study is proposed as part of the Livable City Model the Added Value Experience (AVE) to understand how some variables can affect the experience of the city. As the city is a daily background where Government, Institutions, Academics and Citizens are set to work interlaced to reach their own goals, the city is defined as the place with a lot of tangible assets like in-

infrastructure, historical buildings, monuments, streets, financial districts, museums, thematic parks, public parks or historical sites like Corcovado's Christ Statue in Brazil or Liberty Statue at USA. But there are some intangible assets like pride, happiness, love, freedom, perception of health services, city's vocation; as Paris is recognized as the Love's City or Detroit's "Motor town". Summarizing, there is a personal perception about the place formed by the assets that can be evaluated in the personal context because stakeholders perceptions play a key role in the city branding process (Kazancoglu – Dirsehan, 2014). This dimension will be referred as the Personal Dimension Experience (PDE). There is a sense of the place conformed by the existent buildings, city's activities, tastes of the location called as the Urbanity and Amenities Experience (UAE). This dimension is related to the tangible and intangible assets that were created in the place to offer a city experience for the stakeholders and deliver a places' added value experience affecting the opinion of the stakeholders, enhancing in a negative or positive way the brand of the city. But into the place could exist some factors that can wane its experience as risk of disease, perception of stress, low wages, water shortage or environmental pollution are potential factors to diminish the experience of the place; this dimension is referred as the Nourish Risk Factors (NRF). Under this context was created the Added Value Experience model (AVE, see the details in Appendix) as a framework to evaluate the actual state of the city but as a tool to detect opportunities to improve it. In combination with the GIAC elements, the AVE model propose five potential scenarios called *stages* that are associated with the development of the city and its brand.

- a) Stage Type I: *Fully Livable place*: The ideal place. Every GIAC Element provide in any dimension a fine experience in the place. The quality of life should increase as elements like the infrastructure or place's perception are well managed and disturbing experiences are reduced allowing the stakeholders to enjoy and root for the city.
- b) Stage Type II: *Competent City*. Three of the GIAC elements offer fine experiences in any dimension unless one.
  - b.1. *Uprooting city*. All the elements are set to provide fine place's experience unless Citizens. If Citizens can't appreciate what they have around them then the "rooting for the place attitude", a key concept to encourage a city branding program won't exist.
  - b.2. *Empirical place*. Unless Academics, all the other GIAC elements produce fine experiences about the place. If Academics couldn't provide a clear path to develop the personal and the urbanity/amenities dimension based on its research, they won't be able to manage the disturbing sensory to reduce the unattractive factors of the place.
  - b.3. *Economic turmoil place*. All elements represented a fine experience for the stakeholders except Institutions. A complex economic situation

for the place or a low civic vitality could trigger future problems like uprooting or sprawl inconsistencies for the city branding process.

- b.4. *Abrupt place*. The Government just act on its own interest and doesn't offer to the stakeholder a reason to believe in its political proposal. Government could become a slowdown factor instead of being a facilitator for the personal, urbanity or inhibitor of risk factors.
- c) Stage Type III: *Complexity city*. Just two of the GIAC elements provide fine experiences
  - c.1. *Survivor place*. Fine experiences perceived from Government and Institutions; but if Academics and the Citizens don't validate their efforts it is just matter of "getting a life on the city". There isn't a perception of added value through new investments, infrastructure or quality of life, variables that could enhance better life conditions based on methodical research
  - c.2. *Unknown place*. As Institutions and Academics develop fine experiences, Citizens and Government are experimenting the opposite because the perception of their efforts could be saw as just for a surreal world and not applicable for the challenges of the place.
  - c.3. *Inertia place*. Academics and Citizens are supporters of fine experiences but Government and Institutions are not, then the place is just a location with some attractions but without political and economic development there are bigger chances to left the place.
  - c.4. *Fake place*. A place where Institutions and Academics doesn't support the place, Government and Citizens try to get the best of the location. The economic or the civil participation is often constrained by the absence of spaces to develop an integrated job, Government opportunities are not enough to fulfil a value proposition to live the city.
  - c.5. *Mirage place*. Government and Academics are developing a strong case of the city, providing important information about how to manage and develop the city but there is misinformation for the Citizens and the Institutions. It's an erratic behavior because theoretically is very well researched but it's application isn't effective.
  - c.6. *Utilitarian place*. Institutions and Citizens try to take advantage about the strengths of the city because Government and Academics doesn't provide a clear sense of development, there is a lack of vision for the city and the economic and the social development is most of the time validated by the utilitarian stakeholders like Institutions and Citizens without endorsement of Academics that uses a methodological approach or the Government who is in charge to provide public policies.
- d) Stage Type IV: *Blur City*. Just one of the GIAC elements provide a fine experience in any dimension for stakeholders.

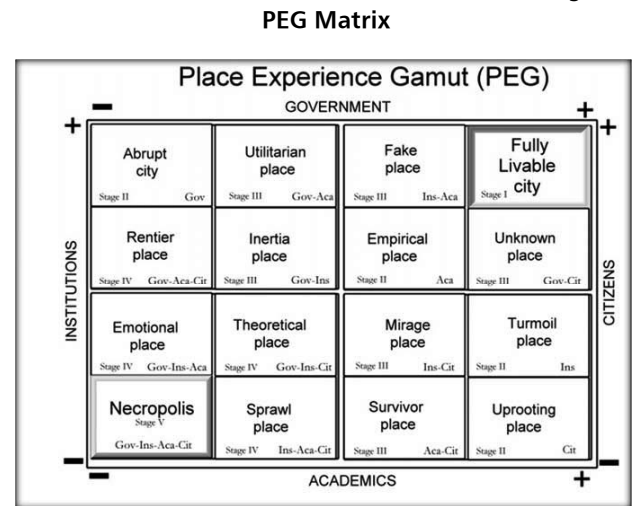
- d.1. *Sprawl place*. Just the Government offer a fine experience of the city. Neither Institutions, Academics or Citizens can provide a fine experience of the place. This situation could be dangerous because it can result in authoritarianism as the Government has the “know how” to make projects and develop the city and it can implies a great risk because corruption and bribes.
- d.2. *Rentier place*. Institutions could promote to do a lot of investments on the place, as they are generating profitable business and denying his social responsibility. A place totally entrenched in the long term in its economic development could end in social warming due to its lack of political and social advance.
- d.3. *Theoretical place*. Academics understand the social, economic, geographical and political challenges of the community, but if the research is not share and implemented by the other GIAC elements, the information is useless and the city could fall in a scenario called “theoretical” place, recognized as place with “paralysis by analysis” or “over diagnosed”, as there is a lot of information but any action derived from its insights.
- d.4 *Emotional place*. Citizens felt in love with the place but it’s just an emotional link because they can’t found a lot of reason to stand at the location because Government, Institutions and Academics don’t build the city experience. As far the sense of belonging is eroded the people tend to leave a place.

e) Stage Type V: *Necropolis*. The dissonant place. Government, Institutions, Academics and Citizens generate a poor experience in any dimension of the place. The perception is as anarchist place where any of the GIAC elements can’t enjoy or build a better place to live. Government doesn’t perform public policies, Institutions are focused to earn more profits, there is low civil participation, Academics doesn’t promote useful research to improve the city and Citizens become impassive and unresponsive about its environment. If this situation repeats constantly the result will be a social, political and economic decomposition of the place resulting in a necrotic situation that could lead the city into a ‘ghost town’ condition.

Because of the different associations of the GIAC Elements and its relationships, was created a Matrix called the *Place Experiment Gamut* (PEG) (Figure 2). It’s a tool to identify the relationships among the GIAC Elements and establish place’s potential scenarios. The aim of each scene plot is to define at least what are the potential poor experiences on the place. For instance, *Empirical place* is a state of Stage II that mentioned at least three favorable experiences in any dimension form the GIAC Elements but Academics, resulting in a place without a solid research to found city’s development. The most difficult

stage is the third, the complexity city, because two of the GIAC Elements are challenging the experience on the city and can create a misguided strategy based on a poor diagnosis. As instance, the *Inertia Place*, is a condition with poor experiences from Institutions and Government but a fine experience from Citizens and Academics. On Stage IV the conditions are extremely difficult to work out, at least the challenges appear to be clear because just one of the GIAC elements is set as a fine experience and the other three are the problematic issues. Stage IV is the previous stage of the *Necrosis* scenario and for example *Emotional place* could be defined as the location where Government, Institutions and Academics doesn’t offer a clear city experience, but even on those conditions Citizens tend to love the city. Stage V as *Necropolis*, is a condition where every GIAC Element is in the lowest point of stakeholder’s perception and require a lot of strategy to rebrand the city as part of the efforts to convert the place as an attractive place to be.

Figure 2



Resource: own authorship

To identify the stage where the place belongs and upon the basis that if the responsibility of the places’ development is shared by 4 stakeholders, each one has a 25% of the power in the mix. As there are five potential stages, the scale was equally divided as proposed in the next description:

- Stage I: Full Livable city. Scale 81-100 points,
- Stage II: Competent city. Scale 61-80 points,
- Stage III: Complexity city. Scale 41-60 points,
- Stage IV: Blur city. Scale 21-40 points,
- Stage V: Necropolis. Scale 0-20 points.

**The Planning-Pragmatism City Branding Matrix**  
 Along the research, two concepts were a constant reference as part of the theoretical frame. The *level of planning* as key concepts are useful for analysis and make plans. Also, the actions performed by the stakeholders to exploit the city and enhance the quality of life, the *pragmatism*

role of the place. As a result, the connection between planning and praxis was created and labeled as *Level of planning-pragmatism Matrix* (PPCB), and its main objective is setting up a contrast from the praxis and the planning process for each of the GIAC elements generating four potential scenarios.

- I. The quadrant I (Q1) the *Necrosis place*. The bottom level of conceptualization and the lowest level of performance. Wastage of resources, laziness in process and plans, no mission and vision, high rates of violence, corruption, poor infrastructure, low quality of life, a low educational level, economic turmoil and steady conditions to develop a deep social warming via unemployment rate or lack of job opportunities. The city branding process over these conditions is very difficult to create and sustain “as there were falling apart the political and social Institutions, reverting the process of state centralization, the economy contracted and the population descended. In some cases, the principal centers sank due to the violence generalize” (Acemoglu – Robinson, 2012, p. 103.).
- II. Quadrant II (Q2) the *Clutter place*. A low level of planning but a high sense of pragmatism. The projects with a highly questionable cost-benefit perception, frequently aren’t the answer for the important needs of the place as their impact is weak on the experience of the city adding any value to the city’s brand. Places with low planning process can result in an empirical, abrupt or utilitarian place and combined with other conditions of the GIAC elements, the dynamics of the place could derive in a survivor, unknown, inertia or a fake place. “Strategy that is accompanied by symbolic actions but no real substance is worse still: this is authentic propaganda, a deliberate and schemed manipulation of public opinion designed to make people believe something different from reality” (Anholt, 2008, p. 4.).
- III. Quadrant III (Q3) the *Immobility place*. A high level of conceptualization but a low level of performance, “paralysis by analysis” as there is a tendency to focus on describing the situation and create plans but seldom execute them. In its pure sense, places with low planning process can result in an uprooting, economic turmoil or mirage place and combined with other conditions of the GIAC elements the dynamics of the place could derive in a survivor, unknown, inertia or a fake place. “Governments that focus purely on symbolic actions and fail to provide either strategy or real substance will soon be recognized as lightweights” (Anholt, 2008, p. 4.).
- VI. Quadrant IV (Q4) *The Livable City*. A solid process of planning with a high level of performance create the most valued scenario to foster the proper creation, propagation and application of the city branding concept, therefore better chances of

successfully city marketing programs. The GIAC elements work together with a high sense of synergy creating a strong and useful brand to differentiate the place from others. Variables like a fine living environment, urban infrastructure, a steadfast employment rate, compactness of the place, a well-designed cultural approach, a perception of a fun place, the mixing of all of them could stimulate a strong city with a powerful brand (Yang – Zheng, 2011).

As there are different approaches from the stakeholders, a lot and different perceptions can converge provoking a lot of meanings of the place creating a cluttering or unsettling perception of the stakeholders (Govers, 2012). Quadrant 2 and 3 show the most complicated challenges because if the “real” challenge it’s not well assessed, the city brand administration could face a mere “red herring” investing in costly efforts based on a weak city branding program and even worse a depleted and useless city marketing program.

### The Juarez case

In the light of the primary study, the city under the actual conditions is a stage type III. *Complexity City*, where two of the GIAC are causing poor experiences among stakeholders but if there isn’t precise identification of the problems the city branding process can turn into a city branding myopia: “focus on the needs of the municipality, rather than on the needs of its stakeholders” (Herstein et al., 2013, p. 396.). In the Figure 3, there is a comparison of the perceptions of the stakeholders from three different studies performed on Juarez during the last year, the *Juarez Stakeholders Perceptions and Beliefs Study (JSPB Study)*, *City Indicators from Asi Estamos Juarez (CIAEJ)* and *City Prosperity Index (CPI0)* from United Nations.

Figure 3

#### Comparisons among values from three different studies

Stakeholder	JSPB Study	CIAEJ <sup>9</sup>	CPI <sup>10</sup>
Government	5.5	.575	6.20
Institutions	8.5	16.1	15.09
Academics	12.75	20.1	22
Citizens	21.25	20.67	15.62
Global <sup>11</sup>	48	57.45	58.9
Stage	<b>Complexity City</b>	<b>Complexity City</b>	<b>Complexity City</b>

To figure out which of the GIAC elements are causing the misbalance, the *Planning-Pragmatism City Branding Matrix* was used for interpretation of the situation.(Figure 4)

Figure 4  
A comparison among JSPB Study and CPI Index

Stakeholder	Juarez Stakeholder Perceptions and beliefs study		City Prosperity Index	
	Planning <sup>12</sup>	Pragmatism <sup>13</sup>	Planning	Pragmatism
Government	43	65	25 <sup>14</sup>	30 <sup>15</sup>
Institutions	44	58	43 <sup>16</sup>	41 <sup>17</sup>
Academics	47	75	96 <sup>18</sup>	80 <sup>19</sup>
Citizens	43	64	62 <sup>20</sup>	30 <sup>21</sup>
Global <sup>22</sup>	<b>44.25</b>	<b>65.5</b>	<b>56.63</b>	<b>45.23</b>

Resource: own authorship

The JSPB primary study revealed a clutter city. A planning indicator below the average in very stakeholder combined with low pragmatism on Institutions and a slightly above the average perception of the perception of Government and Citizens, Academics has a better perception of its pragmatism but it wasn't enough as the city resulted in a clutter state. The City Prosperity Index revealed an immobility city as it has a lot of analysis but lack pragmatism. Government and Institutions must have better practices combined with a load of incentives for Citizens to increase its civil participation and Academics need to get more involved sharing its knowledge. As conclusion,

Figure 5  
PPCB Matrix, a point of view form two different studies. Clutter or immobility place?

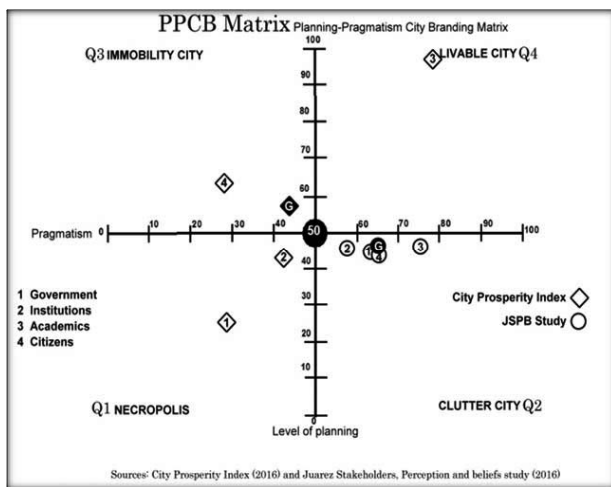


Figure 6  
Comparison between the results of the two studies

Study	Stage	Conditions	Scenario	Fine experiences	Poor experiences
JSPB (2016) <sup>23</sup>	Complexity city	Clutter	Theoretical	Academics	Institutions, government and citizens
CPI Index <sup>24</sup>	Complexity city	Immobility	Inertia	Academics and Citizens	Government and Institutions

Resource: own authorship

both studies are useful to determine that at least two GIAC Elements are providing poor city's experiences. As shown in Figure 5, under the JSPB primary study, Government, Institutions and even Citizens have some problems to create a fine experience. The place could be defined in a complexity stage with clutter conditions that generates a blur scenario encouraged by fine experiences from the Academics, as a result the theoretical place. Using the CPI Index, Government and Institutions provide poor experiences but Citizens had fine planning experiences and only Academics had the knowledge to suggest a viable strategy for the development of the city. The place under these assumptions could be defined in a complexity stage with immobility conditions that generates an inertia scenario encouraged by fine experiences from Academics and Citizens but lacking the support of Government and Institutions.

### Conclusions

The LCM model is a four-way pillars or sources of information based on Government, Institutions, Academics and Citizens (GIAC elements) and its aim is link them to explore and create the city branding process specially designed for places located at underdeveloped countries that are facing difficult circumstances like social warming, corruption, inefficient government or an economic downturn. The proposed framework is the Added Value Experience (AVE model) as it consists on *personal, amenities/urbanism and nourishing risk factors dimensions*. The tool to graph the dynamics of the city is the Planning-Pragmatism City Branding Matrix. As saw in Figure 6, both studies detected two GIAC Elements with specific challenges, Government and Institutions.

### The importance of belonging to a place

93% of the people affirmed that the city has some significance in its life "Juarez is the city that gave a me an opportunity to grow as a human being"(Portillo, 2016) or "Juarez is the place where I used to live, where I have developed my professional background, the place where I have my family and friends, I would want to see Juarez as an example about quality of life" (Fernandez Iturriza, 2016). But also there is a low perception from the visitors' standpoint as 69% of the sample declared a negative identification toward the city pointing out that immigration, an indolent society and the lack of an identity are the main

causes of a blurred city branding, “when people come to live on Juarez, they tend to believe they are coming into a violent place, with a lot of risks” (Saucedo, 2016).

**Immigrant Citizens and its role on city branding**  
GIAC elements like Entrepreneurs, Citizens and Academics denote an indolent society as the basic problem for the city but the real challenge from Government’s approach noted the immigrants. This issue has been addressed by the Migration Policy Institute suggesting that it should not be included into the same category for the city branding development, it has to be conducted with a particular strategy to attract the immigrants to feel pride for the place and get involved in particular actions to enjoy city’s experience (Collet, 2013).

### Challenges for the Urban dimension

In general, and from the perspective of the JSPB Study and related to urbanity and amenities, there are three main axes like the existing environment to set up a business into the city, the geographical position (next to USA) and the strong economic display in terms of job opportunities, housing and the intense commercial relationship between Juarez and El Paso. Unfortunately, risk factors are waning the efforts to get the better of the city’s experience. The negative perception of the visitors, the poor image developed among the habitants “the perception is about a careless city from the urbanistic point of view, with serious flaws in basic public services like public transportation or transit infrastructure” (Trevizo Bencomo, 2016). Disarray from the city, a business class that is just looking for profits without social responsibility and the biggest concern: social warming expressed as the low purchase power, 41.3% of the population have severe economic problems because of their low salaries (Plan Estratégico de Ciudad Juárez, 2016). A high sense of violence is one of the most influential factor to hamper the development of city branding as a tool for the success of the place, “if I had a magical wand, I will remove every criminal on the streets, especially those who hurts persons, families, business, those who commit kidnaps, extortions or violent assaults” (Calzada Talavera, 2016). As a well-recognized deprived place, diminish institutional weakness like political squabbling, corruption, lack of leadership, low respect for law; high levels of immigration and even a sustainable place should be a challenging task for every GIAC Element.

### Poor communication

The common factor to disregard the marketing programs from Government and Citizens are the poor communication system and for Institutions and Academics the main reason is the absence of a formal and established branding strategy to be applied in Juarez, “there are isolated efforts generated spontaneously among Citizens but they are only communicated in particular groups of the society” (Torres Estrada, 2016). In fact, 93% of population believe that the city is poor or partially marketed around the world, mainly because of the poor image created by media due to the violence environment since 2008; there

is a lack of knowledge about the city from the Government, the city is sold as an industrial pole and there is a lack of vision to develop a city branding strategy. 13% of people believe that the actual marketing efforts are just aesthetics, trash advertising or empty marketing, “in order to recapture a city image, the city has to recover its attitude for modernity, even there isn’t a clear vision about what are the most relevant things to established a unique selling proposition” (Armendariz Diaz, 2015).

### The importance of the alliances

The alliances among stakeholders are key for the city’s development, 10% of the stakeholders remarked the necessity of unifying leadership. “In many cities worldwide, alliances between the private business community and the local and state Government in the form of public and private partnerships, development corporations and growth coalitions are specifically designed to attract new businesses, investment and residents to be more competitive with the other cities in the global market” (Yilmaz-Saygin, 2006).

### The relevance of the Academics

A group often ignored but required are the Academics as their vision and experience should be the bond for the vision of Institutions and Government to develop standards of performance to measure place’s quality of life, like Curitiba in Brazil that developed “knowledge beacons”, as community education centres where people could find libraries, internet access, training skills centers, social security and support for community centres (Scheel – Pineda, 2014, p. 62.). Also, education is associated as a strategic issue for the city, “education should be perceived as the right formula to get better life conditions” (Barragan Flores, 2015).

The success of the Livable City Model depends upon the right comprehension of each of their elements and its inner connections; deprived places have more social, political and economic issues than those that are considered places with good development. To stay as competitive cities is extremely important to apply city branding tools to establish a steady city marketing program to construct a global and competitive brand capable of attracting investors, creative people and gave to their stakeholders a better quality of life.

### Notes

- 1 The nickname of Pablo Escobar Gaviria because he was the boss, the most powerful personality in the country including the President.
- 2 The name of the killings promoted by the drug’s cartels at any time and any public space.
- 3 A definition of the author.
- 4 This is a report issued every year the rank of cities and nations from the standpoint of Anholt, this tool is provided to measure the power and the appeal of the city branding based upon Anholt model of 6 dimensions.
- 5 A law disposal that let people got married the day before and divorce immediately in the next day. A lot of famous “divas” like Marilyn Monroe or Elizabeth Taylor did it in Juarez.
- 6 Violence of gender.
- 7 A report supported by the Rockefeller Institute to recognize those places that are resilient.
- 8 This term was mentioned by people in the depth interviews and are referring for those programs that don’t reflect or overestimates some

conditions like quality of life, civic participation or decreasing criminal rates for example; perception in general is quite different for that kind of issues.

- 9 A research performed in 2016 by Asi Estamos Juarez, a civil association dedicated to monitor quality of life conditions on the city.  
 10 A research performed in 2016 by ONU-Habitant in association with INFONAVIT. The City Prosperity Index measure 6 big areas to determine an index of performance.  
 11 The value is the sum of the four stakeholders.  
 12 Retrieved from the JSPB Study related to "Positive perception for local inhabitants of the city"  
 13 Retrieved from the JSPB Study related to "The society has the right entrepreneurial environmental"  
 14 Retrieved from the CPI Index as metric of "Institutional Economy Capacity"  
 15 Retrieved from the CPI Index as metric of "Civil participation"  
 16 Retrieved from the CPI Index as metric of "Economic Growth"  
 17 Retrieved from the CPI Index as metric of "Poverty rate"  
 18 Retrieved from the CPI Index as metric of "Alphabetization index"  
 19 Retrieved from the CPI Index as metric of "Average grades of schooling"  
 20 Retrieved from the CPI Index as metric of "Quality of life"  
 21 Retrieved from the CPI Index as metric of "Civil participation"  
 22 It is the average of the four stakeholders  
 23 Juarez Stakeholders, perceptions and beliefs. Own research.  
 24 City Prosperity Index, a study made by United Nations in coordination with INFONAVIT in Mexico.

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## APPENDIX

Dimensions of the AVE model

*Personal dimension**Affective experiences*

- Feel enthusiastic about living in the city
- Feel entertained about living in the city
- Feel happy about living in the city
- Feel love about living in the city
- Feel free about living in the city
- Entrenchment to the city's brand

*Social Experience*

- Grade of social inequity
- Kind of discrimination factors
- Leadership index
- Immigration index

*Observable Experience*

- The architecture of the city
- Mysticism of the city
- The city has historical richness
- There are interesting places in the city
- Kind of government programs
- Sort of civic participation
- Description of civil associations programs

*Rational Experience*

- Public security
- Grade of sustainable development
- Perception about purchasing power
- Housing costs
- Stakeholders' perception of the local economy
- Kind of health services
- There are interesting places in the city
- City working culture and its vocation

*Urbanity and amenities**Social activities & Leisure time experience*

- Active city, entertainment infrastructure
- Hosts important political activities
- Hosts important cultural activities
- Hosts important artistic activities

- Hosts important sports events activities
- Enough recreations areas in the city
- Alternatives for shopping in the city
- Impressive shows in the city

*Nature related experiences*

- Preserves its natural beauty
- The green areas are vast

*Intellectual experience*

- The Education Model
- Government's interactions with citizens
- Rate of available jobs, labor market
- Civil associations networking
- The Entrepreneurial sophistication, business infrastructure
- Degree of innovation

*Public services experience*

- Mobility and transportation inside the city
- Availability of travel and logistics communication
- Kind of logistics and networking in the city
- Housing
- Public services
- Digital services communications

*Taste experience*

- Popular cuisine at city (Knowledge)
- Cuisine infrastructure at place
- Popular cuisine at city (Like taste)

*Nourish risk factors**Disturbing sensory experiences*

- Physical disease risk
- Mental or psychological disorder risk
- Deficit in entertainment infrastructure
- Low rates of civic participation
- Inoperative government
- Economic shortage performance
- Unsustainable development
- Social warming
- Environmental pollution
- Noise pollution in some places
- Visual pollution in some places

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# A CIKKEK MAGYAR NYELVŰ ÖSSZEFOGLALÓI

## Kásler Tina Timea

*Hogyan befolyásolja az óvodás korú gyermekeket és fejlődésüket a televíziós fogyasztás – empirikus vizsgálat*

A médiát többször is vádolták azzal, hogy gátolja a gyermekek fejlődését. Különösen az agresszív viselkedés és a kreativitás csökkenése figyelhető meg az olyan gyermekeknél, akiknek a televízió fogyasztása - különösen a televíziózása - meghaladja az átlagot (Valkenburg, 2001). Ezen túlmenően a médiát egyre többször „vádolják” azaz, hogy növeli a gyermekek fogyasztási igényét. Ezért jelen tanulmány arra összpontosít, miként befolyásolja az óvodáskorú gyermekeket fogyasztóként a televízióban sugárzott reklámok. A tanulmány első része a gyermekek televízió nézési szokásait vizsgálja. Míg a második szakasz a gyermekek televízió fogyasztását kapcsolja össze esetleges fejlődési eltérésekkel, gyermekrajzok elemzése útján. A tanulmány Magyarországon élő, 4 és 6 év közötti óvodás gyermekek bevonásával készült. A szerző a gyermekek rajzainak minőségét hasonlítja össze a gyermekek televízió fogyasztásából eredő lehetséges befolyásolásokkal. Az eredmények validálásához egy gyermekpszichológus is elemezte a rajzokat.

## Veress József

*A civil társadalmi szervezetek átalakulási dinamizmusa*

Nyílt innováció, F(L)OSS, közösségi gazdaság, közös alkotás, szociális vállalkozás, szolidáris gazdaság, platform együttműködés... A civil társadalom, a piac és a közszféra szereplői közötti szélesebb körű együttműködés ezen innovatív mintái fontos szerepet játszhatnak a tudásalapú társadalom kialakulásában is. A tanulmány ebben a szélesebb kontextusban elemzi a közösségek transzformációs dinamizmusát, amely egyidejűleg érinti az önkénteseket, kapcsolataikat, szervezeteiket és szélesebb környezetüket - biztosítja a szociális ügynökség lehetőségeit. Ez a dinamizmus biztosítja azt a képességet is, hogy alkalmazkodni tudjon a gyorsan változó környezetben való működéshez. A többdimenziós visszacsatolások és az önszabályozó hurkokba való aggregációjuk a civil társadalmi szervezetek reakcióképességét hozza létre mind befelé, mind kifelé. A külső adaptivitás látványosabbnak tűnik; azonban belső dimenziója legalább annyira fontos. Az alkalmazkodóképesség visszahat az önkéntesek önreflexiójára is, ami kulcsfontosságú a hierarchiák kialakulásának és dominanciájának megakadályozásában. A tanulmány a tudomány és a módszertani pluralizmus realista szemléletét követi

- kombinálja a narratív leírást és az esettanulmány-vezérelt koncepcióalkotást. Ez a konstelláció lehetővé teszi a vizsgált transzformációs dinamizmus komponenseinek és transzformációs hatásainak azonosítását egy mintaeset elemzésével. A jövőbeli tanulmányokban a rendszer dinamikájának kiépítése segíthet a valós területen zajló mögöttes folyamatok elemzésében is.

## Varga Dávid

*Fintech, a pénzügyi szolgáltatások új korszaka*

A kutatás célja, hogy kitöltse az innovációorientált pénzügyi technológiák (fintech) megjelenésével keletkezett rést a jelenlegi tudományos irodalomban. Az elemzés koncepcionális áttekintést nyújt a fintech cégek mögötti kulcsfontosságú értéknövelő tényezőkről, beleértve az erőforrás-alapú elméleteket, az üzleti modelleket, az emberközpontú tervezést és a nyílt innováció hasznosítását. A cikk bemutatja, hogy a fintech cégek hogyan lehetnek képesek az innovációra a már meglévő pénzügyi szektorban, és hogyan lehetnek pozitív hatással a halmozottan hátrányos körülmények között élőkre a piramis alján élő emberek problémáinak megoldásával.

## Szathmári Attila

*A fenntarthatóság szerepe a sportban: egyértelmű les vagy a "lassú" újjászületés lehetősége?*

A képzés, a kiválasztás, a csúcsra törés, a munkabírás társadalmunkhoz kötődő közös fogalmak. Ezek a fogalmak ugyanakkor a sportban is benne rejlenek, ahol "a győztes mindent visz". Így a modern sport logikája hasonlít a kapitalista miliőre, amelyben kifejlődött: az individualizmus, a versenyképesség, a csúcsteljesítmény és a termelékenység mind alapvető elemek. A modern sportot gyakran ábrázolják úgy, mint a társadalom betegségeinek gyógyítója, a sport a népesség jólétének egyik alapja: az egészség megőrzésének egyik módja, megtanítja az embereket céljaik elérése vagy jó példaként szolgál a jövő generációk számára. De fennáll annak a veszélye, hogy a modern sport elsősorban a profit generálásának eszközévé válik.

Ennek a tanulmánynak a célja, hogy formálisan megvizsgálja, hogy a sport hogyan kapcsolódik a fenntarthatóság elveihez és annak a jólétre gyakorolt potenciális hatásához. Bár számos projekt célja a fenntarthatóság három dimenziójának megóvása: a környezeti, társadalmi és gazdasági értékek, a fenntarthatóság legjobb és legrosszabb gyakorlatával kapcsolatos növekvő támogatásokra alapoz-

va, ez a cikk a sporttevékenységek környezeti, társadalmi és gazdasági következményeit tárgyalja, a társadalom és a nagy sportesemények aspektusainak segítségével.

**Carlos Omar Irigoyen**

*Az élhető város modellje*

Rengeteg információ van arról, hogy miként lehet egy városnak jó marketinget kialakítani, de kevesebb egy település brandingjéről, különösen ha az nem egy ismert helyen van. Kavartzis (2014), Kazancoglu és Dirsehan (2014), Metaxas (2010) vagy Anholt (2006) modelljei megpróbálták megmagyarázni egy település dinamikájának különböző variációit, de nem tudták definiálni, hogyan legyen brand egy városból olyan helyen, mint Latin-Amerika.

Ennek a tanulmánynak az a célja, hogy bemutassa a Livable City Model-t (élhető város modell), mivel szükség van egy település versenyképességének és életképességének újradefiniálására; ha a települések nem alkalmazzák ezeket a tapasztalati standardokat, és nem ajánlanak jobb életminőséget az érintetteknek, akkor városok elnéptelenedhetnek, és végül a kiüresedés forgatókönyvével is szembenézhetnek.

Ez a modell 4 pilléren vagy információforráson alapul, úgy mint a kormányzat, az intézmények, az egyetemek és a polgárok, és ezt olyan hátrányos helyzetű helyek veszik körül, amelyek az erőszak, a rendkívüli szegénység vagy a migráció kihívásaival szembesülnek. A város márképítésének stratégiai megközelítésének kell lennie ahhoz, hogy a nehéz sorsú városok versenyképesek legyenek a globális világban.

## TARTALOM

**KÁSLER TINA TIMEA**

Hogyan befolyásolja az óvodás korú gyermekeket és fejlődésüket a televíziós fogyasztás – empirikus vizsgálat 2.

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## A SZERZŐKNEK

A Vezetéstudomány a Budapesti Corvinus Egyetem Gazdálkodástudományi Karának havi folyóirata. A lapban a vezetési és gazdálkodási tudományterületekhez kapcsolódó témakörök elméleti és gyakorlati kérdéseit elemző és vizsgáló írások jelennek meg. A szerkesztőség (vezetestudomany@uni-corvinus.hu) elektronikus formában kéri az írásokat. A cikkeket elektronikus levélben (docx fájl formátumban) lehet a szerkesztőséghez eljuttatni.

A lap tudományos folyóirat, ezért szövegközi forráshivatkozások és ezek jegyzéke nélküli írásokat nem jelentet meg. A Vezetéstudományban megjelentetni szándékozott kéziratok szerzőitől az alábbi követelmények figyelembevételét kérjük:

A cikkek szokásos terjedelme a hivatkozásokkal, ábrákkal és táblázatokkal együtt 20-24 oldal, 1,5-es sortávolsággal (12-es betűméret, Times New Roman betűtípus). A cikkek első oldalának alján tüntessék fel a szerző foglalkozását, munkahelyét és beosztását, elektronikus levelezési címét, a tanulmány elkészítésével kapcsolatos információkat és az esetleges köszönetnyilvánításokat.

A kéziratához csatolandó egy magyar nyelvű és egy angol nyelvű rövid összefoglaló (200 szót nem meghaladó terjedelemben), valamint a cikk fő témaköreit megnevező kulcsszavak jegyzéke.

Kiemeléshez dőlt betű használható, aláhúzás és félkövér nem. Jegyzeteket lehetőleg ne használjanak, amennyiben azok feltétlenül szükségesek, szövegvégi jegyzetként adják meg.

A táblázatoknak és ábráknak legyen sorszáma és címe, valamint - átvett forrás esetén - pontos hivatkozása. Az ábrákat és a táblázatokat a kézirat végén, külön oldalakon, sorszámmal és címmel ellátva kérjük csatolni, helyüket a szövegben egyértelműen jelölve (pl. „Kérem az 1. táblázatot kb. itt elhelyezni!”).

A szövegközi bibliográfiai hivatkozásokat zárójelben, a vezetéknev és az évszám feltüntetésével kérjük jelölni: pl. (Véress, 1999); szó szerinti, idézőjeles hivatkozás esetén kiegészítve az oldal(ak) számával (pl. Prahalad - Hamel, 1990, p. 85.). Amennyiben egy hivatkozott szerzőnek több bibliográfiai tétele van ugyanazon évben, ezeket 1999a, 1999b stb. módon kell megkülönböztetni. A felhasznált források cikk végén elhelyezett jegyzékét ábécérendben kérjük, a következő formában: Szerző (évszám): Cím. kiadás helye: kiadó; illetve forrás.

1. példa (könyv): Porter, M. E. (1980): *Competitive Strategy*. New York: The Free Press

2. példa (folyóiratcikk): Prahalad, C. K. – Hamel, G. (1990): *The Core Competence of the Corporation*. Harvard Business Review, május-június, p. 79-91.

Az elektronikus forrásokra való hivatkozás aktuális probléma. Az Internet Library for Librarians egyik polca ([www.itcompany.com/inforetriever/inetcite.htm](http://www.itcompany.com/inforetriever/inetcite.htm)) kilenc helyet gyűjtött össze e témával kapcsolatban. Kérjük, hogy a DOI-számokat mindig írják be a felhasznált irodalomnál. Példa:

Gordon, L. A. – Narayanan, V. K. (1984): *Management accounting systems, perceived environmental uncertainty and organization structure: An empirical investigation*. *Accounting, Organizations and Society*, 9(1), p. 33–47. [https://doi.org/10.1016/0361-3682\(84\)90028-X](https://doi.org/10.1016/0361-3682(84)90028-X)

Az angolszász országokban több elterjedt formája van a bibliográfiai hivatkozásnak. Ezek a formák több folyóiratban is használatosak. Közülük az ún. Harvard-stílusú bibliográfiai hivatkozások vonatkozásában ad hasznos tanácsokat a *Guide to Citing Internet Sources* ([www.bournemouth.ac.uk/service-depts/lis/LIS\\_Pub/harvardsystint.html](http://www.bournemouth.ac.uk/service-depts/lis/LIS_Pub/harvardsystint.html)).

A Modern Language Association of America (MLA) - egyébként szintén sok helyütt alkalmazott - hivatkozási stílusával kapcsolatban ajánlható az *MLA-Style Citations of Electronic Sources* ([www.cas.usf.edu/english/walker/mla.html](http://www.cas.usf.edu/english/walker/mla.html)).

Az APA Publication Manual Crib Sheet ([www.gasou.edu/psychweb/tipsheet/apacrib.htm](http://www.gasou.edu/psychweb/tipsheet/apacrib.htm)) az American Psychological Association (APA) idézési stílusával foglalkozó forrásokat gyűjti csokorba.

Havi folyóirat lévén és a megjelenés átfutási idejének csökkentése érdekében a Vezetéstudomány kefelevonatot nem küld, elfogadás előtt azonban a szerzőknek, ha kéri, egyeztetés céljából elküldi a cikk szerkesztett változatát.

2009. januártól a Vezetéstudományban publikált cikkek elérhetők az ISI Emerging Markets „[www.securities.com](http://www.securities.com)” internetcímen található strukturált on-line információs adatbázisban.

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